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Mexico: The Political Consequences of Economic Restructuring

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Abstract

The 1988 Mexican elections appeared to signal a transition in Mexican politics away from one party rule and toward an open system. This thesis attempts to identify the underlying economic causes of this trend and its likely future course. To analyze Mexican politics, the research included books with background information and contemporary periodical articles to ensure timeliness. The thesis is organized chronologically beginning in the 1970's and devotes considerable space to the emerging role of opposition groups and the likely course of future events. It was discovered that the opening of the political system is tied to two major variables--economic policy and the emerging need for political alternatives. These two factors coincide to reduce the legitimacy of the ruling party and government. As a result, the government has been forced to open the system to retain some credibility. The conclusion attempts to predict the future course of events. Mexico is heading toward an open political system but will arrive there only after further economic pains and possibly some social unrest. The future of the economic and political system are much brighter than at any time in the past twenty years.

Mexico: The Political Consequences of Restructuring

The stunning results of the July 6, 1988 election for the presidency of Mexico focused attention on the changing Mexican political system. For sixty years, the Institutional Revolutionary Party (PRI) had easily won the presidency by large majorities; however, in 1988, the PRI candidate, Harvard educated Carlos Salinas de Gortari, narrowly received a majority of the votes and defeated the two opposition candidates, Manuel Clouthier of the rightist National Action Party (PAN) and Cuauhtemoc Cardenas of the leftist Cardenist Front for National Reconciliation (FCRN). As is the case in most elections, the economy and economic policy were at the forefront of the election campaign. This thesis will examine the important role economic conditions and development policies play in the changing electoral process in Mexico. The role of other factors will also be considered as will the course of future events. In doing this, it is first necessary to present a brief background of Mexico under the PRI.

The PRI was created in 1929 (its original name was the National Revolutionary Party). It was created in a system in which the presidential term was six years (sexenio) and re-elections were prohibited. The party assumed power in a country which had seen a half million persons killed, villages destroyed, and its economy in shambles after years of bitter revolution and civil war. Under the sexenio of Lazaro Cardenas (1934-1940) numerous political and labor reforms were enacted. However, to receive benefit from the reform, one had to join the party or an affiliated organization. Furthermore, businessmen were excluded from the party and its organizations (yet the PRI is basically a pro-business party). Within the political system, power is centralized in the presidency; consequently, the

judicial and legislative branches of government are weak. Mexican law gives bureaucrats considerable power. The system created flexibility as well as corruption. The PRI apparatus controls the election process. Although the PRI traditionally has restricted numerous civil rights, it has presided over considerable economic growth.

During the period between 1940 to 1970, Mexico experienced tremendous economic growth. The nation's gross national product increased at an annual average of 6%. However, the population grew steadily and the economic benefits were distributed unevenly. The government maintained a role as a major investor within the country. Also, during this time, industrialization grew rapidly and became an important aspect of the economy. Despite the impressive economic growth during this period, Mexico has experienced severe economic problems since the early 1970's. It is at this point that this thesis will examine the underlying changes in the Mexican economic and political systems since 1970.

The Echeverria Sexenio: Problems of Legitimacy

During the late 1960's many Mexicans (the middle class, intellectuals, students and business people) became virtually nonparticipant in the government, this created a feeling of exclusion from the political process. The middle class was particularly concerned with the lack of representation, this coincided with a worldwide student movement. Together, these two conditions festered the student protests of 1968. The political bureaucracy was divided on how to deal with these protests. The brutal repression which ensued delivered a blow to the already dubious legitimacy of the PRI (Newell 110). Consequently, in 1968 the consensus about the government began to erode and the party began to come under attack from broad based factions on both the

left and the right (114). Since that occurred, the PRI has been under a semi-permanent state of crisis and its relative position has declined (114). Luis Echevarria became the Mexican president in 1970. He understood that the regime's legitimacy was threatened so he adopted leftist rhetoric and progressive reforms (123).

