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Judith Adler Hellman
Political and Social Science
York University

CERLAC Working Paper Series

April 1997

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STRUCTURAL ADJUSTMENT IN MEXICO AND THE DOG THAT DIDN'T BARK

Judith Adler Hellman[i]
Department of Political and Social Science
133 Founders College, York University
North York, Toronto, Ontario M3J 1P3
tel: 736-5148 ext: 44087
email: jhellman@yorku.ca

Abstract

Neoliberal strategies and structural adjustment programs have devastated whole sectors of the Mexican people. Yet the uneven level of mobilization in civil society and the repression of independent labour unions' efforts to mobilize members around wage issues have meant that organized responses to austerity have been partial, sporadic, often uncoordinated, and limited in impact. Moreover, in contrast with Nicaragua or Costa Rica, in Mexico the candidate and political party that articulated the critique of structural adjustment garnered wide support, absorbed social movement activity into an electoral challenge, but was not permitted to take office. Eventually, however, the uprising in Chiapas and the increasingly widespread, coordinated and effective protest activities of El Barzon, created a new form of challenge to neoliberalism.

[i] I would like to thank Alan Moore and David Carruthers for their invaluable help in selecting and forwarding to me current materials on Mexico. I am also grateful to Maria Lorena Cook who helped me work through some of the problems I had in constructing this argument.

Introduction

One of the most dubious assumptions underpinning the arguments of proponents of neoliberalism is the belief that economic and political "modernization" necessarily go hand in hand and that the democratization of the political system and the neoliberal economic project are mutually reinforcing.[ii] Whatever the hopes or illusions of neoliberal boosters may be, the reality is often otherwise, and this reality has serious bearing on the prospects for the consolidation of democracy.

Neoliberal strategies and the structural adjustment programs (SAPs) they require are, to say the very least, very hard on poor and middle class people. As Lourdes Beneria has argued with respect to Latin America, "the accumulated social costs generated by SAPs have been enormous and devastating for a large proportion of the population affected and particularly for the poor."[iii] Moreover, as Beneria points out, even the aggregate figures that show an 8 percent decline in the average per capita GNP for Latin America over the 1980s, conceal the disproportionate suffering of the poor.

> The devastating effects of the debt and subsequent social adjustment policies need to be disaggregated since the distribution of the burden of adjustment, as numerous studies have shown,...has been uneven.... Government cuts, particularly in education, health, housing, and other social services, have affected the poor disproportionately, given poor people's greater reliance on such services and their inability to afford the substitutes provided by the private sector.[iv]

In countries where poor constitute the majority of the population and where these same people have a reasonable expectation of registering their disapproval at the ballot box, structural adjustment programs cannot be imposed in the same draconian manner as they have been applied in a country like Mexico. The literature on political liberalization generally appreciates the "sensitivity" of democratic systems to popular discontent, although this sensitivity is sometime posed as a weak point of democracy.[v] Indeed as the case of electoral politics in Jamaica illustrates clearly, given the chance, poor and lower middle class people will go to the polls and turn out of office those they identify as the authors of their

[ii] Riordan Roett's Political and Economic Liberalization in Mexico: At a Critical Juncture? (Boulder, Colorado: Lynne Rienner Publishers, 1993) raises the question of how economic liberalization affects the political system, and whether economic change necessarily stimulates democratization. Roett takes as given that economic liberalization is a good thing; the question he wants to explore is whether it has equally positive consequences in the political arena, that is,"whether the government's accomplishments in the economic arena will be matched by changes in the structure of politics...." (p. 6) On this point Roett is optimistic, boldly asserting that, "Salinas's strategic decision at the beginning of his six-year term was probably correct: Put the economic house in order and all good things will follow." (p. 7) Read against the reality of the outbreak of armed rebellion in Chiapas and the assassination of Luis Donaldo Colosio, (who was---ironically enough---one of the contributors to Roett's volume),this predictive statement can only make the reader gulp.

