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WHY MEXICO IS UNGOVERNABLE--ALMOST

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ABSTRACT

Why Mexico is Ungovernable--Almost

This paper outlines an interpretation of the Mexican political system. It argues that the Mexican state is organised to bring about long-term changes in the society, without paying too much regard to the immediate distribution of preferences among the existing population. The governing elite therefore feels a sense of remoteness from the society it seeks to transform, and suffers bouts of concern about the underlying "governability" of the country. The paper assesses the validity of such preoccupations, with particular reference to the dangers possibly posed by i) a disaffected intelligentsia, ii) extremes of social inequality, and iii) the impact of "modernisation," especially if accelerated by the oil bonanza. It also reviews developments in the realms of organised labour and the private sector, suggesting that these may add to the problems of "governability." The conclusion, however, argues that although such problems are very real they are not necessarily insurmountable, especially if they serve to stimulate elite cohesion and adaptability. A postscript touches on United States influence in Mexico, as perceived from afar.

WHY MEXICO IS UNGOVERNABLE--ALMOST

by Laurence Whitehead
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Introduction

It is difficult to find an evaluation of the Mexican political system that is dispassionate and realistic. Mexican authors are constrained by powerful national traditions that restrict their range of discourse and by the wide embrace of official and officially-tolerated patronage systems which include a degree of censorship, sometimes none too subtle. Foreign journalists, however much they may know, generally abandon the task of overall interpretation because a broad synthesis is so hard to attain and, in any case, could require more effort from their readership than they have the right to demand. Foreign academics must therefore operate in the vacuum created by an international opinion that is (in relation to the importance of the country) remarkably uninformed, and a Mexican climate of opinion that is ultra-sensitive and to a significant extent manipulated by the national powers-that-be.

It became almost a tradition in the 1950s and 1960s that visiting scholars with a liberal cast of mind would produce interpretations of the contemporary Mexican scene that were essentially optimistic and pro-government. Corruption, repression, and injustice received some attention in these studies, of course, but the dominant theme was social and economic progress, made possible by Mexico's remarkable record of political stability. The massacre of several hundred students in downtown Mexico City in October 1968 produced a revulsion against this type of interpretation during the 1970s--a change of tone made all the more drastic because the administration of President Echeverría (1970-76) itself launched vehement attacks on the record of previous administrations (notwithstanding the fact that Echeverría had been Secretary of Government in charge of internal security in 1968). The change in tone was also associated with wide intellectual trends, including a diminished confidence in the solidity of liberal values and interpretations, and the reappearance of academic Marxism after two decades of inversion.

As a result, what one might almost call the "establishment view" of Mexican and foreign social scientists is that twentieth-century Mexico underwent a bourgeois revolution, clearing the way for a strong state to emerge, one that would be firmly committed to the promotion of capitalist industrialization. In pursuit of this aim semi-corporatist forms of political control have been elaborated, peasant, working class, and intellectual resistance have been curbed

or co-opted, and a powerful process for the redistribution of resources towards the rich (often allied with foreign corporations) has been set in motion. The consequences include acute economic inequality, social tensions that can only be contained by brutally repressive means (despite a facade of legality), and a distribution of social power such that the government no longer has an effective capacity to counter-balance the demands of the property-owning minorities. Given this interpretation of the overall situation, any analysis that commends Mexico for its political stability or skillful management of conflicting social pressures is open to the charge of falling for official propaganda or of justifying an inhuman status quo.

I became particularly conscious of this risk after delivering a paper at the Wilson Center's June 1979 workshop on "Economic Stabilization Programs in Latin America: Political Dimensions." My paper was entitled "Mexico from Bust to Boom: A Political Evaluation of the 1976-79 Stabilization Program." A number of helpful criticisms were made, but the basic tenor of the Mexican commentaries on my paper was that once again, like the work of those foreign academics of the 1960s, here was another interpretation that was too impressed by the stability, flexibility, and effectiveness of the Mexican political system, and not sufficiently sensitive to the dangerous social pressures being created by a lopsidedly pro-business economic policy. Even if, as I claimed, the economic crisis of 1976 had been more or less overcome by the administration of President López Portillo (inaugurated in December 1976) such success was merely a short-term financial recovery achieved by means that neglected or even aggravated the underlying problems of unemployment and exploitation. In any case, it was not skillful political management, but the geological accident of huge newly discovered oil reserves, that had restored private investor confidence and enabled the Mexican government to emerge relatively unscathed from the crisis of 1976--which had been a <u>political</u> and <u>social</u> crisis, not just a downturn in the economic cycle.

These were the basic claims of my Mexican critics, reflecting a surprisingly widespread pessimism about the country's political prospects in the years ahead, despite the benefits of oil. A shorthand formulation of this position would be: "The country is almost ungovernable already, and too much oil will make it more so." It is not easy for either a national or foreign observer to be dispassionate and realistic about such a gloomy claim. But equally, if that is what well-informed people argue, there is no virtue in attempting an analysis of Mexican politics that sidesteps such a basic issue. This paper is a first attempt to confront the question head on.

First, however, I should like to put both this paper and my previous Wilson Center paper in their proper context as separate themes from a book I have been writing since last September, including six months as a Wilson Center Fellow (January-June 1979).

The first part of the book deals with what I call the "socio-political structure" of Mexico, specifically divided into chapters dealing with the land issue, the employment problem, educational and population policies, patterns of ownership, and the consequences of all this for the system of government. This part deals with long-term tendencies and structural conditions, and provides the analytical basis for the present paper on the "governability" of Mexico.

The second part of my book will have more of a narrative structure, reconstructing the major issues of economic policy that arose over the decade 1968-78 and locating them in their broader political context. The workshop paper I delivered in June 1979 came from this second section of my book, and takes many of the ideas from the first section for granted. It was specifically focused on the question of short-term economic recovery from a stabilisation crisis, since the whole workshop was focussed on that issue, and the Mexican experience was to be compared and contrasted with the short-term cycles experienced in other Latin American countries. Compared to the other cases under discussion, I still maintain that Mexico's experience of economic stabilisation was relatively successful, and that it was the strength of the Mexican political system (including skillful political management of the oil reserves issue) rather that any change in the country's geological endowment, that accounts for much of their success. Certainly, however, the success described in that paper was short-term in nature, leaving open the longer-term issue of "governability," which was what most concerned my Mexican critics.

"Governability" in Mexico

It has recently become fashionable for political scientists to query the governability of the advanced social democracies, or at least to stress the theme of "overload," meaning that so many distributive commitments have been legislated into existence that the productive system is drained of resources, whilst entrenched political rights obstruct democratic governments from undertaking the required corrective action. However, the Mexicans have deeper worries than that. Certainly the Mexican government has adopted legislation promising far more distributive benefits than it is capable of providing to the population as a whole, but "overload" in this sense does not cause insurmountable problems. It is too well known that the government has always promised far more than it intends to deliver, and that it is only those with "palanca" (pull), or the resources to exert effective pressure who will ever convert their nominal rights into effective benefits. Most Mexicans accept this as a fact of life, one which may diminish the credibility of the government in their eyes but not such a grievance as to put the whole political order in jeopardy.

On the contrary, Mexican political analysts refer to the "hope factor" as an important element in maintaining social cohesion. By this they mean that the promise of distributive benefits for all, combined with the reality of intermittent campaigns to distribute limited and conditional benefits to carefully targetted sectors of the population, offers some hope and some grounds for gratitude among social groups that have no experience of any more effective alternative. The governing party operates a "political distributive system" allocating benefits on a personalistic basis, (mainly at election times) as a still quite effective means of retaining its mass following. In times of austerity--e.g., at the beginning of every six-year presidential term, but more markedly than usual in 1971 and 1977--the public distribution of economic benefits can be cut back very sharply, without the beneficiaries having any effective means of redress.

Even in the case of organised labour, which occupies an apparent position of privilege within the Mexican power structure, union members have generally experienced great difficulties whenever they have attempted to turn the <u>sindicato</u> structure against officially approved policies of wage control or dismissals.

Thus, in contrast to what has been claimed (with some exaggeration) about the advanced social democracies, the Mexican government has not been faced with immediate problems of "overload" as well-organised beneficiaries of public spending and welfare programmes exercise their effective veto power to block required reallocations of resources. In relation to <u>most</u> social groups, the central planners, bureaucrats, and political elites still have sufficient margin of maneuver to manage economic variables quite freely and without regard to the danger of vetoes from those most adversely affected. (In recent years, for example, the state oil monopoly PEMEX has expanded with great flamboyance, paying minimal regard to the protests of peasants, fishermen, and other groups whose livelihood it has destroyed. The financing of oil development has implied major transfers of resources from other public sectors such as education and health, without there being effective resistance either from the work force or the users of their services.)

When Mexico's elites fear a situation of "ungovernability" they have something far more drastic than "overload" in mind. It is the political crisis of the Third World that seems most relevant to them, rather than the travails of, say, Mr. Callaghan and the TUC. Chile, Iran and Nicaragua are all quoted for their possible relevance to the Mexican case, but most of all it is Mexico's own national history that provides a context for their fears. Between 1910 and, say, 1920, Mexico provided an unforgettable illustration

of what might be meant by "ungovernability," and even though the society has been extensively transformed since then, the imagery of that period is engraved deeply on the national consciousness. When leaders of a rail union strike were held in jail for over eleven years, or when student activists were shot down in cold blood, the rationale was that otherwise--and perhaps unwittingly--the leaders of these more or less legal and limited protest movements would detonate a political crisis of vast and unmanageable proportions, through which the laborious achievements of various generations might be undone.