The reforms Echevarria initiated indicate that he may have felt it was the final opportunity for the PRI to reform (Hellman 190). Echevarria's reforms attempted to redistribute income and increase social services (192). Echevarria also attempted to create rapid economic growth through heavy government spending (Newell 190). His policies had severe economic and political consequences. The increase in public sector spending was not met by a corresponding increase in revenues causing a rise in the federal deficit (130). The Mexican federal deficit grew from 4.8 billion pesos in 1970 to 42 billion pesos in 1976. Furthermore, the peso's competitive rate became overvalued which raised the price of Mexican goods and reduced sales and export revenues (Hellman 209). The overvalued peso caused a loss of 4 to 6 billion pesos as a result of capital flight from the upper class (197). The loss of capital investments caused a recession in the economy. Foreign borrowing increased the inflation rate which outstripped the rising wages (198). Eventually, the peso was devalued (210). With the decline in the role of private sector investment, the state's role expanded in every sector of the economy causing a rapid expansion of the state (200).

Echevarria attempted to maintain the failing consensus of the PRI by distributing economic dividends to all. The policy created corresponding economic problems. Consequently, the economic solution to the problems of legitimacy created more damage to the political system than would have a

political solution. Like Echevarria, Jose Lopez Portillo's later policies would accelerate the descent towards financial and economic chaos.

Lopez: The Politics of Oil

Jose Lopez Portillo became president in 1976. His term in office witnessed the rise of political reforms and continued economic crisis. Lopez' administration suffered from nagging Mexican problems: diminishing agricultural returns, uncompetitive industries, an inability to cut the budget, and losses of revenue.

Lopez initially prepared a severe austerity program which implied major cuts in economic and social spending. In addition, he also attempted to work with the private sector to increase productivity (Newell 205). With limits on the bureaucracy, cuts in welfare spending and a floating rate peso recovery was rapid. There was a return of capital and a lower balance of payments deficit (Hellman 218). However, discovery of huge reserves of oil in Mexico led to new revenues, increased spending and continued deficits (Newell 218). Lopez found that he was unable to prevent inflation by increase the pumping of oil to meet the rising expectations (Hellman 219). Despite the oil income, revenues were insufficient to meet new budget increases (220). The oil income also created a boom in government spending to improve industrial infrastructure in order to develop an export led economic growth (219). Lopez exceeded Echevarria's policy of creating state business, however, most went bankrupt (Lake 41). Billions of dollars were wasted on oil projects (Kondrake 18) and Lopez allowed the deterioration and collapse of non oil exports. Because export income was weakened, Lopez turned to foreign borrowing. Mexico thus experienced an eight fold increase in foreign debt from 1976-1982

(Hellman 220). The overvalued peso again led to capital flight and a devaluation resulted in the doubling of the foreign debt (223). The fall of the price of oil in the early 1980's created a tremendous deficit. Lopez looked abroad to finance the deficit and the foreign debt skyrocketed to \$80 billion by 1982. Foreign banks were forced to bail out Mexico when it couldn't meet its payments because the banks were overextended in the country (224). One of Lopez' final economic policies was to nationalize the banks in Mexico.

The expropriation of banks in Mexico created two opposing groups within the civil society with members of the party choosing sides (Newell 263). Lopez' initial programs of austerity required political room to maneuver from the left; thus, Lopez attempted to institute political reform to appease the left (205). Lopez' political reforms contained three elements. First, legitimization of parties on the left of PRI. Second, it guaranteed 100 out of 400 representative seats to the opposition in the Chamber of Deputies. Third, amnesty for political prisoners. The goals of these measures were to give the opposition a voice, to channel discontent and to increase the prospects of co-optation; what the reform did was to produce a flourishing of left wing parties (Mexico's 106). In summary, the efforts by Lopez (as well as Echevarria) to revive populism in order to sustain legitimacy, failed and created a huge rise in the public sector bureaucracy (161). His policies also destroyed the chance Mexico had to fully develop using oil revenues (Lake 41). Because of Lopez' failed policies, the new president, Miguel de la Madrid, faced numerous economic problems.