[iii] Lourdes Beneria, "The Foreign Debt Crisis and the Social Costs of Adjustment in Latin America," in John Friedman et al., eds., Emergences: Women's Struggles for Livelihood in Latin America, (Los Angeles: UCLA Latin American Center, 1996), p. 17.

[iv] Ibid.

[v] See the extended argument I make on this perverse reading of the "destabilizing" perils of democratization in the "Afterword (1988) to the second edition of Mexico in Crisis (New York: Holmes & Meier, 1988) pp. 268-9. On this debate see, Guillermo O'Donnell and Philippe Schmitter, Transitions from Authoritarian Rule:Tentative Conclusions about Uncertain Democracies, (Baltimore and London: The Johns Hopkins University Press, 1986), especially chapter 2, "Defining Some concepts (and Explaining some Assumptions)." Also see Robert R. Kaufman, "Liberalization and Democratization in South America: Perspectives from the 1970s," and John Sheahan, "Economic Policies and the Prospects for Successful Transition from Authoritarian Rule in Latin America" in Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead, eds., Transitions from Authoritarian Rule: Comparative Perspectives, (Baltimore and London: The Johns Hopkins University Press, 1986), pp. 85-107 and pp. 154-64.

economic and social distress. As Ronald Libby noted in 1990 about the dilemmas faced by the Jamaican Labour Party (JLP) and its rival Popular National Party (PNP), both of which depend on the support of popular masses as well as fractions of the Jamaican elite, "the fragile multiclass nature of Seaga's ruling JLP as well as the rival PNP will make any government vulnerable to the effects of prolonged and severe economic decline."[vi]

The cases of Costa Rica and Nicaragua also demonstrate the restraining impact of functioning democratic institutions on the implementation of neoliberal policies. A comparative look at the process of structural adjustment in Costa Rica, and Nicaragua, on the one hand, and Mexico on the other, demonstrates that democratic institutions matter, and that in a system that periodically provides for democratic consultation and allows for the expression of open dissent, poor people can respond to the neoliberal agenda. A comparative perspective also highlights the importance of what David Close[vii] calls the "means of contestation open to opponents of structural adjustment programs" --- means that include strikes, demonstrations, and protest activities as well as the weapon of the ballot. The question we need to ask, notes Close, is, "Can a government shut [popular] interests out? Analysts of austerity politics have always known that deep cuts are easiest to make when a government is insulated from public pressure."[viii]

In Costa Rica and Nicaragua, as the work of both Close and Stahler-Sholk[ix] make clear, the prescription for structural adjustment has been similar, if not identical to the programs put in place in Mexico under Presidents Miguel del la Madrid (1982-1988) and Carlos Salinas de Gotari (1988-1994). However, in the two Central American cases, draconian measures that threatened to squeeze the poor have been rolled back in response to popular protest. As Close notes, it took only three weeks for the new administration of President Violeta Chamorro to generate massive resistance to the economic policies it tried to impose. In Nicaragua, the "model of contestation" featured direct action led by organized labor and supported by the Sandinista's FSLN.[x]

In contrast, the role of the unions in Costa Rica was smaller, and rural and urban land invasions and university student protest played a more important part in contesting structural adjustment policies. Most significantly, in Costa Rica, the intra-party conflict over the implementation of structural adjustment was sounded through opposition to the enabling laws in the legislature. It was also expressed through consistent electoral support for the presidential candidate who appeared less fully committed to faithfully carrying forward policies dictated by the IMF and other international financial institutions.[xi]

These Central American examples set in bold relief the total absence of open policy debate, the curbs on free speech, the limits imposed on the press, and the severe constraints on independent trade unionism that have denied Mexicans the opportunity to contest the structural adjustment policies that have produced in Mexico not merely "winners" and "losers," but tragic victims as well.

