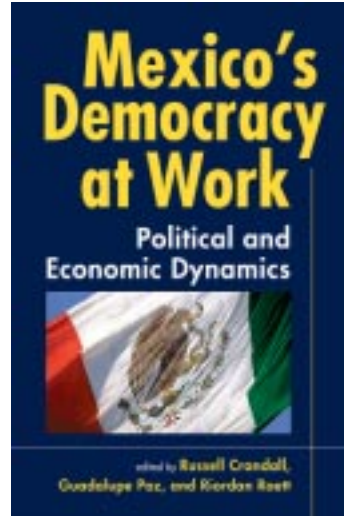


EXCERPTED FROM

Mexico's Democracy at Work: Political and Economic Dynamics

edited by
Russell Crandall,
Guadalupe Paz & Riordan Roett



Copyright © 2005
ISBNs: 1-58826-300-2 hc 1-58826-325-8 pb



LYNNE RIENNER PUBLISHERS

1800 30th Street, Ste. 314

Boulder, CO 80301

USA

telephone 303.444.6684

fax 303.444.0824

This excerpt was downloaded from the
Lynne Rienner Publishers website
www.rienner.com

Introduction: The Challenges of Democratic Change in Mexico

Russell Crandall

In 1994, Mexico was simultaneously experiencing social, economic, and political crises: the indigenous uprising in the southern state of Chiapas, the economic effects from the December 1994 devaluation of the peso, and several high-profile political scandals within the ruling Institutional Revolutionary Party (Partido Revolucionario Institucional, or PRI). More recently, however, Mexico has witnessed a peaceful transition of power from one-party rule—a transition accompanied by macroeconomic stability—and limited, yet important, improvements in addressing the country's many social problems.

This rapid and radical transformation from an “emerging market” in critical condition in the mid-1990s to a more economically stable, democratic country might have suggested in 2000, when optimism ran high, that Mexico had finally embarked on a path toward what Francis Fukuyama calls the “end of history,” where the most pressing political, social, and economic issues have been resolved.¹ Yet a central theme of *Mexico's Democracy at Work* is that the country is still far from the end of history. Rather, although the political and economic reforms carried out over the past several years are noteworthy and impressive, Mexico remains confronted by a seemingly endless list of issues that the country desperately needs to address effectively if it is to fully institutionalize its political, economic, and social progress.

What is readily apparent after additional scrutiny is that behind Mexico's genuine success story lies a set of unresolved challenges. Take, for example, the case of the North American Free Trade Agreement (NAFTA),

the avenue through which Mexican exports to the United States have skyrocketed. Since NAFTA's inception in 1994, the explosion of bilateral trade has been predicated on an increasingly precarious maquiladora (export-oriented manufacturing businesses) sector in northern Mexico that is facing fierce competition from Asian manufacturers. The Mexican export sector was also severely damaged by the post-September 11, 2001, economic downturn in the United States, demonstrating that macroeconomic stabilization has not guaranteed that Mexico's economic strategies are without risk.

The difficulties with NAFTA were reinforced on January 1, 2003, when the United States and Mexico completely eliminated tariffs on a number of tradable items. Although the significance of these tariff reductions was hardly noticed in the United States, the move was met with significant media coverage and civil protest in Mexico. In particular, Mexican farmers feared that the elimination of trade restrictions on a number of agricultural items would unleash a flood of U.S. imports into Mexico, virtually wiping out Mexican producers in the process. Although contrary to some of the goals set forth by the Mexican government in the 1990s, little was done to prepare the Mexican agricultural sector for this day of reckoning. This example illustrates that Mexico's admirable reform path—in this case, NAFTA—has not always been accompanied by the necessary public policies that would better allow Mexico to more effectively manage NAFTA in the future.

As the contributors to this volume show, for a majority of Mexicans to see benefits from the liberalization process, Mexico needs to reinforce its reform path with aggressive and effective policies in more than just the economic realm. The chapters in this volume make it clear that Mexico's challenges are as much political and social as economic. More specifically, the authors are concerned that, with the democratic transition now in the consolidation stage, Mexican political institutions might not be up to the task of addressing the many still-unresolved challenges of the upcoming years and decades.

Many pressing issues were necessarily overlooked while the political system was undergoing major reforms in the 1990s, and as Mexico entered the twenty-first century the country was, understandably, singularly focused on the historic elections in 2000 that ushered in the first non-PRI president in Mexico's modern political history. Yet overall, as several authors in this volume demonstrate, gains made by Mexico's political authorities during the 1990s can be seen as remarkable in their own right.