De la Madrid and Economic Restructuring in the 1980's

Miguel de la Madrid's economic policy included a change in trade and

investment policy. He embraced export promotion and privatization of the economy because it was a way to restructure the troubled economy (Mexico's 83). The policy of export promotion included pushing Mexico into the world market. Under Madrid's sexenio (1982-1988), Mexico joined the General agreement on Tariffs and Trade (GATT), began to promote non-oil exports, and opened the door for increased foreign investment. Business confidence grew as a result of these policies (Baker 78). In 1985, the Mexican government announced it would lower protection on eight key industrial sectors. This was done to an increased competitive ability of non-oil industries so as to lessen dependence on petroleum exports (Mexico's 65). It is ironic that before the mid 1970's, a distinctive feature of Mexico's successful economic development was a diversified pattern of exports. The factor which made the 1970's so exciting -- the oil boom -- was also the cause of the undoing of this traditional source of economic strength (58). It was clear that by 1985, more steps had to be taken to help increase the non oil exports of Mexico. Despite Madrid's policies, by 1985 oil still accounted for 70-75% of Mexico's foreign currency earnings and for 45% of the entire government revenue. This occurred even after the drop in the price of oil during the early 1980's (58). Another recovery policy was to place the peso on a free float which caused major devaluations. These policies created certain trends in the economy during this decade.

Along the Mexican/U.S. border labor intensive assembly plants, called maquiladores, began to flourish. These assembly plants are closely tied to the U.S. economy and include such corporations as Zenith, General Motors, Hitachi and Sony. These companies locate in Mexico because the workers are among the lowest paid in the world (LaBotz 180). These maquiladores represent

an important source of foreign investment and are crucial to the PRI's recovery and modernization goals (Aguilar 55). Another result of the export promoting policies is that property and labor incomes of the export sector have performed relatively well. Furthermore, foreign investment has increased overall (Mexico's 78) there was a repatriation of capital and non oil exports did rise (Graham 30). Despite some success with these policies, the Mexican government still faced economic problems as well as political problems and corruption.

Political Consequences of Economic Restructuring

As is the case in the United States, the economy of Mexico has tremendous political ramifications. It appears that the revolutionary consensus of the PRI is evaporating. A recent New York Times poll in Mexico provides evidence of widespread discontent in Mexico. The poll found that 54% of Mexicans believe that their economy will never recover and that the government serves its own interests rather than the people's. Furthermore, two out of three Mexicans desire more democracy. The evolving attitudes are the result of frustration over austerity measures, the lack of a political outlet and corruption.

Many of Madrid's economic and austerity policies have had negative affects on Mexican society. It was estimated in 1987 that one thousand persons lost their job everyday as a result of Madrid's policy of moving the system toward privatization (Weiner 54). Further problems in the economy occurred because the United States initiated new laws which allowed only on influx of skilled workers from Mexico. This closed off a safety valve for Mexico and allowed into the United States, workers which Mexico could ill afford to lose. Furthermore, debt rescheduling arrangements for Mexico's \$100

billion debt were merely stop gap measures (Graham 31) and Mexico's domestic debt are more burdensome than its foreign debt (Lake 41). Perhaps the greatest crisis occurred because of a reaction to austerity.

In 1985, Mexico was required to institute budget cutbacks in virtually all areas of the government. This occurred because of conditions on a \$4 billion International Monetary Fund (IMF) loan (Hellman 230). One result of the austerity program was that the least competitive government owned industries disappeared (231). After years of austerity, the majority of Mexicans are suffering (Baker 79). Inflation has continually hovered over the 100% mark and the foreign debt is in excess of \$120 billion. Furthermore, the purchasing power of Mexicans has fallen by over 40% (Kondrake 16) and Mexicans are spending 60-70% of their wage on food (Lake 40). This has occurred for three main reasons. First, part of the government's austerity program was wage restraint to help control inflation. This occurred at a time of high inflation which seriously eroded the incomes of many Mexicans. Second, there is a high level of overt unemployment and less obvious underemployment. Finally, the government policy of liberalization of price controls and a more realistic exchange rate increased prices considerably (Mexico's 75). It is arguable that the level of discontent over austerity would have been greater if the PRI did not have control over the unions (Graham 31). It is clear to see why Mexico faces many political questions as a result of the PRI's domination of the economy and its policies. Clearly the PRI's handling of the economic crisis it helped create, caused many Mexicans to question not only the policies but the entire system.

