Economic Globalization, Class Struggle, and the Mexican State

by
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The contemporary Mexican system is a degraded and decaying hegemonic regime headed by the Partido Revolucionario Institucional (Institutional Revolutionary party—PRI). Its control over Mexico for 72 years has eroded as it confronts a growing class struggle for real democracy characterized by rejection of the PRI at the ballot box, massive street demonstrations for social justice, militancy on the part of new labor organizations independent of the PRI, and armed struggle in Chiapas and Guerrero. Neoliberal policies and economic globalization have increased corruption, exploitation, and economic misery. These conditions have given rise to social movements and to political parties organized under competing banners of democracy that are attempting to engrave their axioms on a social order that has removed whatever cushion that may once have existed for its poor as they fall from the misery to absolute disaster. No longer able to provide patronage to maintain discipline among local PRI bosses, the PRI's hegemony is marked by an increasing feudalization within it and a growing class struggle from without. To maintain this hegemony, it employs military force in Chiapas and Guerrero and alternates in power selectively in a few states, mostly by co-opting the conservative Partido Acción Nacional (National Action party—PAN). The growing struggle of social classes for real democracy in Mexico is once again Mexico's central political drama and Mexico's hope.

Mexico's crisis is closely associated with the transition it has undergone since the 1980s to a more market-oriented form of state capitalism. The Mexican state substituted for a poorly developed capitalist class, providing capital investment and protecting national industry through high tariffs and through import substitution. It organized and coordinated the most important social and economic sectors through a populist, nationalist, corporatist party structure that maintained a revolutionary façade while allowing foreign capital and its allies to control Mexico through its "popular" sector. Leftist movements that opposed misery and repression were destroyed to maintain an autocratic form of state capitalism based on wage exploitation and social

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destitution (Hellman, 1983: 148-163). Lower international demand in the early 1970s, the saturation of the Mexican market for manufactured goods that were not competitive in international markets, and the declining capacity of the state to continue to provide business subsidies sent Mexico into deep economic recession.

Meanwhile, declining rates of profit and economic recession in the United States and Europe enticed European and American investors with a surplus of petrodollars to invest in Mexico. They made massive loans to Mexico at interest rates higher than they could obtain at home. Mexico's government borrowed, ostensibly to develop newly discovered petroleum resources, and the country's debt tripled in the 1970s. The growing debt gave the World Bank and the International Monetary Fund (IMF) even greater leverage to impose structural adjustment programs requiring that Mexico promote open markets and foreign investment and integrate its economy into the world economy in ways that would facilitate debt payment. Mexico embarked on its latest cycle of economic globalization.

GLOBALIZATION AND NEOLIBERALISM

The strategic goal of economic globalization is to maximize profits by penetrating economies and appropriating their human and natural resources in order to exploit them more fully and to incorporate them into the ambit of global capitalist relations. Regimes such as the World Trade Organization, the IMF, and the proposed Multilateral Investment Agreement supervise and coordinate this process of incorporation. The tactical dimension of economic globalization is neoliberalism—an operational set of policies designed to meet the strategic objectives of economic globalization that includes privatizing state-owned enterprises, tariff reductions, eliminating barriers to foreign investment, reducing social provision, currency devaluation, decentralizing decision-making, and market orientation (Mittleman, 1994: 427-444).

Neoliberalism does not reduce state power; rather, the state becomes stronger as it expands its capacity to impose unpopular policies. State capacity shifts more to the exigencies of enforcing austerity and to collecting debt. Neoliberalism is state capitalism without social provision. This is what Jorge Nef has labeled a "receiver state"—a state whose power is reduced primarily in the areas of social provision and the social regulation of capital (1991: 197-216). Dropping the mask of class mediation, the state forcefully aligns itself with foreign capital and with domestic interests that have liquid assets.

Neoliberal regimes override democratic accountability because the technocrats managing the state view democratic accountability and social pro-

vision as "demagogic." Growing unemployment, declining social provision in health and education, lower real wages, and growing insecurity even for the middle classes intensifies class struggle. The state adopts a democratic façade by making concessions that do not compromise the market-oriented model. For example, technocrats promote decentralization in the name of greater efficiency but also to deflect opposition to local political arenas. Electoral reforms are instituted in a global and regional economic context that forecloses alternatives to neoliberalism. Opposition alliances form, most often in urban centers, to denounce corruption, lower living standards, and the lack of social provision. When oppositions control or gain influence in national legislatures, presidents often control them using executive decrees.