At the start of the new millennium, Mexico can be characterized as managing the paradox of success. Through the country's achievements on

the broad political and economic issues—for example, the hotly contested midterm congressional elections in July 2003—Mexico has the luxury (and obligation) to start focusing on the matters that have previously taken a backseat to macroeconomic stabilization: stable employment, income distribution, tax collection, demographics, investments in education and other sorts of human capital, immigration accords with the United States, to name several key concerns. These issues certainly warranted great attention and were never completely off the policy radar screen; however, it is only now that they increasingly are becoming policy priorities. By paying attention to the so-called micro issues, this volume hopes to shed light on the most pressing challenges confronting the country both today and tomorrow.

In a sense, this new Mexico is many “Mexicos.” It is certainly global; it certainly means a country inextricably linked to NAFTA and economic integration with the United States, the Mexico of democracy, and the Mexico of increased participation and growing assertiveness in international affairs. As Riordan Roett makes clear in Chapter 7, after decades of suspicion of outsiders and a “don’t ask, don’t tell” policy regarding international issues, Mexico is expanding its international role. The country’s new foreign policy maturity even includes experimenting with openly disagreeing with the United States on key global issues, as revealed when officials in Mexico City publicly debated siding against the United States during United Nations Security Council deliberations over Iraq in 2002–2003. The Fox administration has pressured the United States to reform its immigration policy in order to accommodate the nearly 25 percent of the Mexican adult workforce that is employed in the United States, four to five million of whom reside there illegally.² In addition, Mexico has partnered with the United States to create a more secure border.³

At the same time, however, this is the Mexico whose capital city has one of the world’s highest kidnapping rates. Additionally, the nation suffers from an alarming level of poverty, a poor investment in infrastructure and education, and a profound lack of public security in some parts of the country. Mexico has enjoyed an explosion of foreign investment intent on taking advantage of the country’s propitious geographic and economic relationship with the United States, but is largely unprepared to assist its farmers with the inevitable increased competition brought about by trade liberalization.

This volume provides a snapshot of the challenges of democratic change in Mexico. In addition to chronicling the evolution of the country’s recent political and economic transformations, this book takes the important, yet often difficult, step of suggesting Mexico’s direction in upcom-

ing years. What is readily clear is that, despite what NAFTA, low inflation and macroeconomic stability, and “amigo diplomacy”⁴ with the United States suggest, Mexico’s political and economic development will continue to be difficult and, unfortunately, rife with frustrations and setbacks.

Manuel Pastor and Carol Wise write in Chapter 5 that part of the difficulty rests in the nature of Mexico’s path of political liberalization that led to the democratic transfer of national power in 2000. Unlike the more dramatic political transitions that occurred in Argentina and Brazil in the mid-1980s, for example, Mexico’s transition was a gradual unraveling of a one-party state. Andreas Schedler’s term for this process (see Chapter 2), one that ended 71 years of electoral authoritarianism in Mexico, is democratization by elections. Pastor, Wise, and Schedler believe that the paradoxical result of such a gradual democratization process is that Mexico’s political and economic institutions are not fully equipped to handle the challenges of continuing reform in democratic, politically liberalized economic systems.

Gary Gereffi and Martha Martínez reinforce that point in Chapter 6 when they argue that Mexico’s impressive liberalization of the economy beginning in 1985—and, more specifically, the export-oriented strategies—masked several “missed opportunities”; overlooking those opportunities made Mexico’s economy more vulnerable to external and internal shocks. Paralleling Gereffi and Martínez, in Chapter 8 Javier Santiso addresses Mexico’s “great transformation” into a North American economy and how that poses formidable obstacles—and opportunities—for Mexico’s economic relationship with the European Union.

Although cautionary, this volume’s message should not be viewed as pessimistic; rather, Mexico is firmly situated in phase two of its political and economic reform path. Yet, unlike the dramatic phase one of democratization at the national level and an unprecedented restructuring of its economy during the 1980s and 1990s, phase two is a lower-profile, long-term process. Indeed, in many respects phase two represents efforts to move reform from the “macro” to the “micro,” both economically and politically. Federico Reyes-Heroles (Chapter 3) sees this second phase as a social and political revolution of sorts. Mexico’s twenty-first-century demographics and social problems will place tremendous pressure on the country’s still-fragile democratic institutions and relatively untested economic strategies.

