

Recurring Cycles of

“Revolution”

From Pre-Colonial Times to Mexico’s On-Going World Context

“Statism”

versus

“Anti-Statism”

versus

“The Active State”

versus

“State Capitalism”

By

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Acknowledgment to
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With the assistance of
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“Statism” versus “Anti-Statism” versus “Active Statism” versus “State Capitalism”

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With the assistance of
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STATISM DEFINED

“Statism” occurs anywhere when the State Central Government controlling a big part of (usually over 50% and in some cases all) of the national economy (GDP).

Leaders who follow statist policies claim to operate in the name of the “people”. Theoretically individuals are more important than the State but the reverse is true.

Statism is accompanied by full or major control of politics and society (not easily quantified), resulting in predatory dictatorship making decision through partial or full **Central Planning**. Police, military and judicial officials follow orders.

The masses are expected to follow orders of their supreme leader and his regional and local bosses, doing so without argument. Government may be based on “State Capitalism,” as in today's China and Russia.

Aspects of Statism include: control of tariffs to “protect” the national economy, permissions to favorite persons or labor unions (sindicatos) to **monopolize** companies that produce energy (oil, electricity), newspapers, television, and telephone systems, maintain all persons under surveillance, etc.

Statist systems tend to develop “**One-Party Democracies**” or “**Official Parties**” to justify (often through fraudulent elections and/or the purchasing of votes) for the purpose of remaining in “permanent” control of the Government.

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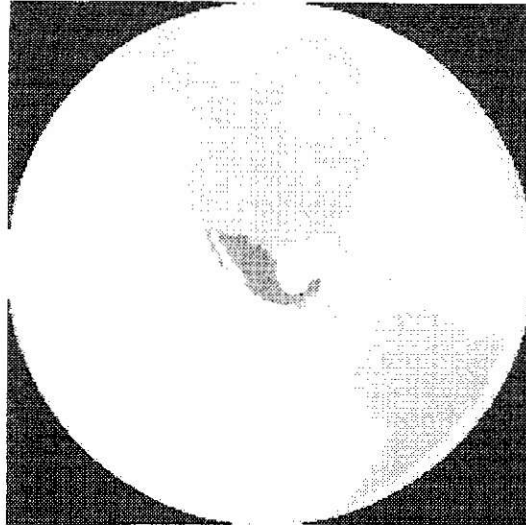
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Map 1

Mexico on the World Globe



Mexico is physically about the size of today's American West that was taken from it in the Mexican-American War of 1845-1848—See Chart 19 in the *Booklet of Charts* assigned for this Course. By total area (858,000 sq. miles), **Mexico is the 14th largest nation in the world**, excluding the European Union (which is made up of 27 independent countries, and excluding uninhabited dependent territories).

With an population of 111 million, **Mexico is the 11th most populous country.**

Mexico is a federation comprising thirty-one states and a Federal District, **Mexico City**, the country's capital, which has become in effect the 32nd state.

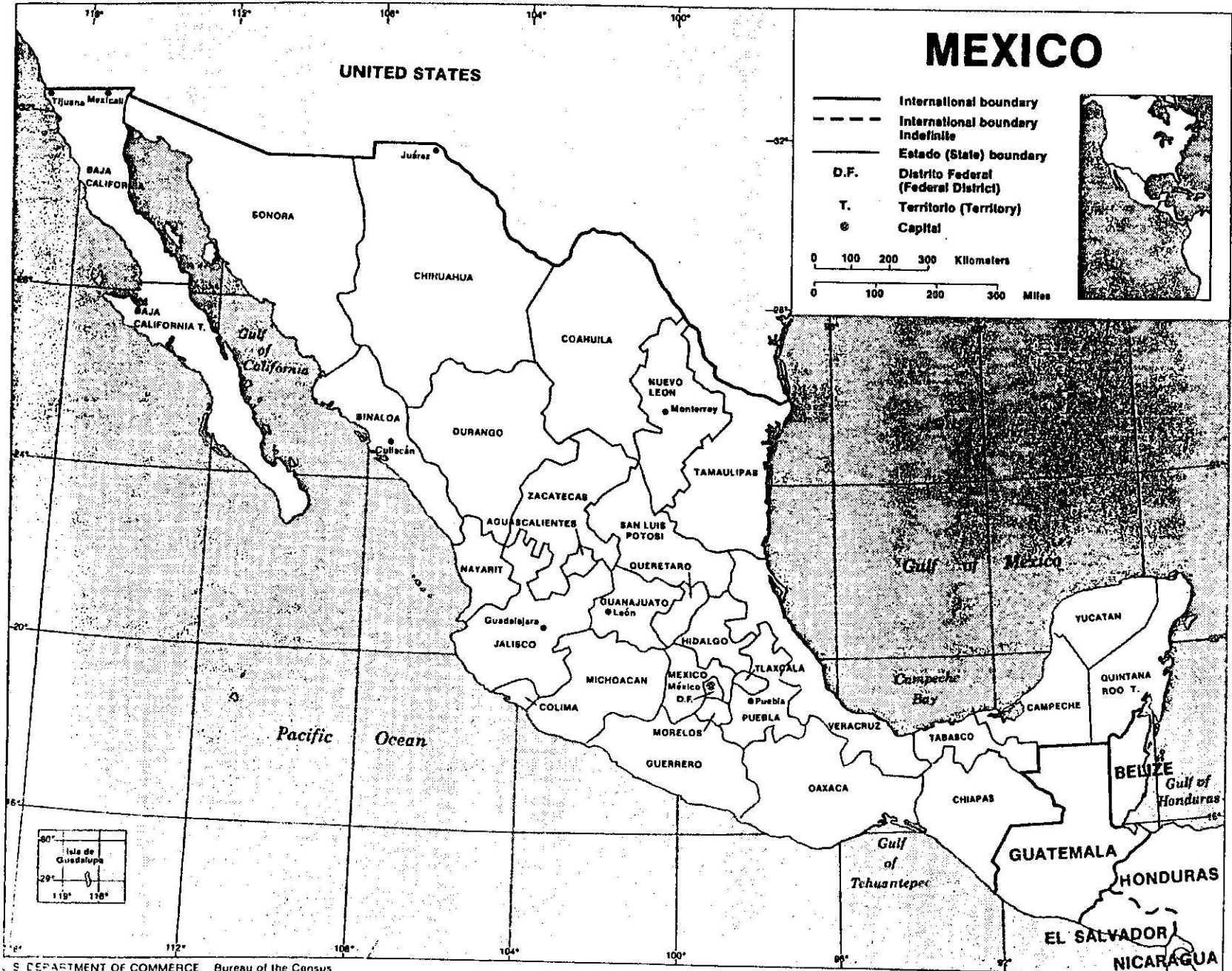
Since 1994 Mexico has been the Latin American member of the Organization for Economic Co-operation and Development (OECD). However, in January 2010 Chile will become the second Latin American member, provided that its (or when) its investment and tax policies meet OECD standards. **The OECD is based in Paris and its 30 members must meet first-world standards to be invited and eligible to join.**

Mexico is the only country to have an FTA with both NAFTA (indeed it is a member of NAFTA) and the European Union.

SOURCE: Drawn upon James W. Wilkie, ed. *Statistical Abstract of Latin America* (SALA Vol. 38, Los Angeles: UCLA Latin American Center Publications, 2002) as well as upon <http://en.wikipedia.org/wiki/Mexico> and <http://businesswithlatinamerica.blogspot.com/2009/12/chile-is-becoming-oecd-member-in.html>

Political Map of Mexico

MAP 2



Names and boundary representation are not necessarily authoritative

Map 3
Cities of Mexico



Source: www.mexonline.com/maps/pics/map-of-mexico.gif

Figure 1**Top World GDPs.* 2009 Compared to 1999 and 1989**(In Billions of 2009 Dollars. U.S. GDP = \$14.3 Trillion Dollars; Mexico GDP = \$1.2 Trillion
Converted at Market or Government Official Exchange Rate)

<u>2009</u>			<u>1999</u>		<u>1989</u>	
<u>RANK</u>	<u>Trillion</u> <u>GDP *</u>	Rank Change	<u>RANK</u>	Rank Change	<u>RANK</u>	
	World \$62.3					
	EU \$18.9					
1.	USA \$14.3		1		1	
2	Japan \$4.8		2		2	
3	CHINA \$4.2	UP	7	UP	11	In 2009 = 29% of U.S. GDP
4	Germany \$3.8	down	3		3	
5	France \$3.0		5	down	4	
6	UK \$2.8	down	4	UP	6	
7	Italy \$2.4	down	6	down	5	
8 CALIF. \$1.8						
8	RUSSIA \$1.8	UP	21	down	8	
9	Spain \$1.7		9	UP	10	
10	BRAZIL \$1.6		10	down	9	In 2009 = 29% of U.S. GDP
11	Canada \$1.5	down	8	down	7	
12 INDIA \$ 1.2			12	UP	13	Mexico is #12? (See note for Mexico)
13 MEXICO \$1.2	down+		11	UP	16	In 2009 = 8% of U.S. GDP
14 GRAN L.A. \$1.1++						
14	Australia \$1.1		14	down	12	
15	Netherlands \$1.0		15	down	14	
16	S. KOREA \$.9	down	13	UP	15	
17	Turkey \$.8	UP	22	UP	25	
18	Poland \$.6	UP	24	UP	30	
19	Indonesia \$.5	UP	28	down	26	
20	Belgium \$.4	down	18	UP	19	

Figure 1 (Continued)

* **GDP DEFINITION:** GDP is the sum **all goods and services produced by resident (domestic and foreign) in a nation's economy** plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of manufactured assets or for depletion and degradation of natural resources. Data are in current U.S. dollars. Dollar figures for GDP are converted from domestic currencies using single year official exchange rates. **Excludes income from informal economy and sale of used goods; also excludes production and sale of illegal drugs—they been “laundered” into productive categories of the legal economy.**

GDP differs from gross national product (GNP), which is defined to include all final goods and services produced by resources owned by that nation's residents (including foreign residents), whether located **in the nation or elsewhere. Includes income from remittances sent home by workers abroad and foreign investment profits returned to the country. Excludes the informal economy, e.g. production and sale of illegal drugs—unless they have been “laundered” into productive categories of the legal economy.**

+ **For Mexico, if the 2009 revenues from production and sale of illegal drugs were included in GDP (estimated at 10% of Mexico's GDP or \$118 billion www.havocscope.com/mexico-drug-cartels-money-consists-up-to-10-percent-of-gdp/), that would give the Mexico a total GDP of \$1,300 billion (and change its rank to #12, displacing India. This figure is for illegal drug revenues smuggled into Mexico from sales to 20 million U.S. drug users. DEA estimates the total cash smuggled is \$39 billion. On widespread use of cash, see www.nytimes.com/2009/12/26/world/americas/26laredo.html and (for problems calculating Mexico's total GDP, see “Does GDP Distort Mexico's Economic Performance?” (1998): <http://www.jstor.org/pss/1061214>**

David Luhnow, *Wall Street Journal*, 12-26-09,; quotes for 2009 the **WHOLESALE** price for one kilo of cocaine as follows: Colombia **\$1,200**; Panama **\$2,300**; Mexico City **\$8,300**; NYC **\$25,000**; **RETAIL** price NYC **\$80,000**.
<http://online.wsj.com/article/SB10001424052748704254604574614230731506644.html>

++ Gross Product of Gran Mexico City in 2005 (not comparable to years here) is estimated to have made Mexico City the **25th largest economy in the world**, richer in that year than Taiwan and Iran. See: http://en.wikipedia.org/wiki/Mexico_City

SOURCE: Adapted by James W. Wilkie from the following sources that mainly quote CIA data: 2009: www.photius.com/rankings/economy/gdp_official_exchange_rate_2009_0.html
1999: www.nationmaster.com/graph/eco_gdp-economy-gdp&date=1999
1989: www.nationmaster.com/graph/eco_gdp-economy-gdp&date=1989

Note that CIA, IMF, and World Bank data are essentially the same for 2008 (France, Brazil, Spain, Sweden differ by one rank in top 20). To compare the three series, see: [http://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(nominal\)](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal))

California source: <http://www.newsweek.com/id/232575> (1-26-10); and the report 2-16-10 by www.theglobeandmail.com/report-on-business/commentary/californias-sorry-state-a-major-threat-to-us/article1469347/

Gran Los Angeles (6 counties: L.A., Ventura, Orange, San Bernadino, Riverside, San Diego) Gross Products are my rough estimate, extrapolating from such sources as www.laincresearch.com/all/Forecast2009.pdf and Abraham Lowenthal, *Global California: Rising to the Cosmopolitan Challenge* (Stanford University Press, 2009).

CONCEPTS

Much analysis of Mexican History since 1910 has involved assessing the meaning Mexico's "Revolution" beginning in that year, and, if there was a real Revolution, when did end:

The **Official Party of the Revolution** (1929-2000)
 claims that it Institutionalized the
 Movement of 1910
 and
 for more than 7 decades ruled Mexico
 as the
 "Permanent Revolution Under One-Party Democracy"
 after 1946 carrying the name
PRI
 (Partido de la Revolución Institucional)

The **PAN** Party defeated the PRI in 2000,
 establishing not a two-party system but a system of
 three major parties PAN, PRI, and PRD as well as several small parties
 emerging to become
 "power brokers" in the gridlock of multiparty struggles
 preventing Mexico to resolve social and economic problems.

The **PRI**
 now claims that it is ready to resume the
 Permanent Revolution
 when it will be able to regain in 2012 the presidency
 from the "ineffective" PAN Political Party
 which has held executive power since the year 2000

Rather than see an *ongoing* process involving the role of the State,
 However, most scholars see the Mexican Revolution as
 beginning in 1910, and ending in 1940
 (including the Meyer-Sherman-Deeds reading assigned in this course)

Carlos Fuentes sees the Revolution of 1910 as having passed through
 agonizing "stages of death" ending by 1959
 in his world-famous novel, *The Death of Artemio Cruz*

Some other authors see the end of the Revolution as being 1968, 1982, or 2000.
 Donald Hodges and Ross Gandy implicitly accept the "stages of death" concept
 using all of these three dates in *The End of the Revolution*
<http://books.google.com/books?id=Fk9JW140bJ8C&printsec=frontcover>

A minority view argues that no Revolution occurred at all. It is articulated by Ramón E. Ruiz, who sees only a *Great Rebellion*, which existed from 1905 to 1924

My view in this *Schema* is that most of the above debate is irrelevant. Although each of the above approaches offer incredibly important information and microanalysis to flesh out our understanding, they all miss the larger view that, since the Pre-Colonial era, Mexico has undergone **13 major Cycles of Revolution to ranging from Statism to Anti-Statism**, each one causing major upheaval in the economic conditions of all social classes and their political status.

Mexico faces dozens of historical obstacles to development, which recur as the country moves from cycle to cycles. The cycles usually involve change in generational attitudes that fail to realize that resolution of problems is only half-solved (if that) even as new generations wants to identify problem and priorities as they see them:

There are the dozens of identified obstacles throughout this Schema as hindering Mexico's ability to improve the way Mexico functions domestically and interacts with the world.

The obstacles presented throughout the book are not all articulated, and readers are welcome to make implicit obstacles explicit so that they can be added to the number discussed here, sometimes as 25, 27, 28, 30, etc. Compare your own list of obstacles to those given in the 1909 book entitled *The Huge National Problems*, by Andrés Molina Enríquez and to those problems now evident now under President Calderón (2006--).

DEFINITIONS

The State is the system of power that holds the “nation-State” together. In Mexico it involves central authority (including police and military) that since the 19th century delegates some power to political units in the country, now 31 state governments¹ and the Federal District (which is like the D.C. in the USA). The Mexican system has three powers (presidency, Congress, and Judiciary) that have only since 2000 come to have “equal” powers (as in the USA, which has served as the general “model” for government). Mexico’s political units have their own legislatures and municipal governments (as in the USA).

Although Mexico’s overall model has followed that of the USA, the bureaucracy follows the French and Spanish “models,” but this is changing as Mexico now begins to implement the U.S. concept of justice (“innocent until proven guilty,” the right to confront accusers, and cross-examine witnesses in front of judges—situations that did not previously prevail. Too, the banking and stock market systems have come to mirror those of the USA in order to facilitate flows of capital.

*Culturally, Mexico has been compared to Italy: In both countries the senses of music, art, literature, and humor have thrived, in spite of often adverse conditions of juridical and politico-economic considerations. For Italy and the world, Machiavelli defined governance by deceit behind masks, a process defined for Mexico and the World by **Octavio Paz** as living behind false faces, which he calls “masks.”*

¹ In contrast to the national “State.” governments at the sub-national level are “**states**”—with lower-case “s”.

Cycles of

- a) Statism (high central government authority) have alternated with
- b) Anti-Statism (minimal central government authority), and with
- c) The Active State (mediating between “a” and “b”).

a) “Statism” occurs anywhere when the State Central Government, controlling a big part of (usually over 50% and in some cases all) of the national economy (GDP), claims to operate in the name of the “people” to improve the standard of living. Statism is accompanied by full control of politics and society (not easily quantified), resulting in predatory dictatorship making decision through partial or full Central Planning. Theoretically individuals more important than the State but the reverse is true. The masses are expected to follow orders of their supreme leader and his regional and local bosses, doing so without argument. Government may be based on **“State Capitalism”**—see below.

Politically Statism is associated to a long lasting dictatorship and “one-party democracy” to “justify” control of power, thus reducing Congress and the Judiciary to a role of “rubber-stamping” the “presidents” wishes. Authoritarianism rules, as in the following three cases:

The record for an Official Party’s presidency is held by Mexico: which 79 years (implicitly beginning in 1921, when peace was restored to enable the rebuilding of a destroyed nation). Explicitly, however, Mexico’s Official Party lasted 71 years from the time it was established in 1929

through 2000 when it was voted out of power. The Official Party began as the **PNR** (founded March 1929, **Partido Nacional Revolucionario**), which became the **PRM** (March 1938, **Partido de la Revolución Mexicana**), and was reorganized as the **PRI** (January 1946, **Partido Revolucionario Institucional**). The PRI (now the Former Official Party), has high hopes of regaining the presidency in 2012, but without the hope that it can again be the Official Party because the Judicial Power and The Legislative Power have gained co-equal status with the Presidential Power. (Under the Official Party, judges and legislators followed the presidents orders.)

The **second longest period** of one-party rule was the **USSR**, which lasted (implicitly, with “elections” and internal party purges) **74** years. from “1917” to 1991. Explicitly,² the Russian Communist held power for **67** years (1924-1991).

The **third longest period** of rule is held by **China**—its “Communist” Party has ruled for **61** years (since 1949), with no end in sight.

b) “Anti-Statism” is a political movement aimed to break the monopoly of inefficient and omnipresent **Centrally Planned State**. Anti-Statists hope to give the primary role to the private sector, especially by selling state-owned enterprises to private individuals and establishing and/or restoring free

²Explicitly the USSR was not established until 1924, but it was a fiction. The Union of Soviet Socialist Republics was an administrative arm of Moscow—the idea that it was a Union of Republics was a myth, but it did gain Moscow 3 votes in the United Nations General Assembly when it came into existence in 1946--Roosevelt and Churchill accepted the USSR, Soviet Ukraine, and Soviet Byelorussia as founding and voting members so that Stalin withdrew his demand for a total of 16 votes. See <http://www.fff.org/freedom/0995b.asp>

market economy. Anti-Statists seek to assure that former state agencies (such as airlines, ports, railways, manufacturing industries, telephone system), which have already been sold in Mexico , remain in private hands. Anti-Statism can lead to the anarchy caused by greed for power (as in the case of Wall Street bringing down the World Economy, 2008--). To break the power structure of the old USSR after the implosion of the USSR in 1991, Russia privatized big parts of its oil industry (such as Yukos Oil), but after Putin came to power in 2000, he renationalized some of it (including Yukos in 2006).³

e) “Active Statism” sees the role of the State Central Government as a mediating one. The Active State serves to bridge Statism and Anti-Statism

by adopting from both to

i) own public utilities (such as the energy sector) which theoretically will be operated efficiently;

ii) support an efficient and productive private sector as well as encourage joint ventures between the state (public sector) and private sectors (be they domestic or foreign). Government will be

limited to the **basic services for citizens** (such as police and fire

³ “During the later years of the Soviet Union, falling oil prices, partly caused by U.S. exhortations of Saudi Arabia to increase oil production, diminished the Soviet capacity to finance its economy and empire.... Years later, during privatization in the 1990s, a new group of oligarchs, unfamiliar with the industry and disinclined to invest, were suddenly in the position of controlling Russia’s oil companies. With declining production and low prices for oil, the Russian economy went into steep decline. Increases in Russian oil production, and with it Russia’s economic recovery, coincided with rising oil prices beginning in March, 1999.” See

www.wilsoncenter.org/index.cfm?topic_id=1424&fuseaction=topics.event_summary&event_id=408
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protection, education, social safety net, postal service, etc.) provided that they increase the well being of the population.

iii) intervene in a national economy to rectify problems of the free market. This process was “validated” by the theories of British economist **John Maynard Keynes** (1883- 1946), who in the 1930s advocated that governments intervene via fiscal and monetary measures to mitigate the adverse effects of boom and bust economic recessions and the serious, on-going World Great Depression I, which began in 1929. His ideas are the basis for what is known as Keynesian economy theory. **Keynes overthrew the older ideas of neoclassical economic theory that claimed free markets would automatically adjust** (for example, by providing “full” employment as long as workers flexibly adapted to the need to reduce their wage demands in times of economic crisis.

“Following the outbreak of World War II, *wrote Time Magazine* in 1999, Keynes's ideas concerning economic policy were adopted by leading Western economies. **During the 1950s and 1960s, the success of Keynesian economics was so resounding that almost all capitalist governments adopted its policy recommendations.**”⁴ *Time* concluded that Keynes “radical idea that governments should spend money they don’t have may have saved capitalism.”

⁴ On Keynes, and the article from this quote any many ideas for this summary of Keynesianism are drawn, see http://en.wikipedia.org/wiki/John_Maynard_Keynes (Deember 19, 2009).

Keynes's influence waned in the 1970s, partly as a result of excessive government regulation that had begun to afflict the Anglo-American economies by the end of the 1960s, and partly due to critiques from such economists as **Milton Friedman** (1912-2006) who, from his base at the University of Chicago, argued governments could not well regulate the business cycle through fiscal policy.

But, the advent of the world financial crisis in 2008 has caused a return to Keynesian economics that has provided the theoretical underpinning for the plans of such world leaders as President Obama and U.K. Prime Minister Gordon Brown as they seek too timidly to prevent World Great Depression II, through what I has called the "Active-State."

The concept of "Active State" was coined by me in my 1967 book *The Mexican Revolution: Federal Expenditure and Social Change Since 1910* (by James W. Wilkie)

(Berkeley: University of California Press, first edition 1967; second edition 1970) and in the revised and enlarged editions in Spanish beginning in 1978:

La Revolución Mexicana (1910-1976): Gasto Federal y Cambio Social (México, D.F.: Fondo de Cultura Económica, 1978).

<http://www.profmex.org/mexicoandtheworld/volume8/1winter03/03index1.htm>

On debate about my concept of the Active State, see Miguel Rivera-Ríos, "La Posrevolución Mexicana y la Estimación de James Wilkie del Cambio Social: La revisión de un debate," *Economía Informa* (UNAM, Número 314, Feb. de 2003), pp. 44-52; also:

www.profmex.org/mexicoandtheworld/volume7/4fall02/posrevolucion_mexicana.html

For further analysis of the Active State, see my "Six Ideological Phases in Mexico's 'Permanent Revolution' Since 1910", in James W. Wilkie, ed., *Society and Economy in Mexico* (Los Angeles: UCLA Latin American Center Publications, 1990).

Both Active Statism and Statism will use differing degrees of **“State Capitalism”** (as in Mexico, 1970-1982, when presidents decided to shift from **Active Statism** to **Statism**, nationalizing ever more amounts of domestic and foreign private capital on the theory that the State has “No Need to Share” profits with the private sector), or be based on the idea that the State be owner/controller of almost all capital (as in the State Capitalism of Communist Russia and China up to 1989).

State Capitalism may involve the sharing between the State and an emerging private sector control of money and profits, as in Russia and China since 1989, and in Mexico between 1938 and 1969 as well as since 1982 when **Statism** gave way to the **Active State**. (In China and Russia today the State share is about 30% of GDP, compared to the U.S. share of about 43%, and Mexico share of about 20%.

Statist (and some Active Statist, as in Mexico) systems tend to develop **“One-Party Democracies”** or **“Official Parties”** to justify (often through fraudulent elections and/or the purchasing of votes) to keeping the Government in “permanent power.”

On the one hand the development process requires a strong legal system and ability to redress citizen complaints; on the other hand, to successfully do so requires an Active State to mediate between authoritarianism and anarchy. When development fails, a vicious circle takes place: Statism is counteracted by Anti-Statism forces. This vicious circle is broken when the Active State emerges.