It would be alarmist to spell out such fears in public statements, but they can be elicited fairly readily in private conversations. Even today the spectre of an all-engulfing political crisis has not been conjured from the consciousness of the governing elite. On the contrary, it still helps to condition their responses, to maintain their internal discipline, and to inform their policy debates. Within the elite there are a variety of views about the main source of danger, with consequent disagreements over remedial strategies, but some belief in the national potentiality for grave political crisis is widely shared.

Such attitudes are unfamiliar in British and American political culture, and it is probably that contrast in subjective outlook, rather than the differences in formal institutional systems, that marks the basic division between political behaviour in Mexico and in Anglo-Saxon countries. It was the failure to see this that misled those foreign authors of the 1950s and 1960s. They were over-impressed by the effectiveness of Mexican institutional forms and saw them evolving in a liberal democratic direction, without recognizing the backdrop of insecurity and even fearfulness that motivated the political system.

Naturally, the memory of 1910 would not, on its own, provide sufficient reason for elite insecurity about the stability of their political system. The Mexican state is not simply designed to maintain an established social order and arbitrate some sectional and distributive conflicts. It is understandable that both liberal and Marxist authors coming from Anglo-Saxon backgrounds might tend to view the substance of politics in such static terms, but the Mexican state has assigned itself much more far-reaching and ambitious goals. In Mexico the pace of social change is far more rapid than in Britain or the United States, and the central authorities have assumed responsibility for designing and creating the society that will eventually emerge. The resources needed for such forward planning are heavily centralized in the state bureaucracy, and little weight is given to the preferences of Mexico's existing public. This is most evident in regard to the rural sector, where the aim of state policy has long been to abolish both Indian population and traditional peasantry, transforming them into Spanish-

speaking market-oriented producers, without any regard for their own opinions as to a desirable future.

But the rural sector is not the only example of social transformation that is centrally conceived and then virtually imposed upon social groups whose spontaneous reactions count for little in the policy-making process. Population policy is of some interest in this context. Neither the British nor the American government would presume to specify how aggregate fertility rates must change over the next quarter century. The assumption in those countries would be that desired family size is something only individual couples can decide. In Mexico, however, the tradition has long been that the government may know better than the individual what is good for him (and for society) even on such personal matters. A government that once required a reluctant populace to use soap, wear shoes, and have large families, now requires them (for reasons that may not relate closely to their personal circumstances) to reduce their aggregate fertility rate from 45 per thousand in 1973 to 35 per thousand in 1982 and to under 20 per thousand by the year 2000. In the same way the Mexican government has far more unfettered authority to stamp out the production and consumption of narcotics, if it deems this policy to be in the national interest, than does the U.S. government that must take care not to infringe citizen rights or alienate the electorate.

A similar degree of state paternalism can be found in many other aspects of social life. In educational policy, for example, a regime that once devoted its energies to what it called "de-fanaticising" the subject population now aspires to instill the next generation of Mexicans with republican and rationalist values. These various measures and programs may or may not serve the general good, or reflect an accurate diagnosis of the long-term needs of society. The point I wish to stress is that in all these and many other respects, the Mexican state aims not merely to administer an established social order, but to direct a long-term process of social transformation. Mexico faces, of course, the enormous challenges posed by economic development, and many of the long-term projects of its governing elite can be subsumed under the apparently neutral and necessary heading of "development needs." But long before economic development plans were in vogue, Mexico's rulers had already committed themselves to the massive use of political power to create from above a new society very different from that which they had inherited. In these circumstances "governing" has none of the market research or consumer sovereignty overtones familiar to American political science, for example.

The social clauses of the 1917 Constitution deserve careful study precisely because of the commitments they embodied to do away with the existing social order. It is because the state has been used so systematically, over such a long period, to remold Mexican society even against the voluntary tendencies that would have expressed themselves from below, that elite uncertainty and insecurity remain so tangible.

When I first arrived in Mexico, in August 1968, elite insecurity manifested itself in the form of intense and rather mindless nationalistic propaganda, combined with extreme defensiveness and secretiveness in official circles. Students demanding democratization had virtually taken over central areas of the capital, and the authorities had convinced themselves that this corrosive example of indiscipline and irresponsiblity could only be countered by a massive show of force.[1] Otherwise it was impossible to anticipate what chain reaction of disobedience and social disorder might be unleashed. The most revealing indication of the climate of that time is that the day after the students had been massacred (in a central part of the city where the shooting could be clearly heard by a large proportion of the population) the media completely failed to inform the public of what had really occurred.

Whereas in 1968 the danger was represented as a threat from the left (an international communist conspiracy, in fact), between 1973 and 1976, the subsequent administration expressed fears of the threat from the right (Mexican retrograde oligarchs in connivance with U.S. government agencies to "destabilise" a popularly based anti-imperialist government, along the lines of what had happened to Allende). Official propaganda spoke of a "fascist" threat, and in my opinion this was a genuine fear of the administration, not just rhetoric. The mechanism of the self-fulfilling prophecy came into play, and the Echeverría presidency ended with a major crisis of confidence. In fact the administration's own misjudged policies did much to deepen the crisis, but some of the outgoing politicians genuinely believed that they were the victims of capitalist/imperialist sabotage because they had tried to revitalise the progressive traditions of the Mexican regime. Once again a chain-reaction of disobedience, with unforeseeably drastic consequences, was seriously envisaged by those in power.

A great source of weakness for the authorities, in both these recent crises, was the patent incredulity of much of the population in the face of official proclamations that the republic was in danger. Broadly speaking the people of Mexico seemed not to trust, or to believe, their rulers and not to share the official concerns so thoroughly spelled out over the communications media. They responded more to rumours, and to foreign news reports, than to public appeals for national solidarity. The state apparatus evidently remained very remote from the society it aimed to guide

and transform, and in moments of crisis that remoteness signified a dangerous degree of isolation.

Responding to this perception of danger, the present Mexican administration has introduced a series of rectifying measures (really extensions of legislation that had built up over several presidential terms). There was a "political reform" that culminated in the mid-term elections for Congress held on July 1, 1979 (a disappointment for the government) and a measure guaranteeing the "right to information" that has been exposed as ineffective by the recent PEMEX oil spill in the Gulf of Mexico.

These raise complex issues, but a summary judgement must suffice. Up to now it does not seem that halfhearted attempts to "liberalise" the regime (from within) have done more to bridge the gulf between state and society than was achieved by a repressive response in 1968, or by a response of populist semi-mobilization in the early 1970s. A strong sense persists of elite insecurity in relation to the real forces at work in Mexican society.

It is an insecurity that assumes many guises. Most recently it has fastened on three possible sources of justification--the rapturous reception given to the Pope in his recent visit (far stronger than any Mexican politician could elicit); the unexpected vigour of the Communist Party, now about to be legalised as a consequence of the latest elections (officially it only received 703,000 votes or 5.4% and the three left-wing parties obtained 10% in total, but even so, conservative elements in the elite are frightened at the long-term implications); and the appetites aroused, both at home and abroad, by the size of Mexico's hydrocarbon reserves. Individual causes of concern such as these may wax and wane, but the underlying fear remains that social tensions may become politically unmanageable for the governing elite. In order to evaluate the accuracy of this preoccupation it will be necessary to look more closely at some key areas of social tension that might have potential for political disruption.

A. Disaffection in the Intelligentsia

An alternative heading for this section would be "the potential of student discontent." Unfortunately I have been able to find no intermediate term between "intelligentsia," with its overtones of pretentiousness, and "student discontent," which carries an implication of frivolity. The average Mexican has completed less than four years of formal education, and either way we are considering a highly specialized segment of society. The educated are pretty well insulated from the most acute forms of social injustice and are generally not too well informed about what life is like for the majority of their compatriots. Those with a higher education are very heavily concentrated in the capital of the republic. Their

social circuit is often confined to the higher levels of the income distribution pyramid, and for those with ability the career prospects offered by the existing system are quite frequently very attractive.

Nevertheless, the highly educated are a continuing source of concern to those thinking about the stability of the system, and a lot of official efforts have been devoted to containing their disaffection within tolerable bounds. The student-led troubles of 1968 provide only one indicator of problems this sector can cause. It is estimated that about half the votes cast for the Communist Party in the July 1979 elections came from student and intellectual voters, and a review of serious Mexican bookstores will reveal quite a high proportion of radical and Marxist literature in total sales. Of course intellectual fashions may be ephemeral, but the parties of the Mexican left (above all the PCM) have also established organisational bases within the university system, and inside such related institutions as the Nuclear Energy Institute, which gives them a degree of permanence and even some power of patronage. It is symptomatic that two of the most prominent Communist deputies recently elected are leaders of the National Autonomous University's trade union. The country's educational needs are so vast, and are growing so rapidly that the Federal budget can never generate enough resources to satisfy basic requirements or fulfill the government's legal obligations. In these circumstances, conflicts over the size and distribution of the budget allocation for education have already become very severe, and threaten to intensify still further, and the newly legalized Communist Party will be championing a very popular issue as it presses this cause.

