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Guest Author

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Analysis: Recent Developments Assume Soap Opera Quality in Mexico

by Guest

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By John Ross

[The author is a freelance journalist who has written on Mexican political and economic affairs for many years. He recently published "Rebellion From The Roots," a detailed account of the uprising of the Zapatista National Liberation Army in Chiapas.]

Economic and political specialists explain permutations in the glacial countenance of Mexico's long-lived political system through the machinations of the mystical "coyuntura," the synchronistic "coming together" of disparate social and economic thrusts and strains. Given the current coalescence of economic collapse and political turmoil that continues to grip Mexico, 1995 appears to be a watershed year for "coyunturas."

The Mexican drama would be difficult to script for even the most apocalyptic writer of the soap operas (telenovelas), which are so popular on Latin American television screens. During 1994, there were several featured events: two high-level political assassinations, an armed Indian uprising, a startling presidential victory for the 66-year-old Revolutionary Institutional Party (PRI), and finally the peso devaluation and economic collapse. During 1995, a reeling public has been treated to an equal dose of thrills and spills. On Jan. 30, for example, the Zedillo government found itself only hours away from defaulting on its international obligations, a moment chillingly reminiscent of the 1982 debt crisis that plunged the nation into economic trance and forced the international banking community to carve out a "rescue" plan that ensured continuing service of the foreign debt at the expense of Mexico's farmers and workers.

Similarly, acceptance of the US\$51 billion "bail-out," engineered by US President Bill Clinton's administration and the International Monetary Fund (IMF), has proven a bitter pill for many Mexicans to swallow. The IMF's US\$17 billion contribution to the package is nearly six times the size of any previous rescue underwritten by that institution. National pride was rudely shaken by conditions that require Mexico to deposit all export oil revenues in the New York branch of the US Federal Reserve for the next five years, as collateral for the "bail-out." Since its expropriation and nationalization in 1938, oil has been at the center stage of Mexico's struggle to preserve its national sovereignty. But national sensitivities were not the only slice of Mexican life shocked by economic collapse. The Zedillo government's "shock" austerity plan, prescribed by the White House and the IMF in an effort to stabilize markets and restore investor confidence, severely worsens social tensions. Zedillo's Labor Secretary Santiago Onate predicts 750,000 jobs will be lost by July. Mexico has to generate between 800,000 and 1 million jobs a year just to keep pace with youth entering the job market. Additionally, interest rates that top 100% on credit card buying have paralyzed retail spending and Mexico has crippled importing.

Despite the bitter medicine, inflation is publicly predicted to top 42% this year, although Finance Secretary Guillermo Ortiz has reportedly told business reporters that the inflation rate increase may be double that amount. The minimum wage the base for figuring most salaries will increase by only half that rate. The Zedillo administration in March initially announced a limit of 10% on increases in the minimum wage, but later decided on an additional 12.5%. Despite crossed fingers and benevolent pronouncements by both the Clinton and Zedillo administrations, economists such as Jose Luis Calva of Universidad Nacional Autonoma de Mexico (UNAM) consider the bail-out plan is "insufficient," and merely a Band-Aid that cannot staunch the hemorrhage of confidence in the Mexican economy. The US\$51 billion guaranteed credit line was extended primarily to pay off the holders of US\$29 billion of short-term "Tesobonos," which former president Carlos Salinas aggressively promoted, in part to bolster his party's pre-electoral economic image.

Since February, Mexico has shelled out US\$13 billion to investors unwilling to roll over their short-term "Tesobonos," a payoff that has provoked US Sen. Alfonse D'Amato, chairman of the Senate Banking Committee, to seek to scuttle the bail-out agreement. D'Amato withdrew that plan after strong pressure from other Senate Republicans and from the Clinton administration. D'Amato's concern was that within six months, Mexico would again be petitioning international lending institutions for fresh funds to stave off default. Surprisingly, the left-leaning Calva, a mortal foe of the neoliberal model, agreed with the right-leaning US senator. "Mexico's short-term debt will reach US\$80 billion this year, the country is still on the edge of default," said Calva.

Meanwhile, as the "coyuntura" closes, the bank credit crunch is stimulating widespread social protest. On one day in March, "El Barzon," a national grouping formed by middle income farmers deeply in debt to the banks, shut down 894 bank branches throughout the country. Massive default by an angry middle class is almost certain to force the collapse of under-capitalized banks. Already Banpais has been taken into receivership by the Finance Secretariat (SHCP). Market analysts fear the domino-like fall of the banking system could be the next chapter in the ongoing Mexican melodrama. The economic collapse has been accompanied by unprecedented social ferment, much of it attributable to apparently unrelated inputs. In one week in February, opposition groups demanding military withdrawal from the zone previously controlled by the Zapatista rebels in Chiapas, filled Mexico City's Zocalo plaza three times with over 100,000 protesters.

Also unprecedented in this current "coyuntura" of various strains of social and economic upheaval: the widening fractures within the long-ruling "revolutionary family" and the governing party it controls. In an effort to win popular support, Ernesto Zedillo, a weak and accidental president with no long-standing support in the PRI's governing echelons, heaps blame upon his predecessor and mentor Carlos Salinas for having precipitated and hidden the impending economic collapse. The arrest of Salinas's older brother, Raul, as the mastermind of the assassination of PRI secretary general Jose Francisco Ruiz Massieu further tarnishes the aura of the ex-president, once the candidate promoted by the US to preside over the World Trade Organization. Salinas's comedic "hunger strike" and subsequent self-exile to the US have earned him the contempt of a fickle citizenry that just eight months ago appeared to venerate him. The present "super coyuntura" has many strands. Far from the power struggles in the center of the country, the rebellion of the Zapatista National Liberation Army (EZLN) on the southern border has been a nagging reminder to the Zedillo presidency of its fundamental impotence. Efforts by the government to isolate the EZLN backfire with alarming regularity.