Some scholars view globalization as financialized capitalism extracting surplus value on a global scale (Sweezy, 1997; Tabb, 1997). Others claim that the stress on globalization replaces the focus on class struggle with a focus on identity politics and thus reduces the importance of national arenas of struggle (Wood, 1997). Tabb (1997) minimizes the importance of technological changes that have enhanced the global reach of capital and argues that globalization implies a defeatist acceptance of the triumph of capitalism. In contrast, Du Boff and Herman (1997) and Piven and Cloward (1997) reject Tabb's position and argue that capital's ability to locate plants anywhere in the world (the mobility of capital) has transformed labor's relation to capital in ways that give capital the upper hand. I share this view.

Qualitative changes (e.g., computer technology) and quantitative changes in the scope and breadth of global markets, market integration, and rapidity of capital flows make globalization more then mere financialized capitalism. While these constitute fundamental changes in the forces of production, they do not imply the end of class struggle or its replacement by identity politics or a reduced importance for national arenas of struggle. In Latin America, globalization has heightened class struggle and spurred alliances of peasants, workers, sectors of the middle class, and national capital impoverished by export-oriented policies and competition with transnational corporations. Mexico exemplifies the dynamics of globalization and its harmful effects; more than two decades of economic restructuring have deepened the poverty of most Mexicans, more than doubled Mexico's national debt, and compelled the Mexican people to fight back against increasing exploitation and misery.

GLOBALIZATION IN MEXICO

The PRI moved from a state-centered to a more market-centered economy when an *eficientista* or hard market-oriented faction of the PRI gained control

of the government in the 1980s (Veltmeyer, Petras, and Vieux, 1997: 140-145). This faction of the PRI "won out" over the state-oriented faction headed by Alfredo del Mazo and a moderate, pragmatic faction headed by Jesus Silva Herzog during the presidency of Miguel de la Madrid (1982-1988). Understanding how the promarket faction transformed Mexico's economy is essential for understanding the social crisis and the class struggle taking place in Mexico today (see Kaufman, 1989).

Under President José López Portillo (1976-1982), Mexico entered its most severe economic crisis. The government pursued a debt-based strategy of economic development encouraged by the availability of American and European capital and by a doubling of proven oil reserves in Mexico. According to John Ross, oil constituted only 10 percent of Mexico's exports in 1972. By 1980, oil production exceeded 2 million barrels per day and accounted for 75 percent of Mexican exports (1998: 171).[1] Mexico's oil dependency, increasing debt, and looting of public funds brought it to bankruptcy. In 1981 alone, the Mexican government borrowed U.S.$24 billion. The U.S.$5 billion borrowed in the month of September 1981 was equal to the loan obligations incurred by Mexico from its inception as an independent nation to 1970 (Ross, 1998: 172). By 1982, the last year of López Pórtillo's presidency, Mexico's debt was U.S.$80 billion, mostly in dollar-denominated short-term debt at a 15 percent rate of interest.

The head of the Ministry of Budgeting and Programming, Carlos Salinas de Gortari, and technocrats in the government of Miguel de la Madrid instituted wage controls and tightened the money supply, which resulted in a lowering of wages by 40 percent during his presidency. To maintain wage discipline, dissident unions were repressed. Mexico joined the General Agreement on Trade and Tariffs (GATT) in 1986 to promote liberalized trade (especially with the United States in the maquiladora sector). As the economic and social crisis worsened and PRI party stalwarts resisted democratization, a Democratic Current faction emerged within the PRI that later became the Partido de la Revolucion Democrática (Party of the Democratic Revolution—PRD). The PRD challenged the austerity program and supported the former PRI governor of Michoacán, Cuauhtémoc Cárdenas, as its candidate for the presidency in the 1988 elections.

Carlos Salinas de Gortari was barely "elected" president in one of the most corrupt elections in Mexican history. Some 30,000 ballot boxes disappeared, and the federal government declared the final ballots to be a state secret in an effort to avoid the uncovering of massive political fraud. The new president tore up what little remained of the social contract that was the legacy of the Mexican Revolution. He amended Article 27 of the Constitution to allow the selling of *ejidos* (communal lands). State-owned enterprises were sold to

presidential cronies, and laws requiring 51 percent ownership by Mexicans in strategic industries were rescinded. Salinas then made his biggest decision: to make the Mexican economy an extension of the U.S. economy through the North American Free Trade Agreement (NAFTA).

The major winners under Salinas and de la Madrid were business groups with liquid assets that enabled them to monopolize large sectors of the Mexican economy. By 1990, the grossly uneven distribution of wealth in Mexico grew even worse as 2 percent of the population controlled 78.5 percent of national income. More than two dozen Mexicans became billionaires under the Salinas administration, mostly through investments in newly privatized industries, while hardships were imposed on peasant farmers, workers, and even the middle class. The major losers were workers and small farmers, many of whom joined two million new rural poor as they were driven deeper into poverty by neoliberal policies (Moguel, 1994: 38-39).