However, in Mexican conditions "disaffection in the intelligentsia" has much wider ramifications than mere conflicts over trade union rights and budget allocations. The highly educated play a far more prominent and independent social and political role in countries like Mexico than we are used to in Britain or the US. One reason for this is precisely that the state is engaged in radical and long-term transformation of society, regarding the uneducated majority of the population as the essentially passive subjects of its endeavours. The small minority of "ilustrados"--those with the education and breadth of vision to comprehend the potentialities of state action--come to acquire a strategic importance out of all proportion to their number. Their collaboration is needed if state policies are to be carried through effectively, and their stamp of approval is required if the rest of the population is really to be convinced that what the authorities plan to do is for the general good. Perhaps because of this, intellectual life becomes more ideological than is the norm in Anglo-Saxon culture (the French experience is of more relevance to understanding Latin American

intellectual styles), and the government's credibility and self-confidence are likely to be seriously affected if large and respected sections of the intelligentsia express their dissent from public policy.

Until the early 1940s ideological controversy and intellectual dissent were prominent aspects of the revolutionary process in Mexico, but thereafter until the late 1960s the regime seemed to have found the secret of enlisting most currents of expression in its power (the policy of "national unity"), whilst silencing those elements that would not co-operate. However, after 1968 expression of intellectual dissent severely undermined President Díaz Ordaz, and a substantial proportion of President Echeverría's subsequent policies can be viewed as attempts to restore political credibility with the progressive intelligentsia. Since 1976, President López Portillo has tried to shift the focus of political attention from the more divisive ideological issues to the ideals of sound administration and tolerance for opposing views.

But promise of sound administration and of liberalisation can still ideological controversies about the future of the nation only temporarily. Gradually the present administration is forced to define itself on key issues of intellectual controversy--the future of the peasantry, the power of the private sector, the determinants of income inequality, how the benefits of oil wealth are to be used. As the official stand on each of these issues becomes more apparent, the prospect crystallises intense ideological controversy and intellectual dissent. For reasons that will become more apparent in the in the next section, the authorities are likely to be quite vulnerable to attack from several ideological standpoints. Both on the Marxist flank and from a private business-oriented perspective, there are now stronger and more articulate nuclei of criticism and disagreement that are capable of undermining official positions and of disorienting government policy-makers. In a society like contemporary Mexico, that is undergoing immense social strain, well-organized intellectual dissent can be highly destabilising.

B. Extremes of Inequality and Injustice

Another good reason for elite insecurity is the knowledge that despite all the proclaimed aspirations and rhetoric of the regime, there has not in reality been much (if any) progress in reducing the overall incidence of inequality and injustice that characterizes Mexican society. Disaffected intellectuals play an important role here, because they can generate a systematic and analytical awareness of process that would only be perceived in a partial, empirical, and fragmented manner by the victims if they were reasoning solely from their own direct experience. In

fact there was quite a long period, from the 1940s to the 1960s, during which intellectual dissent was generally muted, even though social inequalities were apparently on the increase. The political consequences of acute and persisting inequality and injustice were not so difficult for the regime to handle, so long as it could orchestrate a fairly wide consensus around the themes of nationalism and development. But even though I have said that Mexican intellectuals generally occupy a rather privileged (and sheltered) position at the upper end of this inegalitarian distributional pyramid, the visible existence of great social extremes poses a constant challenge to their interpretative schemes.

The scale of this phenomenon must not be overstated, of course. A large proportion of those who receive higher education are absorbed by the established order and do not allow the persistence of inequality to dominate their mode of analysis. Of the minority who do focus on this theme a significant proportion are non-Mexicans who may be vulnerable to an eventual nationalistic backlash. (This particularly applies to recent refugees from South America who are at the margin of the regular Mexican system of co-optation and patronage). In addition much of the work that does emerge from the intellectual left suffers from dogmatism and lack of realism about the true contours of Mexican social inequality.

These are all factors that would impede the emergence of an effective and coherent left-wing alternative to the present political formula, but they are not impediments to the emergence (with student and intellectual assistance) of the condition of "ungovernability" feared by the established elites. All that is required for <u>that</u> condition to develop is a sufficient degree of restiveness among those groups which are the main victims of the injustice and inequality for them to respond to the opportunities and leadership provided by the student and intellectual dissidents.

In view of my critical comments on the work of other scholars who have concerned themselves with the relationship between social inequality and political order in Mexico, I am obliged to offer some tentative assessment of my own. Whatever qualifications one might have about the conventional measurements of social and economic inequality, there can be no doubt that it is very extreme and very persistent in contemporary Mexico, nor that it often comes associated with primitive forms of exploitation and brutal forms of oppression. For example, for what it is worth, the World Bank estimates there to be between 12 and 15 million Mexicans whose income per capita is less than 200 dollars a year. There are abundant monographs and life histories that document what this means in human terms.

The difficult question is what political consequences follow, why is there not more effective opposition to the system "from below." The fact is that there is not a single undifferentiated

mass of victims of the system, of course. Rather there are many different groups, antagonistic to each other, deliberately divided and fragmented by those in authority whose task it is to maintain social control. Different forces prevent the emergence of effective opposition among different groups.

Let me briefly review several types of explanation that have been offered, each of which may be correct in a substantial number of cases. Colonialism and, indeed, social serfdom left a legacy of resignation and dependence that still persists among a significant section of the Mexican poor, it is asserted by sociologists who have made comparisons with the more assertive outlook of societies based on recent immigration, such as Argentina. Perhaps, but if so it would be important to add that the experience of passivity is a lesson not merely inherited from the distant past, but reinforced through daily experience. Although the revolution was allegedly made in their name, it was the poor who suffered most during the years of fighting and the turmoil of reconstruction, and it would be understandable if in their own self-interest they hesitated before unleashing further violence, no matter how grave the provocation. Even so, students of rural politics report that the reason why there are so few genuine peasant leaders, and only bureaucrats who masquerade as spokesmen of peasant interests, is not that no such people emerge from the ranks, but only that their life expectancy is extremely short. To a lesser extent the same applies to any authentic leadership that emerges among the urban poor or in much of the labour movement.

Thus although the Mexican regime offers an external appearance of moderation and restraint, it is not perceived as very gentle by substantial sections of the urban and rural poor. Indeed it would be rash to suppose that in Mexico "the rule of law" reaches down much below the level of those with stable employment in urban areas, i.e., beyond the top third of the population. Below that level there are only clientelism and particularistic forms of self-help solidarity with no real access to any impersonal source of justice. For those people "political reform" and liberal guarantees offer no redress, and if they remain loyal to the system, it is despite their experience that police, bureaucrats, and party officials are unresponsive to their needs. If anything, it is the figure of the President _in person_, as powerful and well-intentioned benefactor, that offers some grounds for hope, rather than the administrative system over which he presides, which is rightly assumed to be hopelessly weighted against the "popular classes." But, of course, the President is a very remote and inaccessible figure, (despite the endless round of ceremonial and distributional functions to which every president is committed, so that the popular image can be sustained). In practical terms the main resources available to those in the "informal sector," if they are to protect themselves from scarcity, insecurity, and injustice, are the extended family, the local community, and in particular the local _patron_, _cacique_,

or _dirigente_ (whose position in turn depends upon his vertical ties with more powerful protectors).

For this system to absorb the intense social strains that afflict the informal sector, a number of conditions are required. The authority structure must be stable enough to contain the immense pressures from below. (Hence the fear of members of the elite that any visible crack in the unity of the regime might cause the whole social order to unravel.) At the same time, the lesson learnt from Porfirio Díaz was that stability must be combined with a degree of openness and flexibility--rotation of office-holders is vital to provide the "outs" with an incentive for conformity. Just as political stability requires a degree of openness and mobility within the authority system, so also social stability requires a substantial amount of occupational and inter-generational mobility--i.e., requires a continuous expansion of employment opportunities and a rapid extension of the educational system. It is neither possible nor necessary for the benefits of these processes to extend to the popular classes as a whole, however. With large, extended and geographically-dispersed families, it may be sufficient if the system extends real opportunities and benefits to one member for the fruits of his success to provide some security and a degree of participation to perhaps a dozen others. This, at least, is believed by the governing elite to be one powerful mechanism contributing to social stability in Mexico despite the country's acute and persisting inequalities.

Another mechanism that is assiduously cultivated consists of counter-balancing the demands of those groups who are at the very bottom of the pyramid against the interests of other groups almost as vulnerable, but who can feel threatened from below. Thus the demands of landless labourers may produce a conservative solidarity among _ejidatarios_, even though their rights to land provide them with only the most minimal incomes. The demands of _ejidatarios_ may produce a similar defensive reaction among small private landholders whose incomes are scarcely any higher. Urban squatters may be deradicalised by the fear that even poorer and more recent migrants will jump their place in the queue for basic services, and so on.

