



The Neo-Capitalist Assault

Essay One of Part IV (Mexico: an Emblematic Case)

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The Case of Mexico I: Neo-Colonialism and Truncated Revolution

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From time to time TJSGA will issue essays on topics relevant to The Living Wages North and South Initiative (TLWNSI). This paper is the Twelfth in the series “The Neo-Capitalist Assault” –a collection in development about Neoliberalism.

This is the first of three essays about Mexico. The Assault executes a detailed analysis, using Mexico as an emblematic case, of the dire consequences of the imposition of Neoliberalism in the Third World. In this essay, The Assault discusses the roots of Mexico’s social injustice and explains the development path followed after Mexico’s 1910 civil war until the first economic debacle in the mid-1970s. The Assault starts by stating that, after forty years of relative development, this nation has moved to insert roughly one-fifth of its population in the global economy, whilst the rest are being totally or partially marginalized.

Marginalization of the masses is a necessary condition for a country’s upward mobility (Emmanuel Wallerstein in his critique of Capitalism: “The Capitalist World Economy”). This seems to be the mantra of those who control power in Mexico. Others, such as the ultra imperialist former U.S. Secretary of State, Henry Kissinger, appear to agree. Kissinger recently said, after participating in a meeting with just sworn in Mexican President Vicente Fox, that “globalization offers its risks; perhaps 20% of Mexico’s economy will be able to live in the in-

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ternational system as part of the large multinational corporations. But the rest, the majority, would remain marginalized and without access to income, employment and the opportunities of globalization.”¹ This is exactly what has happened in this country in the last twenty years. After forty years of true development, this nation has moved to insert roughly one-fifth of its population in the new economy, whilst the rest are totally or partially marginalized.

I have chosen to devote three essays to Mexico for several reasons: First, because it represents one of the most classic examples of what the combination of globalization and the lack of a true democratic system can do to dramatically worsen the economic conditions of the majority of a country’s population. Second, because Mexico is my country, and personally witnessing the plight in which it has fallen, has been the engine that inspires me to write this entire essay. The process of globalization has modified so dramatically the perspectives for change in my country, that it has completely truncated my expectations and illusions to see, by the end of my life, a far more just society in Mexico. It has moved me to study and learn why expectations have changed for the worst, and for a long time to come, for most people in Mexico and the developing world and for many in the developed

world. Now I know that many in the next generation will not even have the opportunity to see a prosperous Mexico and to contribute further to make it better. For the structure that has been put in place includes the construction of two Mexicos: the Mexico that belongs to the new global society and the far greater Mexico of the dispossessed. The last reason why I chose Mexico as an ideal case to illustrate the effects of globalization is that Mexico is in the unique situation of representing the border between the Third World and the now sole superpower and driving force of Neoliberalism in the world. As such, due to its own faults and the pressure of its mighty neighbour, Mexico is one of the developing countries that has embraced Neoliberalism in its fullest and has transformed its economic structure almost completely. Not only has it followed religiously the precepts of the Washington Consensus, but it has also put its future in the hands of the U.S. by adopting a trade agreement in the most liberal form and with great disregard for the effects on the majority of the population. As a consequence, the demise of most social strata has been dramatic.

Consciously impoverishing the majority, an elite group of the local oligarchy, on behalf of the centres of power and of a small local global society, continues to be in control of the country. They know very well that for the 20% that are enjoying the globalization of Mexico, the rest have to suffer and endure misery. It is a classic case of corrupt top down democracy where the plutocracy has worked in alliance with foreign capital to exploit the country at its best. And they keep cynically lying when they assert that incomes cannot be improved unless productivity improves, despite the fact that real wages have lost 75% of their value in the last 20 years. All the justifications that neoliberals have used to deprive the majority of the population of opportunities are found in Mexico. Thus, I will explain the path of Mexico from permanent revolution to true development and then to great impoverishment; and I will demonstrate how corruption, yielding a lack of democracy and an almost permanent collusion with foreign capital, has nearly destroyed this nation.

It is no exaggeration that Mexico has almost been destroyed as a nation state. The combination between betrayal and corruption in the

government, and Mexico's geographic position as the closest Third World neighbour to the only superpower, has made it lose more than its fair share of sovereignty. With the signing of NAFTA, the North American Free Trade Agreement, Mexico's economy has been irreversibly attached to the U.S. economy in such a way that it enjoys little benefit but shares all the negative effects. Once more, under extreme asymmetric conditions, a developing country representing 5% of the size of the U.S. economy, has signed a deal with the largest economy in the world and Canada. And, unlike with the European Union, no homogenization programs have been accorded. Thus, Mexico's economy was abruptly opened to compete under equal rules against far stronger partners. This is because the real role of Mexico in the new global capitalist system is to serve as a periphery state to provide greater efficiencies to the MNCs active in the North American market. This, of course, is done at the expense of the majority of its citizens. As a loyal partner, the local oligarchy has zealously followed the recipe of the Washington Consensus and has worked to fulfil its very private interests and those of its partners. In consequence, the current prospects for achieving real development are non-existent.

The Roots

The people of Mexico have always lived under the control of a tiny plutocracy. During colonial times, between 1523 and 1821, the economy was tightly controlled by the Spanish monarchy that funnelled all trade from the Americas and the Far East through Seville. All trade coming into and out of the colonial empire had to go through the *Casa de Contratación*, or the Board of Trade in the Andalusian city. Moreover, the Catholic Kings, Ferdinand and Isabella, determined that all trade with the colonies should be reserved for Castilians because it was Castilians who had built the Spanish empire. All was managed under a tight centralized system controlled by the monarchy. In fact, it was the preference that Spanish people born in the peninsula enjoyed, that sparked the movement of independence by the Creoles, who were the Spanish born in New Spain.

At the time of the conquest of Mexico, Europe was just leaving the Middle Ages, and the same social structures existing in Spain were imposed

in the New World. Spain had a rigid class structure with a high aristocracy at the top followed by a merchant class and the *hidalgos*, or *fijos-de-algo*, the lower nobility of professionals and bureaucrats. In New Spain the same structure emerged, first with the *encomiendas* or special grants with rights to oversee entire Indian communities by Spaniards who acted almost as feudal lords. The idea, based on Spain's previous experience with the Moors during the reconquest, entrusted the well being of the Indian communities to the *encomenderos* in exchange for rights to land and to the surplus of the labour of the entrusted ones. Cortés, for instance, received over 100,000 Indians in trust over a large region in the Valley of Oaxaca. Soldiers also received their allotment of Indians and land. This structure did not have trouble finding a good fit with the pre-Hispanic structure of vassalage of the Meso-American cultures, where the *caciques* controlled entire communities and received homage from their vassals. These chieftains, in turn, paid homage to the kings and emperors of the leading Indian nations, such as the Aztecs, who were the leading empire at the time of arrival of the Spaniards. The *encomienda* was used and greatly abused; and, although in 1542 the New Indian Laws abolished it declaring the Indians free vassals of Spain that could not be enslaved, revolts forced the crown to revoke it and tolerate the *encomiendas* system, which then expanded.

This was the system that ensured the power of a tiny plutocracy of large landholders that reigned over their fiefdoms and enslaved a population of peons. This way, in the 300 years of Spanish rule, most of the productive land went to the hands of these quasi-feudal or "feudalistic" lords, as historian Luis Weckman² would say, and the church. The *encomienda* allowed inheritance and extended the social structure from generation to generation. The church, which owned over 50% of all the land in New Spain, was the chief banker in the colony. In the centuries following the colonization of the new world, Spain, along with the rest of Europe, moved from feudalism to embrace mercantilism. However, in New Spain things moved slower, and the *encomienda* remained well entrenched throughout the colonial period.

With independence the *encomienda* ceased but the structure of large landholdings or *latifundios*

remained largely untouched and with it the exploitation of the Indian population. During the XIX century, Mexico lost more than half of its territory to the U.S. and had to deal with a French invasion incited by the conservative elite who was still yearning for monarchy. The liberals defeated the conservative party and initiated the Reform with a federal constitution. However, despite the fact that during this period the liberal government of Juárez, a pure blood Indian, expropriated most land owned by the church, no social justice was provided. The new buyers were wealthy people, who already owned large landholdings, or wealthy merchants who acquired ranches or *haciendas* for the first time. Thus, with the almost permanent state of revolution during the first century of Mexican independence, the classic structure of a plutocracy of wealthy landholders and merchants and a mass of quasi-slaves remained largely untouched. The constant civil wars also produced many *caudillos* that only sought to enrich themselves and join the upper class. This provoked little upward mobility and the formation of a middle-class moved at the pace of a snail. Liberal thought brought by the Industrial Revolution in Europe and the U.S. was decisively applied with a savage capitalistic vision, mixed with the mediaeval culture of the large landowners who held most of the land and, for all practical purposes, owned the workers. It was a society that in practice resembled the structure of the southern confederate states of the United States, although in theory it prohibited slavery.

With the start of the Mexican Revolution of 1910, after the 30-year dictatorship of Porfirio Díaz, the peasant population mobilized to seize the opportunity to change its plight. Díaz had attracted foreign investment and had put in place the first modern communications infrastructure; but the exploitation of workers in the mines, in the *haciendas* and in textile and other industries went to extremes. Foreign companies received free reign to invest under extremely convenient conditions. Many peasants were stricken of their communal lands that were illegally given to new landholders, exacerbating the *latifundismo*, or to foreign oil and mining companies. The impoverished peasants were relentlessly exploited, and any rebellion was harshly crushed, killing or deporting the rebels and dissidents to the scarcely populated rainforest of the eastern

Yucatan or jailing them in the horrific dungeons in the fort of San Juan de Ulúa in the port of Veracruz.