THE MEXICAN CASE IN WORLD CONTEXT

Mexico has had a strong history of government **Statist Centralism** dating back to its foundations under the **Crown of Spain**, 1519-1821, a history reinforced by **Porfirio Díaz** (1876-1898). **Three presidents (1965-1982) sought to implant Statism and State Capitalism, reducing and severely limiting the role of the private sector.**

But Anti-Statists hope to give the primary role to the private sector, especially by selling state-owned enterprises (such as **Petróleos Mexicanos** and the huge **State Electrical Companies**). They seek to assure that former state agencies (such as airlines, ports, railways, manufacturing industries, telephone system), which have already been sold, remain in private hands.

Statist Official Parties (in Mexico, Cuba, Venezuela, Russia, China, etc.) specialize in establishing “Public Companies” run with few exceptions very inefficiently:

Public Companies in Mexico have meant “**government-owned entities,**” a meaning that Anti-Statists have been trying to overcome since 1983 to give it the meaning used by the biggest stock market in the world—that of the USA.

In Mexico “public” means in general terms “by and for the government, which, via a vanguard of politicians and “diputados de partido” (who represent political parties, not citizens) and who administer affairs on behalf of the people.”

Mexico's Chamber of Deputies has 500 members elected for 3-year terms, 300 are directly elected and 200 are elected according to the proportion of the votes won by their party. These 200 are not elected but named by their political party. Diputados de Partido do not campaign for popular votes, but do campaign within their political to be named to represent their political party in Congress. Hence the saying: "Mexico is governed by a "parti-docracy", not a democracy. (Proportional voting was instituted in Mexico in the early 1960s and has been expanded over time.)

Thus, Mexican citizens hold parti-docracy in low esteem. Parti-docracy is a major obstacle that prevents change in Mexico, which has not been able to keep up with the effective changes in such countries as Brazil—Mexico's rival for leadership in Latin America and the World.

Parti-docracy shields Mexico's Chamber of Deputies from being accountable to voters.

In the USA, "public" means the broad general non-governmental populace which monitors and make demands upon the government that is accountable to voters.

The U.S. public holds government accountable in direct election of candidates.

The word "public" in the USA also includes "Public Companies" that are owned by shareholders who buy and sell in the stock markets (as compared to "Private Companies", which do not sell stock because they represent families or small groups who do not want to fragment their control).

Further, in the USA, the broad general public tends to dislike the government, which is seen as bureaucratic, wasteful of time and money, inefficient, and heartless, not to mention rigid (as in the TSA rules announced the day after Christmas 2009 that during the last hour of a flight into

the USA, air passengers get no water or Rx, babies get no bottled milk, no toilet for anyone even with diarrhea or kidney problems, no computer, no Ipod, no books, no film in the cabins, etc.).

Why has this crazy “torture” of air passengers by TSA been necessary? –The answer involves the attempt to “cover up” the U.S. government failure to catch the would-be “**crotch bomber**,”⁵ Umar Farouk Abdulmutallab. Umar was not fully searched as he boarded the plane in Nigeria nor when he changed planes in Amsterdam. (U.S. authorities had failed to connect the dots: Umar’s father had denounced him multiple times at the U.S. Embassy and in meetings with the CIA in Nigeria as a dangerous Muslim, Umar had been denied a visa to return via England, he boarded his flights from Nigeria to Detroit without luggage, paid \$2,831 *cash* for his ticket,⁶ and he chose a seat over the wing where he sat over the planes’ fuel tanks to position his PETN bomb so that it could cause multiple explosions).

Further, U.S. intelligence seems to have forgotten that bombers may not seek to blow up a flight during the last hour, but anytime—the would-be “**shoe bomber**” **Richard Reid** on December 22, 2001, had hidden the highly explosive PETN in his shoes, a place which was not repeated by Umar. Reid did not try to light his shoes during the last hour of his flight but over the Atlantic two hours after leaving Paris.

No wonder U.S. citizens tend to believe that government agencies are not staffed with officials who lack common sense.

Because of the popular tendency to see U.S. bureaucracy as hopelessly helpless (as in the case of the “crotch bomber”, above), even the rare U.S. government ownership of efficient public utilities is now wrongly ignored:

The most famous example of a successful public utility owned by the U.S. government is that of the **Tennessee Valley Authority (TVA)**, which covers 6 states beyond Tennessee). TVA was created in 1933 by FDR to develop flood control and electrical energy as well as jobs during the Depression (1929-1941). The TVA used its profits in the public interest while keeping consumer rates low. TVA originally provided for river navigation rules and the building of dams as well as the generation and distribution of all electricity in its region, where it held monopoly.

To survive the pressure on Congress to sell TVA to the private sector, in 1999 a compromise was reached that permits the private companies to serve as the local distributors of TVA produced electrical power. TVA is the nation’s largest public power company. Through 158 locally owned distributors, TVA provides power to about 8.7 million residents of the Tennessee Valley.

Beginning in the early 1980s, U.S. President Ronald Reagan, U.K. Prime Minister

Margaret Thatcher, and Bolivian President **Víctor Paz-Estensoro**.⁷ set out to

⁵ Umar concealed his “packaged bomb” as a private body-part hidden, “naturally,” in his crotch—some observers prefer to call him the “penis bomber”, such a bomb not showing up on the new full-body x-ray machines installed at U.S. airports in 2010.

⁶ See: www.nairaland.com/nigeria/topic-373514.0.html

⁷ In Spanish-speaking countries, most persons have two last names, father’s name first and mother’s name second. Thus, “**Portes-Gil**” is **hyphenated here (as at UCLA Registrar)**, and to show which name prevails in common use, I underline it. Some are known by first name, e.g. *Cuauhtémoc Cárdenas Solórzano*, which I put in italics, who is also known in the Mexican press and here as CCS.

dismantle Statism (and its Central Planning) that had been promoted in rich and poor countries by Marxist-oriented leaders and academics who argued that Market Capitalism had failed.

By 1989 it was clear State Capitalism having been seen to have failed to improve life for the masses, and the Cold War fell along with the millions of hammer blows that literally smashed into pieces the Berlin Wall and the myth of the USSR, thus opening Eastern Europe and Russia to consumerism in which the “workers” could demand a telephone, a fax machine, an auto, and better food and housing as they won the possibility of moving up to the middle class.

China followed in the 1990 by linking his future to producing for U.S. consumers, who were helped by China’s investments in U.S. Treasury bonds that were turned into and expansion of U.S. credit markets, enabling millions of persons to buy homes as well as China’s inexpensive products. World consumers would also buy in the free market what had been prohibited by Central Planning as wasteful products. Indeed, much of what China launched into the expanding free markets of the world has been cheap “junk” including contaminated goods, foods, and medicines. Consumers said: “Buy, buy, buy....

And consumers did buy, as did industrialists and financiers, **thus driving up the price of raw materials and interest rates until consumers could neither buy what factories produced around the world nor repay the loans taken out to buy**, for example, autos, homes, computers, educational degrees, and vacations.

The problem of repayment of loans simultaneously arose for nations and their banks that had i) invested in the U.S. markets as well and/or ii) followed the U.S. “model” of combining into packages so-called **Collateralized Debt Obligations (CDOs)**, which mixed many good mortgages and bad loans supposedly to make “safe” investments for resale to buyers such as retirement systems worldwide), the resale of

original loans being used to grant more credit to borrowers by such countries as England and the Nordic Nations. Buyers of CDOs suddenly realized that the packages included good loans *and* bad loans (that had been mixed supposedly) to reduce risk even as they expanded credit by reselling the bunched loans), and that the nobody knew how many loans were good in each package. Once a growing percentage of loans could not be repaid, the value of CDOs collapsed, along with the world economy.

The world sub-prime mortgage crisis (2007--) has taken at least **\$3 trillion** out of the U.S. economy by the end of 2009. Further the Bush-Cheney duo (2001-2009) took out **\$1.5 trillion** out of the American economy to “pacify; and “rebuild” Iraq and Afghanistan. [**FLASH FORWARD:** Another **\$1.5 trillion** will be needed to carry out Obama’s surge in Afghanistan and to pay for the long-term medical care of U.S. troops crippled physically and mentally in those conflicts. These losses threaten what is left of the middle class after the Bush-Cheney financial debacle.]

The resulting U.S. and world financial crisis (2008--) effectively resulted in the U.S. “bailout” of domestic *and foreign banks* through low or no interest “gifts” to them with out any conditions—as is discussed below.

Too, Bush bailed out and the insurance giant AIG, which owing to a lack of any real regulation or “real” insurance had put together the high-risk CDOs (which did not contain all “good mortgages” that AIG had advertised) and sold them in 130 countries around the world.

Unfortunately the mortgages had originally sold been at low-interest “teaser” rates to millions in the USA who eventually could not make their monthly payments, thus becoming a major contributor to the freezing-up of the worldwide financial system and causing a credit crisis everywhere. (U.S. banks are too often not sure who owns the bad mortgages that they sold as part of CDOs to investors around the world, hence making foreclosure on homes difficult and sometimes impossible and/or resale a problem.)

Lamentably, then, Presidents Bush and Obama did not establish any conditions that banks re-loan government bailout money worldwide to citizens in need of credit to buy TVs, autos, buy homes (and refinance existing high-interest home mortgages). The banks not only refuse to loan but have suddenly reduced the lines of credit previously approved for users of credit cards—effectively ruining the credit of millions whose FICO credit score falls as they “appear” to have “maxed out” their credit lines and ability to borrow, thus preventing households and businesses to complete the buy-produce-sell cycle, without which companies continue to layoff workers. Moreover, the banks have raised interest rates for late payment of credit cards to a penalty rate of 35% APR or more. (There is now the possibility to opt out of cards when the interest rates rise, but those who do so may have their monthly payments doubled.)

This reckless behavior by U.S. banks has severely damaged Mexico’s exports to the USA, which coincided with the 2008 swine-flu crisis caused by the U.S. transnational company Smithfield Farms, and this in turn caused the tourist industry to collapse. At the same time, tourism had already been impacted by the rise of kidnappings in Mexico and the collateral loss of life caused by the Drug War between cartels in Mexico and their battle with the Mexican military seeking to break their rising power (2006--), as we will see below.

Thus, since taking office in early 2009, President Obama has moved the USA from Anti-Statism (which had been established for Republican by Presidents by Ronald Reagan in words if not actions) to the current Active Statism needed to save the Private Capitalism of Wall Street from its excessive greed. Presidents Bush and Obama say that they neither moved

toward Statism nor State Capitalism.⁸ Under the latter, the State does not establish socialism but capitalism directed by the State.

Presidents Bush, Obama and the U.S. Federal Reserve have spent, lent, and invested in banks and companies more than \$2 trillion dollars since 2008, certainly the work of Active Statists.

Statist Official Parties tend to seize land from private owners, e.g., to establish “publicly-owned farms”:

Stalin and Mao established Collective (State) Farms (often in the guise of “cooperatives owned/managed by individual workers”); Hugo Chávez has established state-run farms as well as “community-controlled cooperatives,” which are controlled by the government through subsidies.

In Mexico, the idea of the rural land owned by communities in the form of **Ejidos (Communal Farms)** has dominated thinking since time immemorial. “Ejidos” existed in different forms in Pre-Colonial Mexico and New Spain as well as Spain. Ejidos traditionally were not controlled by individuals but by the local Community Council, which would set part of the land aside for each of two activities:

- a) common use of a small part of the Ejido by all families for meetings, ceremonies, education, and community decisions about
- b) how farming and ranching are take place, according to one of the following two options:

⁸ Bob Davis et al., “After the Bailout, Washington’s the Boss: USA, Inc.—The State of Capitalism,” *Wall Street Journal*, 12-30-09, http://online.wsj.com/article/SB126195515647306765.html?mod=WSJ_hp_mostpop_read

- i) collective by the community, or
- ii) “individual” use of communal land worked assigned as plots assigned by the Community Council to each family, which can be reassigned to other plots if the Council so decides.

As we see below, President **Lázaro Cárdenas** (1934-1940) preferred that Ejidos be worked by the Ejido members as a group in “**Collectively-Operated Ejidos**”, but President **Plutarco Elías Calles** preferred that Ejidos be worked in “**Individual Family-Operated Ejidos**” (as did President **Benito Juárez** (author of the Constitution of 1857) and President **Carlos Salinas de Gortari** (1983-1994).

Both **Juárez and Salinas** changed Mexico’s laws by changing the Constitutions of their time to grant individual title to each **Ejidatario** (farmer on an Ejido) so that could have the option to sell, rent, or work their land cooperatively with private and land holders.

Without title to their lands, ejidatarios can not put up their land for collateral to obtain loans, rent, or sell their lands, all illegal if the community councils retain their traditional control. Thus, ejidos and ejidatrios cannot buy on credit tractors, trucks, and cars or borrow to “invest” in canals to channel water and silos to store their grains.

Silos are important store crops after harvest (when sale prices are low) and storage allows the farmers to wait for prices to rise in winter. Otherwise it is the private “**middlemen**” who buys their crops cheaply

and has the credit to build silos and store the crops until market shortages lead to higher market prices, at least until the next ejido crop harvests drive sales prices down because of the new “sudden” glut of agricultural commodities. `

Ejidatarios have long asked: Why is it that the middlemen, who buy from us cheaply, make all the money because they have silos and we do not? We sell when prices are low to the middlemen who wait to sell “our” crops when prices are high.

Juárez and Salinas used their terms in the presidency to try to break the power of Ejidos, which they deemed to be living in a communistic type of subsistence farming, pulverizing the land— arguing (correctly) that population growth is infinite while available land is finite. They saw the need to integrate Ejidatarios into the national economy as producers and consumers, thus encouraging innovation in poor rural areas otherwise dependent upon credit from the central government— credit always too little and too late, if even arriving.

These matters related to land ownership in Mexico have generated **Three “Legal” Land Reforms-- in this case “reform” meaning “Revolution” in which the masses see their life turned upside down as each Reform eventually reaches them.** In Mexico (and in many developing countries) these “Revolutions” in land tenure have been seen in positive terms by elites and folk when each benefited—seen in negative

terms by those who did not “benefit.” Usually elites and folk did not benefit simultaneously.

“Revolution” is defined differently by the general publics of Mexico and the USA. Mexicans, living in an “underdeveloped” country, have tended to see change coming through **“Revolution”**; Americans⁹ tend to see change coming through **“evolution.”** Thus, Mexicans tend to view Political Revolution as involving long-term traumatic upheaval to attain economic and social change, but most Americans tend to view Political Revolutions as being only involving short-term upheavals that can then enter into long-term evolutionary social and economic change.

But what is “Evolution”? As early as 1937 the *International Encyclopedia of Social Science* carried articles positing that Revolution and Evolution are two sides of the same “coin”, evolution being caused by spontaneous “mutation” (the biological term for “revolution”).

In recent times, the revolution in plant and human genetics has been able to cause controlled “mutations” (always the goal of those undertaking quick, short-term political revolutions). Thus Norman Borlaug, who spent over fifty years cross-breeding plants in Mexico to create the First and

⁹The USA is the only nation in the world with “America”, hence the use here of the terms “America” and “Americans”. (Some Latin Americans feel that they too are “Americans” because they live in Central and South America, but that usage is irrelevant to how the world is divided into nations. In Mexico (part of North America), the USA generally is called (erroneously) “North America,” as if Canada does not exist. Indeed, in this epoch of the North American Free Trade Area (NAFTA), Mexicans, Canadians, and Americans are all “Norteamericanos” living under the framework for economics relations for trade and finance (including international treaties that govern banking, investment, and taxes).

Second “Green Revolutions” for the world, supports the development of GMOs (genetically modified organisms) as doing efficiently what he previously had to do inefficiently by transferring whole gene pools rather than specific ones.¹⁰

DNA researchers into manipulation of genes to cause Mutations that can reverse disease, rebuild lost nerves, tendons, and limbs as well as immediately save lives, have show that Mutations may take centuries, decades, months, and now made to occur with immediate spontaneity.¹¹

Ironically, Americans do use such terms as “Industrial Revolution” and “Information Revolution”, the former taking a century from 1750 to 1850. The Information is often only thought of as having occurred through the Internet since the 1970s, but this is only the Second Information Revolution. The First occurred during the spread in the 19th century of postal and telegraph services as well as railroad communication all of which have been complemented by such 20th century contributions such as copying and fax machines, Fedex/overnight mail and the telephone (radio and land line phones as well as the cell phone revolution now sweeping the

¹⁰ See **Norman E. Borlaug** (who won the 1970 Nobel Prize for having made the First Green Agricultural Revolution possible), “Science vs. Hysteria” (*Wall Street Journal*, January 22, 2003), for an example of his rebuttal to some groups who argue against “**Frankenstein GMO Foods**”—a concept that Borlaug sees as trying to make persons hysterical and fearful. See: <http://online.wsj.com/article/0,,SB1043197517247186584,00.html>

¹¹ For new analysis of how a spontaneous mutation created the gene for colon cancer in one family coming to the New World in the 1630s (the gene then spreading to the world), see Thomas H. Maugh II, “Early U.S. family passed down gene blamed for many colon cancer cases,” *Los Angeles Times*, 1-5-2008, www.latimes.com/news/science/la-sci-colon5jan05,1,2270853.story

world.) Parts of these Revolutions took long periods to be successful; the Internet Revolution only decades, and the cell phone has leap-frogged to become a Fast-Track Revolution since 2000.¹²

Mexicans go beyond the above to use “Revolution” broadly to cover the **recurring** abrupt change in direction of political, economic, and social policy, as is seen in this Schema.

CLARIFICATION

1. In this course we seek to find the “*invisible patterns*” that help us to understand “**visible history**”, which is found through **interdisciplinary analysis of economics, politics, sociology/anthropology, religion, military history, psychohistory, folklore (followerlore), Elitelore (leaderlore), etc.** Thus, we seek to discover invisible patterns by examining the same people and events over-and-over again from different angles and vantage points in time.

This Schema offers a **Linear Overview** to put the lectures into context. Some lectures are Linear and some are **Nonlinear** (Curvilinear).

This overview is not complete but rather suggestive of some of the themes that are developed in this course. Thus, we have here a framework from which to delve into multiple issues that are not taken up here.

Because the emphasis here is on politics and socio-economic matters, analysis may seem more negative than if Mexico’s rich culture were the focus.

2. Last Names of persons in Latin America and other parts of the world usually combine the fathers’ last name and the mother’s last name, thus Vicente Lombardo-Toledano hyphenated here and by the UCLA registrar so as not to confuse the father’s last name as a middle name) officially gives the father’s name first and the mother’s name second, but each person may choose either last name for common usage. Vicente is often called “Lombardo” but not “Toledano.”

¹²See <http://inventors.about.com/library/weekly/aa070899.htm>

II. CYCLES: SCHEME 5.0 FOR ANALYZING TYPES OF STATISM

(Like any scheme, there are exceptions to the following stylization. In each period new problems and obstacles to development were identified in their own time but either ignored or only partly resolved, often because they were only partly resolved and because new generations did not follow through on the “old” when new ones were being identified. Thus, Mexico continues to face a series of accumulating, misunderstood and/or partially “resolved” problems and obstacles that are “rediscovered” again and again. This outline offers the framework into which lectures will fit many historical aspects and persons not listed here.)¹³

THE CYCLES

1. “Statist” Aztec Conquest and Government prior to 1521. In Nahua times, the Aztecs set up a system wherein THE leader ruled without any questions and certainly without any democracy. But, communities had local caciques (bosses) to carry out orders and also moderate demands and/or inflict the caciques own demands. Population of Central Mexico reached 25 million by 1519, a total not reached again until early 1950.

(Data on population given here represent estimates, depending on sampling by different agencies except for censuses which are sometimes more inclusive, and vary by methods, including periods of years, seasons of year, and population living/working in the USA--often many millions since 1910).¹⁴

¹³ For alternative chronologies, see www.indiana.edu/~jah/mexico/mapstime.html and www.cidac.org/vnm/libroscidac/under-zedillo/apendix-a.PD.F.

¹⁴ For example, Meyer-Sherman-Deeds suggest that the total was 30 million, which was not reached again until early 1955, according to series in Wilkie, ed. *SALA*, Table 514.

(All population data presented here are from: James Wilkie, *Booklet of Charts on Mexican History*; James Wilkie, ed. *Statistical Abstract of Latin America (SALA)*, Vol. 38, Table 513 (2002); and U.N. population series. Compare the preceding to research by Robert McCaa, who examines differing views of population statistics for Mexico and delves into data by race/ethnicity and by region.¹⁵)

2. “Statist” Spanish Conquest (1519-1521) and Government after 1521.

During the Colonial Period (1521-1821), the Spanish substituted their Statist System on top of the defunct system of “Aztec Statism,” and the Spanish did so under a series of Viceroy, who ruled as the “alter ego” of the far away King of Spain.

New Spain administered for the Spanish State all land (and everything under the surface) as well as all economic production, but granted rights and licenses to a favored view to exploit those rights. Local officers moderated demands made by the Crown and Viceroy by promising to obey without complying (“Obedezco pero no cumplo”), and the latter often inflicted demands of their own. Town Councils existed but (in contrast to the 13 American Colonies), the Councils were not democratic and did not represent or allow citizen input beyond the key elite.

¹⁵ Robert Macaa, “The Peopling of Mexico from Origins to Revolution [in 1910]” (1997), www.hist.umn.edu/~rmccaa/mxpoprev/cambridg3.htm

Population disastrous decline caused by introduction of European diseases, wars, and “enslavement” of much of the Indigenous population saw the total fall to 17 million by 1532 and to 1.1 million in 1608—the low point.¹⁶ The population then regained impetus to reach 6.1 million by 1810.

3. Failed Anti-State Revolutions (1810-1820), which sought Independence from Spain. Independence was defeated by the Spaniards living in Mexico who successfully saved themselves from having their property and wealth seized in the anti-Spanish fervor. Although the Spaniards (who dominated politics, economics, and society) temporarily “won,” they had to live in a decade of chaotic years.

4. Statist Independence from Spain, 1821-1824 to Maintain Status Quo. Independence was achieved from Spain in 1821 when conservatives, who had fought against independence from Spain (1810 to 1820), turned in favor of Independence to save the Statist system, which was under attack in Spain itself.

When Napoleon I had taken control of Spain and placed his elder brother Joseph Bonaparte on that country’s throne (1808-1813), as his armies passed through to invade Portugal, the Spanish town councils of Spain and the New World finally had gained real importance when, ironically, they had refused to pledge allegiance to a French king. By 1812 the town councils of Spain had formulated a new Anti-Statist Constitution, and when they sought to implement

¹⁶ In *ibid.* MaCaa estimates that the population fell only as low as 4 to 5 million.

it in 1821, the Spaniards in Mexico (who also controlled Central America) realized that they themselves had to declare Independence from Spain in order to save their power based on Statism.

The population of Mexico in 1823 stood at 6.8 million.¹⁷

5. Chaotic Anti-Statism versus Statism, 1825-1855. Period is characterized by: Anti-Statists seeking Decentralization of power to the Provinces *versus* Statists in Mexico City seeking Centralization of power in the capital city.

Both groups successfully drove most of the educated and technically skilled Spaniards out of Mexico, leaving it by 1829 without the expertise necessary to keep the country as a functioning economic system.

The result effectively brought about chaos as the Statist system collapsed in continuing on-going battles between generals who sought to become the Napoleon of Mexico, each attempting without success to install a Napoleonic Statist system of a highly centralized government, which seemed stronger than it turned out to be in fact.

[FLASH TO 19th-Century FRANCE,¹⁸ about which Michel Gurfinkiel writes that from 1830 ... to 1905, France passed through no less than four different constitutions; three dynasties (the Bourbons, the Orléans and the Bonapartes); two republics; three revolutions (1830, 1848 and 1870); one coup that worked (Louis-Napoleon Bonaparte's in 1851) and two that were either merely attempted (in 1877) or fantasized (in 1889); two civil wars (the June crisis in 1848 and the Commune in 1871); one disastrous defeat to a

¹⁷ In *ibid*, the estimate is that population was about 6 million.

¹⁸ Frederick Brown tells this story of that tumultuous era in *For the Soul of France* (2009). <http://online.wsj.com/article/SB10001424052748704094304575029143722403852.html>

nascent Germany (1870) that led to the momentary occupation of more than one-third of the country; two major financial scandals, in 1873 and 1892, that swept away most upper- and middle-class savings; and, finally, a turn-of-the-century judicial scandal ... that prompted a far-reaching law in 1905 mandating the separation of church and state.]

Hopes to stop anarchy by imposing order were dashed by two facts a) the new Republic of Mexico assumed all the debts of New Spain and the country started out in unstable poverty; and b) the Presidency changed hands 36 times between 1833 and 1855, the average term lasting about 7.5 months. To survive, Presidents had to re-impose import taxes that had been abandoned at Independence, establish sales taxes, and sell monopolies to the private sector (as the Crown had done). Import taxes caused the expansion of smuggling and bribery, sales taxes were circumvented, and monopolies could not generate profits to share with the government in the form of income taxes.