There is, however, a major deficiency in these various explanations of social stability despite acute inequality that we have passed under review. They are all essentially static, whilst Mexican society is changing at an almost unprecedented pace. Between 1970 and 1976 the number of school teachers rose by two-thirds, an increase of 200,000, and the number of children receiving secondary education doubled. At the beginning of the decade the net increase in the labour force was about 500,000 per year; by the end of the decade it was over two-thirds of a million, and in another decade it will exceed one million per year. The number employed as vehicle drivers doubled between 1969 and 1978, to 1.9 million, as the internal combustion engine reshaped entire patterns of

settlement. Examples of very rapid social change could be multiplied, but here we need only mention the most basic aspect. The total population has been increasing about 40% per decade; the urban half of the population expands twice as rapidly, multiplying the areas of precarious and illegal settlements which lack sanitation, drinking water, street lighting or electricity, let alone viable systems of transport or regular sources of employment. These broad tendencies have become virtual cliches, of course, but nevertheless they amount to a very far-reaching social transformation. With what political consequences?

Although at one level these processes might be seen as encouraging--evidence of social dynamism, making possible a very rapid expansion of the market and the renewal and upgrading of the labour force--the regime had abandoned heady optimism of this type by the end of the 1960s. Increasingly, the authorities have come to view with forebodings the implications of such a headlong demographic expansion, but of course there must be a long delay between their change in perspective and any subsequent deceleration of population pressure as a result of their shift towards anti-natalist policies. For at least the next decade they must live with the negative consequences that they failed to anticipate in the 1960s.

One of the most serious, from the standpoint of political control, is the breakdown of rural isolation and the erosion of the governing party's traditional mechanism of rural social control. The land reform (or hopes of land distribution) had for many decades given the governing party an unbreakable grip on the countryside that could be used to offset its relative weakness or unpopularity in the cities. But there is now no way to activate peasant support with the promise of further land distributions, for the peasantry are being converted into unskilled wage labourers; and the only land that might still be available for distribution could only be obtained at a very high cost in terms of landlord resistance and lost output. In any case the rural population is no longer an effective counterweight to the cities.

Looked at in another light, the major political problem is no longer to provide land to the peasantry, but to provide employment to the young, both urban and rural, who are flocking into a labour market that shows little sign of being able to absorb them. Expressed in its simplest terms the economy requires a very high rate of accumulation and great success in channeling investable resources into the creation of productive employment in order to absorb these new workers. But there are also very intense pressures for immediately increased consumption (not least from those concerned to ameliorate the inequalities of income), and for every type of social and infrastructural investment--schools and hospitals and housing and drainage--that add only to the long-term productivity

of the economy, and not to its immediate capacity for accumulation. Meanwhile, of course, the dependency ratio is far higher than in the more developed countries with which Mexico must compete, which also detracts from the internal capacity to generate a large surplus for investment and job creation. Finally, the pressure from poorly educated entrants to the labour market for immediate employment creates a strong temptation to "invent" work that is in reality of low or even negligible productivity. These, in synthesis, are some of the reasons for elite pessimism about the implications of the current very rapid pace of social change.

Clearly the prospect of extremely large revenues from the production and exportation of oil puts some of these problems in a different light. This is the most intensely debated theme in contemporary Mexico and would require a separate discussion on its own. Certainly the oil revenue will ease some of the financing problems referred to above, but there are grounds for doubt about its benefits in terms of political stability. Directly, it creates few jobs, and may even destroy more than it creates, if other exports are made uncompetitive and domestic agriculture is displaced by food imports. From a political standpoint it has the disadvantage of raising the general level of expectations, which it had long been the task of the political system to damp down. As huge reserves accrue, the government will be deprived of its strongest traditional argument for postponing demands and for failing to fulfill its legal commitments ("We can't afford it yet, but have patience and contribute to our collective efforts to increase production"). Certain particularly visible forms of social inequality are likely to be accentuated by the oil bonanza, and pressures on the government by organised groups with rival distributive projects are certain to intensify.

At the present the government is being deluged with advice from its sympathisers both internally and abroad. The basic theme is, "You must use some of the oil revenues to diminish social inequalities and thereby enhance the stability of the established order." It may be that the increased resources available to the government could be used to produce some reduction in inequality, although the advisers are generally rather imprecise on exactly how this considerable task is to be achieved. Even if this can be done, the second half of the recommendation may not follow so automatically as these advisers suppose. The question needs to be asked, "Even if you can diminish social inequalities, will that necessarily enhance social stability?"

The point to notice is that traditionally, although Mexican society was very unequal, the various social groups and classes were kept rather well insulated from each other. The separation of organised workers from party-controlled peasantry was one of the most hallowed traditions of post-revolutionary organisation (one that is threatening to crumble during the present presidential

term, however). In fact, this was only one very visible aspect of a far more elaborate process in which the stratification system was reinforced by geographical, social, and institutional forms of separation. Geographical mobility is now increasing at a rapid pace, with a consequent fusion of labour markets, and a diminution of social barriers within occupational categories. The horizons of comparison used by distinct categories of workers are therefore changing from a localistic to a national orientation.

The left-wing intellectuals referred to above analyze this process in terms of the "proletarianisation of the peasantry," and the consolidation of a national working class. Viewed in those terms, it is a process which still has far to go. But at least some of the advice being pressed onto the Mexican government implies that this process should be actively encouraged and speeded up. There must be genuine doubts whether the result would be to enhance social and political stability, even if such policies did appear to reduce measured inequalities. The inequalities remaining will still be so great as to provide an ample basis for discontent, but a discontent that would acquire new forms of expression. Great economic inequalities combined with social fragmentation should be easier to control than lesser, but highly visible, forms of inequality in a mass society. (One variant of this argument can be found in the literature on "crisis of modernization," although its normative assumptions are as ideological as those of the Marxist alternative.) Of course Mexico is already undergoing the transition to a mass society at an extraordinarily rapid pace, and there is nothing its elite could do to prevent the process. However, advice which means in practice that this process should be deliberately accelerated, in the cause of social stability, would seem to rest on some rather dubious assumptions.

C. Organised Labour as Pillar of Regime

In a recent speech to the Mexican Electronics Union, President López Portillo made as clear a statement as one could desire of how the regime views the official labour movement, and of the dangers that it must resist.

> Our country progresses because we have a strong union movement which understands the importance of not destroying what exists, but of preserving our sources of employment. Unfortunately many other countries in the Americas have been unable to find the equilibrium we have here, and so have unleashed self-destructive processes that first undermine the possibility of democracy and then destroy the labour movement, implanting dictatorial and repressive regimes. But here in Mexico the government, the workers and the unions will maintain a respectful, balanced and solid

> attitude towards social rights, and all of them will keep in mind the interests of the republic and all its citizens.[2]

By international standards the Mexican labour movement is surprisingly strong, both in numerical and financial terms. Last year there were apparently about 5 million union members, which amounts to 26% of the total labour force (compare this with 24% of the U.S. labour force who are union members). However a more relevant comparison would be the proportion of wage earners enrolled in trade unions (a substantial part of the Mexican labour force are self-employed). By this measure, about half the eligible labour force are unionized, and this includes nearly all the strategic sectors of the economy. A recent study asserts that "labour organisation embraces the whole of big industry, a considerable part of large-scale commerce and service activities, and even a large proportion of small and medium enterprise. There hardly exist in Mexico permanent employed urban workers who are without labour leadership (even if they may not know who their representatives are)."[3] Fully one third of these 5 million union members are either government or public-sector employees, and union organisation is especially strong in the greater Mexico City area.

It has required official protection for the labour movement to become so well organised. There is a long history that explains the character and purposes of this official protection, dating back in particular to some strategic decisions of the 1930s, and before that to the 1917 Constitution. Key aspects of official policy include enforcement of the closed shop, automatic deductions of union dues, the distribution of party political positions (as congressmen, and even state governorships) among officialist labour leaders, and the inclusion of union representatives in the management of major bureaucratic institutions (the Minimum Wage Commission, the Workers Housing Fund, the Tripartite National Commission, etc.). As the quotation from President López Portillo indicates, the rationale for such measures is to consolidate organised labour as a pillar of social stability, providing the government with a counterweight to conservative and business pressures, on the one hand, and a means to attract and enmesh the workforce in a posture of support and understanding towards those in authority, on the other. For the authorities this has been a successful strategy yielding vital increments of support and solidarity during such key moments of crisis as the oil nationalisation (1938), the devaluation crisis (1954), the student challenge (1968), and the stabilization crisis (1977). The official labour leadership has repeatedly demonstrated its capacity to deliver disciplined support, even when this has implied acceptance of rising unemployment or falling living standards that must have been unwelcome to most of the membership.

Why is it that (contrary to the expectations of radical theorists) the labour movement has for so long acquiesced in this role, and how likely is it that they will continue to do so? One major factor is hinted at in the presidential quotation above--job security. Although union membership has grown steadily in line with the economy, there is a huge reserve army of the not regularly employed available to take the posts presently reserved for union members. Membership in a strong union is a privilege strongly desired, not so much because of the union's role in wage bargaining as because of increases in job security and opportunities for career advancement. Indeed in most cases membership is a precondition for stable employment, and in order to join a union it is often necessary to bribe a union official, and then wait (perhaps for many months) until a job vacancy becomes available to which the union can propose a nomination. Some union rules even specify that relatives of existing union members will be given priority for membership vacancies as a result of which ordinary trade unionists are known to sell false claims of parentage to aspiring workers. Union leaders exercise a significant discipline over their rank and file, through the power to withdraw union membership (temporarily or even permanently) from supposedly miscreant workers. Loss of union membership signifies dismissal.