In the north, for instance, huge extensions of land were owned by a handful of families. The Terrazas and Creel families owned 50 haciendas in Chihuahua, covering more than 6.7 million acres with over half a million cattle heads. They also owned a network of mines, industries, insurance companies and hotels, and they commanded full control of the state political scene.³ Several well-known U.S. money barons were in close partnership with them. The American Smelting and Mining Company, owned by the Guggenheims, controlled the price of silver through its interests in the world's leading silver producing country. In forests and pasture lands, U.S. Senator Hurst and his son William, close partners of Diaz, owned a ranch with 960,000 acres; and the Sierra Madre Land and Lumber Company received the rights to exploit 2.4 million acres. By the same token, U.S. Senator Teller and banker J.P. Morgan owned twelve haciendas with over seven million acres. As for the British magnates, they owned 39 mining companies, Baron Rothschild acquired 1.9 million acres and the Madera Company owned over half a million.⁴ These are just some of the larger foreign interests that were pampered during the Diaz dictatorship, whilst he crushed any rebellion; for there were many more investments, particularly from the U.S. and Britain with huge interests in oil, such as the Doheny and Pearson oil empires. During this period, Mexico suffered a typical case of Neo-colonialism. Many foreign fortunes were made at the cost of millions of exploited Mexicans through a classical partnership between the local oligarchy and the robber barons of the Gilded Age. Diaz had significantly changed the economic scene, bringing much-needed infrastructure and true economic growth. In communications, for instance, the extension of the railway system grew from 359 miles in 1877 to over fifteen thousand miles in 1910, and the telegraph service grew from 4,422 miles to over two million miles.⁵ Foreign investment grew from \$110 million pesos in 1884 to \$3.4 billion pesos in 1910.⁶ Economic indicators clearly showed material progress. National income doubled between 1896 and 1906, and income per capita grew at an average of 5.1% between 1893 and 1907. Exports grew at

twice the rate of imports, and in 1895 Mexico enjoyed its first surplus ever.⁷ But true development was nil. Indeed, real wages and salaries lost ground; heavy U.S. investment subjected the country to the cycles of the U.S. economy; labour discrimination against Mexicans in their own territory triggered explosive nationalism; railroad development lowered transportation costs but increased the value of land in the countryside, which later was illegally taken from the peasantry to benefit the oligarchy.⁸ The gap between rich and poor was exacerbated, reaching daunting proportions.

This was the catalyst of the civil war. The Mexican Revolution was the first major social movement of the XX century in the world. It was a social revolution involving peasants, urban workers and progressive members of the incipient middle-class struggling to end the oppression of the Diaz dictatorship. They were all fighting for land redistribution and social justice. However, except for Zapata, a villager whose town had been deprived of its land by the owners of sugar cane *haciendas*, and Villa, the son of a sharecropper in the northern state of Durango, the leaders of the revolution were all members of families of large landholders.

At the end of the armed revolution, a new order was born with a new political class of *caudillos*. The founders of this class, Obregón and Calles, were not members of the tiny elite protected by the Diaz dictatorship, but they were not members of the urban working class either, nor were they impoverished peasants. These, such as Zapata and Villa, had already been assassinated or defeated in the struggle. Indeed, the founders were the winners in a violent process, which, beyond the armed conflict, was marred by a series of betrayals and assassinations. The founders were soldiers of fortune that sought to reform the country while ascending and remaining in power. Nonetheless, as the political class evolved, somehow it found a way to end the tradition of redeeming disputes among *caudillos* by recurring to violence. Together they forced themselves to relinquish the temptation to personally stay in power but created an official party designed to perpetuate itself in power. They did this by including all sectors of society and by seeking to provide some measure of justice. But they harshly repressed any kind of opposition and controlled

the electoral process. Thus, although the party boasted to give back the land and achieve social justice, it only did it partially and with great political manipulation, corruption and inefficiency.

This party, the Institutional Revolutionary Party or PRI, came to be the longest permanently ruling party in the world, from 1929 to 2000, even ruling longer than the Soviet Communist party. Throughout its 71 years in power, it showed no fixed ideology. It became a presidential system where the president had absolute power to define the specific philosophy of his administration's program and, for all practical matters, to name his successor. This set Mexico apart from the rest of Iberian America, for it enjoyed remarkable stability. Most likely, the initial emphasis in providing some measure of social justice gave the party the support of the masses that allowed the stability. Despite all of its shortcomings, the system proved to be resiliently stable, at the expense of true democracy, and allowed Mexico to peacefully have a new leader at the end of each presidential term. The roots of the PRI were clearly linked, from inception, to the social struggle of the masses. Traditionally, it had been regarded as a left-of-centre party, although each president dictated the path of the country according to his political preferences, shifting priorities and reversing the major policies of his predecessors without congressional sanction. However, in the 1970s, as the U.S. entered into recession and Nixon brought to an end the post-war paradigm designed in Bretton Woods, Mexico's own economic model became exhausted. After that, the PRI gradually came to be dominated by an elite group of technocrats firmly committed to Neoliberalism and to protecting the interests of the industrial oligarchy and of foreign investors in a way reminiscent of the Porfirio Diaz era one hundred years earlier.

In the beginning, the PRI sought to apply the principles of the Mexican Revolution and Mexico's 1917 constitution embarking on a program of great land redistribution and on a nationalistic process of industrialization, truly seeking to improve the lot of the great majority of the population. The 1917 constitution is one of the most progressive constitutions found in the capitalist world. Its article 123 grants many rights to workers that are far superior to those found in many constitutions. The most illustrative element

is the right of workers to share profits with their employers. Nevertheless, although theoretically it operated as a democratic party, the PRI became a master in the art of simulation and manipulation in order to keep a tight grip on power. Its creed came to be "to change so that everything stays the same." The goal was to ensure the complete control of political life so as to perpetuate itself indefinitely. Almost until the very end, the presidential autocratic system enjoyed full control of the legislative and judicial powers, which practical role was simply to process the orders of the executive branch. With each new administration, Mexico experienced sudden shifts in specific areas of government policy, sometimes extreme, generated by the particular vision of the new king and its *Consiglieri Mafiosi*. At the end, it shifted completely to impose the neoliberal paradigm. As a result, it gradually fractured into opposing factions and triggered the alliance of a left-of-centre coalition of parties, including leading PRI dissenters, who sought to vindicate the original principles of the Mexican Revolution. This could have not happened in any other way. With such an extreme shift, the internal schism between a socially oriented sector and a neoliberal group was a sure conclusion. Finally, the PRI lost the presidential power only a few months before I wrote these lines. It collapsed under the weight of enormous corruption and crony Capitalism, a complete contradiction between rhetoric and actions, a 20-year period of social destitution, and the rise to action of an increasingly active Civil Society.

The PRI represents the history of modern Mexico, and it holds the credit for both the only period of true development and for the return to a social decay similar to the decay that triggered the 1910 Revolution, where more than 1 million Mexicans died in the struggle. Despite all the plundering and abandonment, the PRI, perhaps unwillingly, contributed to the major achievement of this nation during the XX century: the arrival of an incipient but promising democracy. However, the loss of its grip will not change the social perspective in the years to come. For the new party in power, the National Action Party or PAN, is a strong believer of Neoliberalism and will continue to consolidate the process of structural adjustment without changing the edifice that has created one of the most unequal societies in the

world today, which continues to widen the gap between rich and poor.

The PAN has been the only permanent opposition party in Mexico since 1939, traditionally offering a conservative program that allures mostly the middle-class but has always lacked a base with the working class and the peasantry. Fox, the PAN candidate, won the election under the ticket of “change” to evict the PRI after 71 years, as a precondition to true progress, and not precisely anchored on a conservative platform. And, although it only obtained 47% of the votes, it won the support to evict the PRI from many people whom otherwise would have voted for the Democratic Revolution Party, the left-of-centre force. Throughout the 1990s, the PRI found itself frequently in agreement and in alliance with the PAN in the Congress, whilst it fiercely fought and viciously attacked the PRD, where many former PRI members, who opposed the new PRI’s neoliberal dogmas, had moved [in the last two PRI administrations, more than 600 PRD militants were murdered by PRI paid assassins]. Now, at the threshold of the new millennium, the great cynicism and abuse of power of the PRI have finally brought democracy to Mexico. And although the new government will work to consolidate Neoliberalism, it will have to find a way to balance the efficiencies of market democracy with the gravely delayed social demands, or face eviction in the next election if the PAN is indeed a democratic party. For the social progress achieved in the early decades of the PRI has been greatly reversed to create insulting inequalities and massive poverty, as we shall see.