Only when the second phase is completed—most likely decades from now—will Mexico enter into the end of history, when the country’s economic, political, and social debates will resemble Australia and Denmark more than Brazil and Guatemala. Membership in this exclusive club is not

guaranteed, however; in fact, Mexico could easily remain in phase two indefinitely. What is clear is that Mexico needs to confront its current position as aggressively as it did democratization and economic liberalization over the past decade. This volume does not pretend to cover every aspect of Mexico's contemporary political, economic, and social fabric. Instead, the book attempts to set the appropriate framework within which to continue to analyze Mexico's future paths.

Notes

1. See Francis Fukuyama, "The End of History?" *The National Interest* 16 (Summer 1989): 3–18; Forrest Colburn, *Latin America at the End of Politics* (Princeton, NJ: Princeton University Press, 2002); and Russell Crandall, "Revolution on Hold?" *SAIS Review* 13, no. 1 (Winter–Spring 2003): 273–277.


2. Earl H. Fry, "North American Economic Integration: Policy Options," *Policy Papers on the Americas*, July 2003, vol. 14, study 8, pp. 4–5.

3. *Ibid.*, pp. 8, 14.

4. Richard Wolffe, "The Harsh Realities of 'Amigo Diplomacy,'" *Financial Times*, September 7, 2001, p. 19.

Ordering Information

Examination Copies

For books marked with a  examination copies are available for \$7.50. *Shipping is included in the price of exam copies.*

Please limit your request to three books, submit the order on department letterhead, and include the name and number of the course, its anticipated enrollment, when it will be offered, and the book you are currently using.

Desk Copies

We provide desk copies on request to faculty who have adopted an LRP title as a *required* text in a course, providing the bookstore orders 10 or more copies from LRP. Please include the instructor's name and course enrollment in the request.

Wholesale and Retail Returns

Books may be returned for full credit within 12 months of invoice date if they are in clean, saleable condition and a copy of the invoice or the invoice number is included with the return.

All returns must be shipped to our warehouse:

Lynne Riener Publishers, Inc.
c/o Books International
22883 Quicksilver Drive
Dulles, VA 20166

Questions

Please contact the LRP Customer Service Department at cservice@riener.com or at (303) 444-6684 with questions or concerns about your order.

Prices subject to change without notice. Please allow three weeks for delivery of books in stock.



Speed your order:

Call: (303) 444-6684

Fax: (303) 444-0824

Visit: www.riener.com



LYNNE RIENER PUBLISHERS

1800 30th Street, Suite 314 • Boulder, CO 80301-1026 • U.S.A.

Order Form

1.

Ship to (*please print legibly*):

Name: _____

Address: _____

City/State/Zip Code: _____

(*Please include your 4-digit zip code extension.*)

Country: _____ Telephone: _____

Fax: _____ E-mail: _____

2.

Method of Payment (*orders from individuals must be prepaid*):

Check enclosed (*U.S. \$, drawn on a U.S. bank, payable to Lynne Riener Publishers*)

Charge my credit card: VISA MasterCard

Card No. _____ Exp. _____

Signature _____

Purchase Order enclosed (*please attach to this order form*)

3.

I wish to order the following items:

ISBN (*last 6 digits*) Qty Author & Title Price Total

ISBN (<i>last 6 digits</i>)	Qty	Author & Title	Price Each	Total Price

Subtotal _____

Colorado residents add 3% sales tax

Shipping _____

TOTAL _____

To place an order in Europe

Please send orders to:

Lynne Riener Publishers
3 Henrietta Street • Covent Garden
London WC2E 8LU • UK

Freephone (UK residents only): 0800-526-830

Call: (44) 207-240-0856

Fax: (44) 207-379-0609

E-mail: orders@edspubs.co.uk

Payments must be in £ sterling and checks made payable to **EDS Publications Ltd.** Visa, Mastercard and American Express are also accepted. Due to currency fluctuations £ prices are subject to change without notice.

Please add shipping as follows:

	One Book	Each Add'l Book
UK	£2.00	£1.00
Europe	£4.00	£1.00

For information on academic inspection copies, contact Imogen Adams at the LRP London address above.

Postage Rate Chart

	One Book	Each Add'l Book
U.S., Canada, and Mexico	\$3.75	\$1.00

Europe: see box at left.

All Other Areas:

<input type="checkbox"/> Surface	\$5.00	\$2.00
<input type="checkbox"/> Airmail	\$12.00	\$5.00

Remember, postage is included in the price of exam copies

web - 1