This struggle was especially influenced by Statist Antonio López de **Santa Anna**, who occupied the Presidency eleven times between 1833 and 1855. As a general of the army, he had led Mexican troops (a) to victory at Tampico in 1829 where he defeated Spain's attempt to force Mexico back into colonial status; and (b) to defeat in the War with Texas (1835-1836).

Santa Anna restored State power over all lands and subsoil rights in 1853, but lost half of Mexico in his war with the USA, 1845-1848. He was in and out of power so often during his 22 years a major influence in Mexico that he could not establish any long-term stability or Central Government Power.

Nevertheless, Santa Anna's Recentralization of land rights under the power of Mexico City marks the:

First of Three “Legal”: ¹⁹ Land Reforms. Santa Anna’s First Legal Land Reform would provide the major rationale for regulation of land in the Constitution of 1857 and the re-interpretation of that Constitution of 1857 by the dictator Porfirio Díaz. Porfirio transferred 32% of Mexico’s land surface into huge haciendas.

The Second Legal Land Reform would take place with the writing of the Constitution of 1917, which reiterated Santa Anna’s argument that the State controls all land rights (including those above and below ground) and clarified the land regulations as adopted by Juárez in the Constitution of 1857 to prevent the rise of new haciendas--Juárez had failed to “outlaw” the rise of new haciendas to replace the ones he broke up. The Constitution of 1917 required distribution of land to communities, not individuals. Land collectively held cannot be put up for collateral to obtain loans, thus was dependent for credit on the government, which had little or no money for agricultural credit.

The Third Legal Land Reform would take place in 1992, when Salinas won revision of the Constitution of 1917 to provide for granting ownership of title to the land currently being worked by a family, thus ending complete control over the land that had been held by Community

¹⁹ See Rosario Varo Berra, *La Reforma Agraria en México Desde 1853: Sus Tres Ciclos Legales*. (Guadalajara, Los Ángeles, México: Universidad de Guadalajara, UCLA Program on Mexico, PROFMEX, Juan Pablos Editor, 2002). Prólogo de James W. Wilkie. **Legal changes may not be fully carried out all, but they provide the framework of governance that creates rural insecurity about who owns what, thus discouraging investment in infrastructure, irrigation, etc.**

Councils. Further, this new law stated that although land distribution to Ejidos could continue, it did not require it.

6. Active-State Legal Revolution, 1856-1866, established by Benito Juárez and his Chief Minister Sebastián Lerdo de Tejada was undertaken to develop the Reform Laws that were then written into the Constitution of 1857.

Here are the provisions of the Constitution of 1857:

- establish civil power to take registration of birth, marriage, and death from the Church (including taking over the Church's hospitals and orphanages, but without the funds to do so, led to the closure of many and health/social disaster for the poor),
- establish a sound market economy based on weights and measures consistent throughout Mexico,
- break up the Indigenous **Communal Farms (Ejidos)** as well as large **haciendas/latifundia** (controlled by the Church and absentee private-land owners) to distribute it to Small- and Medium-Size Property Owners.

Latifundia/Haciendas are defined as

- (a) huge estates larger than 2,500 acres or
- (b) estates not used "productively"—that is not used at all, especially prior to the mid-twentieth century.

Problems not foreseen by the Juárez Land Laws: Productivity requires the normal practice of letting land "rest" in order to prevent

depletion of soil health and to recover from heavy use or failure to rotate crops. Often it is difficult to know if land is not being used or “resting”. Many persons see such land being “wasted” unless it is divided and distributed to the poor, failing to understand that the consequence tends to create minifundia.

Minifundia are undersized plots of land that barely provide subsistence agriculture and largely force inhabitants to exist outside the market economy. They are farmed continually because, if the land is allowed to “rest”, the occupants, cannot survive. The method of farming is **slash and burn agriculture**, cutting and burning of forests or woodlands to create fields for agriculture or pasture for livestock. The burning ruins the root structure and eventually renders soils incapable of further yields—sometimes for generations. Slash and burn “farming” has caused soil erosion for centuries in Mexico, wasting the land. Because fertilizers are prohibitively expensive, vegetables are too often grown in “night soil” (human manure, which tends to cause dangerous intestinal infections unless the vegetables are well cooked.)

Small holdings may also engage in **slash and burn agriculture** because holdings have been too small to take advantage of change in

technology such the advent of tractors as well as plant nutrition—either organic or inorganic.²⁰

Juárez effectively broke the power of the Church and private haciendas (both based on latifundia or huge areas of land thought to be underused²¹), but the inadvertent result that he achieved was to begin the pulverization of the land, thus creating minifundia (land holdings too small to contribute to the market economy that he so wanted).

The population of Mexico in 1857 stood at 8.2 million.

7. Statist Revolution under Maximilian (1864-1867) backed by French Troops, who seized Mexico City (1864-1867). Emperor **Maximilian** von Hapsburg, invited by Catholics and other anti-Juárez groups, came from Europe to re-establish Mexico as a monarchy - the idea being to “end” chaos and establish Government authority over the entire country. Maximilian tried to implement the role of civil power but accomplished little to establish order in the countryside and develop the national infrastructure. **Juárez central government becomes a government in internal exile, moving from state to state in the**

²⁰ Since the 1970s a debate has emerged which favors use of “plant nutrition” (a positive term) and not “fertilizers”. However the latter term includes chemical types (which are needed but too often used without proper caution) and organic fertilizers (which are expensive). See http://en.wikipedia.org/wiki/Plant_nutrition and http://en.wikipedia.org/wiki/Fertilizer#Risks_of_fertilizer_use

²¹ Although “underused” land may only be lying fallow to let it rest (constant use will damage soil fertility) much land was not even used by some haciendas. The question always has been whether or not land is underused or not used.

fight to regain central power—in 1867 Juárez forces capture and execute Maximilian.

8. Active-State Revolution under Juárez and Lerdo (1867-1876), seeks to implement as well as to continue programs established in the 6th Period, above. These presidents also adopt some measures to give the State a more active role for the nation, still seeking to establish standard weights and measures and a real postal system for the entire country. (To this day, the Mexican postal system is considered unreliable and corrupt—robbing any mail that looks valuable.)

The railway linking Veracruz and Mexico City was finally completed in 1872. It took **35 years from inception** in 1847 to overcome the difficult terrain of mountain ranges, deep gorges, driving rain, and disease that killed many hundreds of nameless workers.

9. The Rise of Statism under “President” Porfirio Díaz (1876-1911).

The population of Mexico grew from 10 million in 1879 to 13.6 million in 1900.

9a. From the Active State to Statism under Díaz (1876-1882). A ruthless

Political Dictatorship was established by **Porfirio Díaz** to favor the

development of Mexico as a huge enterprise loosely based on following the

“model” of the Barons who were accumulating huge fortunes in the USA. (That

the U.S. Barons were becoming known as “Robber Barons” was disregarded by

Díaz, who saw them as what Mexico needed —“Captains of Industry”.)

Chaos was gradually ended when criminals were deputized as police, who agreed to limit their corruption. He was famous for his motto: *pan o palo* (bread or the club, in English: “the carrot or the stick”), enforcement of which was aided by the expansion in Mexico of the Díaz telegraph network during the 1870s and railways beginning in the 1880s.

This strong President Díaz decentralized economic power to rich regional elites; and he enticed foreign capital to build Mexico’s railway infrastructure, thus finally linking the country into a unified nation as well as to export Mexico’s minerals and agricultural products. To do this, ironically, e.g., he used the Juárez land laws to create new haciendas and foreign-owned mining and oil empires as well as railway corridors of private power.

Because Juárez’s land laws allowed the creation and/or expansion of haciendas, Juárez had divided lands to create a small and medium land-owning system but did so without putting any cap on the amount of lands that might be acquired by the new owners. Thus Díaz did not have to change the law, but rather simply reverse Juárez’s priority—Díaz encouraged the growth of new great estates.

Díaz and the political system that he appointed (including regional caudillos or bosses and their local caciques or bosses administering the harsh rules to the masses) saw their role as enabling the Private Sector (and especially foreigners with investment capital) as taking the lead in becoming and or working with the U.S. “Captains of Industry”.

Whereas Juárez had emphasized the industrial role of medium and small producers, Díaz emphasized the role of Captains of Industry and hacendados (landed gentry) needed to develop large-scale activities in Mexico both for the internal as well as export market.

The building of a real railway system mainly directed to the USA as well as Mexico City was Porfirio Díaz' way to get goods to market as well as to move police and soldiers to put down any rebellions.

Díaz's success in linking the country by telegraph as well as rail had two sides: on one hand it provided the basis to regulate order and progress of commerce to generate wealth for the elite; on the other hand, it sowed the seeds of his overthrow—the railroads and telegraph allowing dissent to spread, especially by the railway workers who crossed the border running train travel between the USA and Mexico—many of those operating the trains were members of the IWW (International Workers of the World, who called for a trans-border struggle that “must go on until the workers of the world organize as a class, take possession of the means of production, abolish the wage system, and live in harmony with the Earth.”²²

When Porfirio Diaz came to power in 1876, he totally opened the country to foreign capital to build railroads, even offering a generous subsidy for each kilometer of line that was built. The rail companies not only were granted the railway corridors but also ample land on both sides of every corridor; import duties were waived on equipment and materials involved in the project, and each

²² Quote is from www.iww.org/culture/official/preamble.shtml

builder won full rights of operation for 99 years.

“Immediately United States investors jumped in, winning concessions to build the Central Line from El Paso/Ciudad Juárez to Mexico City and the National Line from Laredo/Nuevo Laredo via Monterrey to Mexico City. The first of these railways was rapidly pushed southward through the desert to Chihuahua, Torreón (one of the few Mexican cities actually ‘created’ by the railroad), Zacatecas, Aguascalientes, León, and Querétaro to Mexico City, a clear objective being to ‘capture’ as many of the mining centers as possible without any particular regard to the distribution of the country’s population.

The fact that the Central Railway was completed and operational by 1884 not only spoke to the advantageous conditions established by its concession but also to the relatively open terrain through which it passed.”²³

Railways played an integral role in the Yucatán Henequen Boom (1880s-1915). Henequen (fibrous cords and twine from sisal, one variety of the cactus plant) was used to make rope to dock sailing ships as well as bailing cords to bind bales of U.S. cotton for export. Henequen was also used to make hammocks, burlap bags, etc.

²³ Vincent H. Malmström. *Land of the Fifth Sun: Mexico in Space and Time*, ebook. 2002. www.dartmouth.edu/~izapa/LFS_Title%20Page.htm

9b. Statist Revolution under Díaz (1882-1911) and the rise of the Científicos

Social and Economic Anti-Statists were increasingly appalled at Díaz's Statist politics, a situation which denied even the elite to share in the process of making political choices and decisions.

Porfirio Díaz never did change his Statist political stance, but did gradually shift his economic and social programs from Anti-Statism to Active Statism, especially as he began to rely more and more on the ideas of his Científico "brain-trust" as they advocated plans to advance Mexico's modernization.

"The *Científicos* (Spanish: "scientists" or "those scientifically oriented") were a circle of technocratic advisors to President of Mexico Porfirio Díaz. Steeped in the positivist "scientific politics", they functioned as part of his program of modernization at the start of the 20th century. Leading *Científicos* included:

- Ramón Corral (January 10, 1854 - November 10, 1912) was the Vice President of Mexico under Porfirio Díaz from 1904 until their deposition in 1911.
- Gabino Barreda (1820–1881), a precursor of the group. A physician and professor of medicine, Barreda studied in Paris under Auguste Comte between 1847 and 1851 and is widely credited with introducing positivism in Mexico. Put in charge of fulfilling the 1857 Constitution's promise of secular public education by the early Juárez government, Barreda organized the National Preparatory School, the first secular school of higher learning in Mexico, which opened in 1868 and became the training ground for many of the younger *Científicos*.²⁴

Indeed to advance scientific planning, Díaz in 1882 authorized the creation Mexico's national statistical gathering agency so that the Científicos could begin the first real collection of statistical data needed to understand from where the country was going, where it stood, and where appeared to be heading. This national project was launched, mainly by Mexico's giant in

²⁴ Quoted from <http://en.wikipedia.org/wiki/Cientifico>

research: Antonio Peñafiel, who organized the first consistent and wide recording and compiling of historical statistics as well as creation of new data that he included in Mexico's statistical reports and yearbooks. Indeed, he created the first effective basis for modern research and publication of statistics on Mexico.²⁵

Peñafiel had established the first Law on Statistics in 1895, the same year that he administered the first national population census for Mexico—the population in that year was recorded to be 12.6 million. Five years later his census counted 13.6 million. In 1910 Peñafiel's census showed the Mexican population to have reached 15.2 million. In the process he was refining his scientific methods used to conduct the censuses.

The “Científicos” were effectively also Díaz's “political party” which justified his socio-economic schemes developed under Big Foreign and Domestic Capitalists.

By 1898 the José Limantour, Minister of the Treasury (Hacienda), understood that Mexico's railway system had to be developed in the national interest, not the private sector's narrow interests. He and the Científicos realized that disorganized routings prevailed in Mexico's rail system. Limantour oversaw the enactment of a General Railway Law requiring that any new construction would serve to complete a “national network rather than sponsor the building of detached lines in remotely separated parts of the country.

²⁵ See Sergio de la Peña y James W. Wilkie; *La Estadística Económica en México: Los Orígenes* (México: Siglo XXI y Universidad Autónoma Metropolitana-Azcapotzalco, 1994).

As a result, in the later years of the Díaz administration, the Mexican government began acquiring the majority of the shares of the Central and National Lines and fusing them into a unified company called the National Railways of Mexico, so by the end of the Porfirian period the major lineaments of the private/public Mexican rail system had been well established -- the country as a whole boasting some 12,000 miles of track," writes Malmström.

Further in 1900 he encouraged the founding of Mexico's steel industry in Monterrey, but left it to the private sector to develop.

Because Porfirio had not enforced Juárez' laws against the Church's accumulation of capital (often through granting the right to go to heaven to the rich, who paid dearly and/or willed much of their property to the Church upon death), by 1900 the Church served as Mexico's biggest banker.

Most importantly, because Porfirio Díaz paid down Mexico's international debts, credit in Mexico was scarce and costly, even for the elite, and not available to others. From 1905 to 1907 financial panic spilled over into Mexico from (a) the 1905 Russo-Japanese War when Mexico suffered because U.S./world capital was diverted to Asia,²⁶ (b) the 1906 San Francisco earthquake which disrupted the U.S. economy, and (c) the subsequent 1907 U.S. credit shortage meant that many members of the Mexican elite found that they could not renew their loans and or had to repay them in an accelerated manner. Hacendados were especially affected and some began to quietly suggest among themselves that perhaps a rumored rebellion against Díaz by

²⁶ Japan surprised the world by winning this war, changing the balance of power in the Far East.

workers could have some favorable results--if it were limited to burning the banks and credit records, after which the workers were to go back to their slave-like jobs.

When real Revolution broke out against his regime in 1911, Díaz called up his army, which, as it turned out, barely existed—it was padded with “phantom” soldiers. The generals had thought that since Mexicans were so cowed by the Díaz mystique they could become rich simply by keeping the funds budgeted for positions of soldiers who they did not hire.

Porfirio’s Rural Police, who had also grown lazy and corrupt, were no match for the angry masses, who they had repressed for so long. They tended to avoid battles by deserting.

9c Two Key Men and Their Books:

ONE: Franciso I. Madero (1908) *The Presidential Succession of 1910*;

TWO: Andrés Molina-Enríquez (1909) *Los Grandes Problemas Nacionales*

ONE

Molina-Enríquez, saw his book referred to in English as *Mexico’s Huge (or Great) National Problems*. His thought would be influential in writing the Constitution of 1917.

“[This book by Molina-Enríquez] was highly critical of the Porfirio Díaz government, [it characterized] the period after 1821 as the era of national disintegration. The book highlighted issues of sharp political divisions, recurrent armed conflicts, and periodic foreign interventions.

“[The book] focused particularly on two aspects, land reform, and the rights of the indigenous people and their place in society socially....

“A well-known quote from the book is ‘la hacienda no es negocio’ [the hacienda is not a business]: By this he meant that the large Mexican landed estates of his day (and stretching back to their origins in the era of the Spanish conquest) were for the most part not profit-oriented but ‘feudal’ enterprises, that rural Mexico was therefore only partially capitalistic, if at all, and that the country was ipso facto only imperfectly modern.”²⁷

²⁷ Quoted from http://en.wikipedia.org/wiki/Andrés_Molina_Enríquez

Wilkie's Interpretive summary of Molina-Enríquez's

LOS GRANDES PROBLEMAS NACIONALES I (1909)²⁸

Problems analyzed in book:

1. Varied and Problematic Physical Geography of Mexico
2. Property Rights and Problems of Registration
3. Irrigation Problems
4. Lack of Credit Problem
5. Population as a Problem
 - 745 Indigenous Tribes Speaking Each Speaking Own Language or Dialect
 - Criollos (Spanish descendents, born in Mexico)
 - Peninsulares (Spanish born in Spain)
 - Mestizos (Persons of Mixed Blood and Culture)
 - Human Geography and
 - Distribution of Food
 - Use of Alcohol
 - Poor Wages for Masses
6. Politics
 - Problem of How to define Mexico as a Nation—Mestizaje - K
 - Problem of Overcoming Physical Geography to Develop
 - Communication of Such a Diverse Population Living in Different Circumstances and Speaking So Many Languages
 - Problem of Education for the Indigenous and Mestizos
 - Problem of Taking Population Censuses

²⁸ The book is available to download at <http://www.cervantesvirtual.com/servlet/SirveObras/01471652101247384191291/index.htm>

TWO

Madero's book on *The Presidential Succession of 1910* was to play the role of igniting the Mexican Revolution in 1911 and lead him to become President of Mexico from November 6, 1911, to February 19, 1913. Wikipedia sums up his history:²⁹

“Madero was born in Parras de la Fuente, Coahuila; the son of one of the wealthiest families in Mexico: his grandfather had founded the *Compañía Industrial de Parras*, which was initially involved in vineyards, cotton, and textiles, and which moved into mining, cotton mills, ranching, banking, coal, rubber, and foundries in the later

“Madero was educated at the Jesuit college in Saltillo, but this early Catholic education had little lasting impact. Instead, his father's subscription to the magazine *Revue Spirit* awakened in the young Madero an interest in Spiritism, an offshoot of Spiritualism. As a young man, Madero's father sent him to the École des Hautes Études Commerciales de Paris (HEC). During his time in France, Madero made a pilgrimage to the tomb of Allan Kardec, the founder of Spiritism, and became a passionate advocate of Spiritism, soon coming to believe he was a medium. Then he graduated from High school at Culver Academies, achieving high leadership positions. Following business school, Madero traveled to the University of California, Berkeley to study agricultural techniques and to improve his English. During his time there, he was influenced by the Theosophist ideas of Annie Besant, which were prominent at nearby Stanford University.

“In 1893, the 20 year old Madero returned to Mexico and assumed management of the Madero family's hacienda at San Pedro, Coahuila. He installed new irrigation works, introduced American cotton, and built a soap factory and an ice factory. He also embarked on a lifelong commitment to philanthropy. His peons were well paid and received regular medical exams, he built schools, hospitals, and community kitchens, and he paid to support orphans and award scholarships. He also taught himself homeopathic medicine and offered medical treatments to peons.

“On April 2, 1903, Bernardo Reyes, governor of Nuevo León, violently crushed a political demonstration, an example of the increasingly authoritarian policies of president Porfirio Díaz. Madero was deeply moved and, upon the suggestion of the spirit of his deceased brother Raúl, he decided to act. Madero responded by founding the Benito Juárez Democratic Club and ran for municipal office in 1904, though he lost the election narrowly. In addition to his political activities, Madero continued his interest in Spiritism, publishing a number of articles under the pseudonym of Arjuna (a prince from the *Bhagavad Gita*).

“In 1905, Madero became increasingly involved in opposition to the government of Porfirio Díaz. He organized political clubs and founded a political newspaper (*El Demócrata*) and a satirical periodical (*El Mosco*, "The Fly"). Madero's preferred

²⁹http://en.wikipedia.org/wiki/Francisco_I._Madero#Leader_of_the_Anti-Reelection_Movement.2C_1908.E2.80.931909

candidate was again defeated by Porfirio Díaz's preferred candidate in the 1905 governmental elections.

"In a 1908 interview with U.S. journalist James Creelman published in Pearson's Magazine, Porfirio Díaz said that Mexico was ready for a democracy and that the 1910 presidential election would be a free election. Madero spent the bulk of 1908 writing a book at the directions of the spirits, which now included the spirit of Benito Juárez himself.

"The [resulting] book, published in late 1908, was titled *La sucesión presidencial en 1910* (*The Presidential Succession of 1910*). The book quickly became a bestseller in Mexico. The book proclaimed that the concentration of absolute power in the hands of one man - Porfirio Díaz - for so long had made Mexico sick. Madero pointed out the irony that in 1871, Porfirio Díaz's political slogan had been "No Reelection". Madero acknowledged that Porfirio Díaz had brought peace and a measure of economic growth to Mexico.

"However, Madero argued that this was counterbalanced by the dramatic loss of freedom which included the brutal treatment of the Yaqui people, the repression of workers in Cananea, excessive concessions to the United States, and an unhealthy centralization of politics around the person of the president.

"Madero called for a return of the Liberal 1857 Constitution of Mexico. To achieve this, Madero proposed organizing a Democratic Party under the slogan *Sufragio efectivo, no reelección* ("Valid Suffrage, No Reelection"). Porfirio Díaz could either run in a free election or retire.

"Madero's book was well received, and many people began to call Madero the **Apostle of Democracy**. Madero sold off much of his property - often at a considerable loss - in order to finance anti-reelection activities throughout Mexico. He founded the Antireelection Center in Mexico City in May 1909, and soon thereafter lent his backing to the periodical *El Antireeleccionista*, which was run by the young lawyer/philosopher José Vasconcelos. Madero traveled throughout Mexico giving antireelectionist speeches, and everywhere he went he was greeted by crowds of thousands.

"The Porfirian regime reacted by placing pressure on the Madero family's banking interests, and at one point even issued a warrant for Madero's arrest on the grounds of "unlawful transaction in rubber". Madero was not arrested, though, and in April 1910, the Antireelectionist Party met and selected Madero as their nominee for President of Mexico. Madero, worried that Porfirio Díaz would not willingly relinquish office, warned his supporters of the possibility of electoral fraud and proclaimed that "Force shall be met by force.

"Madero set out campaigning across the country and everywhere he was met by tens of thousands of cheering supporters. Finally, in June 1910, the Porfirian regime had him arrested in Monterrey and sent to a prison in San Luis Potosí. Approximately 5,000 other members of the Anti-REELECTIONIST movement were also jailed. Francisco Vázquez Gómez took over the nomination, but during Madero's time in jail, Díaz was "elected" as president with an electoral vote of 196 to 187.

“Madero's father used his influence with the state governor and posted a bond to gain Madero the right to move about the city on horseback during the day. On October 4, 1910, Madero galloped away from his guards and took refuge with sympathizers in a nearby village. He was then smuggled across the U.S. border, hidden in a baggage car by sympathetic railway workers.

“Madero set up shop in San Antonio, Texas, and quickly issued his **Plan of San Luis Potosí**, which had been written during his time in prison, partly with the help of Ramón López Velarde. The Plan proclaimed the elections of 1910 null and void, and called for an armed revolution to begin at 6 p.m. on November 20, 1910, against the illegitimate presidency/dictatorship of Díaz. At that point, Madero would declare himself provisional President of Mexico, and called for a general refusal to acknowledge the central government, restitution of land to villages and Indian communities, and freedom for political prisoners.

“On November 20, 1910, Madero arrived at the border and planned to meet up with 400 men raised by his uncle Catarino to launch an attack on Ciudad Porfirio Díaz (modern-day Piedras Negras, Coahuila). However, his uncle showed up late and brought only ten men.

“As such, Madero decided to postpone the revolution. Instead he and his brother Raúl (who had been given the same name as his late brother) traveled incognito to New Orleans, Louisiana.

“[Not until February 1911 did Madero enter] Mexico and led 130 men in an attack on Casas Grandes, Chihuahua. He spent the next several months as the head of the Mexican Revolution.

“Madero successfully imported arms from the United States, with the American government under William Howard Taft doing little to halt the flow of arms to the Mexican revolutionaries. By April, the Revolution had spread to eighteen states, including Morelos where the leader was Emiliano Zapata

“On April 1, 1911, Porfirio Díaz claimed that he had heard the voice of the people of Mexico, replaced his cabinet, and agreed to restitution of the lands of the dispossessed. Madero did not believe Díaz and instead demanded the resignation of President Díaz and Vice President Ramón Corral.

“Madero then attended a meeting with the other revolutionary leaders – they agreed to a fourteen-point plan which called for pay for revolutionary soldiers; the release of political prisoners; and the right of the revolutionaries to name several members of cabinet. Madero was moderate, however.