The Mexican Case

The process of structural adjustment in Mexico -- in many respects a kind of template for policies imposed elsewhere in the third world -- is so well known that a brief sketch of these policies and their implementation ought to suffice. It is probably fair to trace the starting date of structural adjustment to August 1982. At this time Mexico, the world's first and foremost debtor nation, kicked off what would come to be called the "Debt Crisis" when finance minister, Jesus Silva Herzog,

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[vi] Ronald T. Libby, "The United States and Jamaica: Playing the American Card," Latin America Perspectives, Issue 64, winter 1990, vol. 17, n. 1, p. 107.

[vii] Close, David, "Getting Sapped: The Politics of Structural Adjustment in Costa Rica and Nicaragua," paper prepared for presentation to the XIX International Congress of LASA, Washington, D.C., September 28-30, 1995, p. 2.

[viii] Ibid. p. 2.

[ix] Stahler-Sholk, Richard, "Breaking the Mold: Economic Orthodoxy and the Politics of Resistance in Nicaragua," paper prepared for presentation to the XIX International Congress of LASA, Washington, D.C., September 28-30, 1995.

[x] Op. Cit. pp.5 and 7.

[xi] Op. Cit., p. 9.

announced that his country owed private and public foreign creditors a staggering $80 billion, a sum on which it could not meet even the interest payments. Faced with this situation, then president Jose Lopez Portillo, in the final days of his administration, turned to the International Monetary Fund (IMF) for assistance in refinancing the foreign debt. In return for a $4 billion loan, the IMF required that the Mexican government impose an austerity program designed to produce cuts in every area of state spending. President Miguel del la Madrid who inherited this situation from Lopez Portillo on December 1, 1982, moved quickly to implement the IMF's demands.

For starters, the austerity program required the streamlining of the bloated state sector which had long served as a make-work refuge for the unemployed and underemployed. However, in addition to the loss of the classic chambitas, or sinecures, hundreds of thousands of serious jobs were cut, and real wages were reduced to the point that, for example, among school teachers the "triple shift" became the standard work day for maestros who would teach in one school for six hours in the morning and race across town to another school for a second shift and then on to a third job at night.[xii]

The austerity program also spelled an end to the last remnant of the "import substitution program" that was the foundation of the development strategy that had produced the "Mexican miracle." With the protection they enjoyed under the import substitution program, Mexican entrepreneurs had carried on, since the 1940s, at low levels of productivity. The small domestic industrialists had been able to survive only because they were shielded from foreign competition and propped up by an assortment of government subsidies. When the debt crisis struck in 1982, these domestic industrialists found that, in their greatest hour of financial need, as the prices for their imported inputs spiralled out of sight, these aids were reduced or withdrawn altogether. Thus the austerity program brought about the collapse and disappearance of the least productive sectors of Mexican industry and, with those firms, the jobs of at least 800,000 workers.

As a consequence of these measures, investment fell, production in some sectors came to a complete standstill, factories closed and hundreds of thousands of workers were laid off. Oil exports declined, export earnings dropped and, as a result, the foreign debt reached more than 100 billion dollars by 1986.

Given all these trends, the condition of the peasants and the working class deteriorated in both absolute and relative terms. The price ceilings on 4,700 items that had earlier been imposed to prevent inflation from putting these goods completely out of the reach of the mass of Mexicans were removed. Inequality of income distribution steadily worsened and by 1986 almost two-thirds of urban households had incomes below the official minimum wage. Even the official figures on unemployment show that joblessness doubled and, in rural zones, six million landless agricultural workers could find employment for only one-third of the year or less.[xiii]

Even unionized workers suffered a drastic cut in real wages as consumer prices moved upward through the 1980s. At the same time, non-wage benefits like subsidized transport, health, housing, food and clothing supplied to the organized working class through government agencies declined as austerity measures led to cuts in social spending. In this process, the prices of goods consumed by low-income Mexicans, including the tortillas and beans that are still the staff of life for peasants and workers, rose steadily with dreadful consequences for the overall nutritional state of the rural and urban poor.[xiv]

The Political Response

Many observers have been struck by the apparent quiescence of the Mexican population -- above all, of the poor -- in the face of these harsh measures. As Merilee Grindle noted,

The system wide economic crisis

[xii] Judith Adler Hellman, Mexican Lives, (New York: The New Press, 1994), pp. 201-2.