Of course union leaders who operate on such principles are only strong so long as the employers, and relevant government authorities, concur with their use of these powers. There are definite limits to the extent that labour leaders can press demands against the wishes of those in authority before the official collaboration that is the mainstay of union organisation will be withdrawn. Mexican labour history is replete with examples of trade unions that attempted to function just on the basis of rank-and-file commitment, and in defiance of the established order of labour controls. Since President Alemán there have been few examples of lasting success.

Since the early 1970s, however, the old mechanisms of control have shows some signs of weakening, and independent-minded local unions have grown in number and militancy (although still very much a minority tendency). Several factors have been at work that seem likely to continue. With economic growth, large industries with a highly productive and relatively well-educated workforce have come to the fore. In these sectors working-class solidarity tends to be relatively higher, the threat of job dismissal may be less convincing (at least for those with special skills), and the damage threatened by strike action is greater. Certainly since inflation gathered momentum in 1973 the incidence of strikes has increased considerably, and it seems that the official union leadership is facing increased militancy from below.

It is worth recalling that many of the established labour leaders in Mexico have no more than a primary education, and have held these positions perhaps for as long as thirty or even forty years. They must now contend with a very young labour force, containing some considerably better educated elements, for whom the years of post-revolutionary construction and of the Cold War are ancient history. Furthermore recent moves towards "political reform" mean that there are now a legal Communist Party and even a few Communist-led trade unions, with which the official unions must now compete by means of open debate and positive achievement. As a result, although the official union movement retains an overwhelming superiority of resources compared with the newcomers, it will not in future be such a reliable and docile pillar of the regime as it has been in the past. Not, at least, if it wishes to conserve its social base.

Quite how big a change is underway remains to be seen. Over the past year the major union confederation--the CTM--has produced a series of policy statements of startling radicalism. Uncharacteristically strong verbal attacks have been made against the private sector, combined with specific proposals that would run against its interests, such as unionisation of bank employees, the nationalisation of strategic industries, a radical extension of price controls, the unionisation of the rural labour force, and even the elimination of private property rights in rural land.

The practical significance of these declarations remains uncertain. From the viewpoint of the traditional left (Lombardistas), these statements are seen as evidence that at last the CTM is reverting to its historic role, and that after thirty years at the margin of events, their analyses are finally being vindicated. The interpretation of the more orthodox Marxist left is less favorable. They do not believe in any spontaneous change of heart by labour leaders they have classified as totally sold-out. The statements are therefore viewed either as total demagoguery, or possibly as a bargaining position in order to extract a few minor concessions from the authorities when the benefits of oil become available for distribution.

My own view is that the situation is becoming more open, and more unpredictable. CTM leaders almost certainly to not expect these new proposals to be implemented in full, but they are apparently beginning to plan some way ahead, and making preparations for a new era in which the labour movement may well become a more assertive and independent actor. At the very least, an aging leadership which knows its time has almost run out is providing verbal ammunition that may be used in unpredictable ways by the next generation of labour leaders. Of course their successors will be conscious of all the advantages their sector has acquired as a

result of collaboration with the established order, and the Mexican political elite will never cease to remind them (as President López Portillo has just reminded them) of what they stand to lose in the event of social polarisation and intensified class conflict. On the other hand, the credibility of such arguments will be undermined if it seems, as it has seemed to many observers over the past three years, that labour discipline and loyalty are contributing, not to "a balanced and solid attitude towards social rights," but to a lopsided outcome in which the private sector obtains all the advantages, making no concessions in return. In other words, the labour sector in Mexico may continue to be "governable" if, but only if, the government does not seem totally at the mercy of the private sector.

D. The Problem of the Private Sector

Two years ago a Wilson Center colloquium on Mexico heard a paper by leading U.S. scholars that included a suggestion that "the government controls labor basically by giving it all it wants," and the statement that "Members of the private sector are not exempt from political discipline. Most members interviewed by us expressed the understanding that they would be severely punished for major political sins such as publicly insulting the President, or too obviously thwarting the goals of powerful political figures."[4] This assessment may well have been influenced by the conditions of strong tension and hostility that developed between the private sector and the Echeverría administration, particularly in 1973-76. My evaluation may be equally influenced in the opposite direction by the rebound from these conditions that occurred from 1977 to 1979. Certainly the private sector (and more generally the propertied classes) have felt no hesitation in publicly insulting an ex-President, once his powers of retaliation have lapsed. There must be at least some extent to which these campaigns against Echeverría serve as a warning to his chosen successor. For some very compelling reasons President López Portillo has chosen so far to give the highest priority towards reassuring nervous private investors, and reaching agreements with the spokesmen of the business community on the conditions they require to expand their investments in Mexico and to create more jobs.

Viewed over a long perspective, the private sector has reason to feel somewhat insecure, and vulnerable to political discipline, at least compared with the experience of the private sector in the U.S. Mexican traditions on the question of property rights, for example, are less favourable than American traditions. They find this expression, for example, in the 1917 Constitution, which is not indiscriminately favourable to private capital accumulation. Mexican national ownership has in some cases been promoted at the expense of foreign ownership (for example, only Mexican banks

can take deposits from the Mexican public), and private ownership rights in land, water, and minerals are significantly restricted. The production and distribution of oil and oil products is a state monopoly. More generally during much of the 1930s Mexico was viewed as a decidedly unpromising environment for many forms of private enterprise. Currency hoarding abroad and urban real estate speculation were perhaps among the more important activities left to private wealth-holders. Memories of such experiences are easily reawakened. After all, Mexican history is replete with examples of how political popularity and social mobilisation can be achieved through property confiscation, and the social conditions that feed this type of politics are far from disappearing.

Nevertheless, since the 1930s, economic and political conditions in Mexico have of course been transformed--and transformed in ways that are systematically highly favourable to private capital accumulation. Although some areas of economic activity were closed to private initiative, this was offset by very favourable incentives (tax concessions, protected markets, etc.) for those who invested in approved sectors. Although the extension of the public sector may have looked threatening at certain periods, it soon became apparent that most of these enterprises were creating the conditions for private-sector expansion, and providing entrepreneurs with low-cost inputs. Likewise the existence of a large and politically protected labour movement was little cause for alarm provided the authorities used their influence with it to control labour costs and curb working-class unrest. Not all types of private investors responded with equal alacrity, but after several decades of experience of political stability and a higher rate of capital accumulation in Mexico than in the U.S., by 1970 the fears of the 1930s had retreated to the background.

The system imposed some political conditions on the business sector that might seem onerous from a North American perspective, but in pragmatic terms these were not difficult to live with as long as the government concentrated on providing a highly favourable economic environment. The basic rule was not to publicly challenge the authority of the state or engage too openly in activities classified as "political." Even the powerful business interests known as the "Monterrey Group," who were historically identified with counter-revolutionary political trends, learnt how to live very will within the system, reducing their commitment to the opposition political party they had helped to found, and allowing their "company unions" to affiliate with the governing party.

It is since the end of the 1960s that relations between the business community and the political elite have become more tense again. Despite the improvement of the past three years, the underlying tendencies that produced this tension are likely to reassert themselves. From the government's side came the decision to

increase the size of the public sector, implying a diversion of resources away from the private sector just at the point when Mexico's underlying rate of growth was in any case slowing down. Although this change of strategy may have contained elements of arbitrariness attributable to the personal style of President Echeverría, it is a mistake to reduce the whole issue to that level of explanation. Many forms of public investment required reactivation if the economy's underlying capacity for growth was to be sustained, and other forms of public spending were almost certainly necessary to "relegitimise" the regime (and thus maintain political stability) after it had become discredited by its over-close identification with the private sector.

The combination of these objective considerations, together with some subjective factors that aggravated the situation, were to produce a marked conflict between the Echeverría administration and the private sector as a whole. In addition to some celebrated verbal exchanges there were some substantive conflicts (e.g., private-sector resistance that sabotaged an important proposal for fiscal reform), the outcome of which was to accelerate the process of inflation, and therefore to intensify sectoral conflicts. It was deeply disturbing to private wealth-holders when the government denounced leading elements in their sector as unpatriotic, retrograde, and even pro-fascist. Their alarm was redoubled when the authorities resorted to forms of popular mobilisation evidently intended to intimidate the private sector (for example, the officially-orchestrated labour demands of 1973 and 1976, or the flamboyant confiscation of some large land-holdings in the northwest carried out as a military maneuver at the tensest moments of 1976).

A sober evaluation of such episodes seems to indicate that the intention was not to inflict long-term harm on the private sector as an economic interest. Rather it was to reassert state authority in relation to a social group that was thought to have become too arrogant, whilst attempting to create long-term conditions that would once again be favourable for publicly approved forms of private accumulation. This is, nevertheless, a retrospective judgement, whereas at the time the private sector felt it could afford to take no risks. It must assume the worst, and resist with all its might. The result was quite different from what the Echeverría administration must have hoped. Its attacks only consolidated the unity and fighting spirit of the private sector, enhanced its confidence in its own resources, and liberated many sectors of the business community from a tradition of submissiveness towards the political system.