The 1988 Elections: An Outlet of Frustration?

The 1988 Mexican presidential and congressional elections may have marked a turning point in Mexican political evolution. Madrid's designated successor, Carlos Salinas de Gortari, faced the usually difficult task of winning votes on a platform which included, at the minimum, continued austerity. There was virtually, no doubt that Salinas would win (as he did). Nevertheless, the election was the closest in sixty years of PRI control of the government. The considerable delay in announcing the results of the voting was interpreted by many as a result of PRI infighting over the margin of victory which should be announced. The announced vote total gave Salinas a narrow victory and may have been a symbol of the new opening of the process. Indeed, Salinas conceded that the days of one party domination were over (Riding 1). The economic crisis of the seventies and eighties brought an abrupt end to the Mexican economic miracle. In addition, social conditions appeared to deteriorate. Political conditions also began to change in the 1980's. Political discontent has resulted from a disruption of longstanding political bargains and accommodations. The 1982 bank nationalizations severely weakened an informal agreement between the ruling elite and the business sector (Mexico's 101). This has occurred as the nation's businessmen have increased their economic power as a result of Madrid's policy of privatization of the economy. Furthermore, the businessmen have increased their political power although they cannot directly be represented within the party. Their political power has increased as a result of its influence through its popular sector of the PRI, through its control over appointments, pressure groups, the cooperation of important American partners and through joining parties such as the PAN (Hellman 211). Coupled with the growing strength, many commercial groups believe that the rules of the economic and

political game must be changed to create a new legal and political climate conducive to economic growth (Aguilar 50). In addition to business displeasure over the economy, a large segment of the population, including the middle class, believes that one party rule is responsible for the economic crisis (Dowling 46). Also, a large amount of working class persons have lost much of their buying power and desire broader participation in the political process (Baker 65). There are other problems for the PRI. Blatant and widespread corruption has created disenchantment (Mexico's 101). Furthermore, opposition parties have created a new and vigorous challenge for the PRI (101). The opposition has increased strength partly because the PRI altered the political structure under Lopez to relieve economic pressures (Rohter 3). All of these factors helped make Salinas the least popular candidate of the PRI in years (Dowling 46).

Despite the many problems, it appears that Salinas will not drastically alter Mexico's economic policy. In fact, it was Salinas who, under Madrid, is responsible for many of the PRI's economic policies. Clearly, the crash of the Mexican stock market (occurring after the fall of the U.S. market) dampened Salinas' campaign (Graham 30). Although there is tremendous pressure on Salinas to relax austerity, he will most likely continue the policy of holding down wages and devaluing the peso in order to generate exports (Baker 65). These policies give Salinas the label of anti-labor. Other items in Salinas' economic agenda include continuation of lowering trade barriers, and selling three hundred state owned business (Dowling 47). These policies may boost business confidence in the government but many Mexican's and their unions fear a loss of jobs. Salinas must also manage a complex price control scheme few Mexicans believe will work (47). Clearly, there is increasing

discontent over the economic policies and many are beginning to criticize the legitimacy of the PRI.