[xiii] INEGI (Instituto Nacional de Estatistica, Geografia e Informatica), June 1986 Report cited in Wayne Cornelius, The Political Economy of Mexico under De La Madrid: The Crisis Deepens, 1985-1986, (La Jolla: Center for U.S.-Mexican Studies;, 1986).

[xiv] World Bank, Poverty in Latin America: The Impact of Depression, (Washington, D.C.: The World Bank, 1986), pp.22-3.

> of the 1980s has been called the worst in modern history and its effects are noted to be particularly egregious for the urban and rural poor. [Yet, d]espite expectations of widespread rural mobilization, the predominant pattern in the countryside after the onset of the severe economic crisis of 1982 was not community or regional organization and protest, (although some such activities did occur), but rather a series of adaptations with rural households to ensure economic survival.[xv]

The ease with which austerity policies were imposed in Mexico highlights the uneven level of mobilization in civil society. Organized responses (cost of living protests, empty pot marches and the like) occurred, but were sporadic, generally uncoordinated with groups beyond the local setting, and difficult to sustain in the face of the repression of independent labor unions' efforts to mobilize their members around real wage cuts. Moreover, the rapid -- largely uncontested -- implementation of these policies, exposed the weakness, indeed the hollow character of the official Mexican corporate structure of interest articulation. The Partido Revolucionario Institucional (PRI) had, by this time, held power uninterrupted for roughly sixty years. Its mobilizational capacity rested on a base of peasants (organized in the National Peasant Confederation or CNC), workers (organized in the Confederation of Mexican Workers or CTM), and a sector of assorted "popular" organizations which ran the gamut from street vendors to medical doctors. In addition, the articulation of demands of the industrial, financial and commercial bourgeoisie was supposedly guaranteed by their obligatory membership in "chambers" of industry and commerce.

That peasants and workers had not been vigorously or effectively represented by their organizations since the heyday of the militant, activist CNC and CTM under President Lazaro Cardenas (1934-1940), had long been obvious.[xvi] But what was startling about the de la Madrid austerity program was the degree to which the voice of organized capital was not heard and the official and non-official chambers and associations of industrialists and businessmen were not consulted or, indeed, even advised of the changes to come. Nowhere was this more evident than in the decision to throw open the borders and seek admission to the General Agreement on Tariffs and Trade (GATT) in 1986, a decision that followed upon years of denial that such a policy would even be contemplated.[xvii]

The Salinas Years

Like the surprise entry into the GATT, the announcement in March 1990 after months of denials, that negotiations on a free trade treaty arrangement with the United States were already underway underscores the similarity of approach between Miguel de la Madrid and his successor, Carlos Salinas. The same penchant for secrecy, lack of consultation, and closed decision making by a tiny circle of U.S.-trained technocrats marked both regimes.[xviii] Indeed, the unabashedly authoritarian exercise of power, without even a token show of consensus building around the new economic policies, were as characteristic of the Salinas regime as they had been of de la Madrid.[xix]

[xv] Grindle, Merilee S., "The Response to Austerity: Political and Economic Strategies of Mexico's Rural Poor," in Mercedes Gonzalez de la Rocha and Agustin Escobar Latapi, eds., Social Responses to Mexico's Economic Crisis of The 1980s, (La Jolla: Center for U.S.-Mexican Studies, 1991), pp. 130-1.. See Peter Singelmann, ed. Mexican Sugarcane Growers: Economic Restructuring and Political Options, (San Diego: Center for U.S.-Mexican Studies, 1995).

[xvi] Judith Adler Hellman, Mexico in Crisis, 2nd edit., (New York: Holmes & Meier, 1983 and 1988), pp. 39-57

[xvii] Hellman, Op. Cit., 1994, pp. 28-9; 106.

[xviii] Judith A. Teichman, Privatization and Political Change in Mexico, (Pittsburgh: University of Pittsburgh Press, 1995), pp. 198-9.