The turbulent year of 1994 included the assassinations of the PRI presidential "candidate" Luis Donaldo Colosio and of José Ruiz Massieur, general secretary of the PRI. The 1994 election victory of Ernesto Zedillo presaged continuity as the "devaluation crisis" of late 1994 drove even more Mexicans into destitution (see Castañeda, 1995): The cost of the basic food basket increased by 60 percent while the minimum wage rose by only 31 percent in 1995. One million Mexicans lost their jobs in 1995 as large companies "streamlined." More than 45 percent of the bank credits were not being serviced under the original terms of the agreements, and 30 percent of all bank loans were overdue. Mexico's inability to meet its short-term debt produced a severe contraction of the economy in 1995 and 1996. Mexico acquired an additional U.S.$40 billion in debt, "collaterized" in part by Mexican oil sales receipts deposited directly in the First Federal Reserve Bank of New York. The net capital outflow for the years 1995 and 1996 was U.S.$36 billion per year, and Mexico's debt surpassed U.S.$170 billion (Marichal, 1997: 28-30). Since 1994, the crisis has devastated groups already ravaged by the austerity of the previous 15 years (Naim, 1995; Springer and Molina, 1995). Yet in the midst of this crisis, Jaime Zabludovsky, a subsecretary in the Ministry of Commerce and Finance, insisted that tariff reductions would continue as a signal of Mexico's continued commitment to NAFTA (Muñoz Rios, 1996).

While severe hardships were imposed on Mexico's majority, a study of 500 privatized Mexican corporations shows that they received *increased* government subsidies after they were privatized (Butler, Pike, and Hettrick, 1996). In the crisis year of 1995, 13.5 percent of Mexico's gross national product (a total of U.S.$47.2 billion) went to bail out faltering banks that had recently been "privatized" (Smith, 1997). A number of new bank owners had looted their banks of hundreds of millions of dollars, and only 8 of 18

privatized banks remained under the control of the original purchasers. This pales in comparison with the more than U.S.$60 billion bailout of the banks that was eventually approved by a congressional coalition of the PRI and the PAN in December 1998. The bailout agreement allows the government to buy past-due loans from private banks by issuing long-term bonds that greatly increase Mexico's debt.

Under Ernesto Zedillo, Mexico continued as a receiver state intent mostly on servicing foreign debt and on implementing structural adjustment policies to liquidate its own bankruptcy (see Nef, 1991). Zedillo's poverty program allocating U.S.$155 million to 177,416 poor families in ten of Mexico's states was dwarfed by his paying back ahead of schedule of U.S.$6 billion in order to secure lower rates of interest (DePalma, 1997: 2).[2] By making a multibillion-dollar debt payment to the United States three years in advance, Mexico maintained a façade of creditworthiness with lenders while continuing to sacrifice its poor. This only increased Mexico's debt load, because the money for early payment was borrowed from European banks. This was the receiver state at work. Quick debt service was a higher priority than meeting the needs of Mexico's desperate majority, who were doomed to a seemingly endless cycle of belt-tightening.

OPPOSITION AND CLASS STRUGGLE

Three forms of resistance to the PRI party-state have emerged: the ballot, social protest, and armed struggle. The Zapatista Army of National Liberation (Ejercito Zapatista de Liberación Nacional—EZLN) rose in a rebellion on January 1, 1994, that constitutes "the most dramatic and coherent expression of a worldwide reaction against neoliberalism" (Veltmeyer, Petras, and Vieux, 1997: 200). For more than six years, the government of Mexico has sought to extirpate the EZLN, using endless dialogue to mask a military occupation of that state and to restrict its influence to Chiapas (see Harvey, 1995: 39-75; Roman and Velasco Arregui, 1997: 98-116). Paramilitary groups are organized and paid by the local PRI bosses to commit mass killings of "subversives." The government's strategy has been to have slow dialogue with the Zapatistas, reach agreement, and then renege on the accords while occupying Chiapas militarily and building roads to make EZLN strongholds more accessible to military vehicles.[3] The assassinations of 45 persons (mostly women and children) in Acteal on December 22, 1997, by a paramilitary group linked to the state PRI organization has only served to erode the PRI's legitimacy further (Hernández Navarro, 1998; Kampwirth, 1998).[4]

The Ejército Popular Revoluciónario (Popular Revolutionary Army—EPR) emerged in midsummer 1995 in the state of Guerrero after the governor, Rubén Figueroa, halted a protest demonstration by militants of the Organización Campesina de la Sierra del Sur (Peasant Organization of the Southern Sierra) at Aguas Buenas on June 28, 1994. Motorized police units fired on the protesters, killing 17 peasants and injuring 23 others. On the anniversary of the massacre the EPR emerged at the site of the massacre and in the presence of Cuauhtémoc Cárdenas issued a manifesto calling for the overthrow of the Mexican government. The manifesto proclaimed the EPR to be part of the People's Democratic Revolutionary party—a populist, democratic, and revolutionary organization—and declared its support for multiple forms of struggle to achieve this goal.

