Without political reform, Mexico cannot fix its economy

By Andrew Reding

When it comes to Mexico, Washington just can’t get it right.

The emergence of another guerrilla group, this time in the Pacific coast state of Guerrero, is yet another sign that the present Mexican leadership is not equal to the task of political reform. While the White House and Wall Street continue to judge Mexico’s prospects by its economic policies, they’re missing the point. It’s not the economy, stupid! It’s the political system.

Policies enacted by Presidents Carlos Salinas and Ernesto Zedillo have turned all of southern Mexico into a cauldron of discontent. Their economic policies have been orthodox. Recognizing that subsistence agriculture provides a meager living for Mexico’s 25 million peasants and no foreign exchange earnings for the country, they have tried to substitute modern export agriculture. They have ended land reform, and begun to dismantle the ejidos, communal landholdings established by the Mexican Revolution. But they haven’t thought out the political consequences.

For all the misery of life on the ejidos, it is as nothing when compared with being unemployed and without land. Mexican land reform has resulted in uneconomical small plots of mostly arid land. But the ejidos have kept millions of uneducated, unskilled Mexicans fed, out of the labor force, and politically passive. By dismantling this system without providing for alternative sources of employment, Mexico City has created multiple problems. It has sent unprecedented streams of peasants migrating to already overcrowded city slums and northward to the United States. It has also caused political discontent. Peasants once uniformly loyal to the ruling Institutional Revolutionary Party (PRI) are now hostile to it.

The PRI has responded with repression. First, in Chiapas, Gov. Patrocinio Gonzalez Garrido jailed teachers, priests and Indians by the droves, setting the stage for the zapatista uprising. More recently, Guerrero has suffered. Gov. Ruben Figueroa’s state police ambushed and slaughtered 17 unarmed peasants a year ago. Not coincidentally, the new rebel group surfaced at a memorial service for the dead.

Other states are tinderboxes awaiting a spark. In Tabasco, Gov. Roberto Madrazo continues to cling to office despite documented evidence of his having spent more than 60 times the legal limit in his campaign. Much of the money came from a fugitive financier with close ties to the Salinas family, and, it is speculated, drug traffickers. Madrazo, too, has filled the jails with his opponents.

Neighboring Yucatan has been on edge since PRI power-broker Victor Cervera Pacheco seized the governorship in an election marred by fraud. Tensions are also running high in Oaxaca and Puebla. In Morelos, a state on Mexico City’s southern border governed by a
former army colonel, state police recently fired into a demonstration, killing one person and wounding several more.

Despite an inaugural pledge to “create a nation of law,” President Ernesto Zedillo has done almost nothing to control the lawless behavior of subordinates. Mexican presidents have enormous powers, both formal and as de facto leaders of the ruling party. Yet Zedillo, who seeks to avoid further splits in his party as it faces congressional elections next year, has tolerated corruption, electoral fraud, and repression by PRI governors. As frustrated peasants respond by taking up arms, Zedillo has upped the ante by calling out the army. Now it is not only Chiapas that is militarized, but Oaxaca, Tabasco and Guerrero.

The rebel groups pose no credible military threat to the government. Their agrarian base is only a quarter of the population, and shrinking. The real danger is to the country’s economic recovery. As long as Mexico remains buffeted by political instability, business—both national and international—will lack the confidence to invest for the long term. At stake is the future of the North American Free Trade Agreement, and, should regional economic development fail, of efforts to control our southern border.

The White House must understand that Mexico’s economic prospects depend on timely political reform. Though it would be counterproductive to criticize Mexico’s leadership in public, it is time to curtail the unbounded praise and to engage in private diplomacy. The Zedillo administration should understand that now that we have a common stake in regional economic development, we also have a stake in ensuring the rule of law.

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