The Only Progressive Era

After the PRI was founded in 1929 the country began to gain stability. In 1934, Lázaro Cárdenas was named the successor of Calles. He is well known for defeating a last effort of Calles to perpetuate himself by controlling the strings of power from behind the chair. This was an important contribution. Nevertheless, he is overwhelmingly known for being a staunch nationalistic president and for favouring the dispossessed. Among the impoverished segments his legacy still commands considerable respect.⁹

Beginning with the Cárdenas government, Mexico built its only era of true social justice and economic progress. Cárdenas’ major actions

sought to break the traditional economic structure of extreme exploitation by favouring the working class, in order to attain a balanced economic development. Despite his many detractors, Cárdenas did promote the industrialization of the country, under private capital, but concurrently, as he used to explain, “liquidating the people’s misery”.¹⁰ During his government, the industrial plant and its productivity grew strongly. Between 1935 and 1940 the number of companies grew from 6,916 to 13,510; invested capital nearly doubled from \$1,670 to \$3,135 billion pesos; output value increased from \$1,890 to \$3,115 billion pesos and industrial jobs grew from 318,000 to 389,000.¹¹ In trying to favour workers, he nationalized all railroads, already in a ruinous state after the revolution, and gave the workers the responsibility for their management, unsuccessfully however, for they were unable to operate them efficiently. He did succeed though, in improving the lot of the poor by changing the structure of extreme Capitalism that prevailed throughout the Diaz period. For the first time ever, he opened the first window of opportunity for the working class. Cárdenas’ three major achievements were: the stopping of the plundering of natural resources by foreign companies, in partnership with the oligarchy; the elimination of the *latifundios* where the *hacendados* and their foreign partners controlled vast territories and continued to maintain the peasantry in a state of quasi-slavery; and the empowering of workers to seek unionization, although under a government corporatist structure. This last feature turned out to be a major problem of political manipulation in all-subsequent administrations. However, at the time it provided workers with otherwise unknown bargaining leverage before their employers. In essence, Cárdenas, on the international front, found a way to deal with the imperialism of its northern neighbour and of other foreign powers and attained a good level of sovereignty lost long ago. On the domestic front, Cárdenas had, perhaps, an extreme Keynesian view relative to the role of government and how he envisioned a mixed economy. But he was no communist as his detractors labelled him. Cárdenas was essentially anti-imperialist, anti-feudalistic and pro labour. Above all, Cárdenas sought to carry out the original economic and social program of the Mexican Revolution.

On the first front, Cárdenas confronted the largest oil companies in the world and expropriated their entire Mexican assets in 1938. With the new constitution of 1917 that emanated from the Mexican Revolution, oil legislation was changed to award the property of the subsoil resources to the nation, and Cárdenas began to take issue with the oil trusts. But the trusts, in their arrogance, showed almost complete disregard for this country's government and its laws. Since the beginning of the XX century, the Mexican oil industry had been under the complete control of the U.S., British and Dutch oil trusts. During the second decade, the Mexican oil fields held the largest share of the world's oil exports and accounted for more than one-fourth of the world's oil production,¹² for the exclusive benefit of these foreign oil trusts. Since the first decade, these trusts had enjoyed full freedom to exploit the oil fields in exchange for the miserable wages they paid to Mexican oil workers and for a nominal tax. Between 1900 and 1937, one year before the oil industry expropriation, the only tax paid by the oil trusts for most of that period was a "stamp" tax, which was equivalent to less than 1% of the value of oil production.¹³ Only in the early years of the industry, in the first decade, some of them paid a 10% tax on profits.¹⁴ In true neo-colonial fashion, the trusts, in their contempt of Mexican legislation, systematically used their governments to pressure Mexico to leave them alone. They were used to managing their oil fields like fiefdoms and had private armies that controlled their self appointed workers' unions. They were in permanent contempt of Mexico's sovereignty.

The open conflict began when Cárdenas supported the development of independent unions that demanded far better conditions. Cardenas ordered financial audits that demonstrated that the trusts systematically resorted to double accounting practices to evade taxes or, instead, paid them to their home governments. It was also found that their earning margins were far greater than those obtained in their home countries. When, after numerous appeals, they refused to accept the final judgment of the Mexican Supreme Court in favour of the union's demands, the Mexican government expropriated all assets and ended all concessions. Cárdenas leveraged the international environment wisely. He agreed to compensate the companies

and hoped for no intervention. He was right; the U.S. and Britain had, in the Nazis, a far more important problem to deal with than the interests of the trusts in Mexico. In 1921 Mexico had been the world's largest oil-producing nation. And, although at the time of the expropriation other countries had surpassed its production, a concerted blockade of Mexican oil by the U.S. and Britain was maintained for several years. However, Mexico resisted, paid and succeeded in the expropriation.

In the countryside Cárdenas executed a vast agrarian reform. He expropriated the large landholdings, many in the hands of foreigners, and initiated their distribution under the *ejido* system, or collective farming. In his program he placed this system as the basis of the agricultural economy. During his term he redistributed, on average, 8.2 million acres annually for a total of almost 50 million acres to 771,640 families organized in 11,347 collective or communal farms. This provided an average of 64 acres per family.¹⁵ Much of the land-holdings distributed were top farming land with a good supply of water or already with irrigation systems. The redistribution of land from the old *haciendas* to the *ejidos* executed by Cárdenas made it the largest distribution of all PRI administrations. This could be expected since he conceived, from the onset, the need for redistribution of land. However, a major flaw in his program was that he did not grant title to the land and only provided the right of usufruct. This drew important consequences for the future of the communal farm system. In many regions, agricultural production dropped immediately after the expropriation albeit quickly recovered and even increased. Nonetheless, the fact that collective farmers lacked title to their land doomed their farms to not having access to private credit. To solve this, the government created a collective farm credit bank which only partially fulfilled its purpose. Of course, not all the agricultural land was expropriated. There was another type of agriculture of thousands of small farmers –the Small Owners– who had title to their land. They could own up to 370 acres and had access to credit from private banks. Cárdenas did not combat them and even created a special office to support them. Moreover, some large landholdings remained.

Despite all his efforts, his land reform did not make the agricultural sector a thriving sector nor did it pull the peasantry from poverty, albeit he ended the outright exploitation and the quasi-slavery conditions that many suffered as peons. In my opinion, the biggest obstacle to the success of the agrarian reform was the corruption of the government institutions in charge of providing the financial, technical and legal resources to carry out the reform successfully. In all subsequent administrations, the distribution of land, credit, seeds, irrigation and other forms of support were consistently used as instruments of political control and managed as opportunities for outright robbery. It was not the collective concept that failed, but the political culture that doomed it to failure to a large extent.

In the labour sector, Cárdenas organized a corporatist union system. This obviously meant that unions were to be developed under the same paternalistic concept of government control. He sought to truly strengthen the labour power by enforcing collective bargaining. And for the first time ever, the Mexican government allowed all strikes to take place instead of repressing them, as was the tradition. A clear surge of strikes occurred. In 1934, the first year of his administration, there were 202 strikes. In the next two years, strikes more than tripled to 642 in 1935 and 674 in 1936.¹⁶ Cárdenas explicitly supported the railroad strikes, the agricultural strike in the La Laguna region and the oil strikes, all of which subsequently turned into expropriations. Coherent with his philosophy of maintaining a well-balanced distribution of wealth, he supported capital-labour negotiations based on what the employers could fairly pay and still make a reasonable profit; and not based on the ongoing prices of the capital market, which were based on an unfair supply and demand structure.

In a country always pillaged by a tiny plutocracy and its foreign partners, the radical actions undertaken by Cárdenas to change the structures of exploitation appeared, to these “robber barons,” as outright looting; and it was portrayed as such in the mass media that they controlled. In the small middle-class he was regarded by many as a communist, and even as an atheist by some radical sectors that bordered on fascism, such as the *sinarquist* movement.¹⁷ Nevertheless, from a

democratic angle, his actions were completely justified. For to carry out his main responsibility of procuring the common good, he needed to make use of radical actions that would break the structure of exploitation and allow the majority of the population to have access to a minimum of opportunity for economic progress. Lukewarm actions would have not affected the established order and, in the light of history, would have not meant a thing. Thus, as could be expected, applying the federal constitution that emerged as a result of more than ten years of civil war, in a country where exploitation and corruption reigned, was not to be taken lightly by the exploiters that were partially defeated. Since then, they have consistently fought the social vindications exercised by Cárdenas. To be sure, he has been the only president who genuinely looked after the welfare of the people, albeit the corporatist structure that he built to control all sectors later proved to be the greatest hurdle to achieve social justice. For it became a huge apparatus of political and social control that consolidated the corrupt and undemocratic culture of many in the new political class. This culture is the culprit for the permanence of a single party in power for 71 years and for the lack of coherence between each administrations’ political ideology. For, after Cárdenas, each administration manipulated the cords of power with the sole goal to stay in power; regardless of whether this would improve the lot of society or impoverish it further; regardless of whether it would take a leftist posture or move far to the right as it happened in the last two decades. The political class’ only paradigm was money and power. Nonetheless, despite the negative aspects of Cárdenas’ program, he managed to change some key structures that can hardly be reversed. These changes have provided some leverage to the working class in its pursuit of social justice, which opened a window, in subsequent governments, for a fairer playing field for the people. Cárdenas clearly believed in demand-side economics, with which he put to its fullest possible application the new social prerogatives provided by the 1917 constitution. He was the most genuine upholder of the principles of Mexico’s social revolution, and many considered his government to mark the end of the revolutionary period.

Import-Substitution and Mixed Economy

After the Cárdenas administration, the country embarked on a path of strong industrialization through import-substitution. The fact that World War II absorbed most of the industrial power in the U.S. served to further energize the development of a national industry. This was definitely a window of opportunity for industrialization. The steel industry in Monterrey, for instance, developed its own technology of “sponge iron” as a new process to reduce raw iron for steel production. This was a necessity that was a direct consequence of an absence of steel sources from the U.S. during the armed conflict. Furthermore, during these war years, Mexico supplied many raw materials, textiles, chemicals and other products for the U.S. war effort. Exports increased and, although Mexico could not import capital goods during that period, its exports helped to substantially increase its foreign exchange reserves, which were used, as soon as the war ended, to fully launch Mexico’s fledgling import-substitution process.

From 1940 to 1980 Mexico’s economy grew at a very fast rate, averaging more than 6% annually. This was enough to generate a strong per capita average growth of 3%,¹⁸ since population growth increased an average of 2.7% between 1940 and 1960,¹⁹ and nearly 3% in the next twenty years. As soon as World War II ended, Mexico’s imports of capital goods to substitute the importation of finished goods increased dramatically. As a direct consequence of this push for industrialization, a concurrent process of urbanization also began. This process replaced the countryside with the cities as the traditional centre of national life. Mass migrations from the farming fields to the growing urban centres gradually transformed Mexico into an urban society. But, also, just as it happened during the British industrial revolution, the migration created large slums for the industrial workers who very slowly and marginally improved their welfare.