“He believed that the revolutionaries should proceed cautiously so as to minimize bloodshed and should strike a deal with Díaz if possible. In May, Madero wanted a ceasefire, but his fellow revolutionaries Pascual Orozco and Francisco Villa disagreed and went ahead with an attack on Ciudad Juárez.

“The revolutionaries won this battle decisively and on May 21, 1911, the Treaty of Ciudad Juárez was signed.

“Under the terms of the Treaty of Ciudad Juárez, Díaz and Corral agreed to resign by the end of May 1911, with Díaz's Minister of Foreign Affairs, Francisco León de la Barra, taking over as interim president solely for the purpose of calling general elections.

“This first phase of the Mexican [violent] Revolution thus ended with Díaz leaving for exile in Europe at the end of May 1911.

“On June 7, 1911, Madero entered Mexico City in triumph where [huge crowds shouted ‘*Viva Madero!*’

“Before becoming president, Madero published another book, this one under the pseudonym of Bhima (one of Arjuna's brothers in the *Mahābhārata*) called a *Spiritualist Manual*.

10. Chaotic Anti-Statist Political Revolution (1911-1916).

With Porfirio gone to Paris, chaotic Anti-Statism arose, President Madero soon found himself under siege by regional bosses who thought him too weak to lead Mexico and all sought to displace him. Madero selected General Victoriano Huerta to be his top general. Huerta used his position to put down most rebellions against the new government before arresting Madero to have him “shot while escaping prison.” Huerta installed himself as President of Mexico (Feb. 13, 1913-Jul. 15, 1914)

For detailed accounts of this period, see the required reading:

Revolution in Mexico: Years of Upheaval, 1910-1940,

by James W. Wilkie and Albert L. Michaels,

especially pages 1-120

(noteworthy to understand the years 1913, 1914, 1915, 1916, 1917

are the articles by Lyle C. Brown, pages 60-72 and 112-115)

The problem of “Agrarian Reform” (really Land Tenure Reform) contributed to Madero's rise and fall. Several examples help us understand.

By 1911 Emiliano Zapata was destroying the sugar industry in the state of Morelos, directly south of Mexico City. He sought to end debt peonage on the sugar haciendas (rather than require fair wages and working conditions), and he set out to give the land to those who worked it (or let the peasants seize it), thus condemning the state of Morelos to long-term rural poverty for all. Zapata did not realize that whereas the amount of land is finite, the growth of population is infinite.

Zapata generated “faith” in land reform, favoring the land being returned to Ejidatarios as well as small and medium private farmers. Because Madero had called for Zapata to distribute land in a legal manner (with exact topographical measures, which seemed impossible given the extreme shortage of engineers), **Marte R. Gómez**, a young engineer, volunteered to join the newly formed Comisión Nacional Agraria.³⁰

Marte R. Gómez tried to work with Zapata in his efforts at distributing land in 1915, but to conduct serious engineering in the cross-fire of many battles between Zapata and the federal government, and between the Zapatista factions themselves, was not possible. After months of problems in Morelos, Gómez moved in 1916 to work with the “radical” Governor of Yucatán Salvador

³⁰ Marte R. Gómez Oral History Interview with James Wilkie and Edna Monzón Wilkie, published in Wilkie and Wilkie, *Frente a la Revolución Mexicana: 17 Protagonistas de la Etapa Constructiva*. (México, D.F.: Universidad Autónoma Metropolitana), 4 volumes (Coordinating Editor: Rafael Rodríguez Castañeda): Vol 3. *Líderes: Salvador Abascal, Ramón Beteta, Marte R. Gómez, Jacinto B. Treviño* (2002).

Alvarado. With Avarado's departure, Gómez surveyed lands in the state of Campeche until 1921.

Rather than changing the conditions of workers held in debt peonage in Yucatán, General Salvador Alvarado (1915-1916) saw the solution as breaking up the henequen haciendas and distributing the land to the former debt peons. Those well-intended acts, however, helped bring the hacienda boom in Mexico to an end,³¹ yet failed to break up many of the haciendas.

During this period many leaders believed that violent political action alone could achieve social and economic change, but in the end, most realized that achievement of political power was only the beginning of a long process to effect socio-economic change. In the meantime, **Pancho Villa** (from North Center Mexico fought **Venustiano Carranza** (from Northeast Mexico) and **Alvaro Obregón** (from Northwest Mexico). Carranza (joined by Obregón) defeated Villa by 1915-1916, and Carranza had Emiliano **Zapata** ambushed and killed in 1919.

11. Active-State Revolution (1917-1964) restored order by establishing the Constitution of 1917 to mediate between Statists in the government (backed by

³¹ Other factors also intervened to end the henequen boom in Mexico. The advent of World War I cut into exports as did the cultivation of the plant around the world (Brazil, Madagascar, Tanzania, Manila), and the coming of synthetic rope and twine (especially nylon). Thus, the henequen industry began a long, slow decline (in spite of a mini-boom during World War II).
See <http://www.mexicomike.com/stories/henequen.htm>

peasant and worker organizations) and Anti-Statists in the private sector.

Carranza then convened the Constitutional Convention of 1916-1917 to write a new legal framework. Carranza signed the Constitution into law even though he was unhappy with some of its provisions and never sought to enforce most of its provisions. In any case, enabling legislation had to be passed to implement the provisions and provide penalties for failure to do so and/or for violation of the provisions, this process being incremental and taking decades.

Oddly, the Constitution of 1917 was never ratified by the delegates who drafted it (and who in any case did not include the forces of Villa or Zapata). Nor was it approved by the state governments or voted on by the Mexican populace, much of which still lived in unpacified areas.

On the one hand, the Constitution reestablished the Crown's overarching policy by declaring that the State regulates all aspects of national life and economy, specifically adopting Santa Anna's decree of 1853 that all land and sub-soil rights belong to the nation.

On the other hand, the Constitution of 1917 established a role for the private sector. The role has varied according to who has occupied the presidency. The President of Mexico has the sole power under the Constitution to decide whether or not to emphasize the role of the private sector at the expense of the government.

Thus the Constitution of 1917 is very important because it involved nationalizing mineral resources and prohibiting foreign businessmen from appealing to their home governments to protect their property.

Amended many times, the Constitution of 1917 remains in force, albeit with **privatization of Ejidal land (1992) and mineral resources (1993)**-except oil, gas, and electricity which remain under State ownership.

Unfortunately, however, the Constitution has **prohibited re-election** of all posts: federal, state, and local. Without re-election, experience is lost in short-term periods of office in the lower of house of Congress and **mayoral level—three years in too little time to do anything and the wholesale turnover of positions means the first year is spent replacing staff**, the second hoping they can learn what to do, and the third in closing the books.

Further, mayors are afraid to act because the fear that they will violate complex laws that cannot be quickly learned, and local government is usually too poor to fund a legal to offer guidance through the thicket of “normatividad” (normative) rules and regulations that seemingly block most mayoral actions.

Since 1934 Mexico’s presidents serve six years, which has become too long as the pace of events has quickened in an era of ever-better communications. Four-year periods with re-election would now offer more effective government, but, alas, the memory of Porfirio Díaz’s many re-elections live on. (Senators serve six years, as in the USA)

Five key Articles of the Constitution dominate Mexico to the present, especially as underlined below:

#3 requiring public education and that it be free and secular, the Church

being prohibited from imparting primary education.

#27 reserving sub-soil rights to the State;

protecting small and medium properties from land reform (but

allowing the government to cap their size);

requiring that haciendas be divided and returned to Ejidos (which

Benito Juárez and Porfirio Díaz had sought to extinguish.

Article #27 required that the lands returned to the Ejidos and held

by the community without the right to sell, rent, or use for

collateral to obtain loans).

Further, Article #27 prohibited foreigners from owning land within

60 miles of the border and 30 miles from Mexico's coast as well as

prohibited the Church from land ownership.

FOR FURTHER READING ON THE

“TYPES OF [LAND] OWNERSHIP IN MEXICO,”

SEE: <http://www.ricardobarraza.com/typesofownershipinmexico.htm>

#33 permitting Mexico's President on his sole order to deport forever any

foreigner with no right to appeal;

#123 providing workers with: the right to strike,

be paid for overtime work,

be protected if injured or bearing children,

be protected from employment if under age 12 and from night

work if under 16.

#123 requires employers to indemnify workers who lose their jobs—one

month pay for each year of work. **Sindicatos (Labor Unions)** were legalized and authorized to engage in collective bargaining with their employers and managers.

#130 authorizing the State to assume ownership of all Church properties, including those used for religious ceremonies; to prohibit Church oaths (thus outlawing monasteries); to authorize the states to regulate the number of clergy permitted to practice the “religious profession”; and, to prevent the clergy from voting, assembling for political purpose, criticizing the Constitution, or celebrating public activities or ceremonies.

The premise of the “Active State” is that it stands between Extreme Anti-Statism (too often leading to anarchism), and Extreme Statism (which leads to dictatorship).

The Active State anywhere yields to the private sector in business and industry in order to dedicate government activities to provide efficiently:

(1) the traditional governmental services (e.g., police and fire protection, garbage collection, postal and telegraph systems, etc.),

(2) public infrastructure (roads, railroads, electrical and water systems, telephone systems, etc.), and

(3) **social essential services (e.g., the construction and operation of public schools, clinics, hospitals, orphanages and social welfare programs for the poor, unwed mothers, and the aged).**

Thus, in 1917 the State moves from a passive role to an active one as it seeks to solve problems not resolved by the private sector; and thus it subsidizes and/or invests in new and needed industry, often by providing high tariff protection.

To make the Active State function, Emilio Portes-Gil establishes in 1929 the “**Official Party**” (which has three names, as discussed below); but gradually it became more authoritarian during the 1960s, culminating in the murder of many hundreds (perhaps thousands) of persons who protested against it in the autumn of 1968 and during 1969. Thus, the Active State was converted to the “Statist Revolution” (1970-1982), discussed below.

Under **Active State Revolution**, the Central Government steadily acquired evermore power to “guide” national development. To end the chaos caused by roving rebel bands, it also deputized criminals as police, who agreed to limit their corruption. As under Porfirio Díaz, political and economic power was decentralized to rich regional elites, with the President serving as ultimate arbiter of disputes. The idea eventually came to encourage joint economic ventures linking domestic capital with foreign investment and technology.

11a. Political Phase (1917-1934), a new elite took power defeating scattered military rebellions to undertake the reconstruction of the country's economic infrastructure seriously damaged in the Revolution (that of 1910-1916, discussed above) and lead to the establishment of the Official Party in 1929, making explicit what had been implicit since 1921.

The Central Government rebuilt (often several times) the destruction caused by the Violent Phase of the Revolution (1911-1916, 1919) as well as military rebellions (1921-1923, 1927, 1929), established rural education in the early 1920s and the banking and finance system: **Bank of Mexico** in 1925 and the **National Bank for Agricultural Credit** in 1926--both under **Manuel Gómez-Morín**.

Presidents Alvaro **Obregón** (1920-1924) and **Plutarco Elías-Calles** (1924-1928) led the activities to establish the Active State, with expanded roles for the Private Sector, still criticized by intellectuals and students for its excess of power under Díaz. Obregón successfully gained U.S. recognition of the Revolutionary Government.

In 1921, Obregón had conducted the first census since 1910. The census of 1921 showed the population to be 14.2 million, thus giving many journalists the idea that the demographic "cost" of violence in Mexico during those eleven years meant one million persons were killed since the population census of 1910.

But demographic historians do not equate "loss" with "killed." The calculation of Mexico's population calculated in Figure 2.

Figure 2

**How Many Were Killed or “Lost” in the Violent Phase
of the Mexican Revolution?**

**(Persons “Killed” After Adjusting for those “Lost”
in Mexico’s Upheaval, 1910-1921)**

Population

15.2 million in 1910
 -14.3 million in 1921
 = .9 million (900,000 apparently “killed”)
 + .1 million (100,000) who fled from Mexico to personal
 security in the USA
 + .6 million (600,000) children not born owing to the fact that
 would-be parents were at war and amid battles and
 insecurity--including the “soldadera” fighting with her
 man. (Armies moved with women involved in actual
 fighting and/or cooking and caring for their men and their
 encampments)
 + .1 million (100,000) not counted in the census, which
 was conducted with severe limitations. The year 1921
 marked only the beginning of attempts to stabilize the
 country and rebuild the communications system that had
 been greatly damaged. Census-takers were unwilling (as
 were teachers and physicians) to go into much of rural
 Mexico, which was still a dangerous place. Further,
 Indigenous peoples in the jungles of Chiapas, for
 example, simply lived outside of “Mexico”—they knew
 only the name of their place or region, not the name of the
 country, about which many had never even heard about.
 = **.1 million (100,000) Total “real” maximum “killed”
 in military action.**

SOURCE: Adapted from data developed by Robert G. Greer.

This estimation of the number killed was calculated by Robert G. Greer, who made a new analysis of the data in 1966. Greer found that he could count the number of persons killed by military action during the decade after 1910 as only ranging from 75,000 to 100,000.³²

Understanding how we get the “real” number of deaths by military action has always been too much for most observers to handle. And journalists wanted a high number to give a poetic ring to the magnitude of change wrought by the upheaval of Mexico between 1910 and 1921. Thus, the public mind has come to wrongly define the number “**one million loss as one million killed.**”

Myth in this case of “deaths in battle” is more important than the “**vague reality**” of Mexico’s eleven years of upheaval, in which between 75,000 and 100,000 may have been killed. (Tragically, many persons had always died in Mexico from causes other than military action: starvation, unavailability of medical treatment, inter-personal enmity, domestic violence, etc.)

³² See Robert G. Greer, “The Demographic Impact of the Mexican Revolution, 1910—1921” (Austin, M.A. Thesis in Sociology, 1966), discussed by James Wilkie in *Statistics and National Policy* (Los Angeles: UCLA Latin American Center Publications, 1974). For nine views on the demographic impact after 1910 (including the view of Greer), see analysis by Robert MaCaa, *Missing millions: the human cost of the Mexican Revolution*, e-article, 2001, www.hjst.umn.edu/~rmccaa/missmill/mxrev.htm

The above myth about the “cost” to Mexico in numbers killed was important for Official Party of the Revolution to justify holding on to power “permanently”, which ended in 2000.

Although it is a truism that “nothing is ever really permanent”, we need to add a corollary: “except myth”, which in this case of one million persons killed lives on.

From 1924 through 1934, the Private Sector dominated the “Continuing Revolution”, which was led by Plutarco Elías Calles (who usually used his mother's last name "Calles," not his father’s last name “Elías”). Although he was known as “El Jefe Máximo” and favored Ejidos run by individual families, the government was poor in relation to the Private Sector, which was able to operate with little regulation.

With regard to the **Church**, Calles was mistakenly quoted by a news reporter (who put words in Calles’s mouth to get a sensational story), and those words seemingly threatened to implement provisions of the Constitution that had lain dormant. Lay (non-clerical) Catholics (encouraged by much of the clergy) rebelled in the **Cristero War (1926-1929)**. They fought (1) against increasing state power limiting the Church’s de facto “ownership” of buildings and land (and for private sector land rights in the face of government redistribution of land titles; and they fought (2) to maintain the Church’s defacto control of primary education (which unconstitutional) of the

country's children—both sides spoke more in terms of indoctrination than education.

When President-Elect Obregón was assassinated before he could retake office in 1928, Calles left for Europe to avoid the appearance of trying to retain power as the Strong Man of Mexico, which he eventually did become. In the meantime, Calles did not want to appear to be involved in the assassination—he and Obregón were supposed to have taken turns, but Obregón was killed by a Catholic priest before he could take office for his second term. (Father Miguel Pro did not know that a secret agreement had been reached between Church and State to end the Cristero War, and, arguing that under Catholic doctrine the Church had the moral right to “execute” its enemies, he took it upon himself to shoot Obregón at an open-air lunch, thus setting back the secret accord.)

While Calles was in Europe, however, Interim President Emilio **Portes-Gil** served during a 14-month interlude (1928-1930) to change the landscape of Mexico by undertaking rapid land distribution (which he knew that Calles opposed), Portes and he did so with the help of **Marte R. Gómez**—his Secretary of Agriculture, with whom he worked to distribute land in Tamaulipas. (Portes Gil had been Governor of Tamaulipas, 1925-1928).

Portes did more in his 14 months than any President in Mexico's history, for example by

- i) establishing University autonomy,
- ii) developing the country's first real labor law (that Calles opposed),

- iii) putting down a brief military rebellion led by General **José Gonzalo-Escobar** (who was supported by one-third of the officer corps and 30,000 troops and who were thought to be trying to link up with the Cristeros),
- iv) signing the accord with the Archbishop of Mexico to end the Cristero War--the Church feared that unless it reinstated the mass, baptisms, marriages, and burial services (suspended in 1926 to force an uprising or protest against the government) feared that its power of the masses would be lost because there had been no real protest and the Catholic rites seemed to be headed into oblivion in Mexico,
- v) founding the Official Party as the PNR (which many joked meant “Plutarco Necesita Robar”—contributing to a dramatic misunderstanding of the PRN’s role that removed Calles to indirect oversight of the Mexican government),
- vi) holding a new presidential election to replace the assassinated Obregón.

For the presidential “election” of 1929 Calles proved how out of touch he was in Europe. He had believed, when he brought **Pascual Ortiz-Rubio** (an engineer and diplomat) from his post as Mexican Ambassador to Brazil to become President of Mexico, that this act would neutralize the internal political struggles that threatened his planned role as Mexico’s “Strong Man” when he returned from Europe in 1930. However, this man Calles had selected to “win” the presidency in 1929 was not the puppet president for whom he had hoped.

Ortiz Rubio not only refused to follow Calles’ orders but believed that he could govern in his own right--even though he was in a weak leader with no real

political support in Mexico. Back in Mexico, Calles saw Ortiz Rubio as being so ineffective that he was discrediting the concept of Calles being Mexico's Strong Man.

Hence in 1932, the trough of the world depression after 1929, Calles removed Ortiz-Rubio and placed into power General **Abelardo Rodríguez**, who as governor of Baja California had turned it into an attraction for American tourists seeking gambling and prostitution.

Ortiz Rubio and Rodríguez (as well as Portes Gil) had to cope with the arrival from the USA of nearly 500,000 Mexican workers who were "repatriated" to Mexico, forcibly or "voluntarily" to escape harassment, during the world depression.³³

Whereas Portes-Gil had become President of Mexico as an independent force to negotiate the prevention of violence as Calles left the country during the investigation of the assassination of Obregón, Ortiz Rubio and Rodríguez won their jobs by being selected by the "dedazo"—the virtual "pointing of the finger" by Calles. Thus Ortiz Rubio and Rodríguez were "presidents" in name only.

In contrast, **Lázaro Cárdenas del Río (LC)**, who from 1936 through 1940 would be the President of Mexico, won his post with support from all regions of Mexico and was elected after he traveled to what seemed like every corner of the country (Calles was deported from Mexico by President Lázaro Cárdenas in 1936.)

³³ See *Journal of American History*: www.indiana.edu/~jah/mexico:mapstime.html

The elite behind the Central Government constructed “**One-Party Democracy**” (PNR, 1929; PRM, 1938; PRI, 1946) under the “**Official Party**” (1929-2000). By the 1990s, this system was called the **PRI-Gobierno** (PRI Government), as the Official Party came to be known, making no distinction between the political party and the government.

Thus, the Official Party (which explicitly held the Presidency from 1929 through 2000) had three names:

Partido Nacional Revolucionario (PNR), 1929-1938;

Partido de la Revolucion Mexicana (PRM) 1938-1946;

Partido Revolucionario Institucional (PRI), 1946-2000,³⁴

The PNR gave power to Mexico’s regional bosses—the state governors and generals who controlled the military regions. The PNR articulated the realities of the 1920s, in which the state fought over such matters as (a) whether land reform should create communally-owned farms (**Ejididos**) as units for individual plots or (b) Ejidos worked collectively for farming and ranching.

Ejididos are not necessarily communal farms per se, but belong to the community, which authorizes how the land will be used, either by individual families working alone or groups of families working together in “communal” form. During the 1930s some thought that the idea of communes in the USSR were the same as communally run farms in Mexico, but there is no connection. The communes in the USSR had

become, explicitly or implicitly, state farms under government ownership and control, which was not the case in Mexico.

Collective Ejidos should not be confused with **Cooperatives** made famous in the Wisconsin Dairy Belt of the USA by individual producers who maintain their independence except in the (1) collective bulk purchase of supplies and (2) marketing of the products. Collective negotiation for the purchase of supplies and sale of products has given the American Coops greater income.

As governor of the state of Michoacán (1928-1932), **Lázaro Cárdenas del Ríó (LC)** established his credentials as a “reformer” by implementing a) organization of new **Sindicatos (Labor Unionism)**³⁵ outside the control of Calles’ corrupt Union leader Luis Morones; b) a new school curriculum involving the teaching of socialist and sexual education; and (c) the distribution of lands to Ejidatarios.

When Calles ordered from Europe that President Portes-Gil and Gov. Cardenas cease such distributions they both refused. The Governor openly ignored Calles’ order, and seemingly sealed his fate—he would not receive Calles’ dedazo to become Mexico’s President for the period from 1934 to 1940.

³⁴Since December 2000, the **PRI is the “Former Official Party” (PRI/FOP)**, which still holds the **sgovernorship of more than half of Mexico’s state governments.**

³⁵ **Sindicatos** are the basis of **Syndicalism**, a type of economic system proposed as replacement for capitalism and state capitalism (sometimes called State socialism). Syndicalism utilizes federations of collectivist Sindicatos to achieve political goals as well as economic goals. For adherents, Sindicatos are the potential means of both overcoming capitalist exploitation of the workers and running society fairly in the interest of the majority. Industry in a Syndicalist system theoretically is administer through co-operative alliances and mutual aid. Local Syndicates communicate with other Sindicatos through their Sector in a political party. —in Mexico the Official Party. (In 1923, e.g., **Diego Rivera** founded the **Sindicato de Obreros Técnicos, Pintores, Escultores y Grabadores Revolucionarios de México.**) “An emphasis on industrial organization was a distinguishing feature of syndicalism when it began to be identified as a distinct current at the beginning of the 20th century.... seeing trade unions as simply a stepping stone to common ownership.” (Adapted from <http://en.wikipedia.org/wiki/Syndicalism> and <http://www.answers.com/topic/syndicalism>.)

Nevertheless, the depth of the world depression and its impact upon Mexico soon made Calles realize that Mexico needed a reform governor in power who could be compared to the executive role that FDR had enjoyed in the state of New York (1929-1932) before he became the U.S. President in 1933.

11b. Social Phase (1934-1940)

Lázaro Cárdenas (LC), President for this newly established six-year term (beginning December 1, 1934 and ending December 1, 1940) set out to give Ejidatarios and factory workers real power (built upon the accomplishments of **Portes Gil**, 1928-1930) to undertake **full “land reform”**. LC distributed more good land than anyone before or after. To help foster agricultural development by Ejidatarios (who had no collateral because until they did not have title to their land until the 1990s), he founded the **Bank for Ejido Credit--the Bank of Agricultural Credit (1926) had turned out to be focused on private credit based on the collateral of the title to their property.**

FLASH FORWARD: Subsequently the Ejidal Bank would have to cancel all unpaid loans because most Ejidatarios were too poor to repay or had suffered bad-crop years (extreme weather, pests, lack of fertilizers). Those who had not paid could not borrow unless their debts were periodically cancelled. Ejidatarios soon

learned that if they did not pay, their debts would be wiped out and they could get a fresh start—certainly not an incentive to ever repay loans.)

Before LC could act with a free hand, in 1936 he had to deport from Mexico Calles and his openly corrupt cronies Luis **Morones** and Melchor **Ortega, who opposed strikes and land reform backed by LC.** This deportation was carried out smoothly, thus ending the strikes that had paralyzed the country to support Cárdenas against Calles. LC did this by recognizing **Vicente Lombardo-Toledano** as Supreme Leader of all **Sindicatos** (Labor Unions with political goal as well as economic goals), taking power from the grasp of Morones and Ortega, who had favored private factory owners since they headed the labor movement under Calles (1924-1928, 1931-1935).

Taking the government into directly controlling agricultural production and consumption, Cárdenas established in 1937 (CEIMSA) the agency that would become officially known in 1961 as **CONASUPO**. CONASUPO was subsidized by the government from 1937 through 1999 to pay fair prices to farmers and charge low prices to consumers for basic foods. In 1935, Cárdenas had established ANDSA, National Silos and Depositories for Seeds and Grains, to prevent private dealers from buying critical supplies at low prices during the harvest season and hoarding them until winter shortages drive up the prices. In 1939 Cárdenas established Father, in 1939 he established the agency that would known as **DICONSA** to distribute food supplies and open stores throughout all Mexico.

When Lázaro left office in December 1940, he declared that, with 42% of the agriculturally employed population having received land (13% of Mexico's land surface having been distributed since 1917), that the land reform had been completed, little knowing that he had only set the bar for the Official Party about how to use further land distribution as the test of "revolutionaryness."