[xix] Aguilar Zinzer, Adolfo, "Authoritarianism and North American Free Trade: The Debate in Mexico," in Ricardo Grinspun and Maxwell A. Cameron, eds., The Political Economy of North American Free Trade, (New York: St. Martin's Press, 1993), pp. 205-16. Also see Judith A. Teichman, "Mexico's Technocratic Elite, Market Reform, and the Issue of Democracy," paper prepared for presentation at

Having come to power through the most clamorous electoral fraud in the Mexican history, Carlos Salinas was apparently unperturbed by his lack of a popular mandate. Nor did his manifest lack of domestic legitimacy appear to compromise his ability to deal in international arena. On the contrary, the new president quickly gained the endorsement of the U.S. and international business interests, and Salinas immediately set about implementing a program of structural adjustment along broad neoliberal lines.

In fact, the Salinas "revolution" was only the logical, if often extreme, extension of de la Madrid's policies. Salinas privatized Mexico's banks and sold off dozens of state owned and parastatal enterprises (always at bargain basement prices and often to himself through the use of holding companies run by "prestanombres"). He opened the Mexican stock market to foreigners, and removed the restrictions on foreign investment and ownership that had previously required foreigners to limit their interests to a minority share, to work in partnership with Mexican entrepreneurs, or to stay completely out of strategic areas of the Mexican economy. The once-sacred prohibition on foreign ownership of property along the coast or within fifty kilometers of the national borders with the United States, Guatemala and Belize were summarily cast aside.

Perhaps most significant in terms of its immediate and long term social impact was the abandonment of the commitment to land reform and the jettisoning of the limitations on foreign control of Mexican land and subsoil resources imposed by Article 27 of the Constitution of 1917. Salinas was determined to push rural Mexico further into the market economy, a policy that required the withdrawal of government funding from the public agricultural sector (that is, the "ejidos" or land grants historically given to landless peasants upon application under agrarian law.) Thus in agriculture, structural adjustment proposed the abandonment of an elaborate system of price supports, marketing boards, state subsidized inputs (fertilizer, pesticides, seeds) and, above all, credit.

With the withdrawal of government funding, the primary source of investment funds for the countryside would have to come from private capital -- domestic or foreign.[xx] To attract this investment, the Salinas regime made clear that dramatic changes in the agrarian reform legislation would be carried out, and the remaining restrictions on ejidal property, indeed the very concept of commonly held property, would be radically revised.

In November 1991, Carlos Salinas announced his proposal to amend Article 27 to permit the privatization of ejidal land. The constitutional obligation to distribute land to qualified peasant petitioners was thereby ended. What had been inalienable communally-held property would now be available for sale or rent to either Mexican or foreign companies. Ejidatarios would now have the right to sell, rent, sharecrop, or mortgage their land parcels as collateral for loans and they would no longer be required to work their parcel themselves in order to retain control of the land or their right to live in an ejidal community. Finally, the amended version of Article 27 eliminated the legal prohibition against production associations formed between foreign private investors and ejidatarios, thus opening the ejidal sector to direct foreign investment.[xxi]

In reality, a pure liberalization in agriculture proved impossible to achieve, as the need to promote competitiveness of Mexican crops on the international market has forced the state back into the business of setting prices, subsidizing inputs and the rest.[xxii] Moreover, the anticipated flow of foreign capital into this sector has not occurred. Indeed no aspect of the neoliberal project has been more disappointing from the perspective of optimistic planners than the lack of enthusiasm of foreign investors for the opportunities available in the Mexican countryside.

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the Second Congress of the Canadian Assoication for Mexican Studies, Mexico, D.F., November 10-12, 1996.

[xx] Zendejas, Segio, "Mexico's Agrarian Dilemma Revisted," Enfoque, (Fall 1992), p.8.

[xxi] Ibid., p. 1; and Wayne Cornelius, "The Politics and Economics of Reforming the Ejido Sector in Mexico," LASA FORUM 23.3 (Fall 1992), p. 4.