The Mexican process of industrialization grew in an atmosphere with conflictive undertones between the government and the high bourgeoisie. The European social democratic governments had considerably influenced Calles, despite his hunger for power. Antonio Ortiz Mena, a successful head of the Treasury between 1958 and 1970, and later the President of the

Inter-American Development Bank from 1971 to 1988, comments on the influence on Calles by the British Labour Party and the German Social Democracy. He explains that Calles, in his admiration for European social democracy, sent money to help British workers who were on strike and were being supported by the Labour Party.²⁰ In his view, the early PRI governments were Keynesian, even before Keynes wrote his General Theory of Money, and since 1932 put emphasis on government spending to induce aggregate demand. As a consequence, the Mexican economy pulled out faster and healthier from the effects of the Great Depression than its northern neighbour.²¹ However, they never cared much about a fair distribution of wealth, for they felt it should first be created. This, obviously, was fine with the industrialists.

Cárdenas, in contrast, had left a bad taste in the industrial class. He exacerbated the conflict with his emphasis on wealth redistribution. Subsequent governments, heirs to a revolution that broke an extreme plutocratic structure, were often at odds with the heirs of the social elite. The formers’ economic ideology believed in the Keynesian advocacy of the support of demand by government intervention, to increase employment and spending in order to induce economic growth. This translated into the belief for the need of a mixed economy. The industrial elite was, in contrast, accustomed to an ethos where they enjoyed full freedom and government protection to do as they pleased, without any concept of social responsibility. Thus, the whole idea of a mixed economy and of demand-side economics was revolutionary and threatened their private interests.

But things after Cárdenas were not bad at all for the industrialists. Beginning with Avila Camacho, in 1940, the government’s stance was to leave most sectors of the economy in the realm of the private sector and play the entrepreneurial role only in those industries where there was a lack of interest for investment within the private sector, or it was considered of strategic importance for national security. In this way, the process of industrialization, from the end of World War II until the 1970s, delivered consistent economic progress. Thus, the frictions between the government and the private sector, notwithstanding the ideology of Avila Camacho

and his successor in 1946, Alemán, clearly departed from Cárdenas' vision. They reshaped the economic framework with a structure where the emphasis was in economic growth through import-substitution, without giving utmost importance to wealth redistribution. This was a clear deviation from the principles of the social revolution. Avila Camacho and even more so Alemán –and from there on all subsequent presidents– concentrated on economic growth per se. Their vision of a mixed economy, where the government would leave most areas to the private sector, had a pacifying effect on the industrial class, and private investment was reinvigorated. Thus, although the concept of the mixed economy became central to the economic model of the PRI governments, the degree of mixed economy was complementary to the private sector. There was an implicit agreement that the private sector would be the main engine of economic growth. The government was to immerse itself primarily in the energy sector and infrastructure. After the oil industry, the expropriation of the power industry occurred later on, in 1960, when U.S. and Belgian companies were bought through amicable negotiations. The government also filled the gaps in investment in industries that were deemed to be of importance in the process of industrialization. For instance, it created the largest steel company, “Altos Hornos”, to cope with an increase in demand that was projected not to be satisfied by the private sector. Thus, much of the public investment was devoted to infrastructure, especially to paved roads and dams for irrigation and power. A development bank, NAFINSA, was created in 1934, and since 1940 it focused on the funding of industrial projects in areas where the government deemed there was a need to support them with public investment; sugar, cellulose, fertilizers, textiles, copper, cement and railroads, along with steel, roads and power were the major areas of investment.²²

The importance of the mixed economy notwithstanding, the proportion of public investment in the economy averaged one-third throughout the period.²³ Alemán put even more emphasis on the development of a domestic industrial class than Avila Camacho, albeit he established the PRI practice of advancing economic expansion through crony Capitalism. Indeed, Alemán is best known for his corrupt practices of personal enrichment by giving free

support for the development of industries for his cronies and himself. He provided full support to the new industrial class protecting them from foreign competition. Thus, the import-substitution strategy for industrialization was based, to a vast extent, on cronyism rather than on a rational strategy for the development of competitive industries. Of course, neither Avila Camacho nor Alemán initiated the practice of cronyism, but they made ample use of the practice. Avila Camacho's brother, Maximino, became famous for his corrupt and violent practices and many politicians enriched themselves by partnering with investors. And, while providing full support for industrial development, Alemán concurrently made crony Capitalism the model for this development, making it an acceptable cultural trait in the ruling class.

This way the policies for the development of a national industry, between 1940 and 1980, did not promote, for the most part, the development of competitive players, which turned out to be a big handicap when Mexico was finally forced to open its economy. Thus, the import-substitution strategy allowed the development of an industrial base that could enjoy full market protection, be tremendously inefficient, offer lousy and expensive products and still generate enormous profit margins. As part of the culture of cronyism, many companies relied completely on government contracts, which further induced corruption. Furthermore, the large profit margins were not just the result of high prices and little competition; they were also the result, to a considerable extent, of low wages paid to the work force. With the corporatist structure that was put in place by Cárdenas in the labour sector, all subsequent governments used their leverage to maintain a subdued labour force and provide a very attractive environment to the industrial class. Many scholars explain the generally restrained improvement of real wages during the import-substitution era as a result of the vast supply of labour and the corporatist control of unions. Some describe a perception prevailing in the industrial class that the restriction on the labour endowments was a blessing for the development of a domestic industry.²⁴

Despite all of its shortcomings, the import-substitution era created, for the first time, an economic environment that was conducive to

investment and expansion. The almost permanent state of chaos and civil war that had been the main feature of Mexican life since independence appeared to have finally ended. The country was poised at last to embark on economic development. The strong emphasis on overprotecting the industrial class generated a strong positive response in investment. Domestic savings increased and the banking sector developed. The increase in the employment base slowly began to generate aggregate demand. A small middle-class began to emerge. As the import-substitution era progressed, the policies for industrial development evolved to focus on a more rational strategy for the development of all sectors. The newfound stability of the political scene and the business-friendly climate gradually brought foreign investors back. Many foreign companies had been granting production licenses for their products to Mexican manufacturers or simply exporting them to distributors. However, when the domestic market showed a steady expansion, the interest in foreign direct investment became highly attractive. Nonetheless, it was made clear that FDI was welcome as long as it was ready to abide by national laws and renounce the protection of their governments. Throughout the period, all Mexican administrations emphasized the advent of foreign investment through joint partnerships with domestic capital. Close scrutiny was given to each individual investment, and a requirement for a minimum of 51% of domestic capital in each venture was demanded. A majority of foreign ownership was the exception; albeit foreign companies that were already active in the economy and had 100% ownership were usually allowed to maintain their status. Furthermore, the development of domestic suppliers became a requirement. This is the case of the automotive industry. Ford, for instance, had begun operating in Mexico since 1925 with 100% ownership. The company was allowed to maintain its status. However, Ford and all foreign automotive vehicle manufacturers were asked to develop local suppliers with the goal of integrating up to 70% of local content in the vehicles assembled in Mexican plants. Foreign direct investments that filled vacuums where there were no domestic manufacturers were privileged, for it eliminated the need for imports, whilst investments intended to compete with local companies were deterred.

The import-substitution era did experience some inflationary pressures. There was a forced devaluation in 1948 from \$4.75 to \$8.50 pesos per dollar and a planned devaluation, to increase competitiveness, in 1953 from \$8.50 to \$12.50 pesos per dollar.²⁵ But on the average inflation rates behaved remarkably well throughout most of the period. Between 1951 and 1972 inflation averaged less than 5% annually.²⁶ The concern for the disruptions caused by inflationary pressures gave birth to a reinforcement of the economic program with what became to be called the “stabilizing development,” conceived by the head of the Treasury, Ortiz Mena and his staff. The main objective was to maintain macroeconomic stability through a responsible fiscal policy and a relatively restrictive monetary policy in order to improve living standards of the majority of the population, which were still, in 1958, dramatically low. Pressure was mounting, for after the 1954 devaluation there had been increasing labour unrest, despite its corporatist control.²⁷

Mixed Economy and Social Justice

The improvement in the overall welfare of this nation, between 1940 and the 1970s, was evident. The country achieved one of the strongest rates of development in the world. The real value of national production in 1978 was 8.7 times greater than in 1940, whilst population had increased only 3.4 times during the same period. Agriculture’s share dropped 50% to account for only 5% of GDP, and the urban population soared from 20% to nearly 50% in almost four decades.²⁸ These were clear macroeconomic signs of a transition from an agricultural society to an urban society. Nonetheless, the development achieved was more a natural consequence of the stability attained than a concerted effort to improve the lot of the mass population. It was inevitable that a country immersed in extreme poverty since its independence would improve under stable conditions. Although the rhetoric of the PRI governments always boasted the achievement of social justice as its main goal, the fact is that they overprotected domestic industry without ensuring a just distribution of the income generated. To be sure, the dominant idea among the post-Cárdenas governments was that the first step to redistribute wealth is to create wealth; but, while these governments continued to claim to be working to achieve social justice, their actions

remained exclusively concentrated on the first step. This was the same argument used by Obregón in the 1920s at the end of the armed period.²⁹ Ironically, this was the exact same argument used by Salinas in the early 1990s to impose Neoliberalism. The impoverished masses were perpetually waiting.