In 1938, Cárdenas nationalized the foreign-owned petroleum industry and created **PEMEX** as the state oil company created to administer and improve the "hated" expropriated petroleum companies. LC left the PEMEX Labor Union in charge of newly nationalized industry. Subsequently all politics about PEMEX has revolved around how to implement increasingly greater control of professional petroleum engineers who have a world view if matters rather than worker control for their own interests. The idea that "PEMEX belongs to the Mexican people is ludicrous"—it belongs to the entrenched workers, whose union benefits from "sweet-heart" contracts and ability to overrule rationale professional decisions, thereby making professional management subservient to the PEMEX Union which should only be "co-equal."

The theory of such nationalizations meant that profits could be generated for non-private use such as the building of schools, clinics, roads, scholarships, and higher worker salaries, while also generating reasonable taxes to be paid to the federal government. Unfortunately PEMEX soon acquired double the number of workers needed, many of whom were like Díaz's army and police—positions left vacant but still budgeted, thus leaving funds to be used corruptly.

(Whereas Díaz had a phantom army of army and police, the PEMEX labor Union has a phantom army of workers.) Until the mid-1970s PEMEX lost huge amounts of money and had to be subsidized. (Because of “accounting” problems, PEMEX still is not sure what it costs to produce one barrel of oil.)

Lázaro Cárdenas was then free to complete nationalization of most of the country’s railway system, creating **Ferrocarriles Nacionales de México**, which dealt a severe blow to the henequen industry in the Yucatán (as did Cárdenas seizure of many haciendas for redistribution to the workers on the henequen plantations) who no longer had easy transport from fields to port.

Most importantly, Lázaro Cárdenas secretly launched three major “economic revolutions,” the first announced with little fanfare so as not to disappoint his leftist base of support:

- i) **Industrial Revolution in Mexico** (1934--) that arose by inking the Government to the Private Sector (except **PEMEX**). To accomplish this task, he created the National Development Bank (NAFINSA) in 1934.³⁶

³⁶ Según Wikipedia, **LA PRIMERA ETAPA** de The National Development Bank (**NAFINSA**) fue promovido en 1934 por el secretario de Hacienda **Marte R. Gómez**, que dio origen a Nacional Financiera.

Nacional Financiera es el cuarto paso que se da en el campo de la organización bancaria nacional. Se suma al Banco de México, al Banco Nacional de Crédito Agrícola y al Banco Nacional Hipotecario Urbano y de Obras Públicas, y operará como todas las instituciones aquí enumeradas para bien de la economía mexicana y para provecho de toda la Nación”

En esta etapa la labor de Nacional Financiera se enfocó, principalmente, a reincorporar a la economía privada los bienes inmuebles adjudicados al gobierno y a

NAFINSA's second epoch began under President **Manuel Avila-Camacho** in 1941, who expanded its investment in industry and infrastructure (e.g., transportation, subsidy of private companies), Avila-Camacho mistakenly has received all the credit for the industrialization boom fostered by Cárdenas.

ii.) Green Revolutions in World Agricultural Productivity

(1940--) that arose through the arranging the basis for establishing in Mexico the International Center for the Improvement of Corn and Wheat (**CIMMyT**).

CIMMyT was developed when **Professor Norman E. Borlaug** arrived in Mexico as part of a team from the USA to establish the

los antiguos bancos de emisión. Al mismo tiempo, de manera paulatina empezó a adquirir importancia como organismo de fomento del mercado de valores al emitir, en 1937, sus primeros títulos financieros e intervenir, en el mismo año, en la emisión de valores bancarios e industriales.

En 1939 la institución logró elevados niveles en el otorgamiento de crédito y en la compraventa de valores, además de intervenir crecientemente en la emisión y colocación de acciones y bonos industriales.

Etapas Segunda "Promoción de la inversión productiva"

A principios de la década de 1940, el gobierno estableció el desarrollo de la infraestructura del país y la promoción de la inversión productiva como los objetivos esenciales de la labor de Nacional Financiera. See

[http://es.wikipedia.org/wiki/Nacional_Financiera_\(México\)#Etapas_Primera_y_Segunda](http://es.wikipedia.org/wiki/Nacional_Financiera_(México)#Etapas_Primera_y_Segunda) (March 23, 2010).

First Green Agricultural Revolution. Borlaug spent 20 years developing high-quality wheat that could thrive in Mexico's difficult conditions of fierce winds and problematic water supply as well as nutritionally depleted soils. Because Borlaug's new wheat seeds and grain came to fruition just in time for him to organize Mexican exports to save India and Pakistan from famine in 1967.

"After India gained independence in 1947, the country couldn't even dream of feeding its population. Importing food wasn't possible because India lacked the cash to pay. India relied on food donated by the U.S. government.

"In 1967, then-Prime Minister Indira Gandhi imported 18,000 tons of hybrid wheat seeds from Mexico. The effect was miraculous. The wheat harvest that year was so bountiful that grain overflowed storage facilities.

"Those seeds required chemical fertilizers to maximize yield. The challenge was to make fertilizers affordable to farmers who lacked the cash to pay for even the basics—food, clothing and shelter.

"Back then, giving cash or vouchers to millions of farmers living all over India seemed like an impossible task fraught with the potential for corruption. So the government paid subsidies to fertilizer companies, who agreed to sell for less than the cost of production, at prices set by the government.

"The subsidies were designed to make up the difference between the production price and sale price—and to give the producers a 12% after-tax return on any equity investment."³⁷

[FLASH FORWARD: This system in India was highly productive through the 1980s, but then failed, as is discussed in Section 13b, below.]

For this feat, Borlaug earned the Nobel Prize in 1970, and at the award ceremony in Stockholm, he acknowledged the research of his Mexican Research Team at CIMMYT.

The establishment of CIMMYT in Mexico was possible only because Lázaro Cárdenas had asked **Henry Wallace** (U.S. Vice-

³⁷<http://online.wsj.com/article/SB10001424052748703615904575052921612723844.html?KEYWORDS=green+revolution+in+India>

President Elect and former U.S. Secretary of Agriculture) for help Mexico in resolving the failure of the Ejido system to produce food for its emerging urban sector.

Cárdenas named **Marte R. Gómez** as Secretary of Agriculture to assure national food supply during the difficult transition in December 1940 to the Presidency of Avila-Camacho.

[FLASH FORWARD: Borlaug's Second Green Agricultural Revolution would not come until May 1999 (see Part 13b, below), when he announced in Mexico of having doubled the amount of protein in corn seeds.]

iii) **Tourist Industry in Mexico (since 1940)**, being led by Gen. **Juan Andreu Almazán** as the inadvertent result of **Lázaro NOT having chosen Almazán** to be the Official Party candidate in 1940, as is discussed below.

Further, Lázaro Cárdenas transformed in 1938 the Official Party from the PNR (based on political bosses) into the PRM to based on "**Corporativism**", that is government based upon social sectors of related to occupation, in the style of Mussolini (who many Latin American economic ideologues in the 1920s and 1930s saw as having created economic stability in Italy).

Corporativism, which has continued up to this day to dominate the thinking of rank-and-file Sindicato members because their leaders "co-govern" with management. For example, in the case of the Secretariat of Education, government officials determine policy and textbooks,

Figure 3

Diego Rivera and Frida Kahlo



Diego Rivera and Frida Kahlo lead protest march by the Sindicato of Painters and Sculptors (This Sindicato was established by Rivera in 1923 and he was an active leader until his death in 1957.) The memory lives on and this photo has been a symbol for such movements as the protest against the Official Party in 1968 as can be seen in <http://gatopardo.blogia.com/temas/informe-femospp-crimeles-de-la-guerra-sucia-en-mexico.php>

but the Teachers Union determines where teachers are assigned and which teachers are promoted.

To protect themselves politically and mobilize votes, artists joined *Sindicatos*, as the photo of Diego Rivera and Frida Kahlo suggests (see Figure 3). In my view, **Corporativism** (a politico-economic system of **state capitalism** established by such dictators as **Mussolini**, **Hitler**, and **Stalin** in the 1920s and 1930s) **should not be confused** with “**Corporatism**” that is the basis of **Western private capitalism**,³⁸ wherein Western private corporations the conformity of boosterism,³⁹ as in Sinclair Lewis’s novel *Babbitt* (1922).⁴⁰

The Corporatist system involves the requirement that all large private enterprises (and some key medium-size private companies) join associations such as **Chambers**, such as the Chambers of Industry and Chambers of Commercial Activity. These associations (or Groups of Power) did not fit within the Official Party, but hold an advisory role with a direct line to the President of Mexico to represent the views of their member Private Companies as well as to negotiate benefits for Corporatist associations of workers represented by their **Sindicatos**. The Chambers, which represent private capital, were theoretically excluded from politics, but gained greater political importance than if they were in one of the four sectors of the Official Party (or since 2000 in any political party): This because of their direct access to Mexico’s supreme political leader— the President.

³⁸ Some sources do confuse the two terms and one can see the confusion caused by doing so in, for example: <http://en.wikipedia.org/wiki/Corporatism>

³⁹ See <http://en.wikipedia.org/wiki/Boosterism>

The PRM set forth four sectors, which were supposed to select the Official Party's candidate to be President and generate policy, but in reality simply followed presidential orders:

1. **Peasant Sector** (organized as a consortium of Ligas de Campesinos under the name **CNC--Confederación de Campesinos de México**)
2. **Industrial Labor** (organized as a consortium of Sindicatos as the **CTM—Confederación de Trabajadores de México**), founded and led since 1936 by Vicente Lombardo-Toledano (VLT)
3. **Popular Sector** (e.g., professionals, small/medium private business persons, bureaucratic Sindicatos)
4. **Military Sector** (organized by rank)

The most important Group in Mexico (the **Group of bankers and industrialists**) was left out of the PRM but given an advisory role to the President. This Group turned out to be much more important than the any of the four sectors of the Official Party.

With regard to the right of women to vote, "Lázaro Cárdenas drafted a bill to implement female suffrage, which was passed by both the Senate and Chamber of Deputies, was ratified by the states, and only needed formal declaration to be made into law. That declaration never came. The presence of a number of street demonstrations [for and against], a threatened hunger

⁴⁰ <http://en.wikipedia.org/wiki/Babbitt>

strikes by feminists, and fears that women would be unduly influenced by the clerical vote, unnerved Cárdenas at the last moment. Since the suffrage campaign was not a mass movement, it was easy to let the needed declaration slip away.”⁴¹

Perhaps Lázaro recalled the scandal of his having offered sexual education during his governorship of the state of Michoacán and the failed attempt to do so during his presidency—in those cases public gossip claimed that he was attempting to prostitute women. Until the 1950s, many men and even some women saw the role of women as that of remaining outside the political sphere.

President Lázaro Cárdenas showed his openness to a plural society:

- i) He tried to protect Leon Trotsky, who was welcomed in 1937 after escaping
- ii) from Stalin’s secret agents, one of whom will murder him in Mexico City in 1940;
- iii) Cárdenas met with Republican Spaniards who continue to arrive after having escaped from the Fascist “victory” in Spain by General Francisco Franco;
- iv) Cárdenas increased government loans and subsidies to private industry even as he deepened the role of the Corporativist sindicatos to co-govern industry with the private owners;
- v) Cárdenas and his Official Political Party-Government

⁴¹ Quote is from www.womeninworldhistory.com/essay-06-04.html

allowed (facilitated?) the registration of a new political party, the **private-sector-based PAN** (backed by the Church through its network of parish priests).

In 1939, Manuel **Gómez-Morín** founded the **Partido Acción Nacional (PAN)** to represent the private sector as well as the population that is oriented toward following the dictums of the Catholic Church (but not necessarily the priests). The PAN originally feared that Cárdenas was a Statist, but later came to realize that he was not.

[*FLASH FORWARD*: Gaining force slowly but steadily, the PAN will not win its first governorship until 1988 in Baja California and its first Presidency of Mexico in 2000.⁴²]

In the meantime, Gómez-Morín and the PAN faced opposition from among some lay Catholics who thought voting to be the useless voting but the Official Party did not really count the votes. Thus, in 1937 **Salvador Abascal** had established the **Sinarquistas** Movement to make its protest against the “Communist” government, and rather than trying to vote or to use the violence of the Cristeros, Abascal organized non-violent marches of peasants throughout West-Central Mexico. **Sinarquismo (without anarchy)** sought to remake Mexico on the model of Francisco Franco

⁴² **Gómez-Morín**'s oral history interviews are in *Frente a la Revolución Mexicana Frente a la Revolución*

Mexicana: 17 Protagonistas de la Etapa Constructiva, by the Wilkies, Vol. 2 (2001), www.profmex.org/mexicoandtheworld/volume7/3summer02/02index3.htm

(which was emerging in the Spanish Civil War)--Franco based his government on an alliance with the Roman Catholic Church.

Discredited by 1941 as his followers tired of peacefully marching and marching without any results, Abascal left for Baja California where he established Colonia María Auxiliadora to prove his claim that, with God's help, he could make the dry desert bloom with food. His colony there would completely fail in 1946; and he and his followers had to be saved, ironically by Lázaro Cárdenas, who after leaving the presidency in 1940 would serve as Mexico's Minister of Defense during World War II.

Meanwhile as President, Lázaro Cárdenas invested government funds in private companies to spur new industry. Even before he left office, he privately admitted the economic failure of most of the Ejido system. To smooth the transition to Avila-Camacho, who "won" the election of 1940, Lázaro Cárdenas named Marte R. Gómez Secretary of Agriculture to span his government to that of MAC, and the U.S. Government sent to the inauguration **Henry Wallace** to assure all Mexico that, on the eve of World War II, the USA recognized the victory of the Official Party candidate, thus forestalling a military revolution led by the losing candidate.

The loser in the Presidential Election of 1940 was General Juan Andreu **Almazán**, who had built the roads of North-East Mexico and the Railroad from the "Mainland Mexico" to the Peninsula of Yucatán. (He was backed in his campaign for the presidency by **Diego Rivera**, who saw

the LC and “his” Official Party as having become “Stalinist in control of State power.)

Almazán did not rise in arms with his troops when he lost the rigged election of 1940 (as had been the tradition for “strongmen”), but rather he “retired” to Acapulco to initiate the Mexican Tourist Industry. He realized that Acapulco was the future of tourism, especially attracting Hollywood types who could not go on vacation to Europe after World War II began. Having broken with the Official Party, however, Almazán was left out of the Official History of Mexico, in which President Miguel Alemán is the hero in the story of how the tourist industry was established.

In the meantime, Lázaro established the country’s social security system, which would become IMSS (Instituto Mexicano de Seguro Social) under his successor. Avila-Camacho has mistakenly received all of the credit for the establishment of IMSS.

[**CLARIFICATION:** In Mexico, IMSS covers (i) retirement for most at age 65 and (ii) health *without age limit* for all contributing workers and their families. (In contrast, U.S. Medicare is separate from U.S. Social Security and both are limited because they only begin for most *at age 65*.) Worker disability is covered (poorly) in both countries after minimum period of work history.]

The population of Mexico grew from 16.6 million in 1930 to 19.7 million in 1940, this growth encourage by President Cárdenas because he saw Mexico as lacking the population to become consumers of Mexican

industrial production. Indeed, Mexico's population did not reach its Pre-Colonial level of 25 million until 1950 (as shown in *Booklet of Charts*, Chart 3).

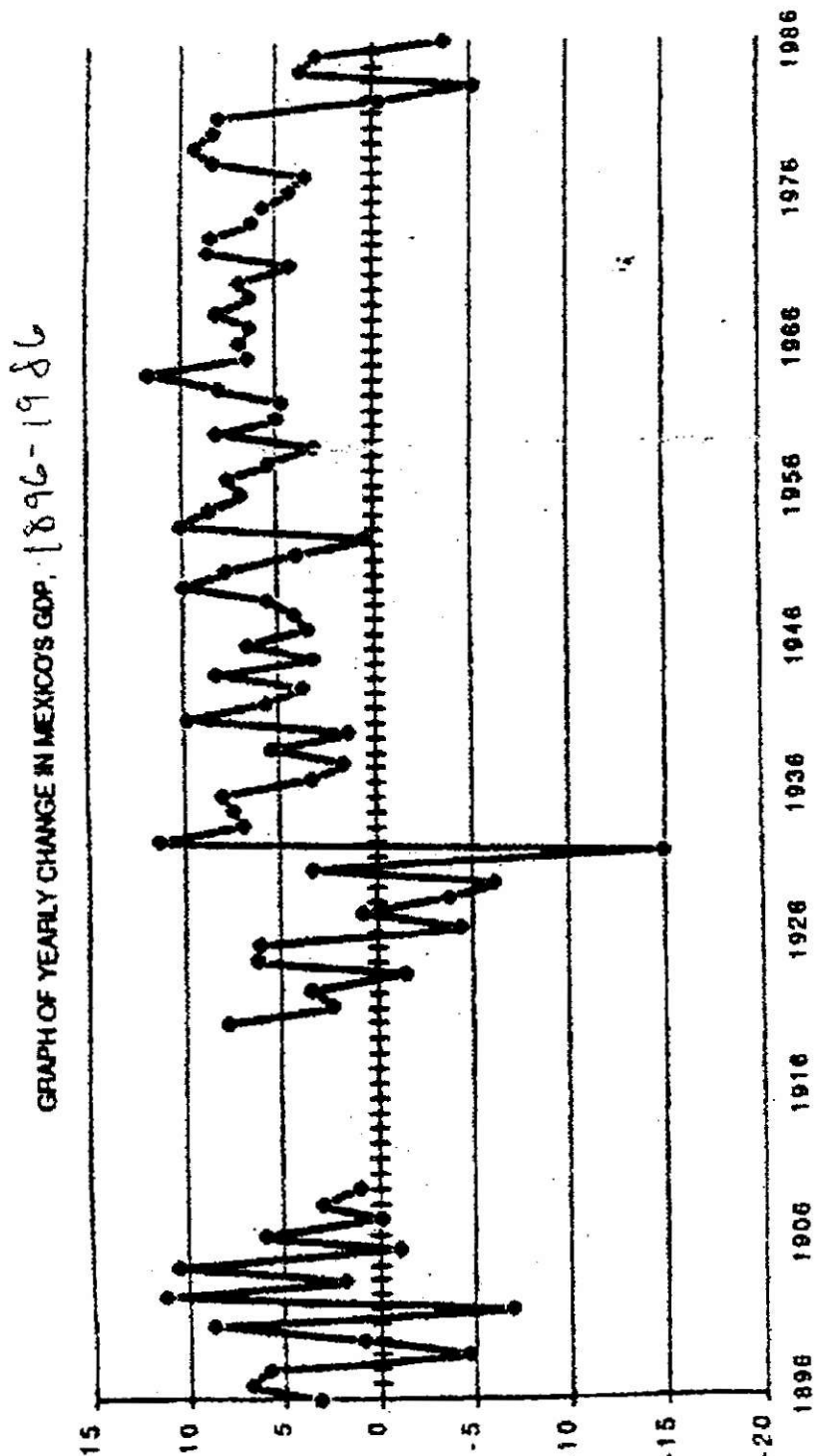
11c. Economic Phase (1940s-1950s)

Presidents **Manuel Avila-Camacho** (MAC, 1940-1946) and **Miguel Alemán** (1946-1952) also oversaw the Mexico's Industrial Revolution and its "Economic Miracle" (1951-1980), which saw low inflation as well as high GDP growth (averaging 6.4% yearly) under Presidents **Adolfo Ruiz-Cortines** (1952-1958) and **Adolfo López-Mateos** (ALM, 1958-1964). Figure 4 shows restoration of economic growth stability that had been lost with the fall of Díaz.

To assure political stability, during World War II, MAC spearheaded the establishment of the **Law of Social Dissolution** in 1941. Initially this new Law was aimed against the "fascist" tendencies of the time, but it was not revoked until three decades later and was frequently used against leftists and other dissidents, who were, supposedly trying to "dissolve" society). In 1947 the strings on labor unions were tightened, as the Ministry of Labor was granted the right to refuse to accept the legitimacy of elected union officials--which, in fact, gave the Ministry the power to appoint "suitable" persons as union leaders instead of elected ones.⁴³

⁴³ See Pekka Valtonen. "Political Discourse, the State and the Private Sector in Mexico, 1940-1982" *Artikkelit Lokakuu* (2000) www.helsinki.fi/hum/ibero/xaman/articulos/2000_05/valtonen.html

Figure 4



SOURCE: James W. Wilkie, "Six Ideological Phases: Mexico's 'Permanent Revolution' Since 1910," in James W. Wilkie, ed., Society and Economy in Mexico (Los Angeles: UCLA Latin American Center Publications, forthcoming), Introduction, table 1.

Those who resisted the imposition of Official Party such dictums as the one that gave the government full control over the labor sector could be and were charged with violating the Law of Social Dissolution. Indeed this Law would prove to be useful to the Official Party during the Cold War, especially after Fidel Castro came to power in Cuba beginning January 1, 1959. The political situation in Mexico was “threatened” by events in Cuba, which became a counter-model to that of the PRI because comparison to Mexico was inevitable. On the one hand, one part of the Mexican government had helped Fidel launch his invasion of Cuba from Mexico in 1956, but on the other hand the question became “could the PRI be supplanted by a “hidden” Mexican “Communist” Group? The Left in Mexico did claim that the Cuban model meant true Revolution compared to the PRI, which only administered “Mexico’s dead Revolution.”

The role of Communism in Mexico, the ideology of the protest movements taking place there from 1958 through 1968, and the difficult logic of Mexico’s relationship with U.S.-Cuba relationship complicated the ideological and economic situation of Mexico, especially in light of the profoundly different views the two nations had of the Cold War.

“The Cold War world,” writes Julia Sloan, “was governed by the bipolarity established and enforced by the United States and the Soviet Union. Within this context, the superpowers engaged in a global struggle for nothing less than ‘the soul of mankind,’ each advancing their own agendas for the betterment of all. For the United States the route to progress lay in modernization through democratic capitalism, involving bringing the world’s poorer nations into the international economy and elevating the living conditions of their people. Conversely the Soviet Union similarly advanced improvements in the material quality of life for the world’s poor, but through the communist system. Thus, both

superpowers had essentially the same broad agenda, but diametrically opposed ideologies governing how to achieve it.

“Practically, however, their methods for reaching this goal were not so far apart, both involving the assertion of their military and economic power over the world’s weaker and poorer nations.

“Mexico was one such nation. For the United States the Cold War was a global struggle against communism as embodied by the totalitarian Soviet state. The United States government and a significant portion of its citizenry considered communism an evil force in the world, one that must be combated with all available ideological, military, and financial means. Mexicans, and Latin Americans in general, on the other hand took a much less critical view of communism and were less likely to associate all things communist with the Soviet Union. As a result, [Many] Mexicans viewed the Cold War not as a principled crusade, but as an example of aggression by [two] imperialist states whose financial and military power allowed them to dominate less developed countries.]”⁴⁴

Indeed, for both the USA and USSR Mexico City became the international spy capital of the Americas to “listen” to each other’s radio traffic covering military activities in the Americas and Cuba’s military traffic about it intelligence and counter-intelligence. As the spy capital, Mexico City became the home in the Americas for governmental spies for every major country in the World, all seeking to spy upon each other as well as their county’s “enemies”.

[FLASH FORWARD: Before Lee Harvey Oswald (a former U.S. military sharpshooter) assassinated President Kennedy in 1963, he visited the Russian Embassy in Mexico City. Oddly enough, by then Oswald had not only tried during a two-year

⁴⁴ See Julia Sloan, “Carnivalizing the Cold War,” *European Journal of American Studies* (2009) <http://ejas.revues.org/document7527.html>

stay in Russia to obtain citizenship there, but had threatened at the U.S. Consulate in Moscow to renounce his U.S. citizenship. Although Russia rejected his application to be a citizen, the question arises about his possible role as “double agent” or perhaps “triple agent” and for whom? (He lived in Russia from October 1959 to May 1962, employed for several years in Minsk at an electronics factory as a lathe operator, and also receiving a subsidy from the Soviet Red Cross)

U.S. intelligence was “officially” as confused about Oswald’s visit to the Russian Embassy as they were when they sent the FBI to investigate American citizens for supposedly having openly (and legally) visited the Soviet Embassy in Mexico City—the FBI had informants at all universities in Mexico City and 24-hour film surveillance of “open visits”, but because so many informants gave erroneous information to gain bonuses, the FBI never could be sure that if it had been able to film “all persons” who had supposedly “met with the Soviets.” Ironically, at that time the FBI was operating illegally in Mexico (FBI worked in the USA, CIA outside USA), and when the U.S. Justice Department found out, the FBI had to depart from Mexico.]

PRI Presidents MAC, Alemán, and ARC before and during the Cold War authorized and encouraged the rise of joint U.S.-Mexican private companies, who were protected against nationalization by accepting a representative of the PRI as member of the private company’s board, much to the consternation of many anti-American intellectuals in Mexico.