On this view the strenuously pro-private-sector policies pursued since 1977 were not so much a swing of the pendulum as a recognition by Mexico's political leadership that the balance of social power has shifted markedly away from the old "nationalist"

state, towards a more developed and politically self-confident business community. There are a variety of forces making for this evolution, of which one might single out three. Most attention has been focused on external economic influences that have reshaped the structure of the Mexican private sector, enhanced its political leverage, and contributed to its ideological cohesion. The "dependency" approach focuses on a range of processes related to foreign investment, financing, technological transfers, and cultural influences, all of which have helped to emancipate the Mexican private sector from the tutelage of the state. These processes are certain to continue.

A second aspect has received less attention, perhaps because it fits less well into a nationalistic mode of analysis. It seems, however, that the state apparatus itself is undergoing processes of change that make it more susceptible to private-sector interests and opinions. A new generation of business school graduates has emerged and is for the first time assuming positions of administrative authority. Debates on policy issues are becoming couched in more technical, rather than traditionally political terms, and this favours the private sector. In this sense the idea that the labour movement is the most influential social force shaping government policy may well be an optical illusion. Despite all the formal positions of influence occupied by labour representatives, they are rather poorly equipped to win policy debates, as compared with the private sector.

The third factor working in favour of the private sector relates to the character of the domestic financial system. Compared to the 1930s this is now vastly more elaborate, sophisticated, strategic to the functioning of the whole economy, and more integrated with the financial markets of the U.S. In contrast to the rest of Latin America, for Mexico exchange controls are a virtual impossibility, no matter what political sacrifices the government might be willing to make, because of the nature of the frontier. It must also be clear that however hard the authorities try, they can never make Mexican property-owners feel quite as secure as they would be if their assets were in the U.S.

These two factors taken together signify that the Mexican regime must live with a permanent threat of capital flight, if either political or economic conditions for the wealthy are ever allowed to deteriorate to those offered by the U.S. In relation to all other social groups the authorities can offer a mixture of "pan y palo" (carrot and stick), but private savings can only be retained with a double helping of carrots and no harsh words. On other issues it may be possible to negotiate a formal political pact with business leaders, on which there is some give-and-take. But in relation to private savings a series of spontaneous and unorganised decisions can cascade, without requiring any centralised

organisation or responding to any form of centralised restraint. This had far-reaching implications for the state's control over economic policy (e.g., limiting its capacity to take measures that would redistribute income) and helps explain why the Mexican government always needs to maintain a higher rate of growth (and of profitability) than exists in the U.S. It may be the most important, and is certainly the most visible, of the factors that have strengthened the leverage of the private sector and restricted the range of economic options available to the state.

There was a devaluation in 1954, a crisis occasioned by capital flight in1961, and a more serious devaluation in 1976. Nevertheless it might be argued that in the years ahead, this is one source of political danger that should be easier for the authorities to handle. The oil revenues should add to official reserves and therefore the capacity to resist capital flight, and in any case "dollarisation" must be less of a threat now that the dollar, and the U.S. economy, are performing so poorly. In the short run these arguments are plausible, but further ahead the picture is more doubtful. We have been through a cycle in which the Mexican economy has offered exceptionally favourable conditions for investment while the U.S. economy has been afflicted with grave problems. There will be other periods in which the U.S. economy seems capable of recovery, whereas the Mexican economy is affected by much higher levels of inflation and overheating.

On a more political level, how will the Mexican private sector react to rising demands from those social groups that are not benefiting from the present lopsided pattern of economic recovery, or from the reappearance of severe social conflicts in the "informal" sector? Within the Mexican political elite one still finds influential voices arguing that the regime can only save itself, and turn the oil bonanza to good effect, by reviving a limited degree of "populism," and curbing the excessive pretensions of the private sector. A recent press interview given by ex-President Echeverría expresses the viewpoint forcefully, and helps to explain the climate of nervousness that has reappeared in the private sector over the past few months:

> The oligarchies will not yield easily. Their political and economic project is to accelerate the production of oil. They propose this, logically, in the name of a modern form of capitalism that, in essence, seeks to dis-articulate the State and the public sector... The oligarchies have learnt two lessons--the political value they can extract from launching a campaign of rumours conceived as part of a deliberate campaign of public intimidation; and the scope for exploiting the conflict

> between internal and external economic priorities, at moments of economic crisis. By this means they can force a devaluation. In any case the flight of capital, the rumours, and the associated international campaigns were aimed at the destabilisation of the regime.[5]

Rather than a diagnosis of the problem of the private sector, this statement may be part of the problem. But in either case the issue is still a live one, perhaps the central concern of those responsible for the "governability" of Mexico.

Conclusion

That completes my review of the major reasons for elite concern about the "governability" of Mexico. However, as the "almost" in my title is intended to convey, it does not follow from all this that Mexico is ungovernable. On the contrary the burden of my message is that elite pessimism, or realism, about the underlying social strains plays a vital role in maintaining a degree of political cohesion, enhancing the authority of the established leadership, and creating pressure on the political class to generate new solutions, or at least new adaptations of the old system.

Throughout my exposition the term "governing elite" has been used without further clarification, and a more or less systematic set of attitudes has been attributed to this abstraction. However, it will also have emerged from my paper that I recognize some deep divisions over major policy issues, and that as social differentiation proceeds, the political apparatus has come under increasingly strong and conflicting pressures from potentially antagonistic social groups. The synthesis of these two positions would have to be that there are very powerful historical and institutional mechanisms making for homogeneity and continuity at the level of national leadership, on the one hand, but that also the dynamics of a very rapidly changing society put that governing elite under intense strain. Natural responses to such strain are a sense of alarm and pessimism, on the one hand, and an effort to define the perceived long-term dangers in ways that elicit a unifying response and overcome internal frictions, on the other.

The political rulers of Mexico have been essentially self-recruited from a single intensely socialised clique for the past half century, ever since the military mode of self-advancement was curtailed. These processes of recruitment and socialisation are strong enough to justify any reliance on the term "governing elite," and to attribute to it a certain commonality of outlook. Despite all their efforts to transform their society, or to contain ("encuadrar") its fissiparous elements in a series of approved organisations, a fear does persist that the results still do not

provide a solid basis for political order. The foundering of such apparently solid political structures as the Spanish Empire, and the Porfiriato, are still imprinted on the nation's political memory, and the present rulers of Mexico, despite their rhetoric, cannot be sure how much closer they are to the underlying will of the people than their predecessors. This accounts for their persistent secrecy, solidarity, reliance on nationalistic reflexes, and capacity for ruthless action to cope with emergencies.

However, perceptions differ widely as to the nature of the danger to be confronted. In this paper I have only quoted three statements by Mexican political leaders indicating the dangers they most feared. There was one statement from each of the past three Presidents. In the Mexican system each President is a "thinking head" of the governing elite--indeed, each plays a vital role in recruiting, reshuffling, and reorienting the entire political class. When we use abstractions like "the governing elite," we are liable to underestimate the personal impact that may be exercised by individual leaders. At any rate, each of the last three presidents has attempted to propagate his own personal views of the main source of danger--respectively: irresponsible poorly led youth; greedy unpatriotic businessman; and social polarisation caused by inflation and the struggle for the oil surplus. The foreign observer, impressed by the country's political institutions and traditions of stability, and sheltered from the personalism and arbitrariness of the system, might not consider any of these three dangers particularly alarming. But to a political leadership aware of its own internal fragility, and conscious that there are many "spontaneous" forms of popular expression that need to be continuously curbed, even minor signs of disconformity are considered ominous.

Undoubtedly, as foreign liberal observers predicted in the 1960s, there has been a rapid development of the middle classes that has put pressure upon this governing elite to act with more restraint, to become more civilised, and to expand the scope of civic rights. In a word to promote "pluralism," and democratisation. Nevertheless this process has not gone far enough to negate the above characterisation of the political system. In view of the social stresses that this paper anticipates for the 1980s, it seems doubtful that democratisation can advance all that fast. Those who dismiss these reformist measures as irrelevant have underestimated the forces at work, but the alternative approach of taking them at the government's public evaluation is more mistaken. The governing elite has strong motives for introducing a succession of facelifts, whilst keeping their major power resources intact. Our opening problem--how to establish a dispassionate but realistic assessment of the Mexican system--recurs at this point. The political arrangements described here are not particularly attractive from an ethical standpoint.

They are perhaps understandable adaptations to the social context that has been outlined. They may even be justified by a stronger argument, namely that elsewhere in Latin America can be found even less attractive political adaptations to this type of social situation. But everything hinges on the standpoint of the observer. Depending upon where you are located within the Mexican social structure, the system may either be judged as the least of evils, or as so awful that any change is worth attempting.

In conclusion, my title inevitably invites the question "How probable, then, do you consider a crisis of ungovernability in Mexico?" There are sovereign risk analysts and CIA station officers whose careers depend on attaching plausible-looking percentages to probability questions like that. My purpose in this paper has been to offer an interpretation of the present Mexican political system, not to anticipate the future, an activity in which I disbelieve. I could never have anticipated how the Díaz Ordaz presidency was to end, let alone the contours of the crisis that surrounded Echeverría's departure. Nevertheless, standing back from such specific types of prediction, this paper has touched on three types of argument for the view that there could be a major political upheaval of some sort in Mexico in the foreseeable future. There are arguments concerning underlying social processes (which might be viewed from a Marxist, a political-modernisation, or a technocratic framework, all with a significant risk of upheaval). There are more conjunctural arguments concerned with the socially corrosive and politically destabilising consequences of an oil bonanza. And there are arguments related to the character of the political process--risks that a hitherto agile, cohesive, and inventive political elite might fail to rise to the occasion, or might attempt some bold initiative that had been badly calculated.