Considering it was the first time that Mexico had ever enjoyed a good degree of stability –and under the auspices of an autocratic government that took the role of “official party”– the results between 1940 and the mid 1970s were generally positive. There was a clear emergence of the middle-class, albeit those that remained poor became poorer. Indeed, the share of income for the poorest 50% of the population was 19% in 1950, 16% in 1957, 15% in 1963 and only 13% by 1975.³⁰ On the other hand, among the top quintile, the share of income went up from 60% in 1950 to 61% in 1958; then it dropped to 59% in 1963 to again increase to 62% by 1975;³¹ and the middle-class’ share of income expanded from 21% in 1950 to 25% by 1975. Clearly, the share of income of the bottom 50% had lost almost one-third of share in the nation’s wealth, whilst the middle-class’ share increased by 25%. The increase of wealth of the middle group, in this case constituting 30% of the population, is essential for the expansion of the market and the sustainability of economic growth to achieve true development. However, it became clear that the sort of Capitalism that developed in Mexico was much closer to the Darwinian type than to the far more socially-conscious Capitalisms of continental Europe. Indeed, throughout this phase of development, the labour endowments lost ground against the owners of capital. Meyer and Aguilar Camín point out the irony of having a raw capitalist system in Mexico. For in a country that endured the suffering of an armed revolution to achieve social justice, the capitalist strain that emerged looks closer to that of the robber barons of the Gilded Age than to one permanently in check in order to ensure true social development. More than a decade after the 1917 constitution granted extensive rights to workers, a progressive federal labour law was finally passed in 1931, and the social security system was established in 1940. But, after Cárdenas, many key elements became a moot point, for they were not followed at all in their spirit. The most transcendental issue –the right to earn a living wage– was never

achieved; for the heavily-regulated import-substitution era was designed to protect the industrial class from foreign competition and to closely control the demands of the labour sector, instead of upholding their rights. Thus, throughout this era, and even more so afterwards, real wages lost ground against capital; and the governments of the so-called “institutionalized revolution” systematically aligned themselves with the local industrial oligarchy and their foreign partners instead of the people.

An excellent analysis of wage development by Professor Jeffrey Bortz, an expert in Mexican wages during the import-substitution period, provides clear evidence on the behaviour of wages between 1940 and 1980. With several gains and losses that reflect the degree of inflationary pressures from both domestic and external sources, the gain in real wages in 1980 is just of 38%. Due to pressures of WW II, real wages had lost 50% of their 1940 value by 1946; and it was still 46% below by 1952. In contrast, productivity increased in the same period a strong 50%, which shows that employers adjusted prices to cope with inflation but not so for wages.³² Between 1952 and 1972 inflation stayed at less than 5% and productivity gradually increased almost at the same rate as wages. However, by 1970 real wages had recovered, but to only a meagre 16% above the real wages of thirty years earlier. This was the extent of the gains for workers in such a long period that covers five six year-term Mexican administrations of the so called “import-substitution development.” Then, from 1970 to 1976, real wages improved 49.4% and then dropped 20.3% in the next four years. Thus, the net gain for the 1970s is of 19.6%.³³ This is how the net gain in real wages during the forty-year span of the mixed economy arrives at a gain of only 38%.

The truth is that, except for Cárdenas and Echeverría, there was a tacit pact between the PRI governments and the local industrial oligarchy. The PRI would rule with the financial support of the industrialists –and a share in their businesses– and guarantee the ideal environment for them to thrive. The PRI will keep foreign competition out and maintain the labour unions at bay, through its corporatist structure, and provide every available incentive, fiscal in infrastructure, and in juicy contracts, to jointly enrich themselves. And,

although publicly there was always the rhetoric of the government criticizing the exploiters, the government would take care of the politics and the oligarchy would enrich each other's pockets.

After 1980, the import-substitution era ended with a total collapse. Despite the positive degree of economic and social development with the emergence of a middle-class, under the paradigm of a mixed economy of shared development, the model lacked the strength to achieve true social justice. There was a clear and simple reason. There was an absolute absence of political will to comply with this responsibility, for the corrupt crony Capitalism embedded in the culture of the PRI presidential system was a self-serving system for their own very private ambitions.

The First Debacle

As the import-substitution era progressed, the middle-class began to demand the end of the rigid autocratic regime that had ruled the nation for forty years. People were beginning to get fed up with a regime that made a mockery of democracy and intended to govern over every aspect of public life autocratically and in partnership with the local industrial oligarchy. In 1968, several months of student demonstrations ended in a massacre executed by the army, which resulted in the deaths of hundreds of students. Many urban workers joined students in their protest. Demands for social justice and real democracy were crushed by a presidential system that could not conceive of the demands for accountability and had no intention of allowing social justice. The staunch conservatism and minute vision of Diaz Ordaz saw in the movement the plotting of communists and anarchists. But the middle-class had grown enough and acquired enough education to realize that it needed to act and force the change. It was only the beginning. It would still take many years to end the PRI presidential rule; but this was the birth of Mexico's Civil Society.

The period of President Luis Echeverria is critical in explaining the dichotomies of a paternalistic government that oscillates between its social responsibilities and the pressures of the local oligarchy and its foreign partners. For it shows how the traditional plutocracy that had been ruling since independence was ready to take Mexico to its knees in its opposition to any effort

to transfer wealth from them to the impoverished masses. From 1971 to 1976, President Echeverría initiated a period of confrontation with the PRI's traditional industrial partners and with the U.S. He was accused of being a populist and a communist by both the local oligarchy and the U.S. establishment. He evoked to them reminiscences of the Cárdenas period. An analysis of Echeverría's term by Gabriel Uribarri defines three key characteristics: the empowerment of the impoverished masses, the demand for a nationalistic industrial class and the reduction of the political and economic influence of the U.S. by diversifying Mexico's foreign relations.³⁴ The fact of the matter is that Echeverría openly broke with the industrial class and initiated a development strategy of great public spending in social programs and infrastructure, aimed mostly at improving the welfare of the impoverished masses. The social unrest of 1968 had arrived to stay and, in his own agenda, he tried to cope with the demands for the end of a system that concentrated wealth in a tiny plutocracy. His development program was clearly focused on redistributing wealth through public spending, transferring it through fiscal policies from the owners of capital to labour, and gains in real wages. Echeverría called his program "shared development", an implicit acknowledgement that the "stabilizing development" period had not fulfilled much of the social demands.

To reduce Mexico's economic dependency on the U.S, he created a domestic science and technology development council and an export development institute and invested in mammoth projects such as SICARTSA, the largest steel complex. He also vigorously promoted the organization of the non-aligned countries to defend their economic interests inside the U.N. To reduce the U.S. political influence, he promoted the Third World movement, created an international research institute for the betterment of the Third World and openly backed the Allende government in Chile in direct opposition to the U.S. backed Chilean military led by Pinochet. As could be expected, he took good care of maintaining relations with Cuba at the highest possible level of cooperation. Thus, his government's stance on international affairs was usually in opposition to the interests of the U.S. In his belligerence, he undertook a frenetically active role in the U.N on behalf of the Third

World and demanded a new economic order. In this forum, he prepared a document, "The Charter of Economic Rights and Duties of States" of December 12, 1974, which became UN resolution 3281 (XXIX) that laid the foundation for the establishment of a new economic order. And, without a doubt, he took a staunch anti-imperialist position directly condemning the U.S. "neo-colonial instincts", which culminated in a publicly expressed message to the U.S. population, taking advantage of an invitation by Time magazine in commemoration of the U.S. bicentennial.³⁵ He also supported the UN resolutions upholding Palestine's right to self-determination and condemned, along with seventy-two nations, all forms of racial discrimination, including Zionism. This stance triggered the wrath of what became to be called, the U.S. Zionist boycott, which tried to deflect U.S. tourists to other destinations, and the ire of, at the time, U.S. Secretary of State Kissinger. The Secretary orchestrated a press campaign against Mexico and its government, which included widespread rumours relative to an impending devaluation, to induce the flight of capital and to destabilize the economy.³⁶ As part of the campaign, seventy-six U.S. congressmen signed a letter to President Ford denouncing the communist inclinations of President Echeverria.

Without a doubt, the most important trait of Echeverria's government was its open confrontation with the industrial oligarchy. It started with his intent to make a complete overhaul of the fiscal system to increase tax revenue from the industrial elite. There was a rather legitimate need to overhaul the fiscal structure. Mexico's traditional tax revenue had not been more than 10% of GDP; a rather low tax base even compared against equivalent economies. The plutocracy was enjoying a virtual tax haven, for it had been enjoying a very lax fiscal system that included not having to pay taxes on capital gains income. It was evident that, in order to carry out the vast social programs required to improve the lot of the poor and to diminish the great imbalance in the distribution of wealth, it was necessary to tax those who had much and contributed little. Echeverría was resolved to put an end to this prerogative and moved forward to change legislation. The oligarchy reacted very aggressively and threatened to boycott his government by

destabilizing the economy. In 1973 the major industrial guilds threatened with the inducement of devaluation by cutting investment and massively moving capital outside the country.³⁷ The government ended up retreating and resorting to fiscal changes that affected mostly the middle-class and not the industrial oligarchy.

To be sure, Echeverria is on the left of the political spectrum; but even today it is difficult to clearly define his political philosophy, and a characterization of his government remains quite controversial. My view is that he was a staunch believer in the need for social justice, guided directly by the very visible hand of the state; but, concurrently, he was anti-democratic and repressed any type of outspoken dissent. He incorporated in the system some of the voices of dissent, but repeated the formula: "to change so that everything stays the same." Clearly, like all members of the PRI elite, in the moment of truth, he was not prepared to allow the development of a truly democratic society. On the political angle, before Echeverria became president, it is widely believed that, as Secretary of the Interior, he directly instrumented the actions in the student massacre of October 1968. Later, during his presidency, he confronted the students again in June of 1971, using the military, masked as students, to violently repress authentic ones. It is also widely accepted that he plotted the take over of the prestigious independent newspaper *Excelsior*, which was owned and operated by the entire staff and workers and was one of the few free public opinion leaders in society. Civil Society is still awaiting the true judgment of the student massacres.