Mexico's Private Sector, however, used its privileged relationship to Mexico's Presidents in the country's Corporativism system, to gain an alliance with the State and its powerful Ministry of Gobernación from 1941 through 1970. In the latter year,

Meanwhile, President Avila-Camacho had authorized in 1942 the Mexico to cooperate with the U.S. Emergency Farm Labor Program (**Bracero Program**) allowing Mexicans to perform contract work in the United States for a fixed period. Over the next 22 years of the program's existence, more than 4.6 million labor contracts were officially issued with many workers traveling to the USA outside the U.S. law, which was laxly enforced. This eased internal pressures in Mexico, where the rural sector could not accommodate millions of workers on worn-out and eroded lands; and it sent workers to the USA instead of to Mexico City where by sheer numbers they would have driven down the industrial wage level.

In 1944 MAC established the State Company to Buy, Regulate, and Distribute Milk, which in 1964 would be renamed "Leche CONASUPO." The name was shortened to LICONSA in 1994 and continues in operation today, albeit with the State share of ownership falling from 100% to majority to at least 51% State owned. Because Mexico has had problems in producing enough milk, it has imported powdered milk from abroad and reconstituted it with purified water to distribute in liquid form, selling at subsidized price.⁴⁵ Beginning in the 1940s, the State developed a complicated infrastructure to assist CONASUPO buying and distributing milk and food to the poor—

⁴⁵ See <http://www.liconsa.gob.mx/>

some of it at very little or no price to alleviate poverty—especially in marginal urban and isolated rural areas.

MAC's Minister of Gobernación (Internal Political Control) was Miguel Alemán, who took office with the idea of expanding industrialization in Mexico.

To establish the change of government, he reformed the Official Party in 1946 by removing the Military Sector, making it subservient to the President rather than one of the “pillars” of the Corporatist political system. He renamed as the PRI (Partido Revolucionario Institucional). The change of name from Partido de la Revolución Mexicana (PRM) to Partido Revolucionario Institucional (PRI) signified that “the political elite wanted to make it crystal clear that stability was the name of the game--so that even revolutions could be institutionalized, no matter the conceptual contradiction. The corporatist party structure, with its labor (CTM) and peasant (CNC) sections, was able to contain feelings of disappointment or dissatisfaction from erupting in any collective, mass-based ways, by giving each sector a sense that its specific needs were being heard and taken care of at least to an extent. Instances of open conflict did occur--like the peasant campaign of Rubén Jaramillo in Morelos in 1953 (he and his family was finally assassinated by the army in 1962) - but they did not escalate to the point of seriously shaking the power structures. For sure, it is to be admitted, the mission of the PRI could not have been so successful without a

considerable mass support—which is, no doubt, also one of the explanations for the longevity of its grip of the power.”⁴⁶

At the same time, Alemán moved to appoint to government posts university-educated leaders who held a B.A. or B.S. degree (Licenciatura, which required a thesis)—thus bringing to power the new **Grupo de los Licenciados**” (Lawyers, the title being abbreviated as “Lic”, and some engineers--Ingenieros--holding B.S. degrees) Thus, Lic. Alemán shifted away from the policies of presidents through Gen. Cárdenas and General Avila-Camacho.

Thus, the Lawyers (1946-1964) replaced the Generals (1911-1946) who had replaced Díaz’s Científicos (1884-1911) as the basis for leadership.

Alemán downplayed land reform to build dams and distribute water throughout Mexico. He knew that Mexico had little water for irrigating crops. Water flowing from the Mississippi River alone being greater than that of all Mexico's rivers combined. More than 75% of Mexico's territory is unsuitable for agriculture because of the poor soil and arid climate. Also, for Alemán the building of dams could generate much need electricity for the modernization of the country.

Under Alemán’s economic scheme of investment, TELMEX was founded in 1947 when a group of government-protected Mexican investors bought Swedish Ericsson's Mexican branch. In 1950 the same investors

⁴⁶ From Pekka Valtonen, www.helsinki.fi/hum/ibero/xaman/articulos/2000_05/valtonen.html

bought the Mexican branch of the ITT Corporation thus becoming the only telephone provider in the country—a private monopoly.⁴⁷

Unfortunately TELMEX service virtually collapsed, and it became impossible to obtain or repair a telephone without bribing TELMEX employees. Even with a phone, to obtain a connection and then one to the correct number could take up to one hour. To change service from one person to another at the same address would necessitate cutting off service and waiting for up to five years, hence occupants at addresses changed but the phone remained under the original owner's name, rendering telephone directories totally useless.

To establish a State-owned industry to produce trucks at “reasonable cost,” Alemán founded Diesel Nacional (DINA). By 1963 President López Mateos would oversee an expansion of DINA to assemble buses in Mexico for Renault, later assembling and distributing autos for Renault as well. By 1980, President López Portillo would oversee DINA manufacturing and/or assembling 15,000 trucks a year. But by this time, bureaucratic costs and inefficiencies would be completely unreasonable.⁴⁸

In the meantime, in 1949 a new facet of the **Green Revolution** would get underway to improve Mexico's **basic food—the tortilla**. **Roberto González-Barrera** founded MASECA to manufacture tortilla flour with vitamins and mineral for shipment to the far regions of Mexico where its

⁴⁷ See <http://en.wikipedia.org/wiki/TELMEX>

⁴⁸ See www.fundinguniverse.com/company-histories/Consortio-G-Grupo-Dina-SA-de-CV-Company-History.html

long-shelf life permitted him to help reduce the grueling problem faced by women: grinding and processing corn to make tortillas the hard way—with human own sweat. Too, González Barrera was successful in towns and cities where “fresh” tortilla dough was (and is) made in unhygienic conditions with filthy tap water and inefficient primitive equipment. Not only did (and does) that “fresh method” use excess water and electricity but the waste damages sewer systems.

The Alemán government was concerned that a private entrepreneur such as González-Barrera could enjoy success without making an alliance with the Official Party. (Most private corporations could not succeed without placing representatives of the Mexican government on their Board of Directors. The Directors guaranteed that the company would not be nationalized as long as it gave financial support to the Official Party and a fat fee to the government directors.

In an attempt to break MASECA, now part of Grupo MASECA (GRUMA), the government subsidized the establishment in 1952 of a “private” company—MINSa. A year later MINSa became fully state-owned under the name MICONSA to sell processed tortilla flour at fully subsidized prices, but fortunately for González-Barrera, like most bureaucrats they did not know (or care) about how to run a business; further they were years behind MASECA in technology. (In 1993 this money losing, inefficient operation was privatized by President Salinas, and by

2002 it would become a publicly traded corporation. In 2008 and 2009 it will try to catch up with GRUMA's low carbohydrate tortillas by offering its own high-fiber, corn-tortilla flour to reduce the high carbohydrate count in traditional low-fiber corn.)

With regard to the rights of women to vote and be voted for, Alemán granted those rights for *local* elections in 1947, but not to Indigenous women who continue to this day to fall under their village's "usos y costumbres." (Usos y costumbres are Indigenous "Laws" in which men own women and in which only men can vote. Ultimate decisions are made by the Council of Elders, who make decisions while intoxicated with alcohol--See *Juan the Chamula* by Ricardo Pozas, UC Press, 1962).

Ruiz Cortines gave women *federal* voting rights (and right to run for office) in 1953, effective only at the next federal election for the national Congress—1955.

11d. "Balanced" Phase (1958-1964). In what was hoped to be a transition from a closed PRI control of society, Adolfo **López Mateos** (ALM) was selected as the first PRI president to rise from a Ministry other than the Ministries of Defense or Gobernación (Internal Security). He rose from the **Ministry of Labor**. "to give workers attention that had been lost during the Mexico's Industrial Revolution" (see 11c, above), seeking to provide a balance that had been lacking in the Political, Social, and Economic Phases (11a, 11b, 11c) above.

ALM established his own idea of what the Active State should seek, but his rhetoric in favor of laborers inadvertently seemed to authorize in 1958-1960 general strikes by railway-electrical-telephone workers as well as telegraphers, teachers, and industrial workers. The broke out during the interim between ALM's election and taking office, complicating the change in power and weakening the ability of ALM to help workers because the PRI bureaucracy under his **Minister of Gobernación** was **Gustavo Díaz-Ordaz** (the evil enforcer of PRI discipline), who used harsh force to “restore order” (labor unionists would follow PRI orders through their Sindicato or face beatings and jail for having caused “Social Dissolution”).

The strikes against the PRI set of an internal debate about how to react, and that gave important power to ALM's harsh Minister of Gobernación (hence the heir apparent to the Presidency), and ALM found that his velvet glove that he had wanted to extend had to be withdrawn in favor of the steel glove extended by his Minister Gustavo **Díaz-Ordaz** (GDO).

Disappointed by the turn of events, Carlos Fuentes articulated the intellectual view that the Revolution ended in 1959—his *Death of Artemio Cruz* is, in my view, the best novel written about Mexican history, rich in its understanding of issues in the “Many Mexicos.”

To overcome his use of force against labor, ALM claimed to represent the “left” within the Revolution and maintained close relations

with Fidel Castro's "One-Party-Revolution" in Cuba beginning in 1959. The PRI benefited from being "pro-guerilla" abroad but "anti-guerilla at home." Mexico always kept its Revolutionary credentials by providing a lifeline to Cuba against the U.S. blockade. ALM balanced this tilt to the left by inviting world leaders to Mexico, including Presidents John F. Kennedy and Charles de Gaulle.

In the meantime, Mexico continued to be the Cold War Listening Posts in the Western Hemisphere, spies flocking to Mexico City from every intelligence service in the world to keep tabs on the USA and Cuba and the relations of both with Mexico and all Latin America. The U.S. government was not pleased with ALM's refusal to break diplomatic relations with Cuba—the only country in the hemisphere not to break relations and seal of inexpensive trans-shipment of goods in and out of Cuba.

U.S. displeasure with ALM's stance regarding Cuba helped his wing of the PRI to claim that Mexican Revolution still burned brightly, thus masking ALM's further attacks on organized labor.

López Mateos burnished his Statist credentials by "nationalizing" in 1960 the foreign-owned electrical companies (which were pleased to be paid richly to leave Mexico quietly). ALM claimed that only the government could do what the private companies had not done -- extend the

grid of electricity to isolated rural areas. (In 1960 only 44% of Mexico's population had electricity.⁴⁹)

Ironically, this plan worked out only in part and resulted in the rise of a new government State-owned agency (The **Mexican National Electrical Industry**, especially **Luz y Fuerza del Centro**), which to this day is so highly corrupt and inefficient that it requires extensive subsidies from the central government, not to mention employing many thousands of fake "consultants" and "workers" (called "aviadores"—members of the "Mexican Royal Air Force"⁵⁰ who fly into all government offices to collect their salary and who show up only on the payroll—not the job. (The corruption in the **Sindicato Mexicano de Electricistas (SME)**--involving the sale of electricity by SME to benefit the Sindicato behind the government's back--will not be addressed until 2009, as we will see below.)

ALM greatly expanded the role of the State by taxing TELMEX long-distance calls in order to order to generate a pool of funds to modernize switching equipment and lines throughout Mexico.⁵¹ Thus, TELMEX operated as a private enterprise that cooperated with the Mexican government to deliver phone services to the nation, to a much more

⁴⁹ A joke in Mexico at the time played upon ALM's words upon nationalization: "The electricity now belongs to Mexico and its people"—too bad electricity has been cut by half a day and we never know which half." With time, most power outages declined as did power surges that burn out equipment. Cf. <http://www.cfe.gob.mx/en/LaEmpresa/queescfe/historia/>

⁵⁰ There is, of course, no "Royal Air Force in Mexico."

⁵¹ See www.fundinguniverse.com/company-histories/Telefonos-de-Mexico-SA-de-CV-Company-History.html

important extent than had been the case since 1950. TELMEX was under fire for its backlog in installing telephone service to business and homes—many years to wait, if no bribe paid to TELMEX union workers allied with the PRI. TELMEX operated as a private enterprise that cooperated with the Mexican government, both claiming falsely to be delivering improved phone services to the nation.

Further, ALM declared the petrochemical and mining industries to be of strategic importance to the Mexican government control.

With regard to the petrochemical industry,⁵² in 1959 ALM established its development as a priority. He allowed the possibility of using private capital to develop the industry because the government had neither the expertise nor funds to do so. Although the petroleum industry as a whole is exclusively controlled by the State, in practice, private companies acquire the national products of the first processes from PEMEX or from abroad and with them create hundreds of chemicals which are transformed into articles for daily use. Under ALM the petrochemical industry developed greatly and production in the volume of petrochemicals increased 53 times, (359 petrochemical permits would be awarded between the years of 1961 and 1983, 163 of which were delivered to companies, and investment poured into Mexico.)

⁵² This discussion draws upon Alejandro López-Velarde, <http://www.lvwa.com.mx/doc3.pdf>

With regard to mining,⁵³ in 1961 ALM changed Mexican law to require that no more than 49% of investment in industry could be foreign, but in strategic industries such as coal mining foreign capital could not exceed 34%. All new investment had to be approved by the Mexican government, with bureaucratic delays running up to several years and/or being put on permanent hold so as not to say “no.”⁵⁴

FLASH FORWARD: President Salinas will break this bottleneck after 1989 when he decrees that the government answer to foreign petitions to invest in Mexico is automatically “yes”-- if the government does not say “no” within 30 working days after receiving all petitions.]

In the realm of cultural control by the State, ALM created the National Commission for Free Text Books, giving the PRI a vehicle to make propaganda in the primary schools--this at no cost to families of the students so accepted by most of the population who resented having to pay for privately printed textbooks. The textbooks were written by teachers trained in the Lázaro Cárdenas presidential era to spread the word about the evils of capitalism--much to the consternation of LC himself who saw the world in much more complicated terms and even invested government funds in private industry—albeit in a manner that was not publicly announced.

The film industry had already become involved in the struggle between the private sector and the State, and this intensified under ALM.⁵⁵ Whereas in

⁵³ On mining law in Mexico, see: www.bakernet.com/NR/rdonlyres/9D4AA2AF-D856-4ECC-828A-D306D05A2564/40322/MiningLawinMexBro1.pdf

⁵⁴ See, e.g., the 1962 secret memo by the U.S. Embassy in Mexico City (which sought to understand ALM’s “zigs” left, right, and back again: www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB124/doc25.pdf)

1947 President Alemán had converted the Banco Nacional Cinematográfica (National Film Bank) into one based on government and union control as well as private capital with the goal of extolling the virtues of capitalism, ALM shifted to control of production from the private sector to the Sindicatos, including producers, directors, and writers as well as technical staff. These Sindicato members closed the door to innovation as well as to new people, hence unavoidably causing decline in quality (the writers union had to approve each new script as did the technical staffs). The resulting obvious decline in quality brought to an end Mexico's "Golden Age of Cinema" (1940s and 1950s). The decline of Mexican films in the 1960s was exacerbated by Hollywood's drive to recapture Mexican and Latin American film markets lost during World War II (when U.S. films focused on portraying the evils of Japan, Germany, and Italy). And the advent of television accessible to the masses in the 1950s began to siphon audiences out of the film theater monopoly of William O. Jenkins, who did not well maintain the Mexican theaters now full of the poorer classes for whom he was demanding grade B- and C+ films. State-run production of films would eventually become State-owned film production in the 1970s.

In the countryside, López Mateos reversed the decline in distribution of Ejido lands that had been the policy Avila Camacho, Alemán, and Ruiz-Cortines, reaching again almost the same level of agriculturally employed

⁵⁵ This analysis draws upon Eduardo de la Vega Alfaro, "The Decline [and End] of the Golden age of Cinema...." in Joanne Hershfield and David R. Maciel, eds., *Mexico's Cinema: A Century of Film and Filmmakers* (Wilmington: Scholarly Resources, 1999) and www.drclas.harvard.edu/revista/articles/view/87

workers who were incorporated into Ejidos (41%) by LC. When ALM left office, the cumulative amount of land surface that had been distributed reached 27 (including the cumulative amount of 13% at the time when LC left office).

To facilitate the development and distribution of seeds, in 1960 ALM established PRONASE (the National Seed Producing Company).⁵⁶ This company along with CONASUPO worked well until they were later overwhelmed by the ever-expanding size and scope of activity throughout the country.

Hence food processors would begin to import quality grains by the 1970s, 1980s, and 1990s. The relatively reliable CONASUPO and PRONASE operations that Cárdenas and López Mateos established would fade with the rise of Statism after 1970.

ALM also nationalized the henequen industry on the Yucatán peninsula in 1964 to “save” that declining industry. He reorganized the industry as CORDEMEX,⁵⁷ but annual output declined from 131,267 metric tons in 1964 to 44,000 in 1990, when it was privatized by Salinas to stem further government financial losses and corruption.

For the U.S. Border with Mexico, ALM began the planning of the maquila industry, or plants free of Mexican import taxes if the processed

⁵⁶ On PRONASE, see www.engormix.com/s_news_view.asp?news=2284&AREA=BA

⁵⁷ See, e.g., http://findarticles.com/p/articles/mi_hb288/is_199103/ai_hibmIG141945330

goods are exported (taxes being only paid on value added such as wages to workers).⁵⁸ With the U.S. termination by the Bracero Program in 1964, ALM realized that new employment would have to be found for the more than 50,000 workers waiting on the Mexican side of the border to work in the USA. ALM sent delegations study the Asia models and the groundwork was laid for the Border Industrialization Program to be officially launched in 1965 by President Diaz-Ordaz.

"Maquiladora" is primarily used to refer to factories in Mexican towns along the U.S.-Mexico border but increasingly is used to refer to factories all over Latin America. Maquiladora factories encompass a variety of industries including electronics, transportation, textile, and machinery, among others. Maquiladoras may be 100% foreign-owned (usually by U.S. companies) in most countries. The use of Maquiladoras is an example of off shoring. Other countries such as Hong Kong, Singapore, Taiwan, South Korea, Japan, and German have Maquiladoras as well, but the majority of them are located in Mexico and are associated with companies from any country mainly seeking access to the U.S. markets. (The term "maquiladora", in the Spanish language, refers to the practice of millers charging a "maquila", or "miller's portion" for processing other people's grain.)

and <http://www.mexicomike.com/stories/henequen.htm>
⁵⁸ See, e.g.: http://www.medic.org/roots_maquila.php, <http://tripatlas.com/Maquiladora>, and <http://www.jstor.org/pss/20080194>

Mexico's population grew from 25 million in 1950 to 41 million in 1964.

12. State Capitalism and “Dirty War” (1965-1982) Under 3 Presidents, who order the murder (with plausible deniability) of many of the PRI's opponents.

This is the era of the “Dirty Three Presidents”:

Gustavo **D**íaz **O**rdaz (**GDO**), 1964-1970

Luis **E**cheverría **Á**lvarez (**LEA**), 1970-1976, and

José **L**ópez **P**ortillo (**JOLOPO**), 1976-1982

Although these three presidents were “lawyers”, they took power as the generation of arrogant “No-Nothings” Thug,⁵⁹ who replaced the Generation of Lawyers (1946-1964) that had replaced the Generals (1911-1946), who had replaced Díaz's Científicos (1884-1911).

“No-Nothings” claim to know everything but the opposite is true, and they often turn to thuggery to “enforce” their “wisdom,” as did these three “Dirty Presidents” who are infamous in Mexican history.

Claiming to be “Revolutionary” each of these Presidents tried to distribute more land than Lázaro Cárdenas, but most of it was poor land and the use of it contributed to further erosion of the Mexican countryside. By 1982, the Official Party cumulatively distributed 42% of Mexico's land surface (compared to Díaz's 32%) to more than 70% of the agriculturally

⁵⁹ “No-Nothings” claim to know everything but the opposite is true, and they often turn to thuggery to “enforce” their “wisdom,” as the three “Dirty Presidents” did in Mexico.

employed population. Many of those Ejidatarios, however, had abandoned their Ejidos to work as day laborers (jornaleros) for a regular pay check with large commercial agricultural enterprises and/or left for the USA to work as braceros. Many moved back and forth between the two countries, depending on seasons. (The number of Braceros working in the USA reached over 5 million between 1942 and 1970.), according to the *Booklet of Charts*, “History of Mexican Immigration to USA, Chart 39-C.

The three Presidents refused to realize that most Ejidos would fail if they were not provided with sufficient agricultural credit (needed to prepare and plant crops) and real agricultural extension (to demonstrate new methods and make available quality seeds as well as fertilizers and insecticides). The three Presidents did, however, plan to provide thousands of tractors for the Mexican countryside in order to increase productivity, but the Ejidatarios and day laborers (many of whom did not have Ejidal rights) blocked the move to tractors on the grounds that machines would put them out of work.

The real problem that GDO, LEA, and JOLOPO faced was that Official Party policy damaged agriculture more than through State subsidies for food producers, distributors, and consumers, wasting billions of dollars a year and undermine farm productivity by rewarding inefficiency. For example, The state-run Fertilizantes Mexicanos (**FERTIMEX**, created by JOLOPO in 1978 by nationalizing all private fertilizer companies), became a government decentralized agency (also called a parastate agency) with a monopoly on

production and importation of chemical fertilizers and pesticides, which it operated with such low quality that its products deteriorated in the manufacturing and/or distribution processes.

PRONASE (the National Seed Producing Company) greatly harmed seed quality, forcing many farmers to smuggle seeds into Mexico. PRONASE did have quality at the outset under López Mateos, but its rapid expansion under a lazy, inflexible bureaucracy let seeds rot in badly built silos which created conditions of high humidity and inability to prevent attacks on the seeds by rodents (who left their “droppings” to contaminate the stored seeds).

CONASUPO's legendary ability beginning with Lázaro Cárdenas to buy quality agricultural goods from Ejidatarios would be converted by 1970s to paying by the pound, hence in the 1970s farmers added ever more nails and small rocks to their grains as well as “nuts and bolts from discarded machines) to increase weight—only the manufacturers of tortillas and other processed products seemed to care that their food processing equipment would be damaged and food quality would be degraded.

For years official data showed that the Ejidos out produced private agriculture, but only in the 1980s did it begin to become clear that the obverse was true—private producers could only sell to CONASUPO for guaranteed high prices if they sold through Ejidos, which took a percentage to pretend that they were selling to the government. Production statistics, then, confused policy makers who believed that the Ejido was a success. Thus, they had to find out for themselves what Lázaro Cárdenas had known and hidden from the

Official Party in 1940—the Ejido had failed to produce for the market. Indeed even as the truth began to be known, it had to be quashed to avoid dispiriting the Party “True Believers” and the Rural Voters needed to keep the Official Party in power.

The Official Party, then, was trapped in its own statistics, which suggested that from 1940 to 1965, Mexico’s Ejidal agriculture was at the forefront of the Third World, increasing crop output increasing each year by an average of 6.3%.

But after 1965 agricultural production in Mexico had dropped steadily, primarily because of the inefficiencies caused by increased state intervention in the agrarian economy, according to Thomas E. Cox and Christopher Whalen.⁶⁰

To offset these declines, the State transfers ever more funds to government-operated farm-support agencies, “which reached more than an \$2 billion in 1989. Whereas Mexico’s agricultural trade surplus before 1970 earned foreign exchange to finance State programs, after 1970 Mexico used foreign loans to pay for money-losing government-owned enterprises and state subsidy programs, including agriculture,” as Cox and Whalen tell us.

⁶⁰ For background, see <http://www.heritage.org/Research/LatinAmerica/bg753.cfm>

Fig 5

**MEXICO'S REAL FOREIGN DEBT
1964-2008**

<u>Year</u>	<u>Billion (Nominal Terms)</u>	<u>Billion (Real -- US\$ of 2008)</u>
1964	2	9.39
1970	4	16.06
1976	20	44.15
1982	103	144.26
1988	105	129.31
1994	136	155.40
1995	160	176.99
2000	157	181.08
2006	130	133.47
2008	132	132.00

SOURCE: W: 10 and 11

Nominal Total / U.S. Export Price Index

Statism had begun to expand when President Cárdenas used foreign borrowing to expand state power, but this method did not “take-off” until the three Thug Presidents increased borrowing to nationalize ever more private companies as well as to

- subsidize the failing Ejidal sector,
- buy the “support” of Sindicatos in order to prevent popular rebellions,
- feed the cost of corruption as greedy PRI officials demanded to profit from the flow of cash into Mexico.

In December 1964, the foreign debt (the total after adjusting for inflation) stood at US\$ 9 billion, and by 1970 it grew to more than \$16 billion.

LEA increased this real debt to over \$44 billion; and the “honor” for excess goes to JOLOPO, who takes that amount to \$144 billion by the time he leaves office in 1982.