[xxii] Kirsten, Appendini, "Changing Institutions in Rural Mexico," paper delivered to the International Workshop on Democracy, Civil Society, and Societal Change: Mexico in the Post NAFTA Era," September 22-24, 1995.

Nonetheless, a central goal of structural adjustment in Mexico remains that of a market driven rural economy.[xxiii]

The Social Impact

Anyone who has observed the impact of structural adjustment policies elsewhere in the third world can not be surprised that the effect on the Mexican poor and middle classes has been savagely harsh. The official data are alarming enough, indicating that more than two million people or close to seven percent of the economically active population is unemployed. But, as Anthony DePalma writes in the New York Times, "the official figures are unreliable because virtually anyone who earns anything is counted as employed, even someone who sells gum at a traffic light." Thus Zedillo's own Labor Secretary, Santiago Onate Laborde admitted that he, too, was unpersuaded by the official statistical account of the situation, stating at a news conference in July that the number of unemployed workers was "closer to six million."[xxiv]

Rural Mexicans, in particular, have suffered a drastic decline in wages and income. According to a recent study carried out at Chapingo and reported in *La Jornada*, sixty percent of agricultural workers now receive less than the minimum wage -- a sum that comes to roughly US $3.00 per day. Of the approximately 5,240,000 people working in agriculture, 1,367,000 receive no income, 3,180,000 receive less than the minimum wage, and only 800,000 receive the minimum wage or more.[xxv]

Back in 1988, when Salinas embarked on his program of structural adjustment, he acknowledged the vulnerability of what the World Bank likes to call "the poorest of the poor." To ameliorate the suffering of these people, Salinas launched a National Solidarity Program (PRONASOL) comprised of hand-outs targeted at these groups. Quite apart from the many deficiencies of any program that spends millions on non-productive, stop-gap projects, it is important to note that PRONASOL quickly degenerated into a patronage tool designed to win votes for the PRI. The Mexicans who benefitted from what was inevitably posed as President Salinas's "largess," were those who in 1988 had deserted the PRI to vote for the opposition candidate, Cuauhtemoc Cardenas. Thus, the PRONASOL beneficiaries were poor, and sometimes even ranked as the "poorest of the poor." But their major qualification for inclusion in the distribution of the funds created through the sale of state property was their previous show of political independence from the PRI.[xxvi]

The Political Response: Chiapas, El Barzon, and Beyond

It is difficult to describe the air of arrogant assurance with which these policies were inflicted on the Mexican people. In a system in which the legislature serves as rubber stamp, the press is muzzled, television is in the hands of conservative corporate giants, and opposition figures and groups are coopted or repressed, few voices of protest were sounded. The few vocal critics of the structural adjustment program and the free trade agreement that was its capstone, were isolated or ignored when they were not directly threatened by the regime, as was the case for Lorenzo Meyer, Adolfo Aguilar Zinzer, and Jorge Castañeda.

[xxiii] See Peter Singelmann, ed. Mexican Sugarcane Growers: Economic Restructuring and Political Options, (San Diego: Center for U.S.-Mexican Studies, 1995).

[xxiv] DePalma, Anthony, "After the Fall: 2 Faces of Mexico's Economy," New York Times, July 16, 1995, pp. 1, 11.

From January to May, 1995, the number of jobless doubled with respect to December, 1994, with at least 1,190,000 persons losing their jobs. Analyzing these trends, the "Consultoria Ciemex-Wefa" went so far as to predict that unemployment would reach 10.9% by the end of 1995. The number of jobs in the economy's formal sector would be reduced to 22.4 million, a decline to the level of 1988. Equipo Pueblo, MEXPAZ: Bulletin # 31, Information, 19 July 1995; La Jornada, 26 July, 1995.

[xxv] La Jornada, July 8, 1995.

[xxvi] On PRONASOL see Denise Dresser, Neopopulist Solutions to Neoliberal Problems, (San Diego: Center for U.S.-Mexican Studies, 1991); and Miguel Angel Centeno, Democracy within Reason: Technocratic Revolution in Mexico, (University Park: Pennsylvania State University Press, 1994), pp. 65-7.