On the economic front, despite the lack of sufficient funds due to the failure of his fiscal reform, he embarked on vast and legitimate social programs, such as the housing institute that provides low-income housing to urban workers. To do this, he broke with the fiscal discipline observed by all previous PRI administrations; and, in his frenzied spending, he dramatically increased the public deficit. When he was unable to increase tax revenue from the industrial oligarchy, which in turn reduced its investment, he simply filled the void with deficit spending, borrowing from foreign lenders. As to the labour movement, there was significant unrest during the period among the large corporatists unions

controlled by the PRI, to protect their labour endowments. This was especially true with the most technical labour sectors that were dealing with the increasingly "oligopolised" domestic industry. During the 1970s, the industrial class began a merging process into industrial conglomerates, especially in the northern industrial city of Monterrey, with clearly monopolistic features. With inflation beginning to rise and a growing sense of a reduction in labour gains and job stability, unions went on strike against many of the largest domestic and multinational companies. To maintain real wages, workers demanded salaries above inflation; but employers threatened to reflect them directly with price increases. With this, an inflationary spiral began to develop in an increasing confrontation between labour and capital. Echeverría did not contain the labour unrest much, for he was himself in direct conflict with the industrialist class. Indeed, in his last confrontation with the oligarchy he expropriated quarter million acres from 72 wealthy families in some of the most productive farming districts in northwestern Mexico.³⁸

For all he did, the most often used description of his office is that of a populist president. The fact is that he was clearly the first president to have retaken, to some extent, Cárdenas' mission to redistribute wealth since Cárdenas himself. Of course, Cárdenas is also regarded as a populist by the industrial oligarchy –all governments that affect the interests of the establishment in favour of the poor have been regarded as such. However, to Echeverría's discredit, he did it with great dichotomy and sometimes in a visceral and illegal way. On one hand, he took actions that were part of his program to increase the welfare state; on the other he directly expropriated or instigated the invasion of land through legal manipulation, as part of his personal confrontation with the oligarchy. And, as all previous PRI presidents, including Cárdenas, he denied the opening to democracy to the society that was demanding.

The end result of his belligerence against domestic and U.S. economic centres of power, and of his deficit spending, put an end to what many scholars call the "Mexican Economic Miracle;" for the stability and economic growth of more than thirty years ended during his

administration. The domestic factors that I have described, combined with the deep recession of the major centres of power –with the oil crises and Nixon's break with the gold standard and the Bretton Woods system– and the continuous political belligerence with the U.S, triggered the beginning of the economic crises that Mexico has endured for a quarter century. The numbers clearly speak for themselves; the economy grew to then collapse. During Echeverría's term, the GDP grew 44% at constant 1970 prices³⁹ and in 1976 real wages reached the highest level ever recorded, according to Jeffrey Bortz⁴⁰ –to then consistently drop for the rest of the century. Federal public spending grew from 21.1% of GDP in 1970 to 27.9% in 1975.⁴¹ In 1976 the Federal budget grew by 10%, but actually dropped in real terms due to increasing inflation.⁴² This jumped from less than 5% in 1970 to 24.6% in 1976. With the retreat of private capital from productive investment, public investment's share of total investment increased to 60% in 1976. This was a dramatic increase of almost 80% from the traditional share of one-third of total investment that was the average since 1940. Thus, public investment accounted for 11.6% of GDP compared to the 8.3% of six years earlier.⁴³ But much of this was deficit spending, which went up from 2.1% in 1970 to 8.2% in 1976.⁴⁴ All this unleashed the beginning of the crisis. The industrial groups retreated from investing, and a massive flight of capital that began at the end of 1975 continued throughout 1976, until the peso parity with the dollar, held for twenty-two years, collapsed in August. Losing 40% of its value initially, the peso ended up at near half its previous value in a matter of weeks. To make things worse, the increase in public spending was financed mostly with foreign loans. As a result, the public foreign debt that for decades had remained very stable, jumped from \$3.6 billion in 1971 to \$19.6 billion in 1976, a 444% increase.⁴⁵

Without doubt, the devaluation of 1976 constituted a financial *coup d'état* executed by the oligarchy in its confrontation with Echeverría. The government explained it by asserting that it was imprudent to continue acquiring foreign debt to fill the void left by the flight of capital and the lack of investment from the private sector. Obviously, that decision had come too late. For the oligarchy, however, these events did not treat

it badly. The political leverage of the large industrial conglomerates remained untouched. The fiscal reform originally aimed at them was amended, whilst they further advanced in their process of oligopolisation. Moreover, the share of national income between capital and wages steadily grew in favour of the former, from 51% of GDP during Echeverría's administration to 63% a few years later.⁴⁶ It would never lose ground again.

The new administration of Lopez Portillo that began in 1977 was one of the friendliest PRI governments ever with the oligarchy, and it immediately moved to reassure this group that things would go back to the *status quo*. Unfortunately for Mexico, the López Portillo administration committed one of the biggest blunders in public economic management and became one of the most inept, irresponsible, corrupt, nepotistic and wasteful administrations of the past century. During this administration, Mexico officially announced a huge increase in oil reserves that catapulted it into the group of the top five world producers. Some of these new reserves had already been identified in the previous administration, but Echeverría refrained from publicizing it for fear of facing unmanageable pressures from the U.S. This "new found wealth" made López Portillo speak of grandiose times, claiming, in great demagoguery, that his administration would initiate the "administration of abundance." As a result, instead of refraining from more deficit spending, he embarked the nation on bigger budgets, using as collateral Mexico's current and future oil revenues. Certainly, foreign lenders were eager to loan and joined in the frenzy. Mexican oil was selling at an unprecedented price above \$30 per barrel, and López Portillo boasted that Mexico was on the verge of leaving underdevelopment. I remember a cover of Fortune magazine in 1979 showing a long line of international bankers waiting on Mexico's doorstep to loan all they could. They were flooded with the so-called petrodollars coming from the OPEC countries. The entire nation joined in a frenzy of abundance. The growing middle-class that had become used to conspicuous consumption reinforced its avidness for hedonistic consumerism, especially if the goods came from abroad, –legally or illegally.

On the public side, López Portillo set out to increase public spending in the overhauling of Pemex, the state oil monopoly, and in the increasing of social budgets and infrastructure. On the private side, the industrial oligarchy joined in the euphoria and went on a great spending spree. The oligopolies, particularly from Monterrey, began to act as multinational corporations, buying companies in the U.S. and investing in new businesses domestically using foreign credit. But, concurrently, they made ample use of the freedom that the government allowed, to infuse confidence, for the transfer of capitals; and they continued to put most of their assets either abroad or in dollars in the banking system. The government financed this flight of capital with more foreign credit.⁴⁷ When the price of oil began to fall in 1981, Mexico was caught in a trap. The whole development strategy was banking on future oil revenues that irresponsibly had been taken for granted despite a very volatile geopolitical environment. For instance, the entire servicing of short-term debt was feasible only if the price of a Mexican barrel of oil would sell above \$32.⁴⁸ This was an extremely high price and a completely irresponsible assumption. In the summer of 1981, Mexico was forced to cut its oil price from \$34.60 per barrel to \$30.60. This was going to cut oil revenue for the year by \$1.2 billion. However, internal political pressures made the government teeter and raise the price to \$32.60. The blunder caused the cancellation of contracts amounting to a loss of revenue of \$5 billion.⁴⁹ The mood, relative to the oil strategy, finally changed, but by then it was too late. Imports had grown tremendously, fuelled by the spending spree of both industrialists and consumers who had been enjoying an increasingly lax import policy.

As a result, the trade deficit ballooned to a cumulative of \$16 billion in the period from 1977-1981.⁵⁰ To make things worse, when the price of oil began to drop, the financial markets experienced a drastic reduction in the supply of petrodollars. This provoked a steep increase in interest rates in the world's financial markets. Moreover, as discussed in essay VI, the U.S. refusal to devalue its own currency during the 1970s generated inflationary pressures that were absorbed by Mexico's economy through imports [more than two-thirds came from the U.S.] and loans, for the rise in inflation in the U.S. was

countered by the Fed with higher interest rates. Naturally, the increase in interest rates immediately increased the burden of Mexico's public and private debt service. The U.S. prime rate more than doubled, increasing from 6.83% in 1977 to 15.75% in 1981.⁵¹ As could be expected, the fiscal deficit spiralled. Between 1977 and 1981 the fiscal deficit more than doubled, reaching 14.7% of GDP and, in 1982 it further increased to 17.6% of GDP.⁵²

During this period, the dependency of export revenue on oil became evident and, to be sure, the industrial sector showed its complete lack of competitiveness in foreign markets. The share of oil in total exports grew from 23% in 1977 to 75% in 1981. Indeed, in these years oil exports grew 1303%, from \$1 billion in 1977 to \$14.5 billion in 1981.⁵³ In stark contrast, non-oil exports grew a meagre 41% for the period; and, of these, manufacturing exports, accounting for almost two-thirds, grew only 106%, from \$1.6 billion in 1977 to \$3.4 billion in 1981.⁵⁴ Imports, instead, grew 314%, three times the pace of manufactured exports, from \$4.4 billion in 1977 to \$24.2 billion in 1981. Thus, without oil revenue, the cumulative trade deficit would have been of \$38 billion for the period.⁵⁵ What occurred was what René Villarreal calls an effective "import de-substitution;" a clear reversal of fortune in the development strategy. That is, the share of imports in the total supply of manufactured goods grew 63% between 1977 and 1980, from 18.9% to 30.9%.⁵⁶ Aggregate demand in the period 1978-1982 grew above 10% while domestic production grew only 8%.⁵⁷ The share of imports in consumer goods exploded, growing 154% during the same period. This was a disaster, which clearly showed that the industrial oligarchy was incapable of competing in both domestic and export markets. It is true that, during this period, the U.S. and the rest of the G7 were in the middle of a prolonged recession, infused by the lingering oil embargoes of OPEC nations against the First World. It is also true that the Mexican peso was overvalued by as much as 32% in 1981,⁵⁸ and, thus, this made the price of Mexican goods not competitive. However, after the peso suffered multiple depreciations in the 1980s, it became evident that the industrial oligarchy was ill prepared to compete in the export markets.