On my evaluation of the Mexican system each of these three lines of reasoning has a certain degree of validity. All three could intermesh. Contemporary Mexico is not inherently ungovernable. But neither is it at all easy to govern.

A Postscript on U.S. Influence

The account offered here of sources of political stability and political stress makes no reference to Mexico's intricate relations with the U.S. My work has focussed on processes internal to Mexico, and I have deliberately steered away from the international dimension that has attracted so much attention from other scholars. Nevertheless, the nature of U.S. influence on Mexico, and the ways in which it has changed or might change, are of obvious relevance to the question of "governability." The aim of this brief postscript is no more than to touch on a few of the very broad issues that would need to be analysed to clarify the real significance of U.S. influence.

From the perspective of the Mexican political elite, pressures from the U.S. are often presented as one of the most important threats to the regime's cohesion and success. There is no need to recapitulate the historical basis for this view, or to list all the respects in which, even now, decisions taken in Washington (often in response to non-Mexican preoccupations) produce unexpectedly strong repercussions south of the border. One feature that is worth stressing is that Mexican opinion attributes to U.S. policy-makers a much higher degree of co-ordination, and a much more deliberate concern to affect and control key variables in Mexican society, than American analysts are inclined to believe. There is a natural propensity in Mexico to assume that the U.S. governing elite is similar to theirs, and that a major concern of the U.S. government is how to maintain and enhance the great interests the United States has at stake in the Mexican system.

Perhaps their perception is accurate, perhaps not, but in either case it differs markedly from the usual American perception of the relationship, and that basic divergence can cause a lot of misunderstanding. My impression is that for most Americans episodes of territorial annexation, business imperialism, and major political intervention in Mexico are such ancient history that they must surely be forgotten. The relationship with Mexico has for generations now rested on co-operation and mutual respect, and the main problem is seen as persuading the Mexicans to understand the complexity and severity of the internal divisions within the U.S. raised by many of the outstanding issues between the two countries. Whereas the Mexicans feel under great pressure from the U.S. because of their oil resources, informed Americans seem to feel that their leaders ought to try harder to co-ordinate their policies towards Mexico and tailor them to Mexican susceptibilities.

Although there are many well-informed investigators studying and advising on the nuts-and-bolts of this relationship, the underlying dynamics are not entirely clear. It might enrich the analysis to compare the judgement of some very distant observers, whose aim is to characterise from afar, for a remote audience, rather than to capture the nuances from close-up. So in this postscript I shall simply attempt to sketch a French, a Russian, and an English way of looking at Mexico-U.S. relations.

My French perspective is extrapolated from the writings of Jean Meyer, but I doubt that it is his personal creation. France, you will recall, took advantage of the American Civil War to establish an empire in Mexico, and I have argued that the Mexican intelligentsia may best be understood in the light of French rather than Anglo-Saxon traditions. Stated very crudely the idea is that Mexico was the bearer of a rich heritage of Catholic and romance culture, far older and more developed than U.S. culture, but less materially successful. The Revolution, or more specifically, the political

order created in Mexico since the 1920s aimed to uproot and destroy all these authentic products of Mexican history, offering in their place a cheap imitation of the American consumer society. The bearer of this (to French eyes unappealing) form of "modernisation" was a political party constructed along the lines of U.S. machine politics complete with the trappings of corruption, gangsterism, anti-intellectualism, and business unionism. The key to Mexican political stability since the 1920s has been U.S. support for the pragmatic and vulgar system based on depoliticisation and the distribution of spoils. On this view U.S. influence is very important for the "governability" of Mexico, but not at all in the way that Mexican nationalist rhetoric would lead one to suppose. When the Mexican people retrieve their national traditions, it will be through both anti-American and anti-government forms of expression.

Russian attention inevitably centers on the contrast between the results of their revolution and the Mexican experience. In terms of original social content they find a series of similarities, and their investigations point to the conclusion that the Mexican Liberal Party played a more important role as a revolutionary vanguard than had hitherto been appreciated. However, Mexico shows what can happen to a popular social revolution in the absence of a strong revolutionary party with a clear theory of socialist transformation. The historical outcome is what they would classify as a remarkably explicit form of bourgeois domination. Yet the original social revolution was far-reaching and profound, and its popular (i.e., anti-bourgeois) content was very rich. The tension between this powerful popular tradition of social revolution and an undisguised system of bourgeois domination is what the Russian analysis could stress as the basic source of instability in Mexican society. When the Mexican people retrieve their popular revolutionary traditions it will be through anti-government forms of expression (that will also be anti-American on the assumption that the U.S. supports the local bourgeoisie).

The English, of course, would tend to perceive this issue from a point of view more sympathetic to the U.S. position. We have, after all, been the target of most of the world's nationalist revolutions, starting with your own. We have tended to believe that the influence we exerted over other countries was for the general good, rather than part of an exploitative conspiracy. We found or created major pro-English groups in the countries where we ruled or where (as in Latin America) we exercised an informal ascendancy. But as a strong and self-confident country exercising considerable powers of attraction over some of our neighbors, we had difficulties in grasping how difficult we might be to live with, when viewed from the other side. The example of Ireland is particularly painful, and relevant to this paper in the sense that one of Ireland's main problems is that geography condemns her to be so close to us, and so far from other sources of countervailing support. We were far

quicker to forget what we had done to the Irish than they have been to forget. Firstly we viewed the Irish through the perceptions of the pro-English ruling elite. Then we discovered that they were very different from us and had admirable national traditions that we should understand and respect. In response to this shift, the pro-English element in Irish society felt very threatened, and stepped up their demands on us. Whether we tried to humour one side, or the other, or conciliate both, we found no way either to use or to withhold our influence that would produce a satisfactory result for us.

By comparison, the U.S. has been far more fortunate, or successful, in its relationship with post-revolutionary Mexico. Nevertheless, it too exerts powers of attraction over its immediate neighbors that produce polarising effects, difficult for many Americans fully to comprehend. The clearest example is Cuba, whose population has been split between anti-American nationalism and assimilationism to an extent reminiscent of Ireland. U.S. influence produces disintegrating effects on Canada as well. If Mexican politicians sometimes seem paranoid and impossible to please in their relations with the U.S., it is because even their society is subjected to similar strains, although they make great efforts to conceal and counteract them. This is not a visible source of "ungovernability," and may never become one. But as Mexican migrants, Mexican businessmen, and Mexican oil come under increasingly strong influences from the U.S., the strains are likely to be felt.

REFERENCES

[1]In 1977, a journalist asked ex-President Díaz Ordaz about 1968. He replied that of his six years in the Presidency he was most proud of what he had done in that year. "Like it or not, I saved the country." "From what?" "From disorder, chaos, the destruction of liberties we have enjoyed. Perhaps you were very young, and therefore did not realize." (Quoted in Proceso, July 23, 1979.)

[2]Excelsior (Mexico City), August 11, 1979.

[3]Manuel Camacho, "Los trabajadores y el regimen mexicano" (unpublished manuscript, El Colegio de Mexico, 1979).

[4]Susan Kaufman Purcell and John F. H. Purcell, "State and Society in Mexico." The quotations are from a revised version of this paper due for publication in World Politics, January 1980.

[5]Interview published in Siempre! (Mexico City), August 8, 1979, pp. 36-37.

[This paper, together with a discussion of "The Mexican Economy at the Crossroads: Policy Options for the 1980s" by E.V.K. FitzGerald of Cambridge University, formed the basis of a colloquium on "The Political Economy of Contemporary Mexico" held at the Woodrow Wilson International Center for Scholars on September 13, 1979. The following represents a synopsis of remarks made by the colloquium's participants, including commentators Susan Kaufman Purcell (U.C.L.A.) and Clark Reynolds (Stanford University), and members of the audience.]

The presentations and discussion focused on two fundamental issues: (1) the capability and resilience of the Mexican government as it faces a rapidly changing society, and (2) the economic challenges and decisions faced by the government.

According to Laurence Whitehead, underlying the official "triumphal" rhetoric, many Mexican leaders are pessimistic about their country's future. They feel that "Mexico is almost ungovernable already and oil will make it more so." The problem is not one of "overload," which occurs in rich industrial democracies when the demands of strong interest groups grow faster than the resources to satisfy them. Instead, Mexican leaders fear the type of political crises which have occurred recently in Iran, Chile, and Nicaragua and--even more important--in Mexico itself from 1910 to 1920. These fears persist despite a relatively favorable economic situation (e.g., 7-7½ percent increase in GDP during the last few years), and may be due to the fact that Mexico's liberal institutions are only a facade. Mexicans therefore think that radical ideas will spread rapidly unless carefully contained.

These fears of instability have had an important impact on the behavior of Mexico's elite by encouraging elite cohesion and secrecy. Susan Kaufman Purcell argued that members of the elite have placed maintenance of the political system above all else. This adherence to the regime, along with a continual circulation of the top leadership, has discouraged strong ideological stands and infighting, and thus has prevented real polarization within the elite.