It became harder to dismiss the EPR as a fringe group after its attack on strategic targets in six states on August 28, 1996. Within 48 hours after the attack, the Mexican stock exchange lost 3 percent of its value, falling by more than 100 points. The peso lost 11 cents against the dollar (Ross, 1998: 271). The government sent 10,000 additional troops to Guerrero and stepped up surveillance of all opposition groups. This in turn led to an avalanche of complaints posted with human rights groups of serious violations of human rights in Guerrero under the cover of law, including torture, disappearances, and forced interrogations aimed at uncovering information regarding the EPR. The EPR claims to be part of an organization of 14 separate groups and has been barely active since the election of July 6, 1997. It is possible that its members "declared themselves when they did to inform the Zapatistas that the armed option must be kept open" (John Ross, personal communication, December 14, 1997).

The ballot has also become a weapon of struggle against the *malgobierno* (the EZLN's term for the Mexican government) as massive confrontations in the streets and occupations of municipalities have forced the PRI to make some concessions to opposition parties. Cuauhtémoc Cárdenas's election as mayor of Mexico City in July 1997 made him, arguably, the second-most-powerful political figure in Mexico and the most powerful voice in a state with one-quarter of Mexico's population (Reding, 1997: 63). But as Cárdenas and the PRD became "the government" in Mexico's capital they were saddled with the blame for policy failures. Jesús Ignacio Carrola, whom Cárdenas designated chief of Mexico City's investigative police, resorted to a face-saving leave of absence within five days of Cárdenas's inauguration when he was implicated in tortures and linked to Tijuana drug traffickers (Sheridan and O'Connor, 1997). Another member of Cárdenas's team, Francisco Castellanos de la Garza, resigned as head of the auto thefts department on the day after it was revealed that he had been fired as the director of a prison,

accused of sexual abuse and drug trafficking (*Los Angeles Times*, December 13, 1997). The PRD's capacity to govern and to control corruption came under immediate challenge in the first week after Cárdenas assumed "power" as mayor of Mexico's largest city.

If Cárdenas remains within the old rules of Mexican politics, governing from the top, and does not resort to mass mobilization, he will not touch the major issues affecting Mexico City and will lose prestige with the mass base of the PRD. The PRD is limited at this juncture because it must operate within the narrow confines of a market-oriented model that it cannot reverse. Cárdenas's challenge is to disprove the view that under neoliberal regimes people "can now be given more freedom to make political choices through formal democratic processes, leaving them free to choose governments with no power, politicians with no capacity to deliver on promises, or social movements with little possibility of mounting a coherent political challenge" (Bienefeld, 1994: 43). In Mexico the margin for action is a narrow one, but the economic model does not preclude radical political mobilization—against crime, pollution, class exploitation, lack of democracy, and political corruption. Of utmost importance is Cárdenas's willingness to trust the people of Mexico City and to encourage them to mobilize to solve their own problems as they mobilized after the earthquake of 1985 when it was evident that the government was too incompetent and corrupt to help them.

Cárdenas has lowered the expectations of radical intellectuals and members of the mass base of the PRD who wanted him to challenge the neoliberal model head-on, but this might have been less relevant than his willingness to become a facilitator of the efforts of the people of Mexico City to solve their own problems. He focused more on the incremental tasks of improving the delivery of services, more efficient administration, and less corruption in order to increase his chances for victory in the presidential elections of 2000 (see Reding, 1997: 69). By diffusing demands for more radical changes, the PRD was perceived by some of its rank and file as a shock absorber for transnational capital.

Short of mass mobilization, there was no viable way to govern Mexico City, and disruption of the current political game, albeit risky from the perspective of electoral politics, was the only possible way to bring about change. Maintaining Cárdenas's connection to the mass base of the PRD was crucial if his election to be something other than a hollow victory allowing the PRI to transit from party hegemony to party domination, showing its "commitment" to democracy by cohabiting with the PRD while doing everything in its power to sabotage Cárdenas as mayor in order to undermine him as a presidential candidate in 2000.

The rightist PAN makes common cause with the PRD in certain procedural areas to erode the power of the PRI.[5] There is little difference between the PAN and the PRI on substantive issues, but the PAN has staked out the clean route to power, attacking the ruling groups' long history of corruption in state management. Zedillo's appointment of a PAN member, Antonio García Lozano, to the important post of attorney general was meant to signal his commitment to legality and to co-opt the PAN in light of the growing challenge from the PRD. Indeed, as far back as 1989, "Salinas had adopted much of PAN's traditional platform, [and the PAN] party leadership opted for 'co-governance' instead of what it saw as fruitless opposition" (Reding, 1996: 63). It is now even more crucial for the PRI to co-opt the PAN because only the combined vote of the PRD and the PAN could dethrone the PRI from the presidency or deny it a majority in the Chamber of Deputies. While in northern Mexico some Panistas are major capitalists, it is still the PRI that has the largest share of big-business and the upper-class support. The PAN has been mostly a middle-class party at its mass level. In neglecting to address the problem of poverty in a country where most people are poor, the PAN has limited its appeal to the national electorate (Reding, 1996: 66).