The only choice to pay for the huge increase in imports not covered by export revenues was credit. Thus, the growth in the level of indebtedness during this period became unbearable. Just in 1981, foreign debt grew more than \$19 billion, which is equivalent to the entire amount that had been accumulated since the 1920s.⁵⁹ When oil revenue dwindled down, the government became unable to service its foreign debt, as scheduled, and began to renegotiate it with short-term loans. This represented a weakening of Mexico's debt service structure. In 1976, short-term credit for less than a year accounted for 20% of all foreign debt; by 1980 the exposure to short-term debt improved to account for only 4%. But when the price of oil dropped, virtually all-new credit came in the form of short-term loans.⁶⁰

Another feature of the crisis was the gradual change in the source of credit, which changed from predominantly multilateral in the 1960s to predominantly private, with loans from hundreds of banks from more than twelve nations. Thus, if in the 1960s private lending accounted for only 20% of total foreign debt, by 1980 it accounted for 85% of the total.⁶¹ This had its positive angle, nonetheless, in that private lenders do not impose economic policy conditioning on their lending like the IMF or the multilateral development banks [the Inter-American Development Bank and the World Bank] do or like export banks that only lend to finance imports from borrowers. Also, borrowing from many banks from more than a dozen nations provided Mexico with good renegotiating leverage, in principle, by having a very diversified portfolio of creditors. However, this specific feature of the problem, in this and subsequent crises, was going to be very illustrative of how the U.S. and the other G7 nations would deal with the Mexican debacle –and for that matter with the debt crises of developing nations– which turned out to be far more negative than positive for Mexico.

By 1981 the repercussions of the drop in the price of oil made the value of the peso no longer sustainable, but the government took the political decision to maintain the same overvalued exchange rate. The government was getting ready for its next presidential election the following year, and it did not want to rock the boat for its next heir. By February 1982, the peso

completely collapsed, suffering a devaluation of nearly 50%. The peso went from a rate of almost P\$25 to the dollar, to almost P\$48 for one dollar. This immediately triggered a furious revamp of inflation, which had already been above 20% during most of Lopez Portillo's six-year term, and an even greater flight of Mexican capital. The oligarchy maintained the practice of transferring massive quantities of capital to the U.S. To make things worse, consumers were also buying dollars or transferring liquid funds to U.S. accounts. By early August, a second devaluation occurred, and the government desperately moved to control the implosion. This time the government structured a dual currency market. The first one, initially set at P\$49.50 per dollar, was to be used for priority imports, foreign debt servicing and oil exports. The second one had two exchange rates: P\$69.50 per dollar, to exchange dollar accounts in the banking system; and the free market exchange, which moved to P\$100 per dollar. All dollar accounts in the banking system were now only redeemable in pesos.⁶² The collapse was evident.

By 1982, at the end of the López Portillo administration, the total foreign debt, of which four-fifths was public debt had surpassed \$80 billion.⁶³ Thus, in six years, public foreign debt grew from \$19 billion to more than \$60 billion, and the private sector had also acquired debt for more than \$17 billion. With this spending frenzy, Mexico acquired a debt load that it has never been able to lower; let alone lower it to the level necessary to invest productively, support social spending, –cope with a large population growth– and maintain low inflation to generate real economic growth. Since 1982, the budgets available to support Mexico's development policies have been subject to whatever funds remain, after servicing a mounting debt. Furthermore, the flight of capital became a permanent element of the Mexican economy. At the time of the 1982 devaluations, it was estimated that Mexican assets, with a value of not less than \$22 billion and as much as \$54 billion, were located in U.S. and other nations' banks.⁶⁴ As for oil exports, the government's only choice in the use of the revenue generated, was to devote it entirely to service foreign debt for years to come. Between 1977 and 1982, the debt service jumped 256%, from \$3.8 billion to \$13.7 billion annually; and the debt service to GDP

ratio doubled from 36.7% to 79.9%.⁶⁵ The increase in interest rates in world markets had exacerbated the burden. The country was literally bankrupt. This was clearly the result of mismanagement in the form of a huge bet on the price of oil, and ineptitude relative to the handling of the drop of oil prices, in the pampering of an over-protected industry and in the lassitude of banking policy, which allowed the rapid dollarisation of the economy. It was going to get worse.

On September 1, 1982, President López Portillo took the dire decision, during his state of the nation's speech, of applying state control of the banking system through expropriation by presidential decree, in the so-called "banking nationalization." With the expropriation, the government imposed direct control of the currency market, with the central bank withdrawing from the market and effectively suspending the availability of dollars. The banking sector was certainly no saint and had been increasingly devoting much of its resources to profit in speculative currency exchange operations and in the promotion of the dollarization of the economy. As a bank customer, one could have all of his liquid assets in dollar accounts in Mexican banks, which were eagerly promoting this service. Thus, the middle class joined in, opening dollar checking and savings accounts and buying certificates of deposits, or simply moving its liquid assets to U.S. banks. The President accused the industrial oligarchy and consumers for depriving the country of vital funds. The huge transfer of funds in pesos to dollars by those who had the means nonetheless, it is naive to expect capital to behave nationalistically; and, to be sure, the government had allowed the practice through the regulatory framework of its non-independent central bank anyway. Furthermore, the President was careful to omit his responsibility in the whole blunder, which only exposed the malady of an authoritarian system. The expropriation only made the situation worse. Its immediate effect increased instability. Certainly, if the intended goal was to stop the flight of capital, it was too late. Many of the assets had already found a safe haven abroad. Furthermore, with almost two thousand miles of shared borders with the U.S., it was unrealistic to attempt to control the outflow of capital. As a result, a black market emerged

immediately. Thus, the impact of this measure put the Mexican peso and the economy, for many years to come, into an almost permanent trend of depreciation. However, the longer lasting consequences of this action, due to the enormous corruption of the political/industrial oligarchic system, were to give the banking sector a burden as heavy as the foreign debt for Civil Society, as we will later explain. With the expropriation of the banking system, two months before the end of López Portillo's term, the country became paralyzed. The economy arrived at a standstill. By the end of the year, with the new administration already in power, the dollar was selling for P\$150 and inflation reached 100%. It was still going to get much worse.

In retrospect, the López Portillo Administration failed to solve the imbalances in the economic structure and to redirect the country onto a new path of development. Far from trying to solve the extremely unjust distributive edifice, it insisted in growing with the same protectionist and uncompetitive structure, anchored on Mexico's oil reserves. Moreover, Lopez Portillo also failed, as did his predecessor, to execute the fiscal reform that was necessary to change the extremely unjust plutocratic structure that had ruled over Mexico since colonial times. Far from it, he sought to appease the industrial oligarchy from the deeds of his predecessor and, to increase the general welfare of the population, he banked on some sort of trickle-down effect that his growth strategy would bring. Notwithstanding these facts, as implausible as it may seem, it is important to point out that López Portillo, from his perspective, chose a nationalistic position and tried to reduce the overwhelming influence of the U.S. on the country. When he began his term, he opted out from following the directives of the IMF. Two weeks after the peso devaluation of August 1976, Mexico met with the IMF, and soon after the government announced its pledge to follow a rigid program of adjustment. Villarreal provides a close account of the process. In October, the government announced a three-year economic, fiscal and monetary restructuring program with the goal to eliminate the roots of the economic imbalance. The IMF endorsed the program, which was to be ratified at the onset of 1977, and provided \$1 billion to support it. Obviously, the Fund put its conditions, which clearly were

anchored on the classic neoliberal monetarist paradigm. It demanded the liberalization of the domestic market, eliminating subsidies and price controls; the opening to free trade, cutting tariffs and export subsidies; the reduction, to the minimum, of the role of the state in the economy; and, lastly, the application of a restrictive monetary supply to reduce aggregate demand.⁶⁶ However, as Villarreal rightly points out, López Portillo did the opposite: Instead of opening the market, the government began a gradual rationalization of protectionism; instead of contracting aggregate demand, it increased public investment; instead of reducing the role of the state in the economy it increased it primarily through the oil industry; and, although it controlled wage increases, it did not stop programs that promoted production and employment,⁶⁷ nor did it curtail social spending.

Curiously enough, the IMF did not chastise the country as an undisciplined pupil. In fact, the IMF supported the government's strategy for "petrolization" of the economy. Mexico was not a member of OPEC, in good part due to political pressure from its northern neighbour. With a considerable degree of integration and dependency on the U.S. economy, by joining OPEC Mexico would have risked infuriating a world power that was absorbing over 70% of Mexico's non-oil exports. Thus, Mexico's growing oil reserves constituted, for the U.S., an alternative source of critical importance to counter the OPEC oil embargo; and, therefore, the U.S. eagerly promoted the oil-based development strategy of López Portillo's administration. In fact, Mexico, already in trouble by the decline in oil revenue, helped the U.S. develop its strategic oil reserve that enabled it to reduce its imports of oil. When the price of oil was already declining in 1981, Mexico, avid for cash, desperately signed a long-term contract in August to supply the U.S. strategic reserve.⁶⁸ This, obviously, ended up hurting Mexico; for it only gave more leverage to the U.S. to push the international price of oil further down. Certainly, for the IMF, this was quite all right, and there were no reprimands to Mexico for ignoring the IMF's prescriptions. The attitude of the IMF, therefore, was certainly supportive of U.S. interests and, thus, let Mexico fall into its own trap. Without a doubt, López Portillo's greatest blunder was to anchor the growth of Mexico's economy on a very volatile

commodity, which permanently bears tremendous geopolitical pressures.