The regime has developed a number of control mechanisms to defuse challenges to its authority. It has often kept the poor divided while providing limited benefits to a few individuals through a clientelist system. There is a regular six-year presidential cycle which alternates periods of public spending with austerity measures, leading to a "constant rebirth of hope." According to Purcell, corporate organization of labor and the peasantry provides both an automatic base of support for the political elite and a countervailing power to the business sector. This enables the elite to emphasize political issues over economic issues.

There was disagreement, however, on whether these political control devices are effective in solving the underlying social tensions.

E.V.K. FitzGerald, for example, believes that the president's power and control of the country have been exaggerated.

Are the Mexican elite's fears of upheaval well-founded? One approach to this question is to examine several key sectors of the society. Whitehead focused on students and intellectuals, organized labor, and the private business sector.

According to him, the Mexican government (unlike the U.S. or British) sees social transformation as one of its major objectives. Intellectuals can contribute significantly to accomplishing this goal. Therefore, the government has made a great effort to contain disaffection in the intelligentsia and to shift the debate from ideological issues to questions of sound administration and tolerance for differing views. The government was alarmed after the last elections, however, by the high proportion of the Communist Party's support which came from this sector.

The Mexican labor movement developed under governmental protection and it is still one of the regime's most important supporters. The unions offer workers job security in return for loyalty in a country with relatively high un- and under-employment rates. Yet there have been important changes in the labor movement in recent years. The working class is now better educated and has greater bargaining power. It is moving toward greater autonomy from the government; this is reflected in recent statements by leaders of the Confederation of Mexican Workers (CTM). There are also increasing pressures from the outside, such as the legalization of the Mexican Communist Party (PCM). Purcell argued, however, that although the union movement is large, it has not been growing rapidly enough in the last few years.

The private business sector was also built up under state tutelage in the 1930s and 1940s, but it has become increasingly self-confident and assertive. While it still feels vulnerable to political discipline, it has a major weapon: the continual and serious threat of capital flight, which has prevented the government from using its traditional "carrot and stick" methods. In addition, this sector's power has been increased by the growing number of people in the state apparatus with a business background.

But favored government treatment of the private sector has created tensions between the government and other social groups who have not been treated as well. Whitehead thinks that these pressures from other sectors may trigger a resurgence of the populism of the early 1970s and be a major source of political stress in the future.

FitzGerald and others cautioned against treating the private sector as one homogeneous unit. There are substantial differences between the interests and demands of large and small business, industry and banks, local and multinational companies, etc. The government, in fact, has attempted to organize small business as a counterweight to large business, but it has not had much success. It is the small

businessmen who are most vulnerable to the economic disruptions of a large influx of oil revenues, especially if the exchange rate remains basically fixed.

Both Whitehead and Purcell pointed out the regime's flexibility and dynamism in dealing with past crises. Whether the regime can deal with mounting social problems in a rapidly changing society is the crucial question. Whitehead sees three potential sources of political upheaval: underlying social pressures, the corrosive effect of oil, and problems within the political elite. Until now, fear of the first has kept the political elite unified. The effects of oil are difficult to gauge. Some observers argue that the oil revenues can be used to meet the demands of the lower sectors of the population, but this might increase social tension rather than defuse it. In addition, the very existence of oil will probably inflate these sectors' demands. A member of the audience felt, however, that there is no reason why oil will necessarily be destabilizing, and that the speakers had not proven this.

According to Purcell, the Mexican government has two potential ways of maintaining the status quo. The first is for the Mexican state to expand into new areas of the economy. It is doing this already. The second is to reinforce the country's corporate structures by allowing workers and peasants to join forces and build up a countervailing power to business. This would include increasing the power of peasant leaders. Whitehead responded that this cannot be done easily. Cárdenas was able to activate peasant support in the 1930s, but Echeverría's efforts in the early 1970s failed. Whitehead feels that the task is inherently impossible today and that the failure is not due to Echeverría's mistakes. Conditions have changed since the 1930s--there is no longer enough land to distribute (even if the political will to do so existed) and many of the younger peasants want employment, not land. They have migrated to the cities and to the United States in search of it. A member of the audience pointed out that there is an alternative response to social pressures which is the exact opposite of the above recommendation: i.e., to centralize power even further.

There was also a short discussion of the concentration of political and economic power in Mexico City. Both Clark Reynolds and Whitehead agreed on the severity of the problem, and Whitehead pointed to the government's efforts to decentralize. He was skeptical, however, about the government's ability to implement its plan effectively. He also discussed the increasing importance of non-PRI candidates and the growing significance of regional issues in gubernatorial elections. Purcell did not think that centralization is a political problem since the peripheries themselves are fragmented. In addition, she thought that decentralization has not been given high priority because its desirability has been questioned on technical grounds.

COMMENTARY

As a postscript, Whitehead discussed international factors, pointing out the impact of U.S. decisions in Mexico and the differing perceptions of the bilateral relationship held by the leadership in each country. Comparing U.S.-Mexican relations with British-Irish relations, he suggested that even though the Irish situation is much more difficult, both the United States and Britain have powers of attraction which have polarizing effects in Mexico and Ireland, respectively. The population in Mexico, as well as in Cuba in the past, is split between anti-American nationalism and assimilationism. The Mexicans try to conceal and counteract these forces, but they are likely to be felt more strongly as contacts with the United States increase. Whitehead felt that future U.S. actions, due to internal imperatives or ignorance, are likely to worsen the situation.

Discussion then turned to economic issues and particularly to future economic strategies. FitzGerald began by pointing out that the impact of oil revenues on GDP should not be exaggerated, and that the real impact will be on the structure of industry, employment, and income distribution, rather than simply a massive increase in GDP.

In the past, the Mexican government has not publicized the debate within the political elite which precedes the adoption of a set of policies. For the first time, the government recently made public three different proposals for Mexico's economic strategy for the coming decade. The first proposal is found in an official document from the Ministry of Industry which has now become law; the second was presented by the World Bank (IBRD) and the Banco de México; the third represents the views of the Ministry of Treasury, Wharton, CIDE, and others (the third is basically a Keynesian forecast of economic balance, and was not discussed in detail by FitzGerald).

The Ministry of Industry's plan is based on a structuralist analysis. It attributes Mexico's economic problems in the 1970s to structural distortions which have developed since World War II, including overemphasis on the internal market and on consumption goods, and the development of an industrial sector with a few very large firms and numerous small firms. The plan favors the strengthening of industry, a continuation of the import-substitution strategy for capital goods, and public-sector expansion if necessary. It advocates a relatively closed-economy model, arguing that it is the restructuring of industry which will lead to employment creation. The plan also advocates tax reform, a continuation of the international debt (rather than paying it off as Venezuela has), and gradual expansion of oil production.

The IBRD-Banco de México plan is a "curious combination" of neo-classical economics and international monetarism. It attributes Mexico's economic disequilibrium to trends beginning in the early 1970s, such as price inflation and a large government deficit.

It advocates a more open economy through the lowering of tariff barriers and continued development of capital-goods industry (with protection if necessary). It assumes that economic growth will lead to employment creation. This plan considers two options on oil production. It recommends rapid expansion, which the government will probably oppose, in order to finance the increased volume of imports resulting from a more open economy.

Although both plans pay lip service to the need to consider income distribution and employment creation, FitzGerald argued that neither incorporates these issues into its analysis and recommendations. A plan by the Ministry of Planning did do this, but it was rejected.

A World Bank official in the audience thought that the IBRD plan had not been presented accurately. He said that the report distinguished between short-term disturbances and long-term parameters such as poverty, regional imbalances, and population growth. The report did consider the latter factors. It also recommended changes in quantitative restrictions, not tariffs, and considered financing public investment out of either domestic savings or oil revenues.

According to FitzGerald, there are other economic problems which Mexico must face and which are not treated in these plans. If Mexico is to compete internationally in manufacturing, it must hold the growth in real wages below growth in GDP. The government must also deal with an enormous pressure of demand resulting from growing GDP, and find ways to offset the concentration of income in the middle and upper sectors. It must improve agriculture in order to slow migration to the cities and also deal with the unemployed migrants already in the large cities. (The IBRD and Ministry of Industry reports assume that agriculture will not change substantially and that the emphasis should be on efficiency in production in order to feed the towns.) Whitehead suggested that the major challenge is going to be employment: "Take any commentator's favorite plan, assume favorable conditions, and it still cannot deal with the employment problem in the 1980s."

It was pointed out that no decision on long-run strategies has been made yet, but that developments in the United States will closely affect Mexico and vice versa. One of the main issues, of course, is Mexican immigration to the United States. It is difficult to calculate its present magnitude, but it is certain that future labor needs in the United States will greatly exceed the "non-immigrant" labor supply unless there is a major change in U.S. labor productivity.

Clark Reynolds suggested that Mexico forces North Americans to look at long-run structural changes, and not merely at short-term adjustments as U.S. economists are accustomed to doing. In addition to shifts in labor, there will be an increase in intermediary manufacturing in Mexico. Access to U.S. markets for these goods will depend on negotiations more than prices. This is also true for Mexican agricultural exports. Although the *de jure* establishment of a North American Common Market is unlikely, its *de facto* existence is still a possibility.

[Commentary prepared by Barbara Mauger, Program Intern]