To hide the reality of the contradictions and public protest created after 1964, GDO, LEA and JOLOPO secretly launched Mexico’s “**dirty war**” (1964-1978).⁶¹ Although confidential sources report that Mexico’s police, military, and local caciques secretly kidnapped and murdered more than 19,000 persons (labeled as “guerillas),”⁶² many of those killed were

⁶¹ See the secret files *LITEMPO: The CIA's Eyes on Tlatelolco CIA Spy Operations in Mexico [1956 1969]: National Security Archive Electronic Briefing Book No. 204*, National Security. <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB204/index.htm>

⁶² My dates and my estimate based upon interviews with sources who must remain confidential

disgruntled peasants and/or urban intellectuals and workers merely attempting to develop political alternatives to the Official Party.⁶³

[FLASH FORWARD: After the PAN captured the presidency via the ballot box in 2000, President Vicente Fox appointed in 2002 a Commission to Investigate the number killed in the Dirty War. This Commission issued a draft report in December 2005, which President Fox feared would prevent the PRI from cooperating with the PAN to form the legislative alliance necessary to achieve legislation being fought by opposition parties, and Fox refused to publish the draft because the Special Prosecutor had suggested it is biased against the government and incomplete because it does not detail the abuses committed by rebel groups. The draft is available with analysis and supporting documents by Kate Doyle: **“Draft Report Documents 18 Years of ‘Dirty War’ in Mexico...State Responsible for [Killings and Disappearances, 1964-1982].”**⁶⁴ The Commission set out to investigate the deaths 532 persons known to have disappeared out of a total of over 700 persons believed to be missing.⁶⁵ Clearly these numbers are too low because entire villages were wiped out and the “War” was fought in different parts of Mexico. Just before leaving

⁶³ Ibid.

⁶⁴ <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB180/index.htm>

⁶⁵ Cf. “Report on Mexican ‘Dirty War’ Details Abuse by Military.” by Ginger Thompson, Feb. 26, 2006, www.genocidewatch.org/MEXICOREportonMexicanDirtyWarDetailsAbusebyMilitaryFeb06.htm

office, however, Fox approved of a revised version which was put on the internet without public announcement.^{66]}

GDO, LEA, and JOLOPO lived by “code” words that had emerged since 1929. Thus, in quoting the code words below, Lorenzo Meyer has stated that “Mexico's contribution to political theory ... is but a footnote” and nothing for which to be proud.”

Lorenzo Meyer defines Mexico’s reality that applies to actual power in Mexico as involving the following terms:⁶⁷

'caudillo': powerful national or regional leader;

'cacique': powerful mid-level or local leader;

'tapado', the as yet unrevealed Official Party candidate,

'dedazo', hand picking of political candidates at all levels,

'mordida': bribe, including authoritarian patronage based on the carrot or the stick;

To this list Lorenzo Meyer might have included (adds PBS):

'palanca', influence;

'pezgordo', influential, who is often

'intocable': untouchable;

'madrinos', godmothers' (Federal and State Judicial Police, 'commissioned agent-informers,' and fake police), all of whom work for and against the police.

12a. President Diaz Ordaz (1964-1970) Initiates Authoritarian Statism

⁶⁶ See <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB209/index.htm> and “Mexican Report Cites Leaders for ‘Dirty War.’ by James C. McKinley, Jr., *New York Times*, Nov. 23, 2006, <http://www.nytimes.com/2006/11/23/world/americas/23mexico.html>

GDO's period marked the shift to the Statist Revolution as the population of Mexico

grew from 41 million persons in 1964 to 51 million in 1970.⁶⁸

In the lore propagated by the Official Party, GDO seemed to merit many credits,⁶⁹ especially undertaking the construction of Mexico's Metro Rail System, a project vilified by protesters who demanded that funds for such urban development be transferred to the rural sector. [***FLASH FORWARD***: by the 1990s, GDO's construction of the Metro will be seen as a "stroke of genius," without which by the 2000s Mexico City auto transportation would have smothered with air pollution the entire population of the D.F.]

GDO gained credit from many urban intellectuals for seeking to industrialize rural Mexico and from industrialists and the rural sector for having build 107 dams.

The anti-nuclear weapon activities of GDO led to most nations of the Americas (notably excluding Cuba) signing in 1967 the Treaty of Tlatelolco, in which they pledge not to acquire such weapons. (A year later, the Plaza would serve as the place of GDO's bloodbath for opposition to PRI that also opposed the holding of the Olympics in Mexico, siphoning resources from the poor in rural Mexico.)

⁶⁷ According to Lorenzo Meyer, the noted historian who teaches at the Colegio de Mexico in Mexico City, quoted in www.pbs.org/wgbh/pages/frontline/shows/mexico/readings/lupsha.html

⁶⁸ Census data reported 48.2 million in 1970.

⁶⁹ See Pekka Valtonen, who favorably sums up GDO's contributions, including the promulgation a new Labor Law with the aim of "reforming" work-place problems . Según: www.helsinki.fi/hum/ibero/xaman/articulos/2000_05/valtonen.html

Further, GDO set in motion the development of the la **Siderúrgica Lázaro Cárdenas** en Las Truchas, Michoacán, planned as a modern steel plant ahead of its times, where he also undertook to build the modern Port of Lázaro Cárdenas.

Behind the scenes, however, Díaz Ordaz and his chief security minister Echeverría initiated their “Dirty War” by having peasant leaders assassinated or kidnapped and killed for protesting the fact that mere land without modern credit and agricultural extension was too often useless. But the protests received little news (usually no news) in the Mexico City media, which was strictly controlled by the PRI. (Local media barely existed in the republic, and was harshly censored through murder of journalists who knew too much for caciques to permit.)

[FLASH BACKWARD: Some guerrilla leaders had always been killed by local police, such as Rubén **Jaramillo** who had been guaranteed safety by President López Mateos in 1958 when he abandoned his “war against the PRI. But four years after laying down his weapons, in 1962 Jaramillo was seized along with his wife and three children and all were murdered in cold blood by Morelos state police (aided by a Mexican army officer)—this event causing López Materos to feel shame and revealed the President’s lack of control in many areas of the country. The ruthless local PRI caciques, who had seen him as challenging their authority since 1945, when he first rose

against them, finally took their revenge to end even his peaceful organization of peasants to protest local abuses.⁷⁰

In 1972, the guerrilla leader Genaro **Vázquez** will be killed in the State of Guerrero, either by his bad driver (known to be inexpert) or when the state police shot out a tire and caused his car to roll over.⁷¹ Vázquez had founded the Asociación Cívica Guerrerense and the Central Campesina Independiente to politically oppose the Official Party. For these reasons he was seen as an Enemy of the State and imprisoned, but was freed in mid-1968 by his team who were successful to break him out of jail. Henceforth, he left the political arena to convert his movement into the clandestine Asociación Cívica Nacional Revolucionaria, with which he waged (in association with Lucio Cabañas) a “low intensity war” against the PRI’s government military forces.⁷²

At least the history of Vázquez and Cabañas became partially known to the Mexican public in the 1960s and 1970s because hundreds and hundreds (if not thousands) of such histories did not. Most such cases remained unknown and uncounted, the police and military simply killing or murdering protesters and guerillas, news of such

⁷⁰ See http://redescolar.ilce.edu.mx/redescolar/publicaciones/publi_quepaso/rubenjaramillo.htm and www.h-net.org/reviews/showpage.cgi?path=24155855199874

⁷¹ Both versions are given in Orlando Ortiz, *Genaro Vázquez* (México, D.F.: Editorial Diogenes, 1972. Ortiz opens with the last version (which credits police) and closes with the first version (which takes credit from the police).

⁷² The history of Genaro Vázquez is not available in the English edition of Wikipedia, but is available in **Spanish** (and oddly enough in **Dutch**) editions. http://es.wikipedia.org/wiki/Genaro_Vázquez

matters being suppressed, which was easy in Mexico's era of rural life without telephone communication and with very poor roads.

Given GDO's penchant for acting with violence and allowing official impunity of action, it was easy for him to make a transition to use mindless brute force against the opposition to the PRI; he was infamous for his mishandling of a number of protests during his term—he fired railroad workers as well as attacking and firing teachers and IMSS physicians for striking against government corruption and mismanagement of their sectors.

In 1968 GDO ordered the massacre of “student protesters” at the Plaza of Three Cultures (Tlatelolco),⁷³ his idea being to “assure that Mexico successfully host the Summer Olympic Games” (the first ever held in the Third World). Debate has ensued as to how many students were killed at the Plaza—most estimates varying from 200 to 1,500 student protesters killed—with 300 being the consensus number.⁷⁴

GDO and LEA claimed that students opened fire from building rooftops at the army below at the Plaza of Three Cultures, and we would not know until the Government of Vicente Fox (2000-2006), when government's secret files were

⁷³ The Three Cultures celebrated in Mexico are Indian-Spanish-Mestizo or Mixed blood.

⁷⁴ In reality not all were students. The calculus of those killed has oscillated between 200 y 1,500 (according to reporter Félix Fernández). but the consensus total is 300. **Yet Kate Doyle writing in *Proceso* in 2006 could identify only 44 victims could be found (10 without names) in Mexican government archives opened by President Fox's investigation.**
www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB201/index.htm

opened, that the opening shots were fired by government secret agents firing from the apartment of Lea's sister-in-law.⁷⁵

The 1968 Massacre of "Students" is seen by many as marking yet another the "End of the Mexican Revolution," and "certainly the end of the Official Party." Actually, as we know, the Official Party did not come to an end until 2000---some 32 years later.

Because the press, television, and radio were so well controlled, the rural and urban murders were swept out of sight and out of mind. Hence, as late as 1967 Mexico was seen as a "development model for the Third World." Brazil's **Francisco Julião** (the political leader exiled by Brazil's military dictatorship) declared, in my Oral History Interviews with him in Mexico City, that **the PRI is an ideal political system because it can maintain order with economic growth but allow criticism by citizens**—this only one year before officially-sanctioned murders could no longer be hidden after the above attack on protesters (including many students) at the Plaza of Three Cultures.

The massacre of 1968 (and the later massacre on Corpus Christi Day in 1971) forced protesters to a difficult choice: either join the government or the emerging guerrilla movement. Many opponents of the Official Party went to Cuba to train as guerrillas and re-infiltrate Mexico.

To facilitate the transfer of power from GDO to LEA, the latter insisted in 1970 that as the anointed one to be elected in July to become President of

⁷⁵ See Reed Johnson and Marla Dickerson, "New Low for Hated Former Leader [Echeverría], *Los Angeles Times*, July 25, 2004.

Mexico on December 1 that the students he had arrested (hundreds, if not thousands) be pardoned and that the **Law of Social Dissolution** be abolished-- finally. Too, he gave the vote to eighteen-year olds—a student demand that was a useless one.⁷⁶ (Ironically GDO got the credit, but the traditional idea of the Official Party required that the outgoing president would make the embarrassing decisions in order so that the new President (in this case LEA) would have an easy a transition as possible. These transitions were becoming harder to do as the Official Party had become more ruthless in its use of the police powers of the State.)

FLASH FORWARD: After 1968 the choice of protesters was clear: “Join the government and worked for change from within the Official Party System or join the guerrilla movements.

In 1972, the guerrilla leader Lucio **Cabañas** was killed in Guerrero state by federal troops. According to *Wikipedia*:

“Cabañas ... was a Mexican schoolteacher who became a revolutionary, albeit not a Marxist one. Cabañas regarded Emiliano Zapata as his role model and he never abandoned his Christian faith... He became politically active when he studied at the Guerrero Normal [School to prepare Teachers] and was a leader of the local student union. In 1962 he was elected to the post of General Secretary of the Federation of Socialistic Peasant Students of Mexico... When [the

⁷⁶ Ironically, the rights of all citizens to vote were useless until 1997 when the votes of citizens actually were counted in the Mexico City election for Mayor.

principal of a] school in Atoyac demanded that all pupils wear school uniforms, Cabañas argued that some families were so poor they could hardly feed their children, not to mention buy school uniforms. [The problem resulted in a strike led by Cabañas against, and ended in shooting and deaths, forcing him to flee to the mountains and join the group of Genaro Vázquez until Vázquez' death in 1972.

“Cabañas established the ‘Army of the Poor and Peasant's Brigade Against Injustice.’] They numbered perhaps 300 members and lived in the Guerrero Mountains. He financed his group through kidnappings and bank robberies....

“The Mexican government sent 16,000 soldiers to ... to hunt him. Fifty of them died during the chase.

“In December 1974 Cabañas kidnapped Rubén Figueroa, governor of Guerrero. When the 16,000 government troops sent to track him down tried to rescue the governor, Cabañas committed suicide before being captured.

“Some say Cabañas did not die but ended up in jail. If that was the case he probably would have been executed so that sympathizers would believe the rebellion ended with his death, [thus ending Acapulco's crisis in tourism caused by fear of the Cabañas movement]. There are also numbers of legends about him, including that he had five women bodyguards and carried a bag full of money that he

distributed to the poor. Those are most likely ‘Tall Tales’; similar legends have been built around Pancho Villa and Emiliano Zapata....

“In recent, years, Cabañas has become a left-wing icon in Mexico, much like Che Guevara and Subcomandante Marcos. During recent social movements, including the 2006 clashes between teachers and the state government of Oaxaca. The face of Cabañas appeared on banners alongside those of Guevara and Vladimir Lenin.”^{77]}

In the meantime, the guerrilla leader Rafael Guillén, the future “**Subcomandante Marcos**”, trained in Cuba and became a professor in Mexico City to plot rebellion before he went into the jungles of Chiapas from 1984 to 1994. There, he sought to create a Maoist-type movement, according to the masterful history of the Mexico’s guerilla movements written by **Bernard de la Grange** (*Le Monde*, Paris) and **Maite Rico** (*El Pais*, Madrid).⁷⁸ Marcos will emerge only on January 1, 1994, as we will see later.

12b. Luis Echeverria-Alvarez (1970-1976) initiates Economic Statism

During LEA’s Presidency, the population increased from 51 million in 1970 to 62 million in 1976.

⁷⁷ Quoted from http://en.wikipedia.org/wiki/Lucio_Cabañas

⁷⁸ **Bernard de la Grange and Maite Rico** *Marcos, La Genial Impostura* (México. D.F.: Aguilar, 1997)

Figure 6

Luis Echeverría has just been inaugurated as President by Gustavo Díaz Ordaz

(Dec.1, 1970)



SOURCE: <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB204/index.htm>

(Picture courtesy of Archivo *Proceso*)

LEA asked himself at the outset why the Government should share profits with private companies. (He failed to realize that the Private Sector generates profits and the Government generates losses.)

[FLASH FORWARD: LEA's chosen successor, President López - Portillo (JOLOPO), at first sought to protect the Private Sector, but after three years will shift to PETRO STATE CAPITALISM, and by 1982 the Central Government will come to own nearly 2,000 Decentralized Agencies (including 1,155 nationally-owned companies), almost all of which operated with deficits and great inefficiency.]

The implicit motto of LEA and JOLOPO was, "The State must take over the major Private Sector, which uses profits for private purposes rather than public good". The seized companies gave two presidents capital that they tended to use not as Public Sector funds but cash for their own private needs and implicit glorious monuments of infrastructure to themselves many of which will crumble in Mexico City's earthquake of 1985 owing to shoddy construction.

Echeverría sought to distance himself from his close relationship with GDO and disavow rumors that both were on the payroll of the CIA. To emphasize this point, he turned away from supporting U.S. policy in the U.N. and on most of its world policy initiatives.

Figure 7

Echeverría's Legal "Revolution" of the 1970s

- 1970 National Council on Science and Technology (CONACyT) established
- 1970 Mexican Institute of Foreign Commerce established
- 1970 New Labor Code (and amendments of 1972 to establish 40 hour week of 5 days)
- 1970 Law to Control Decentralized Agencies
- 1971 Presidential Act to establish Program Budgeting and Inter-Agency Investment Planning Group
- 1971 New Water Law and National Water Plan
- 1971 Nationwide Survey of National Resources undertaken by CETENAL
- 1971 New Land Reform Code (return to emphasis on collective ejidos, backs away from "private" ejidos emphasized from 1942 to 1971)
- 1971 New Divorce Law (suspends "divorcios al vapor")
- 1972 National Fund for Worker Housing
- 1972 Law on Transfer of Technology
- 1973 Implementation of the 1961 Law on Profit Sharing as refined in the 1970 Labor Code (12 years having been needed to define "profits")
- 1973 Law on Foreign Investment
- 1974 Nationalization of foreign-owned telephone system
- 1974 Law on Population

LEA especially moved to expand Mexico's internal State power over an ever-expanding agenda, which always worried the U.S. government and U.S. private investors doing business in Mexico.

To expand the role of the State in Mexico, LEA attempted to set in motion a “**legal revolution**” with so many new and unworkable laws that few could understand them-- see **Figure 7**.

To carry out the Legal Revolution (as well as to quiet opposition to the Official Party), LEA was determined to place as many academics and intellectuals on the government payroll as possible, this requiring that evermore enterprises be nationalized in order to make places to put his new hires. Professors were given generous grants and higher pay to consult about the new laws and the bureaucracy to make them work as well to keep them busy writing their own studies and books--rather than political tracts.

LEA contributed to the development of Mexico's tourist industry by constructing the world-famous resort city of Cancún based on its pristine beaches. Although he profited by being the God Father for development of tourist industry at Cancún (where only a small village had existed), fortunately he assured protection of the clear water and incredible color of the sea which “changes subtly throughout the day from pale aqua at dawn to deep turquoise at

noon to cerulean blue under the blazing afternoon sun to pink-splashed purple during the elegant sunset.”⁷⁹

To LEA’s *discredit*, he did not end smoking in Mexico but ended foreign dominance of the tobacco industry by creating the **State Tobacco Company (TABAMEX)** company 52% owned by the Government, the remaining 48% to be held equally by tobacco companies and farmers.⁸⁰ He expanded smoking under government sponsorship.

Unfortunately for Mexico, LEA’s “nationalization” of TELMEX in 1972 was supposed to extend service where the private sector had not, but such benefit never came. Perhaps because (a) necessary implementing legislation was delayed until 1974; or (b) new government investment largely went into tapping the telephone of anyone suspected of varying from the Official Party discipline. Indeed LEA justified the nationalization of TELMEX to his security cabinet as giving the PRI greater control to prevent dissent. From 1972 to until its privatization in 1990, government-owned TELMEX continued to make it all but impossible to procure a phone line to one’s home or even office without paying huge bribes directly to the telephone installers, who worked on their own rather than for the state-telephone monopoly where they were employed. Some joked that “primitive capitalism” was thriving in Mexico.

In reality TELMEX was only partly nationalized and was operated from 1972 to 1990 as a mixed public-private company, with 51% of the shares owned

⁷⁹ See www.explorecanun.com/info/beach.shtml

⁸⁰ See <http://select.nytimes.com/gst/abstract.html?res=F70914FF3F59107A93C6AB178AD95F468785F9>

by the government. Although the system nearly completely phased out operators, a customer that requested a telephone line from TELMEX had to wait, “on average, about three years for a hookup. That compared to eight years in Venezuela, but just a few days in the United States, Japan, and most of Europe. In addition, the hookup fee for a single business line could cost \$500 or more. Furthermore, at any one time about 10% of all the phone lines in Mexico were out of service. To make matters worse, the government had been increasing long-distance prices (through the tax) at a rapid pace, to the point where the cost of a call had become prohibitive for many customers.”⁸¹

In foreign policy,⁸² Echeverría traveled overseas more extensively than any of his predecessors, visiting 35 countries and the Vatican and meeting with 64 heads of government. He established diplomatic relations with 62 nations.

LEA embraced the development concept known as “dependency theory” which argued that Third World countries could achieve economic growth and development only by cutting off their economic and political dependence on the industrialized world, especially the USA. To this end, he established in Mexico City is Center for Third World Studies.

In 1973, after the overthrow of Allende, Echeverría refused to recognize the new Chilean government, broke diplomatic relations with Chile and welcomed great numbers of leftist refugees from that country. Many Chilean professors who joined the faculty at the National University of Mexico (UNAM)

⁸¹ See www.fundinguniverse.com/company-histories/Telefonos-de-Mexico-SA-de-CV-Company-History.html

⁸² This discussion draws upon: www.heritage.org/Research/LatinAmerica/bg638.cfm

caused havoc by advocating promotions within the University based upon ideology rather than academic research and publication. (Most of the Chilean professors returned home, especially after the dictator Pinochet's lost his 1990 plebe cite to remain in power.)

One of Echeverría's initiatives was the so-called Charter of Economic Rights and Duties approved by the United Nations in 1974 by a vote of 120 to 6, with 10 abstentions. The charter was a collection of Third World complaints and positions blaming industrialized countries as the main cause of economic backwardness. Although it added no new positions, the adoption of the charter by the United Nations gave Echeverría a cause to promote on his trips around the world

In 1975 LEA blundered in his attempt to mediate between Israel and Palestine by stating that he agreed with a proposed U.N. resolution that "Zionism is racism." The U.S. Jewish community immediately clamped an embargo on Jewish investment in and tourism to Mexico, which wounded Mexico's economy.

Discovery of giant oil reserves in the Gulf of Mexico was mismanaged by LEA, who sought to keep the find a secret from the USA so that he could use oil as a bargaining chip in his arguments to expand the right for Mexican braceros to gain work permits from the U.S. government and also to gain better treatment

of Mexicans living without legal permission in the USA. He feared that the USA would not respond to his demands on immigration matters if it knew about the oil find. In his mind, LEA believed that the U.S. government would demand access to cheap oil as its bargaining chip.

But keeping the oil find a secret was also undermining faith in foreign investors, who were concerned that LEA's spending spree to support his Legal Revolution and State empowerment meant that Mexico had gone from the Era of Development with Stability to an Era of Instability that would eventually bankrupt the country.

The world watched with shock as LEA increased Mexico's total foreign debt in real terms from US\$16 billion in 1970 (the year he took office) to \$44 billion (the year he left)—see Figure 5, above.

Indeed in late 1976, LEA's expansion of federal expenditure without concern for inflation, meant that he would have to devalued the peso to 20 per dollar, from 12.50 per dollar that had held since 1954-- 22-years of peso stability came to an end. Thus the Official Party lost prestige at home and abroad.

Until his imaginary world of power collapsed in the peso crisis of 1976, LEA had believed that the peso could become the reserve currency to replace the dollar in world economic affairs and that he could become Secretary General of the United Nations. LEA's printing of pesos to raise worker wages backfired, destroying the small gains workers had received, and LEA himself left office in discredit.

12c. José López Portillo (1976-1982), Petro-Statism Under “God JOLOPO”

Under JOLOPO, the population of Mexico grew from 62 million in 1976 to 73 million in 1982.

Taking power in December 1976, JOLOPO had to major goals:

(a) establish the National Family Planning Program to aggressively reduce Mexico’s high total fertility rate, which stood at 7.0 (from 1950 to 1970).

This Program was one of JOLOPO’s few real successes.⁸³ The change in attitude to help Mexicans understand the country was no longer “under populated”, the issue that Lázaro Cardenas had seen as a major problem during his presidency. JOLOPO’s efforts paid dividends as the fertility rate decreased to 4.2 (for the five-year average from 1980 to 1985), and 2.5 (2000-2005).

(b) restore the confidence of the Private Sector, which had feared investing in LEA’s bubble economy.

Thus, during his first 3 years in office, JOLOPO set out to develop an Alliance with the Private Sector and to create growth poles in all corners of the country by using tax incentives.

⁸³ The rate had stood at 6.9 in 1955. See U.N. chart in first source, below:
http://globalis.gvu.unu.edu/indicator_detail.cfm?IndicatorID=138&Country=MX
www.country-data.com/cgi-bin/query/r-8721.html
www.airninja.com/world.F.acts/countries/Mexico/fertilityrate.htm

But with Arab oil money flowing into Mexico to develop PEMEX via New York banks (who were paid outrageous commissions and who received enormous “kickbacks”) especially during the last 3 years in office, JOLOPO decided that he was himself God. He saw himself as **Quetzalcóatl**, the Aztec’s most “beneficent” God who had left across the sea to the East,⁸⁴ but who “promised to return” when needed; and in his madness of wild expenditure (e.g. on pipelines for oil and gas leading nowhere), “God JOLOPO”, now arrogant and pompous, put Mexico on the road to bankruptcy/

JOLOPO’s **Petro-Statism** used the income from the quintupling of oil prices (caused by two OPEC oil embargos against the USA) to curtail further the partnership of private companies owned jointly since the 1940s by U.S. and Mexican investors as well as to end many partnerships that had emerged since the 1960s between the Government and the Private Sector.

NAFINSA (the National Development Bank) had gradually taken over parts of the Mexican steel industry.⁸⁵ Altos Hornos (AHMSA, Mexico’s first plant dating from 1900) was absorbed after World War II; the Fundidora Monterrey was taken over by NAFINSA in the crisis caused by LEA’s devaluation of the peso in 1976: and in 1978 JOLOPO decided to nationalize the

⁸⁴ Cortés victory over the Aztecs was facilitated by the fact that Moctezuma originally thought in 1519 that Cortés was **Quetzalcóatl**, in Aztec mythology the first chief of the dynasty, who would return from the Orient and retake power. Moctezuma had ordered the coast at Veracruz to be watched. See <http://virtualology.com/apnmoctezuma>.