Later, as Castañeda would argue in The Mexico Shock,[xxvii] the clamor of criticism against Salinas and his policies would become deafening both in Mexico and abroad. But who, he asks, spoke out when Salinas was riding high?

Contributing to the lack of debate in Mexico over neoliberalism and NAFTA was the black-out on information on the process of negotiation in the Mexican media.[xxviii] As Aguilar Zinzer explained,

> Mexicans have little access to the information they would need to form their own opinion; official propaganda is overwhelming; the few free unions are constantly being crushed; and Congress is totally subordinated to the executive. The Mexican government has given NAFTA negotiations the equivalent status of a national security affair, keeping information almost a state secret, preventing any meaningful public debate, maintaining a close vigilance on its opponents, and transmitting only general propaganda messages to the public.[xxix]

Lacking information, let alone any form of regular consultation with Salinas's policymakers, the opposition parties of the right (PAN) and left (PRD) were unable to articulate a coherent alternative, and the technocratic elite that emerged from within the PRI and directed the neoliberal transformation has remained in what Judith Teichman has called a condition of absolute "technocratic isolation." The Mexican technocratic elite, she argues "has viewed societal and political pressures which attempt to force modification of its neoliberal vision as illegitimate; it has steadfastly resisted acountability to broader political consitutuencies."[xxx] Moreover, according to Teichman's account, their insulation from political pressure was so complete, that it contributed to their "failure to make adjustment in the economic model, either in response to technical criticisms of to satisfy broader political pressures..."[xxxi]

Thus it was left to the Tzotzil and Tzeltal Indians of Chiapas to provide a critique of neoliberalism from the barrel of a gun. The world awoke on 1 January 1994 to find that the smooth process of continental economic restructuring into European, East Asian and North American trading blocks -- a process that appeared to possess a logic of historical inevitability[xxxii] -- would be thrown off-track by the poorest of the poorest of the poor, that is, impoverished indigenous people, so marginalized as to fall right off the maps and charts of the neoliberal reformers.

The uprising in Chiapas, in fact, undermined far more than the optimism of the structural adjusters. It upset the smooth process of transition from one PRI leader to the next, it further weakened the already fragile unity and appeal of the opposition party of the left (PRD), it knocked into a cocked hat several widely accepted theories of peasant rebellion[xxxiii] and sent professors of Latin Americas Studies scurrying to their attics to see where they had stored away their collections on Che, Camillo Torres, Carlos Marighela, Hugo Blanco, Ruben Jaramillo, Genaro

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[xxvii] Jorge G. Castañeda, The Mexico Shock: Its Meaning for the U.S., (New York: The New Press, 1995), pp. 5-6.

[xxviii] Judith Adler Hellman, "Mexican Perceptions of Free Trade: Support and Opposition to NAFTA" in Ricardo Grinspun and Maxwell A. Cameron, eds., The Political Economy of North American Free Trade, (New York: St. Martin's Press, 1993), pp. 193-206.

[xxix] Aguilar Zinzer, Op. Cit., p. 207.

[xxx] Judith A.Teichman, "Mexico's Technocratic Elite, Market Reform, and the Issue of Democracy," paper prepared for presentation at the Second Congress of the Canadian Association for Mexican Studies, Mexico, D.F., November 10-12, 1996, pp. 2-3.

[xxxi] Ibid., p. 4.

[xxxii] Deborah Simmons, "After Chiapas: Aboriginal Land and Self-Determination in the New North America," Studies in Political Economy, forthcoming 1996.

[xxxiii] Barrington Moore, Jr, Social Origins of Dicatorship and Democracy: Lord and Peasant in the Making of the Modern World, (Boston: Beacon Press, 1966); Theda Skocpol, "What Makes Peasants Revolutionary?" Comparative Politics, vol 14, no, 3, April 1982, pp. 351-375; and Wolf, Eric R., Peasant Wars of the Twentieth Century, (New York, Harper and Row, 1969).