Mixed Economy and Redistribution

I have already explained the very marginal gains in social justice during the mixed economy era. In terms of absolute poverty, there were clear gains. Mexico began this era in such a state of poverty that it was natural that the basic social indicators would improve, since the benchmark was virtually zero. This way, between 1940 and 1980, using numbers from the UN Economic Commission for Latin America and the Caribbean (ECLAC), mortality, due to infectious diseases, dropped 68%; life expectancy increased 61% to 66 years; child mortality dropped 58%; alphabetization grew 80% to 83% of the population above 14 years of age; the average number of years of education grew from less than two to five; calorie consumption increased more than 30%; and access to clean water, drainage and electricity increased to 66%, 51% and 75% respectively.⁶⁹ However, Mexico at the end of 1980 and before the collapse clearly remained a poor country and, especially, a society insultingly unjust. Its most prominent characteristic, without a doubt, was its profound inequality.

For all its demagoguery, the PRI governments didn't even spend a meaningful portion of the federal budget in alleviating the most extreme poverty. An IMF analysis reports that the total welfare budget to combat absolute poverty amounted, in 1975, to less than 1% of total public spending and virtually 0% of GDP (0.16%), a meagre \$144 million in an \$88 billion economy. By 1982, after the "petrolization" of the economy, the welfare budget was down to 0.06% of total public spending and 0.02% of GDP,⁷⁰ about \$37 million in a \$167 billion economy.⁷¹ The government was simply sending the poorest of its citizens into oblivion, and no redistributive effort was made with the immense majority of the poor. Certainly there was a social budget devoted to education, social security, health and housing. This budget represented one-third of total public spending, and 6.8% of GDP in 1975; and 22.8% of the public budget, and 8.4% of GDP in 1982.⁷² Nonetheless, only the budget allocated to education provided a relative redistributive effect. For social security, health and housing primarily benefit government workers and fully salaried workers in the formal

private sector. In 1980, Mexico had an extremely low portion of the population economically active, even when compared to similar economies. In 1980, Mexico's economically active population amounted to 28.9% of the total versus 45% in the U.S. and 36.5% in Brazil.⁷³ Thus, with such a low proportion, the redistributive effect of the welfare system was rather limited. To illustrate this further, in 1976 only 6% of the rural population was covered by social security, and only 56% of the urban population was covered, at a time when the rural population accounted for more than 40% of the total. In 1980, the combined coverage of both the government workers and the federal social security systems did not cover 57% of the total population.⁷⁴ Low-income housing also has a marginal benefit, for it is concentrated in the largest urban areas. INFONAVIT, the federal housing agency, provides financing exclusively to the formal sector through employer, government and employee contributions. An additional allocation for social programs was devoted to basic food staples, which were distributed under consumer-subsidized prices through government agencies, primarily CONASUPO. In 1982, this agency's operating loss amounted to 2.4% of public spending and 0.9% of GDP.⁷⁵ Even public education could not provide full coverage. In the 1970s, it is estimated that 75% of the rural schools did not offer a full elementary program.⁷⁶ It is not surprising, then, that Gini indices measurements for the period 1950 to 1977 do not show any improvement.⁷⁷ In fact, two measurements show deterioration in the distribution of income for the Mexican population. Using 1950 as the base year, Felix found a deterioration of 10.1% with a Gini index of 57.9 in 1975; Van Ginneken found a deterioration of 16% with a Gini index of 58 in 1975, whilst Bergsman found a slight improvement of 2.6% with a Gini index of 56.9 in 1977. All three indices remain for the entire period between 50 and 60. Developed economies' income distribution indices range between 30 and 40.⁷⁸

In summary, the great majority of public spending devoted to social programs has a regressive nature; except for education, most programs benefit urban workers in the formal sector of the economy. Thus, from a wealth redistribution perspective, most of the benefits went to segments

of the population that were best equipped to benefit from the opportunities offered by the PRI model of the mixed economy and not the overwhelming impoverished masses. The benefits that reached this population were marginal at best or meaningless.

Traditionally, the development strategies of most countries have focused on programs that mitigate poverty but do not redistribute wealth. This is exactly the case of the PRI governments' development strategies up to 1982. The tacit alliance between them and the industrial oligarchy automatically cancelled any possibility of redistribution. Lázaro Cárdenas was the only president who accomplished a measure of social justice for he performed structural changes that decreased the power of the oligarchy and its foreign partners. And, yet, many of his actions were explicitly neutralized or made unviable due to corruption. Echeverría attempted to carry out fiscal reform and faced a frontal attack with the industrial elite that in retaliation carried out a planned devaluation. Thus, we leave this era with a framework of programs that only mitigate the suffering but do nothing to change a structure of exploitation. For the only factor that could change this structure is a fair distribution, between labour and capital, of the surplus generated by the economic activity of a society. And in Mexico, as previously mentioned, between 1940 and 1980, real wages improved a mere 38%. The reality is that the social edifice that was created in 1521 has remained fairly intact as an enterprise of exploitation by a tiny plutocracy of rulers and merchants. And, unless a mature Civil Society reacts to change this structure, the labour endowments in Mexico will remain at minimum levels and will decrease even further at the first opportunity that the oligarchy finds.

The devaluation of 1982 reversed the small gains that real wages had achieved in forty years, and it set a new trend of impoverishment for the working class; not because of the structural adjustments required by massive devaluations, but because the owners of capital made every effort to increase their margins at the cost of the labour endowments.

Villarreal provides an exercise, based on the Krugman and Taylor model,⁷⁹ to assess the impact

of the 1976 devaluation in real production, and in the distribution of the burden between capital and labour. Using the Bank of Mexico's (the central bank) data, the exercise clearly shows that, beyond the contractionary effect on the Gross Domestic Product, the labour endowments lose substantial ground to capital. This is a finding of critical importance, for it lies at the root of the problem. That is, during times of economic adjustment, the owners of capital take away a portion of the share of income from labour and increase their gains at labour's expense. As we shall see, in this and all subsequent devaluations, the labour endowments consistently lose ground in the distribution of the surplus of the economic activity. In the case of the 1976 devaluation of the peso, where the exchange rate with the dollar dropped from P\$12.50 to \$22.58, the exercise found that, while the real contraction of GDP was of 3.51%, the labour endowments lost 34% of their income. In contrast, capital increased its income by 17.4% as shown in Table 12.1.

Table 12.1 Contractionist and Distributive Effect of Mexico's 1976 Devaluation

	Exchange Rate (a)		
	P\$12.50 x \$1	P\$15.44 x \$1a	P\$22.58 x \$1
Percent change of	(percent)		
Real GDP	-	(1.46)	(3.51)
Real Income			
- Labour	-	(13.57)	(33.92)
- Capital	-	6.96	17.40
Share of income:			
- Labour	33.9	29.3	22.4
- Capital	66.1	70.7	77.6

a. Average exchange rate for the year
 Source: René Villarreal, *La Contrarrevolución Monetarista* (México, D.F.: Oceano, 1984) 408.
 Based on data from Banco de México.

The large industrial groups, the perpetrators of the devaluation, were to benefit the most. Small and medium-size companies would bear the impact of the crisis. By the end of the year, three thousand small and medium-size industrial companies closed their doors, and half a million workers lost their jobs. In the industrial areas surrounding Mexico City, it was estimated that one-fifth of the work force was laid off.⁸⁰ In 1982, and for the rest of the century, the labour endowments experienced a consistent deterioration.

a Alvaro J. de Regil is Executive Director of The Jus Semper Global Alliance

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3 Fernando Benítez, Lázaro Cárdenas y la Revolución Mexicana 1. El Porfirismo (México, D.F.: Fondo de Cultura Económica, 1977) 52.
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6 Héctor Aguilar Camín/Lorenzo Meyer, A la sombra de la Revolución Mexicana (México, D.F.: cal y arena, 1989) 12.
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11 *ibid*, 59

12 Raymond Vernon, El Dilema del Desarrollo Económico de México (México, D.F.: Editorial Diana, 1966) 93.

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22 *ibid*, 32.

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29 *ibid*, 194.
30 *ibid*.
31 *ibid*.

32 Héctor Aguilar Camín, Después del milagro (México D.F.: Cal y Arena, 1988) 81
33 *ibid*, 81.

34 Gabriel A. Uribarri, Tiempo de Echeverría (México, D.F.: Martín Casillas, 1985) 11
35 *ibid*, 290
36 *ibid*, 284-290.

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38 *ibid*, 225.

39 Gabriel A. Uribarri, Tiempo de Echeverría (México, D.F.: Martín Casillas, 1985) 316.

40 Héctor Aguilar Camín, Después del milagro (México, D.F.: Cal y Arena, 1988) 65.
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42 Leonardo Lomelí - Emilio Zebadúa, La Política Económica de México en el Congreso de la Unión (1970-1982) (México, D.F.: Fondo de Cultura Económica, 1998) 143.

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44 Héctor Aguilar Camín, Después del milagro (México, D.F.: Cal y Arena, 1988) 229.

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75 *ibid*, 233.

76 *ibid*, 229.

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