New PAN leaders such as Vicente Fox are poised to transform the PAN into the perfect party for Mexico in an era of global capitalism. Fox has been described "a nationalist with a global outlook, a corporate manager and exporter with a strong social and ecological conscience" (Reding, 1996: 61). Elected governor of Guanajuato by a two-to-one majority in May 1995, Fox won rural and working-class support with a platform that emphasized democratic accountability and self-reliance.[6] He decentralized administration in his state, giving more power to municipalities and encouraging greater citizen participation in local government, and increased the return of federal tax dollars to Guanajuato. His brand of "compassionate conservatism" contributed to his winning the presidential election of 2000. A more modern and moderate PAN—the kind represented by Fox—could serve transnational capital better than the PRI. The corporatist political model established by the PRI is no longer viable without a large and flexible state budget to buy social peace. Feuding cliques of the PRI have turned the once-unified party-state into a cracked and leaky vessel for the balm of neoliberalism. Fox's prospects of winning the candidacy of the PAN in the next presidential election improved as he was able to overcome an internal feud with Diego Fernández de Ceballos, the PAN's candidate for president in 1994. For now, Fox articulates the same neoliberal economic programs as his PRI predecessors with a commitment to fight corruption. He seeks further integration of Mexico's economy with that of the United States, advocating a guest worker program

and working more closely with the Mexican migrants to the United States whose remittances are a critical support for Mexico's economy.

Emerging from an emboldened civil society, social movements constitute another form of struggle against the effects of the neoliberal policies in Mexico. A middle-class debtor's movement, the Barzón (Yoke), collaborated with the PRD and the Frente Zapatista de Liberación Nacional (Zapatista National Liberation Front—FZLN), the political arm of the EZLN, out of the tactical political necessity of pressuring and opposing the PRI. The Barzón represented small and medium-sized businesses and mortgage holders who were faced with mounting interest rates in the early 1990s and large increases in their debts after the 1995 devaluation of the Mexican currency.[7] More than 200,000 lost their businesses in the first 18 months of the devaluation, and many now fear that they will fall into poverty. Their middle-class status, political acumen, and the threat posed to lending institutions should they default on their debt have enabled Barzonistas to force the government to absorb one-third of their debt (Ross, 1998: 260). Given the specificity of the Barzón's debt agenda, its alliance with the FZLN and the PRD has a built-in fragility. For now, however, they are united in their opposition to the policies and methods of the PRI that have impoverished them.

The FZLN holds that the current government has destroyed whatever bases of legitimacy it might have had as the heir of the Mexican Revolution.[8] Javier Elorriaga, an FZLN coordinator, views democratic transitions such as the one purported to be under way now in Mexico as "change which changes everything so that everything remains the same" (1997: 5). The Mexican political elite, he argues, is not functional to the logic of capital because it is no longer a coherent and secure channel for capitalist development. Thus it can be passed over or sacrificed and replaced by another elite from within Mexican "political society" as long as the basic institutions of the old regime are respected. According to Elorriaga, the difficulty in establishing an elite pact in Mexico is that despite the willingness of the PRD to reach accords with the PRI, the PRD's Cardenista base frightens the international and Mexican power elite (1997: 6). The PAN's internal divisions and a lack of consensus in the populace behind the PAN's "reactionary project" place it in a similar light. Thus a political transition in Mexico involving an elite pact between the PAN or the PRD remains a risky and problematic proposition for transnational capital, which would rather continue to support a known entity like the PRI while encouraging it to "reform."

The FZLN eschews partisan activity and elite-brokered transitions that use state power in the current system to repress real popular participation (defined by the FZLN as popular self-determination). It holds that political parties want to control society through the state rather than promote the

interests of the majority. In contrast to elite-based transitions based on political parties, the FZLN favors a democratic transition that can come about only as a result of the "breakdown of the current system of domination" (Elorriaga, 1997: 7). The EZLN has a strained relationship with the PRD because it suspects that the new political parties will replace the PRI-dominated corporate system with their own corporatist systems of domination (neocorporatism) and ignore Mexico's poor majority. They see in the PRD and other political parties the same signs of personalist rule and factionalism found in the PRI.