Politics of the PRI

The PRI controls the government of Mexico like a big city political machine used to control American cities (Kondrake 17). Patronage jobs are given out to loyal PRI supporters and virtually every sector of Mexico is influenced by the PRI. Furthermore, the PRI controls the election process, vote fraud is often used to maintain levels of PRI representation (18). What it amounts to is that the PRI has been able to indefinitely perpetuate its power despite numerous economic and political problems. Although the PRI may be compared to a big city machine, it has considerably more power to control events. The government controls 70% of the economy and labor leaders control workers and deliver their vote to the PRI. Much of the land on which most peasants live is controlled by the PRI. Finally, business must openly support the PRI in order to maintain benefits from the PRI. For sixty years (until the 1988 election) those controls have ensured that no president, governor or senator was elected who was not a PRI member. This had occurred despite the fact that a Gallup poll, taken before the formation of a left-wing coalition, in Mexico revealed that only 40% of the population supported the PRI whereas 19% supported the PAN, 30% favored no party, and 10% supported other left parties. The left wing coalition headed by Cardenas captured considerable support in the 1988 election from those who previously favored no party (17). Clearly, coercion or pressure had to be placed on persons to force them to support the PRI or else some other party would have been able to win at least one larger election. The recent trend in Mexican presidential elections is toward lowering the percentile of votes for the PRI nominee. The PRI share of

votes fell from 80% in earlier presidential elections to a little over 50% in the 1988 elections. However, because the opposition is fractionalized and divided between right wing and left wing parties with the PRI as the centrist party, the PRI would probably win at least a plurality in free and open elections (Aguilar 52). There are other factors which favor the PRI. First, because there is no credible alternative to the PRI power currently, the people are unwilling to commit themselves to other parties (53). Second, the debate over the fairness of the system has not created a disruption in the relationship between the people and the PRI controlled state (52). What all these factors may point to, is a change in the way the PRI conducts its business politically.

PRI and government arrangements have failed to channel important political demands through the party's electoral process. The increasing demands of the Mexican population are a product of material deprivation and democratic aspirations (Mexico's 161). For years, the essential aspect of stability in Mexico was that the state alternated the influence of one group against that of another. However, in the long run the state has favored the private sector over the public's interest (4). This has created a catalyst for uneven development. By the late 1970's, the upper 10% of the population held 36.7% of the entire national family income whereas the lowest 30% of the population accounted for only 6% of national family income (Aguilar 44). These numbers show a tremendous disparity between the small upper class and the vast lower class. Thus, the political system helped create two worlds, the rhetorical passages of economic and political equality in the 1917 constitution and the real world of uneven development and informal power codes (43). Despite this truth, there is still a frequency in the United States to

overstate the political influence of the Mexican upper class, middle class, and business groups (10). The system of a strong president and bureaucracy has created another unforeseen side affect--corruption.

The political system of Mexico with a strong president and a virtually independent and enormous bureaucracy creates a system which is ripe for corruption. The corruption in the system is further enhanced by the availability of large sums of "drug" money as a result of the sale of illegal narcotics. Because all ruling politicians and bureaucrats are from the PRI, they tend to hide corruption. Therefore, the real thieves in the government are able to retain untroubled, possession of money (Lake 40). Indeed, a prime example is the fact that President Lopez Portillo left office a very rich man (41). What these conditions have done is to erode the legitimacy and immense power of the PRI.

The legitimacy of a regime is related to the stability of the regime (Lake 2) and its responsiveness to the political and societal values of the population. Clearly, the PRI is lacking in these two areas. The slow shift in the PRI political and economic values toward more private sector involvement is changing the leadership's stability and, consequently, its legitimacy (3). The PRI's political policy has been to integrate and co-opt the opposition. Although these policies are created to help maintain control our other interests, the PRI strategy of integration of opponents into sanctioned competition assures the opposition a means to express their views, resources to campaign, and the opportunity to build their own constituencies and interests within the system (Aguilar 51). There are other reasons to explain the loss of some of the PRI's tremendous power. The PRI can be thought of as a semi-authoritarian, hegemonic party which acts as an

instrument of government to maintain the social elites in power (Mexico's 159). The PRI is thus an extension of a strong presidency and the bureaucracy. The decline of the PRI could reflect a decline in the presidential system which manifests itself into a decline of PRI functions. Consequently, significant changes in the political system will not result from party discussion and decisions but from the president and bureaucracy (160). A final determinant in the decline of the PRI is tied to civil society. As the number of civil servants who were not PRI members grew, the PRI hegemony began to weaken (Newell 269). Whatever the cause of the decline of the PRI's hegemony, there are opposition groups prepared to take advantage of the apparently opening system.