In December, Zapatista troops broke through a year-long Mexican military encirclement of their territory and temporarily occupied parts of 38 Chiapas municipalities without firing a single shot. Zedillo's attempt in December to pin peso devaluation upon the political instability stirred up by the rebels only enhanced the Zapatistas' mythic status. Similarly, Zedillo's clumsy unmasking of the EZLN's charismatic leader, Subcommander Marcos, spurred hundreds of thousands of supporters to make "We are all Marcos!" their battle cry at massive Mexico City gatherings. The Zapatistas are a trigger in the Mexican minefield, a catalyst for social discontent, and Zedillo's navigation of that minefield has been awkward at best. Dispatching Interior Secretary Esteban Moctezuma to Chiapas in January seemed to signal that peace talks were at hand. But the military incursion Zedillo ordered on Feb. 9 sparked more distrust and condemnation than support for the beleaguered president.

Some analysts, such as Carlos Ramirez of El Financiero daily business newspaper interpreted the military offensive as a sign that Zedillo had been taken as a "political prisoner" by the army. Although subsequently ordered by Zedillo to pull back from the zone of conflict in order to facilitate talks with the EZLN, the military has only partially removed its garrisons. Still, the EZLN and the government in early April agreed to resume formal negotiations (see other story in this issue of SourceMex). During its presence in Chiapas, the army has been charged with hundreds of human rights violations. A total of 379 complaints of human rights violations by army personnel were presented to the government-affiliated Comision Nacional de Derechos Humanos (CNDH).

Other social classes are also in revolt. Upscale matrons have marched through Mexico City's swank Polanco district on their way to Los Pinos presidential building to protest increases in property and sales taxes. Similarly, 10,000 street vendors known as "ambulantes" have declared themselves on hunger strike in the Zocalo to protest efforts by Mexico City police to keep them from selling. In times of crisis, "ambulantes" have returned to streets of the capital in great numbers. Discontent by unionized workers has become so generalized that the 95-year-old labor czar Fidel Velazquez, head of the Confederacion de Trabajadores the Mexico (CTM), called off this year's May 1 Labor Day parade, for the first time since the 1910 Revolution. However, union members are expected to hold massive protests on that day despite the cancellation of the parade. Dealt a bad economic hand by his predecessor Salinas, Ernesto Zedillo has tried to stave off the "coyuntura" by espousing the democratization of the nation's political life. Zedillo has repeatedly called for the separation of the PRI from the state apparatus and appointed Antonio Lozano Gracia, a member of the right-center National Action Party (PAN), as attorney general. Zedillo has also sought to forge a "national political accord" with opposition parties to ensure clean and fair state and local elections. However, this accord has been sorely tested in Chiapas and by questionable state elections in Tabasco and Veracruz states.

In a commentary carried in Proceso magazine, political analyst Jorge Castaneda drew comparisons to recent changes in Russia's economic and political systems. Castaneda, who is often quoted by the US press, suggested Zedillo has been playing the "glasnost" card (as opposed to Carlos Salinas's perestroika policy), supporting democratic reform only because the economic model cannot be defended without it. But many in Mexico distrust Zedillo's commitment to a democratic opening as merely cosmetic. At the 66th anniversary of the PRI in March, Zedillo proclaimed himself a proud member of the party. However, after insisting that congress was now free to vote its own mind, Zedillo pressured PRI legislators to use their "automatic majority" in the Chamber of Deputies

and the Senate to approve a proposal to increase the national value-added tax (IVA) by 50%. This measure was so unpopular that PRI members threw eggs at their own representatives.

Two PRI legislators who refused to support the tax increase were threatened with expulsion from the ruling party. The "super coyuntura" is further seasoned by the division and decomposition within the governing party, so graphically illustrated by the assassinations of presidential candidate Luis Donaldo Colosio and secretary general Ruiz Massieu. Both political figures were apparently slain as the result of power struggles within the PRI. The recent loss of Jalisco state to the PAN and impending electoral debacles in Guanajuato, Yuatan, and Baja California, can only add to the PRI's sense of desperation. The fissures provoked by Salinas's bizarre rebellion also undermine this treacherous turf.

Under the best of circumstances, such a convergence of economic collapse, a wounded presidency, an imploding state party, and massive mobilization by the political opposition, can lead, as it did in eastern Europe, to the toppling of the "Ancien Regime." Such a peaceful transition to democracy is fervently hoped for by left historian Adolfo Gilly. "It is our last chance for peaceful change," said Gilly, author of the book "The Uncompleted Revolution." But there are other scenarios darkening the crystal ball. The on-rushing "coyuntura" could unite PRI "dinosaurs" who adamantly resist change with disaffected military personnel and angry landowners to force a Zedillo "leave of absence." This group would install a leader with "mano dura," or "strongman," to restore "order." There are constitutional and historical precedents. Such a solution would meet with widespread resistance from an opposition that is already in motion and the inevitable clash would not be propitious for the investor stability so vaunted by the White House and the IMF. In the past, both institutions have not often opted for the forces of change. As the "coyuntura" closes, the Mexican melodrama mesmerizes all of the Americas.

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