The new labor coalitions that have broken away from the PRI heighten the prospects for forging a rural/urban alliance against the PRI that the Zapatistas support. In August 1997, unions representing 1.5 million members established an independent labor federation, Union Nacional de Trabajadores (National Workers' Union—UNT). Within the UNT, the independent Frente Auténtico de Trabajadores (Authentic Workers' Front—FAT) represents manufacturing workers in at least half of the states of Mexico and is particularly active in organizing maquiladora workers in collaboration with U.S. trade unions and support groups. The more radical Coordinadora Intersindical Primero de Mayo (May First Interunion Coordinating Committee—CIPM) is part of the FZLN. Nonetheless, Payne cautions that "while the end of state unionism can now be at least contemplated, the guts of the state-party system remain intact, and the next stage looks to be a drawn-out, uncertain, and ugly affair" (1998: 24).[9]

FROM NEOLIBERALISM TO REAL DEMOCRACY

Mexico's political system is one whose "monopoly on privilege and power has slowly eroded as each new wave of change rolls across Mexico's political landscape" (Quiñones, 1998). As the PRI increasingly lacked the resources to buy off everyone who required it, narcotics traffickers filled the void, infiltrating the top ranks of the PRI, the police, the judicial system, and even the military (Valle, 1995; Maglioni, 1997), but the PRI party-state can hobble around for some time to come.[10] Seventy-two years of monopoly of power have honed a Mexican political culture of personalist, centralized, clientelistic government that cannot be uprooted in one six-year term. Moreover, the PRI is embedded at all levels of Mexican government and society as a form of "permanent government."

Defections from the PRI both at the mass base and at the leadership level by gubernatorial candidates winning elections for the PRD have marked this degraded hegemony.[11] Former president Carlos Salinas's attacks on the

government of Ernesto Zedillo broke the Mexican version of *omertà* in the PRI political class, showing fissures and a breakdown of the established rules of the game in the PRI "revolutionary family."[12] The PRI resorted to authoritarian controls to maintain party unity while professing a commitment to internal democratization. It refused to allow transparency in its campaign financing, and indications that Zedillo's presidential campaign was bankrolled by corrupt bankers illustrate the PRI's lingering corruption and lack of capacity to change.[13] Public protests from the ranks of junior military officers constituted one of the most ominous signs of erosion within the Mexican institutions of power.[14]

Real democracy in Mexico would mean an end to this system of corruption and broker-mediated politics. It would require political parties with organic links to forces in civil society such as independent labor organizations practicing shop-floor democracy, independent peasant organizations, and independent neighborhood associations (Volk, 1997). Real democracy requires parties following what the Sandinistas called "the logic of the majority." It is incompatible with government from above and the very logic of neoliberalism.

Mexico's hope lies in changes wrought from below in policies that have crushed Mexico's poor and damaged all but those participating in the dollar economy with liquid assets (see Cockcroft, 1999: 365-371). The struggle for real democracy in Mexico is now being waged by an aroused civil society of independent labor movements, neighborhood associations, peasant-based organizations like the EZLN and the EPR, the FZLN, and the PRD as they move from the margins to center stage in Mexico's political drama. As the PRI's hegemony has crumbled, it "has grown a cancer, and as it spreads the PRD grows healthier" (*Los Angeles Times*, March 5, 1997). Links to narcotraffickers also corrode the negligible legitimacy of the PRI. Manipulation and coercion reign in the countryside, where the PRI is strongest. The party's strength has all but collapsed in large urban centers, where it governed in only 2 of the 12 largest cities in 1999 and the combined support for the PRD and the PAN exceeded its own.

Only by building a viable alternative to the PRI can social movements gain room to negotiate, and until recently the only viable alternative to the PRI was the PRD. But the relationship between parties and social movements is far from easy even for the reformist PRD. Wary of political parties, Mexican social movements offer cyclical support to them at election time only to distance themselves in between elections as part of a bargaining strategy of "strategic, conjunctural alliances" (Bruhn, 1997: 162). Resource competition and differences between "movement logic" and "party logic" increase tensions between movements and parties; movements stress substantive goals

and local struggles over the broader partisan goals of electoral success with the hope of controlling the nation's political mother lode—the presidency. The institutional context of Mexican politics, compensatory programs to co-opt possible opposition, and competition in party-movement relationships place strains on the PRD as a party built on top of preexisting organizations. All of these factors constitute obstacles to stable party-movement relationships.

Popular movement traditions of bargaining with the state once conflicted with the PRD's identity as a party of confrontation and non-negotiation. More recently, relations between social movements and the PRD have been strained by the party's move toward the political center, to the point that in 1994 the PRD reserved 50 percent of its candidacies for leaders of popular organizations to lend the relationship greater stability (Bruhn, 1997: 164). Party activists have resisted turning over candidacies for political offices to leaders of social movements, who, while seeking office as PRD candidates, want to maintain autonomy and control over their movements.