The Opposition Parties

The 1988 elections witnessed the emergence of two very strong challengers for the presidency. For the first time since the PRI took power, it was faced with widespread opposition to its rule. The two challengers were Manuel Clouthier of the National Action Party (PAN) and Cuauhtémoc Cárdenas Solórzano of the Cardenist Front for National Reconstruction (FCRN). The coalition was named after Cardenas' father Lázaro Cardenas who was a beloved leader of the revolution. These two opposition groups were opposed by the PRI with Salinas as their candidate. Because the PRI controls the media, the election apparatus and, consequently, the elections, many observers wrote off the seriousness of the threat posed by the two challengers. Despite the odds against them, the challengers lowered the percentage of votes going to the PRI candidate to only 50.32%. To understand the rising challenge to the PRI, one must understand the older challenge of the PAN and the emerging challenge of a

coalition of left wing parties.

The right wing PAN attracts primarily businessmen. Recently, however, many moderates have joined the PAN in order to campaign for curbing state authority (Aguilar 50). The party has tremendous power in the northern states which border the United States which may be attributed to the growth of business in the area. PAN also maintains considerable support in Mexico City. The strengths of the PAN also reflect its weaknesses. The PAN is weak in the rural areas where much of the population lives. A major criticism of the PAN is that it maintains no strong ideology (Mexico's 106). This criticism suggests that the sole purpose of the PAN is to oppose the PRI. Despite these weaknesses, the PAN is well organized and gaining in strength. This assertion is reinforced by the fact that since political reforms in the late 1970's made it easier for opposition parties to win seats in the Chamber of Deputies, the PAN has enjoyed an upsurge in support. The PAN has also made numerous gains among the urban middle class (Hellman 237). Despite a relatively promising future for the PAN, it appears that the major threat to the PRI comes from the left leaning parties.

Because the PRI is, by definition, a revolutionary party devoted to equality, it would seem to be open more to challenge from the right, however, because of its economic shift to a centrist party the PRI has opened itself to challenges from the left. The PRI's acceptance of the center of the political spectrum, flanked by an emerging left and an aggressive right, has led to a weakening of the PRI's claim as the sole inheritor of the nations revolution. The loss of this symbolism has enabled the opposition to attract voters and intellectuals. It has been easier for the left to attract these persons away from the PRI. Another problem for the PRI is that, as a centrist party, it

may suffer from a splintering of factions away from the center causing a loss in hegemony. This would most likely lead to pluralization and democratization or worse to reaction and repression (Mexico's 106-197). In fact, a fragmentation has also occurred within the party. In 1960, a group emerged within the PRI called the Democratic Current which was composed of a group of liberals who denounced the traditional Mexican notions of power. They attempted to rally the PRI members and the entire Mexican society against the closed political system (Aguilar 50). The group originally attempted to work within the PRI. The electoral reforms of 1977 and 1986 were an attempt by the PRI to adapt their electoral monopoly without losing the presidency (51). The minor changes still virtually assumed PRI control of the presidency. The PRI presidential succession system remained secret and closed to questions because the president maintains the power to name his successor within the PRI. Because of this, the dissident PRI faction, still called the Democratic Current, which was led by Cuahatemoc Cardenas Solorzano, withdrew from the party after Salinas, the Harvard educated technocrat, was named the chosen successor of Madrid (Baker 65). Cardenas and his followers split with the PRI and charged the party with corruption and betraying the revolution. Cardenas pushed for an end to the economic policies urged by the United States and the IMF. He opposed policies of austerity, exports and open markets. Instead, he is a supporter of giving priority to basic human needs. His economic policy would include the following: 1) channeling money to agriculture to help alleviate the rural poor's conditions, 2) provide financial incentives to small and medium sized business, and 3) end the emphasis on large industrial development. Cardenas also feels that oil reserves must be conserved and that production and drilling should be cut back. Cardenas is adored by the left in