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In the end, the world sat glued to computer screens as zapatistas' spokesman, subcomandante Marcos, articulated a clear and compelling critique of a restructuring process that centers on separating the remaining direct agricultural producers in North America from the means of production, the land. Thus, the contradiction that underlies the Zapatista rebellion is the conflict over property relations. "It appears that aboriginal rights will not just be swept away by the inexorable forces of the free market; rather, the ongoing conflict over land will mark the limits of the market."[xxxiv]

Apart from the registering the shock of a rebellion where least expected, neoliberal reformers in Mexico are now forced to deal with a new and compelling form of protest. "El Barzon", the fastest-growing organization in Mexico with 450,000 members in thirty states, is the radical political expression of the Mexican middle class: shop keepers, self-employed businessmen, truck drivers, taxi cab owners and, most significantly, small and medium land owners who have fallen into debt as a consequence of the changing rules of the game brought about by structural adjustment in Mexico.[xxxv]

The most immediate object of Barzon's mobilizations are the banks that charge exorbitant interest rates on loans (80 percent on mortgages, 100 percent on personal loans, 120 percent on credit cards) and move quickly to confiscate the land, houses, cars, and modest possessions of those who cannot meet the payments on their loans. However, while Barzon's primary target has been the banks, the movement has not missed the connection between the neoliberal programs of Salinas and Zedillo and the "criminal usury" of which they are the victims. And the speed with which they made common cause with the zapatistas, sending Barzon leaders to Chiapas in support of the rebels and inviting zapatista participation in Barzon's national congress, has underscored the broader political nature of this middle class movement.

Conclusions

The uprising in Chiapas and the increasingly widespread, coordinated, and effective protest activities of El Barzon have broken the earie silence of the "dog that didn't bark." In truth it is not accurate to say that the dog never whimpered or growled: that is, that there was no protest or objection registered by the Mexican people to the drastic austerity measures imposed on them by structural adjustment policies. In fact, from 1982 Mexicans did mobilize to protest the austerity measures and sometimes managed to sustain, if not widely coordinate, protest activities around cost of living hikes.

However, a combination of direct and brutal repression of independent labor unions, the sectarian divisions on the left, and resulting confusion regarding where to take the anti-austerity protest movement meant that impact of anti-austerity sentiment was very limited throughout the 1980s and structural adjustment went largely uncontested.

By 1988, anti-austerity activities had been absorbed into the mobilization around the electoral challenge of the PRD and its candidate, Cuauhtemoc Cardenas. And, herein lies the critical difference between Mexico and other settings where democratic guarantees are more secure. In Mexico the candidate who articulated the critique of neoliberalism won the presidential election of 1988, but was not permitted to take office. To make matters worse, Cuauhtemoc Cardenas's postelectoral decision to focus virtually all the organizational energy and mobilizational capacity of his party on the issue of electoral fraud and the demand for democratic reform had the effect of muffling the critique the PRD had previously offered of structural adjustment policies and their social consequences.[xxxvi]

In contrast to the Mexican case, voters in Nicaragua and Costa Rica have a realistic hope of seeing their electoral preferences respected, and thus anti-austerity sentiment can be channeled into partisan politics and can be successfully expressed

[xxxiv] Simmons, Op.Cit., p. 2.

[xxxv] John Ross, "Mexican Middle Class Battles 'Fiscal Terrorism' of Banks," Anderson Valley Advertizer, June 28, 1995. [received from website Chiapas95 http://].

[xxxvi] On this point see Dan La Botz, Democracy in Mexico: Peasant Rebellion and Political Reform, (Boston: South End Press, 1995), pp. 122-3.

in the voting booth. In Nicaragua and Costa Rica, trade unions protested wage cuts, and state sector workers, in particular, contested cuts to the public sector. In Mexico, workers have attempted to fight the harshest consequences of structural adjustment, but the repression of independent trade unions and the regime's continued control over the CTM have rendered these efforts both ineffective and perilous, and sometimes even fatal.

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