The luster of the PRD has dulled even for the left, which attacks it for lacking institutionalization, ideological rigor, and coherent programs and for caudillo-style leadership (*Los Angeles Times*, March 5, 1997; Scherer Ibarra, 1999). Cárdenas's reputation was damaged by the revelation that he had met with Carlos Salinas in secret in the weeks following the 1988 elections. Because all of the current PRD governors won their posts shortly after they had switched over from the PRI, the PRD is now perceived by leftists like Enrique Semo as a party that can win elections only by recruiting leaders from the PRI. In 1998, the PRD leader Andrés López Obrador was pelted with eggs in Yucatán after he appointed ex-PRI members to important party posts. The PRD has to overcome the perception that it is the party of disgruntled members of the PRI exploiting the party for opportunistic gain. The cancellation of the PRD's primary elections in March 1999 because of irregularities further undermined the prestige of the party and its unity. Strong attacks on Cárdenas by the PRD leader Porfirio Muñoz Ledo, accusing him of bossism, eroded support in the party's rank and file (Scherer Ibarra, 1999).

Mexico was awash in rumors of a grand coalition of all major parties against the PRI in the presidential elections in 2000, and its party system was in shambles barely a year before the presidential elections. This can be interpreted as a sign of growing "democratic pluralism" or of the incapacity and irrelevance of the party system that is emerging in Mexico. John Ross (personal communication, April 19, 1999) reports that the Zapatista *consultas* (popular consultations in the form of mass rallies) and, indeed, all such consultas are gaining credibility as "civil society doing politics" and that the

dirt that keeps leaking from the parties "continues to alienate the average voter."

The political game from above—involving dissident PRI leaders co-opted into the PRD—and possible conjunctural alliances between the PRD and leading opposition parties have more to do with terminating the electoral hegemony of the PRI than with meeting the needs of Mexico's increasingly impoverished majority. While the PRD has opened up democratic dialogue and raised a serious challenge to the PRI, it cannot itself escape the corporatist political culture of political bosses and co-opted groups. Overcoming that culture will require struggle over a considerable period of time. Even should Mexico's fractured party system become stable, the battle for economic democracy still remains to be fought, as all major political parties in Mexico support some variant of neoliberalism (the PAN a neoliberalism minus corruption and the PRD one minus corruption and with mitigating social policies). Thus a politics from above that broadens the political space is necessary but only as a prelude to a larger struggle for true democracy that can come only with political liberty, jobs, food, housing, and education. Mexico remains one of the most inequitable societies in the world, and the fundamental redistribution of wealth necessary to achieve real democracy cannot be achieved within the limits of a neoliberal regime that relies, ultimately, on force.

A likely scenario for Mexico's future is the continued maquiladorization of the Mexican economy, with growth and expansion to central and southern Mexico. The PRD and the PAN will expand as the PRI continues to fragment and as PRI defectors run under the banner of "the opposition." As the political game from above broadens political spaces, a mass movement must be developed from below among those alienated from a political and economic system wedded to Mexico's historic pattern of low-waged exploitation. This requires a critical engagement of the left in the current struggle to push the challenge to this historic pattern to its limits.

The real fissure that has been exposed by Mexico's "democratic opening" is between those pressing for fundamental change at the mass level and variants of the political game from above. Driven by internal divisions, defections, and declining resources to keep its local bosses under control, the PRI will move from an authoritarian and semiauthoritarian clientelism in the countryside—varying only in degrees of political subordination—to a greater degree of associational autonomy in urban areas that reflects the degraded hegemony of the PRI. The movement from one-party authoritarian politics to multiparty electoral politics may stabilize far short of democracy, depending on the degree of social mobilization by movements on the shop floor, in union halls, in the countryside, and in the streets. Thus "the prospects for demo-

cratization in Mexico depend on how conflict between more or less authoritarian policy currents within the state interact with growing civic pressures from below" (Fox, 1997: 147). The challenge is to develop the considerable social mobilization against neoliberalism already in place into a global movement and to overcome the social atomization that is the key resource of capital and its state and global apparatus.

NOTES

1. Half of these exports were destined for the United States market (Ross, 1998: 168).

2. A week before this paltry program was announced, Finance Minister Guillermo Ortiz Mena proclaimed that Mexico had regained investor confidence by paying back to the United States, three years in advance, billions of dollars in loans incurred in the wake of the "devaluation crisis" of 1995.

3. In Chiapas and other rural areas, PRD members often take revolutionary positions, especially on land questions. These do not necessarily reflect the line of the national PRD.

4. Luis Hernández Navarro, secretary of the commission charged with verifying compliance with the February 1996 peace agreements in Chiapas between the Mexican government and the EZLN, has charged that the local government in Chenalhó aided the paramilitary group Paz y Justicia in a dirty war against those it considered EZLN sympathizers in lieu of an open war. Paz y Justicia is blamed for more then 200 deaths in northern Chiapas, many of them documented by Human Rights Watch and other reputable human rights organizations. Declining support for the PRI in the state and the existence of 30 parallel governments controlled by the Zapatistas threaten to destroy the power base of PRI strongmen (caciques), who then resort to dirty war to maintain their power (Hernández Navarro, 1997).