Mexico and he was able to form his own political organization. He appeared able to attract many PRI members and intellectuals who are liberal and linked to the 1968 student protests. Cardenas thus helped form the leftist coalition for the 1988 elections. The coalition consisted of the FCRN, the Mexican Unified Socialist Party (PSUM) and small right wing groups allied against the PRI. The coalition attempted an alliance with the PAN but an agreement could not be reached. Cardenas became the candidate for president and the head of the coalition which was named the National Democratic Front (FDN) (Lake 30). Although it had a strong showing in 1988 elections, it is not known if the FDN represents a true viable form in Mexican politics or merely a weak coalition united only when facing the PRI. These are other problems which the FDN must face. Leftist movements have traditionally been destroyed by the PRI through co-optation or repression. Furthermore, many Mexicans are cynical about movements which are revolutionary or leftist in nature because most have nothing to show for the major leftist revolution of 1917 (Hellman 239). The FDN as well as the PAN only slightly challenged their election losses after the election and this may have paved the way for a wider role in future governments (Rohter 3).

The final results in the July 6, 1988 Mexican presidential election race were Salinas with 50.32% of the vote, Cardenas with 31.11% of the vote, and Clouthier with 17.7% of the vote. In addition the PRI won 261 out of 500 Chamber of deputy seats to maintain a slim majority. Still, there are questions about how much power opposition parties will have in the Chamber of Deputies because the president maintains considerable power (Mexico's 186). Nevertheless, the chamber is at least a place to air views and debate with media coverage (187). The future of the opposition groups certainly seems to

be brighter at the end of the 1980's than at any time in the past sixty years. The future generation of Mexicans may very well have more than one political choice.

Mexican Politics and Contemporary Society

The combination of economic difficulties, business alliances with opposition parties and U.S. criticism may have caused a changing attitude in Mexico about the political system (Mexico's 178). It appears that the level of tolerance for the austerity programs may diminish as a result of the fact that governmental layoffs have begun to seriously affect the middle class (8). This occurred as the need to shrink the budget caused government layoffs and sales of public enterprises to private ownership (54). In general, the people have lost patience with inflation, crime waves, poverty, corruption and PRI control over the judiciary, congress, treasury, police, election apparatus, and the media (Lake 40). Another future problem is that at a time when the economy is growing slowly (if at all) more than half the population is under the age of twenty. There are numerous demographic factors which will affect Mexican politics. Because of the large number of young persons. One million new persons enter the work force every year. This will put a huge strain on the economy if it does not expand enough to absorb them (Yergin 19). In addition to the problem of the large amount of young persons there are other trends which may bring trouble to the PRI. The Mexican population is becoming increasingly urbanized, better educated and politically active. Consequently, Salinas' push for a more open economy must also be met with a more open political system (18). This must occur despite the fact that the PRI's power will be weakened as a result of opposition availability and problems with modernization and economic crisis (Larmer 13). Because of increased

urbanization, many leaders of the political parties maintain an urban bias (Mexico's 189). Despite the urban bias, the greatest amount of PRI support comes from rural areas because many peasants (Ejiditarios) live on PRI controlled land. Nevertheless, despite this fact of strong support, it is the rural persons who receive the least from the PRI. Coincidentally, Cardenas, in the 1988 election, held out support and benefits for the rural population. Unless the PRI reevaluates its relationship with the rural areas, it may be difficult to maintain PRI support in rural areas (190). Perhaps the biggest test will be if, and how well, Salinas can spread the distribution of wealth to determine if a comprehensive democratic transformation can proceed with modernization (Aguilar 42).

Prospects for the future

Many PRI insiders believe that a true democratic opening will increase Mexican vulnerability and adversely affect economic growth (Aguilar 58). Many wonder if an emerging democratization will cause a change in the role of the military (Mexico's 143). There are numerous questions concerning the future of Mexico's economic and political system. There are no definite answers to the question of Mexico's changing circumstances but there are some clues as to what direction Mexico will move economically and politically.

There is little doubt that Salinas will continue with the economic policy he helped create. He will almost certainly continue with privatization, opening the country to trade, pushing non-oil exports industries, still relying on oil income and continued government austerity programs. Salinas must make Mexican business and industry more competitive. By cutting industries away from the public sector into the private sector, wasteful government subsidies will be eliminated. This will force these

business to become more efficient and will save government revenue. The problem with this policy is that it also has the potential to create widespread unemployment as business' fold or eliminate unneeded or extra employees. This would cause a problem for a society whose population is young and growing. The task of pushing non-oil exports and entering the world market are interrelated. Mexico needs access to foreign markets and consequently, had to open its own market to the world. Joining GATT was a wise but difficult move because it opened Mexican markets and made some industries vulnerable to foreign competition. This caused the elimination of some non-competitive business and exacerbated the unemployment problems. However, non-oil export sectors have shown a increase in growth and are relatively prospering. Despite the move away from oil exports, Mexico still must rely on petroleum to bring in badly needed foreign revenue to help alleviate its foreign debt problems. This causes concern for many Mexicans who wish to conserve this very important resource. Another economic policy is the welcoming of foreign investment. Again this brings in foreign revenue but it also opens up the Mexican economy so that it is tied to the industrial states. This could create political problems for Salinas because of the Mexican attitude of independence. Austerity is a major factor in the economic policy of Mexico. Because of its huge foreign and domestic debt, the Mexican government will have to maintain tight control over spending. This will undoubtedly continue political woes but economic disaster could be the alternative. There are some positive signs for the Mexican economy and the outlook is cautiously optimistic. If Mexico can ride out the storm it may well be on its way to economic recovery, although tremendous income disparities will remain and possibly increase.

It is almost certain that Salinas' economic policies will cause him and the PRI numerous political problems. What is more difficult to predict with certainty is the future course of the political system. It is obvious that political reforms of the last decade, the growing political cognition of the populace, and the problems with economic recovery are all pushing the country toward a more open system of government. The increasing privatization of the economy requires an opening of debate on economic policy. This, in turn, requires an opening of the political system. Some leaders of the PRI seem to recognize this fact. Another problem is that the growing political knowledge of the population seems to erode the legitimacy of the government as the population understands its closed nature. There is a growing frustration over the lack of political channels over which to voice opinions and attitudes. It seems ironic that a government which claims to be open to the people and revolutionary in nature closes itself off from the population and prevents input from the outside. The PAN will continue to be a viable opposition but has limited room for expansion. The FDN, if it can remain united, has the most potential for growth. It may well be able to lure enough intellectuals and liberals away from the PRI to make it a strong alternative. Unfortunately, it is also the political front which has the most questions about its viability. The PRI will most likely continue to be the majority party at least until the year 2000. However, the party will lose support as it continues on a relatively unpopular economic course. It appears that the PRI may also drift more toward the right of center in the coming years. The 1994 elections will be more open as a result of Salinas' desire to liberalize the political system as he opens up the economic system. The future of the PRI seems to be tied to economic recovery. In the next several years the

political system will continue to open.

Because Mexico is a Latin American country there are incessant questions about possible military intervention in the government. The Mexican army is a professional force and under civilian control. There is little prospect of military intervention into government because of its professionalism and because such a role would be internally divisive and costly to Mexico's prestige. In short, there appears to be nothing which can be gained by military intervention.

After sixty years of PRI rule, the economic and political system of Mexico appears to be opening. Democratization creeps slowly to the fore of Mexican politics. Furthermore, the Mexican economy may be on the road to recovery after the disastrous years of the 1970's and 1980's. Clearly, the Mexicans must move forward cautiously but continuing the economic and political liberalization begun under Madrid in the 1980's. There may be some unrest in the near future but Mexico's future prospects appear brighter.

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