5. Together the opposition constitutes a majority of 269 votes to 239 votes for the PRI in the Chamber of Deputies.

6. If Fox were an American or British politician, he would qualify as a New Democrat or a leader of New Labor. In the Mexican context, he represents the new face of PAN as a conservative on social issues and a moderate on economic issues who can "mediate" the needs of national capital, global capital, and mass groups.

7. Two hundred thousand businesses closed in the first 18 months of the crisis. Forty percent of the loans in Mexico's 18 private banks were uncollectable, with the top three banks holding U.S.$6 billion in uncollectable loans (Ross, 1998: 258, 260).

8. These bases are the ejido system, government control of oil resources, free public education, a social security system sufficient for the reproduction of the workforce, a state economic sector not guided by the logic of individual gain, and a foreign policy opposed to U.S. economic intervention in Mexico. In place of these guarantees, the government has adopted an economic model that excludes the majority, deindustrializes Mexico, and transfers resources abroad (Elorriaga, 1997).

9. Pedro Martínez, director of the Mexican Employers' Council of Baja California Norte (COPARMEX), and the head of the Maquiladora Industry Association have called the strike at the Han Young Factory in Tijuana a threat to investment along the U.S.-Mexican border. The Mexican federal government and the PAN of Baja California have called for weakening labor protection laws even further. The federal government, the state police, and the Tijuana city police have tried continually to suppress the strike at the Han Young factory despite rulings by state and

federal courts that it is legal under Article 123 of the Constitution and federal labor law. On April 16, 1999, the First Collegial Court of the Fifteenth District, the highest judicial authority in Baja California, ruled that federal and local efforts to suppress the Han Young strike were illegal. Federal, state, and local authorities continue to ignore the courts in violation of Mexican law (Bacon, 1999: 1-3).

10. For example, on June 15, 1999, the Mexican government received U.S.$23.7 billion in loans to forestall another election-year crisis like that of 1994, which had caused the Mexican economy to plummet. Private banks, the IMF, and the World Bank provided the loans. An additional U.S.$6.8 billion was provided by the governments of the United States and Canada (Smith, 1999).

11. In February 1998, 5,000 PRI members in Zacatecas left the PRI to follow Ricardo Monreal into the ranks of the PRD. One thousand young PRI members quit the party in Veracruz to protest the imposed gubernatorial candidacy of Miguel Alemán. PRI leaders in Campeche, Queretaro, Veracruz, Nayarit, Zacatecas, and Baja California Sur abandoned the party as 9 of Mexico's 31 states and the federal district passed into the control of opposition parties in 1998. The PRI, however, still managed to win seven of the ten gubernatorial races in 1998 (Quiñones, 1998; Sheridan, 1998b; 1999a; 1999c).

12. A code of silence is the norm for former Mexican presidents and former party leaders. Salinas has broken this norm in an open feud with the current president, asserting that if the government acts on a Swiss police report alleging that his brother, Raúl Salinas, received money from the Cali drug cartel, many members of the current administration will be affected. Pointedly, Salinas indicated that Attorney General Jorge Madrazo would be hurt (Riva Palacios, 1998).

13. President Ernesto Zedillo's efforts to project an image of legality and honesty are undermined by remarks made from an Australian prison by the banker Carlos Cabal Peniche. Cabal claims that he personally collected U.S.$15 billion for the last presidential race—one-third of all contributions reported by the PRI. He claims that his banks raised an additional U.S.$4.5 million in illegal payments to the PRI in 1994 and that he discussed these with then presidential campaign manager and later president Ernesto Zedillo (Sheridan, 1999b). The appointment of Fernando Gutierrez Barrios, long-time spymaster and enforcer for the PRI, to oversee the party's presidential primary election reveals that the authoritarian culture for which the PRI is known still dominates its core. As a reaction to the continuing corruption within the PRI, 100,000 persons in Cuernavaca voted to remove the governor of Morelos in an unofficial referendum in March 1998. Another 10,000 marched through the city demanding his resignation in February of that year (Sheridan, 1998a).

14. Lt. Col. Hildegardo Bacilio Gómez led a march of 50 soldiers down the Paseo de la Reforma in December 1998 calling for an end to Mexico's system of secretive military trials. He demanded changes in the free-market economic model, claiming that "Mexico . . . is in flames, living a Dantesque inferno." Analyst Roderic Ai Camp called this event "so exceptional as to be extraordinary" because officers had never challenged the military in an organized way (Smith, 1998).

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