⁸⁵ See www.ipab.org.mx/01_acerca_ipab/origen.html and www.economia.unam.mx/publicaciones/econunam/pD.F.s/09/04EmilioSacristan.pD.F.

steel mill at Port Lázaro Cárdenas in the state of Michoacán (Siderúrgica Lázaro Cárdenas Las Truchas). To do the latter, he created SIDERMEX as a holding company to administer it along with the plants “owned” by NAFINSA. The whole scheme collapsed in JOLOPO’s devaluation of the peso in 1982, but privatization would not come until 1991.

By the death of JOLOPO’s crazy-style Statism, the government of Mexico owned 1,155 enterprises--the great majority operated as inefficient, over-staffed state monopolies. When JOLOPO left office, no one knew how many of these enterprises even existed. That would come out in the international audit of Mexico’s assets by creditors from around the world.

JALOPO astounded Mexico the world by taking Mexico’s foreign debt from a relatively small **US\$44 billion** (when he took office in 1976) to a huge **\$144 billion in 1982**. When the world oil price collapsed in 1982, JOLOPO could not make payments on the debt, Mexico found itself bankruptcy, where upon he nationalized the private banks, trying to blame them for his mess. True, customers of the banks (including himself) had shifted money out of the country to avoid the inflation that he had caused, but self-preservation was not illegal until he made it so—but only after he had put his money into property and banks in Coronado Beach, California.

The devaluation of the peso in 1982 made it costly to buy one U.S. dollar: 96.5 pesos.

Needless to say, JOLOPO's reputation was ruined in 1982, long before revelations that he had as President ordered genocide in the "Dirty War." Thus, he would go down in history (along with LEA) as having been a "monstrous leader" of Mexico.

13. RISE OF ACTIVE-STATISM, 1983--

13a. Carlos Salinas (implicitly 1983-1988; and explicitly 1988-1994) lay basis for the 3 presidents who have followed him when the Active-State wing of the Official Party wins control of the PRI-Gobierno:

The population of Mexico rose from 75 million in 1983 to 90 million in 1994, during which time Dr. Carlos Salinas de Gortari (PHD, Harvard University), effectively becomes President of Mexico for two terms (1982-1994), and bringing into position the generation of the "technocrats". This word has a negative connotation in English, but in Spanish "técnicos" has a positive one, if laced with irony as time has gone on under those with higher studies in the USA.

Ironically, as Secretary of Programming **and** Budget (1982-1987), Salinas built into that ministry coordinated control reaching into every aspect of government that gave him more control over the economy and society control than the "nominal" President **Miguel de la Madrid**, under whom GSG served and the virtual President.

Nominal President Lic. **de la Madrid** (Dec. 1982-Dec. 1988), who had received his M.A. from Harvard University, now, as President, mainly concerned himself with political and ceremonial matters. In Salinas second term, he was President in his own right (De. 1988-Dec. 1994), and take full control of politics as well.

In 1983 Salinas had to immediately face the problem of the foreign debt. He “solved” it when he appointed Dr. **Ernesto Zedillo**, a young professor of economics at El Colegio de México, to draw upon his expertise gained at Yale University. Having written his PHD dissertation on Mexico’s foreign debt, Zedillo came up the plan for stretching out the debt problem in order save the Private Sector, which owned millions that it could not pay to foreign banks and lenders, as did the autonomous agencies, which had quietly each borrowed abroad on the basis that their loans would be backed by the federal government of Mexico. Unfortunately, the extent of the decentralized debt was unknown to Mexico’s Minister of Treasury, and nobody knew the extent of the problem, let alone how many autonomous agencies even existed. The IMF, foreign governments, and foreign lenders demanded an audit to determine the debts and assets of the Central and Decentralized Governments. No one wanted this information more than Salinas, who needed to know the extent of the economic mess left by JOLOPO.

Thus, the government took over all “valid” private-sector foreign debts and some domestic debt to negotiate a settlement that creditors only be repaid

over time through a government “debt-holding fund”, in 1984 officially named **FONAPRE** , and eventually called **FOBAPROA** (1990) and then **IPAB** (1999).

[*FLASH FORWARD*: IPAB will be set up to manage the fallout from the Peso Crisis of 1994-1995.⁸⁶

And, unfortunately for Salinas, Zedillo could not abolish the accumulated real foreign debt of US\$ 144 billion in 1982, which drained the ability of Mexico to invest in the country’s development. In 1988 the real foreign debt had declined to \$129 billion, and in 1994 rise to US\$ 155 billion. During 1995, Zedillo’s first full year in office as President, the real foreign debt would balloon to US\$ 177 billion. For the long-term series on nominal and real data for Mexico’s foreign debt, see Figure 5.]

Yet Salinas and his financial advisor Zedillo (working at the Bank of Mexico, 1983-1987; and Treasury Ministry, 1987-1992) had saved private capitalism in Mexico from going bankrupt, and the joke was on JOLOPO, who thought that he had once-and-for-all wiped out the Private Sector.

But JOLOPO did cause havoc and a ten-year battle for Salinas to right the country after he wrecked its policymaking machine when he nationalized the private banks in 1982 to attack his “enemies” who were “guilty” of having destroyed the Mexican economy to spite his role as “God.” JOLOPO’s infantile

⁸⁶ Some observers have suggested, tongue-in-cheek, that Zedillo should now be called from his current post at head of Yale’s Globalization Center to apply his Mexican debt solution of the 1980’s to the U.S. credit meltdown of 2008-2010.

attack on the Private Sector is akin to Hitler's plan to flood the subways to kill innocent women, children, and the aged for not having taken up arms to prevent Russia's capture of Berlin in 1945. At least Hitler failed in that vengeance— JOLOPO did succeed in harming Mexico's development .

[FLASH FORWARD: In late 1992, US\$ 1 was worth 3,175 pesos before Salinas could stabilize inflation and expenditure. At that point and after a ten-year battle he was able to convert the exchange rate to US\$ 1 to 3.17 pesos, as of January 1, 1993.⁸⁷]

The need to reign government spending (and thus inflation) was complicated by the 1985 earthquake that destroyed much of downtown Mexico City, leading to thousands of deaths. "President" Miguel la Madrid was paralyzed by the death and destruction, and unable to assume any leadership role, which placed more burden on Salinas than he already had assumed to strengthen the national recovery process.

The bright side of the earthquake was that for the first time in Mexican history the population had to assume leadership in its own right without waiting for orders from the government, the military, or the police. Mexico City's population shifted from passive civil society (which mainly votes for others) to active Civic Society. The Civic role here involved joining with others to begin

⁸⁷ See www.nytimes.com/1992/12/20/travel/travel-advisory-new-peso-for-mexico-on-jan-1.html

Cf. the IMF peso series, which converts data for its long-term series for Mexico as of 1986.

the rescue process, marshal water brigades to put out fires and connect electricity to areas without the ability to survive otherwise. The populace formed itself to “police” the affected areas against looting and served to direct traffic as well as arrange for food supplies to be distributed.

Inflation and expenditure problems complicated Salinas’s need to get Mexico City functioning after that massive 1985 earthquake.

Unfortunately for Mexico and the USA, 1985 was the year in which both countries realized how serious drug violence in Mexico had become. U.S. DEA agent **Enrique Camarena** was kidnapped in broad daylight in Guadalajara, tortured, and finally executed by drug dealers.⁸⁸ He had infiltrated drug trafficking rings and successfully helped break up many of them. He managed to keep his face out the newspapers even though his name was well known. One of the groups he was following managed to identify and execute him.

The DEA, working with Mexican police, identified two Mexican citizens as suspects the Camarena torture-murder case: i) Humberto Álvarez -Machain, the physician who allegedly prolonged Camarena’s life so the torture could continue, and ii) **Javier Vásquez-Velasco**. Because of Mexican legal barriers to extradition, U.S. agents kidnapped and took them to the USA. Despite vigorous protests from the Mexican government, Álvarez was tried in United States District Court in Los Angeles. The trial resulted in an acquittal. Vásquez-

Velasco was arrested for his alleged involvement in the murder and sentenced to three life sentences.

By tending to ignore the illegal drug trade, elements of the PRI seemingly reached accommodations with many drug lords, and **Raúl Salinas de Gortari** (brother of Virtual President Carlos **Salinas**) would eventually be linked to some of them as his “generous friends.” PBS gives many sources linking Raúl to Documents from the Office of Mexico’s Attorney General and the National Anti-Drug Institute revealing that Raul Salinas had ties with drug lords in Mexico as early as 1987.⁸⁹

Reforma newspaper obtained copies of two separate reports indicating that the ex-president's brother had ties with (i) the heads of the **Sinaloa Cartel’s** led by **Joaquin “El Chapo” Guzman-Loera**,⁹⁰ and (ii) the **Gulf Cartel’s Juan García-Abrego** (whose uncle founded this cartel in the 1970 to smuggle whiskey into Mexico before Juan moved into smuggling drugs into USA in the 1980s). According to one of the documents, Raúl Salinas had guaranteed protection to the Juan García-Abrego at the time Carlos Salinas was candidate in

⁸⁸ The following draws upon http://en.wikipedia.org/wiki/Enrique_Camarena

⁸⁹ See <http://www.pbs.org/wgbh/pages/frontline/shows/ico/news/reforma.html>

⁹⁰ During the 1980s, El Chapo (which means “Shorty”, in English) was air traffic coordinator for **Miguel Ángel Félix-Gallardo** (known as “The Godfather” of all narcotraficantes and as “**Lord of the Skies**” (“El Señor de los Cielos”) because he was the first to use air transport of drugs in major way), head of the dominant drug trafficking group in Mexico at that time. After Félix Gallardo’s capture in 1989 (<http://www.encyclopedia.com/doc/1P2-1184588.html>), El Chapo Guzmán began taking control of the organization and soon gained notoriety as director of the **Sinaloa Cartel**. See discussion at 13d.2, below.

1987 to become president in his own name.⁹¹

Meanwhile, “President” de la Madrid alienated the PRI’s “Democratic Current” led by *Cuauhtémoc Cárdenas-Solorzano* (CCS, the son of Lázaro) and *Porfirio Muñoz-Ledo*, who were “forced” to leave the PRI in 1987. They founded Mexico’s Democratic Front (forerunner of the PRD - see below) in their struggle to defeat at the polls Salinas’ PRI, which had turned against their cherished Statism.

Cuauhtémoc Cárdenas actually won the election of 1988, according to the vote-count trend established before the “computers crashed” to reveal that the PRI had lost. Cuauhtémoc apparently made a secret deal with Carlos Salinas about which we know little except that it was hidden from *Porfirio Muñoz-Ledo* (President of the nascent the PRD), and the deal allowed Carlos Salinas to take power. Because the central-election-computer crash (which we now know was faked) prevented the vote count from being verified in the time limits established by law, Cuauhtémoc either felt that he did not want to create a crisis that could lead to bloodshed and/or he may have realized that Salinas was the right man to begin to dismantle the excessive Corporativist infrastructure built into the PRI Government and its Sindicatos as well as the role of Sindicatos in many private companies.

⁹¹ Juan was captured in 1996 and is currently serving eleven life terms in a maximum-security federal prison in Colorado.

Although much has dismantlement has taken place since 1983, in 1994, and still in 2010, the Corporatist system still wields major power in all decisions of State.

Beginning in 1983, Salinas led a Counter-Revolution from within the Official Party of the Revolution. Salinas ended the ever-rising power of the State by ending excessive societal regulation, even as he accumulated centralized political power for himself. After having recognized the failure of Statism, wherein the Central Government and its decentralized agencies had come to control more than half (perhaps 60%) of the GDP of Mexico as well as heavily regulate all private activity, Anti-Statism was Salinas major focus at first but soon shifted to Active Statism-- after a wave of selling-off government industries, especially the telephone system that was sold for a pittance to Carlos Slim (who parlayed that company's implicit wealth into his personal fortune to become the richest person in the world).

1989: For his own Presidential campaign, Salinas used his intellectual background, to justify his role which called for liberalizing the economy while protecting people who were not in a position to protect themselves (the unemployable, the disabled, the aged, the children in need, etc.)—he called this approach “**Social Liberalism**” to distinguish it from U.S. Liberalism and to avoid any debate about the role of the Active State and Anti-State policy. (The

idea of “Social Liberalism” was extensively revived in Europe and has since become a basis for the European Union as decentralized Active State.)

To implement his ideology, Salinas established his system of “Solidarity.”⁹² The **National Solidarity Program (PRONASOL)** that granted funds to communities for projects that they need (schools, clinics, bridges, irrigation systems, etc.), provided that they do the work themselves or volunteer to help outside companies do specialized aspect. Further, community leadership will have to collectively oversee expenditures to expand their civic consciousness and civic demands upon the central government in Mexico City.

This marks Salina’s shift from Anti-Statism to reestablishing the “Active State” under a different name.

Immediately after taking office as President in his own right, Salinas recognizes the election in Baja California of Ernesto Ruffo-Appel, the first opposition governor--a member of PAN.

On the crime front, although narcotraficante **Miguel Ángel Félix-Gallardo**, the “God Father” and Capo of the Guadalajara Cartel was arrested and incarcerated in 1989, he remained one of Mexico's major traffickers, maintaining

⁹² Two views with excellent data are: a generally positive analysis, see www.jstor.org/pss/3185151 and a generally negative one, see www.questia.com/googleScholar.qst?docId=98486401

his organization via cell phone from prison until he was transferred to a new maximum security prison in the 1990s. At that point, his Guadalajara Cartel, broke up into two factions: the Tijuana Cartel led by his nephews (the Arellano Félix brothers), and the Sinaloa Cartel (run by former lieutenants Héctor Luis Palma Salazar, Adrián Gómez González and El Chapa Joaquín Guzmán).⁹³

On the economic front, in 1989 Salinas **oversaw the sale of** Dina to a Guadalajara entrepreneur, who turned it into a money-making operation. In 1994 the private company became the largest bus manufacturer in North America.

In 1990 Salinas reduced the number of “strategic” industries such as coal mining and he permitted up to **100% foreign capital investments**, except in the few remaining strategic industries (such as petroleum, electricity, and airlines). For all foreign investment in industry he announced that if his government did not disapprove or approve of its plan within 30 days after receiving it, the plan was approved--automatically.

Salinas re-privatized the banks in 1992, eight years too late to prevent the government-owned banks from having made loans to PRI friends, then forgiving the loans as bad debts. Further, the government banks had failed to invest in modern technology being adopted banks around the world. These problems

⁹³ See http://en.wikipedia.org/wiki/Miguel_Caro_Quintero

hampered Salinas massive sale of the PRI-Government's state-owned industries, which not only were inefficient but losing huge amounts of money.

Salinas had already begun massive privatizations, such as the government telephone monopoly in 1990, which went to Carlos Slim, who promised to offer more extensive and better service but forgot to say that he would be charging the world's highest telephone rates.⁹⁴ (How can small Mexican business compete with their counterparts in the USA, who pay half the cost that Slim charges.)

Although Salinas privatized mineral resources in 1993, except for PEMEX, he did not propose to privatize the State electrical agency, which in Statist mythology is almost as important as PEMEX.

In 1992 "privatized" Ejido lands enticed Congress and the states legislatures to change the Constitution of 1917 in order to begin granting individual titles so that Ejidatarios could make their own decisions about their land—rent it, sell, put it up for collateral to borrow money, or even hold it to be inherited by their family (all hitherto illegal). Very little Ejido land has been sold because of its poor soil, except in isolated cases.

⁹⁴ CSG enabled Slim to buy TELMEX at an artificially low cost and pay for it over time using money earned by the phone service, enabling Slim to build his fortune and become in the 21st century the world's richest person. "After privatization, TELMEX began investing in new, modern infrastructure, creating a nationwide optic fiber network, and offering service in most of the country," according to <http://en.wikipedia.org/wiki/TELMEX>

Further, Salinas made peace with the Church in 1992, obtaining congressional approval for its right to recover their Churches and own property that had been nationalized. Further, the new Salinas law granted the Church the right to conduct religious education and legally hold public ceremonies. Henceforth, priests have been considered normal citizens with the right to vote. Last, but not least, Mexico reestablished diplomatic relations with the Vatican after 130 years,⁹⁵ relations having been broken in 1862.

CSG had begun privatization of the failed State agricultural enterprises such as PRONASE in 1989 as well as FERTIMEX and ANDSA in 1991-- PRONASE being infamous for jeopardizing Mexico's production of seeds (not to mention ending the production of quality seeds), ANDSA being scandalous for its decrepit silos and filthy, fungus-ridden-crop depositories, and FERTIMEX being criticized for having provided degraded fertilizers and pesticides too often to be of use. All of these agencies wasted subsidies on inefficient operations that harmed the nation's food supply and food producing equipment. Bureaucrats and Sindicato workers shrugged their shoulders and said: "Efficiency, quality, and cleanliness are the responsibility of someone else—who knows who."

⁹⁵ **"While some powers were reinstated by the dictator Porfirio Díaz before his overthrow by the revolutionaries, Mexican leaders and the Pope continued to exchange only temporary or lower-level envoys,"** according to Tim Golden, "Mexico and the Catholic Church Restore Full Diplomatic Ties." *New York Times*, September 22, 1992.

Salinas privatized TABAMEX in 1990 when the government was trying to stimulate public health. However, the foreign buyers insisted that the government “get rid” of the huge stockpile of foul quality tobacco that had been accumulated over the years by TABAMEX. The stockpile was bad from its start because the government paid growers for quantity not quality, and the producers had taken advantage to “unload” it on the government, apparently convincing themselves if that if their sickening tobacco did get into cigarettes and cigars that would matter--smokers are going die form smoking anyway.

Once having purchasing so much bad tobacco, TABAMEX stored it improperly. Because the mess of rotting tobacco was too heavy to move (and where could it even be moved was a quandary), the government decided to burn the stinking mess, a mistake which contaminated the air of central Mexico for many days. It was a real “smoke-out”, joked critics who laughed and coughed at the same time. People who had given up smoking had a last round of unwanted coughs.

In the meantime, CONASUPO’s LICONSA (which sells “milk” in ugly tasting grey powder to be reconstituted usually with unsanitary tap water) was recreated as a company with the majority of shares owned by the State. From 1944 to 1994 it had been wholly owned by the government. With the in rise prices received by producer, LICONSA could shift some subsidies to the consumption side and encourage consumers not to waste milk supplies.

In the same manner as LICONSA was reorganized as a mixed State-private company in 1994, DICONSA followed suit. Unfortunately for many small DICONSA trucks would no longer reach isolated communities, the economic cost being considered too high. Not until 2005, however, did DICONSA begin to modernize its warehouses, 300 operating its national network that a technological upgrade to communicate with suppliers, trucks, and DICONSA distribution points to consumers as well to prevent food supplies from expiring.⁹⁶

Salinas' programs ended high tariffs and opened Mexico to Free Trade Agreements (FTAs) with countries around the world. His first and most important FTA was signed in 1993 with the USA and Canada and named "NAFTA" (North American Free Trade Area), which went into effect January 1, 1994. Treaties with the European Union and Central America followed. (In 2003 Mexico would serve as the Presidency of the nascent 21 Asia-Pacific Economic Countries (APEC), including countries such as Vietnam which are not Pacific Ocean countries.⁹⁷

⁹⁶ On the situation of DICONSA attempts to modernize in 2005 under President Fox, see www2.gxtechnical.com/portal/hgxpp001.aspx?15.7.3,O.E,0,PAG;CONC;151;4;D;10145;1;PAG;MNU;F;25;3;5;12;MNU

⁹⁷ See Olga Magdalena Lazín. *La globalización se descentraliza. Libre mercado, Fundaciones, Sociedad Cívica y Gobierno Civil en las Regiones del Mundo*. (Guadalajara, Los Ángeles, México: Universidad de Guadalajara, UCLA Program on Mexico, PROFMEX/WORLD, Casa Juan Pablos Centro Cultural, 2007). Prólogo de James W. Wilkie.

In the meantime, Subcomandante Marcos, hidden in Chiapas with his Maoist-oriented guerrilla force named the Ejército Zapatista de Liberación Nacional (EZLN) since 1983, had grown frustrated with Comandante Germán, his superior in Mexico City. Germán had held Marcos in check for years by arguing that “the time was not ripe to launch the Revolution against the PRI-Gobierno. But NAFTA gave Marcos the spark he needed to ignore Germán’s orders and begin in Chiapas the national uprising of Indigenous “Indigenous and oppressed peoples” to overthrow the PRI-Gobierno.

Subcomandante Marcos used the inauguration of NAFTA on January 1, 1994, as offering the opportunity to finally ignore the orders of Comandante Germán. That first day of 1994, then, Marcos unleashed his attack on the PRI-Government by capturing San Cristóbal de las Casas, gaining propaganda points by claiming (falsely, but effectively) that was his main goal was to protest against NAFTA. In reality, he and Comandante saw their main goal as gaining Indigenous autonomy within Mexico by establishing a Revolutionary Government that would spread to all of Mexico.

That the EZLN had remained hidden, as had the Dirty War, escaped the attention of the otherwise very perceptive **Mario Vargas-Llosa** (the famous Peruvian novelist and one-time presidential candidate). Thus, he was able to proclaim in 1990 the PRI to be “**La Dictadura Perfecta**,” because it allowed dissent while successfully developing the Mexican nation. Like **Julião** before

him, he did not realize that the Dirty War even existed in Mexico whereas Argentines, Brazilians, Chileans, and Uruguayans all knew the open fact of Dirty War being conducted as it took place in their countries.

Subcomandante Marcos proved that his experience as one time professor of communications at the University of Mexico City would save the EZLN. Marcos launched an **Internet campaign** to inform the world of the EZLN goals and seek protection from civic society around the globe, especially in the USA and Europe. The result of the first Internet campaign by guerrillas anywhere brought so many much bad publicity about the campaign of the Mexican army against the EZLN that Salinas halted attacks and permitted Marcos to organize a major part of the state of Chiapas.

Civic society from around the world wired funds to the EZLN bank accounts in Mexico—another permission granted by Salinas. Marcos was thus free to organize his own view of utopian activity based in communities called “caracoles” (snails), and they proceeded, as Marcos announced, to organize at a snail’s pace that would in the end prove that slow, steady activity can outshine fast-paced development without real humanity.

In fact Marcos created is own prison from which he later negotiated with the Fox government to consider changes in Mexico’s Constitution of 1917 to let the Indigenous people be a state within the State, a nation within the Nation of

Mexico. Marcos ideas appealed to many non-Indians until they realized that the Indigenous law would be based on “usos y costumbres” with its unfortunate suppression of women’s’ rights and arbitrary justice being imposed differently according to region and without appeal. Hence the idea of a separate Indian nation within Mexico passed (which surfaces from time to time) again faded into the background.

Marcos himself seemed not to have understood the real struggle in Chiapas involved the one between Protestants and the Catholics over who should interpret the true faith to the Indians and the extent to which the Bible could be interpreted by the religious leaders and their followers. Further, the Protestant attempt to end the use of alcohol by caciques to control male workers won over many Indigenous women; hence the Roman Catholic Church realized that if it did not want to be displaced it would have to join the movement against the use of alcohol as a control mechanism, which in any case was (and is) perverting simple justice from being rendered by and rational argument among inebriated tribal elders.

However, the caciques who prefer to keep Indian males in a drunken stupor, have supported establishment of the Mexican Catholic Church to subvert the Roman Catholic Church. Violence periodically erupts at San Juan Chamula as these three religious groups fight over who should control the church there, and more than 20,000 Indians have had to flee to other areas to avoid being

physically beaten in this competition for souls and struggle over the use of alcohol. The Mexican Indian Institute established in 1948 (but abolished by President Fox) in 2003 to establish a Commission for the Development of Indigenous Peoples)⁹⁸ wisely refused to take a position on alcohol, concerned that it would interfere in Indian rights to make tribal decisions while under the historic use of alcohol.

CSG found that the Marcos uprising on January 1, 1994, was just the beginning of his problems because two mysterious assassinations of PRI-Gobierno leaders added an unheard of dimension in high-level Mexican politics. In March of 1994, CSG's choice of president to succeed him, Luis Donaldo Colosio was assassinated, causing a political crisis.

In September 1994, the PRI Secretary General **José Francisco Ruiz Massieu** (the brother-in-law of CSG), was assassinated, probably by drug dealers involved with CSG's brother Raúl.

[*FLASH FORWARD:* Raúl was later sentenced under the Zedillo government to over 27 years in prison for his supposed part in the assassination of **Ruiz Massieu**.⁹⁹ Because Raúl's conviction was driven by a fever of hatred, ignited by President Zedillo against the Salinas clan to shift blame from himself for having "caused" the peso

⁹⁸ See http://www.e-mexico.gob.mx/wb2/eMex/eMex_Instituto_Nacional_Indigenista_sit

crisis of 1994, Raúl appealed to Mexico's Supreme Court, and under Fox his conviction was reversed. Raúl's ten years in prison seemed as if "poetic justice" had its day in Mexico.]¹⁰⁰

13b. Active-Statist Revolution Under President Ernesto Zedillo (1994-2000), who agrees to count the votes fairly and when the PRI loses the Presidency in 2000, he turns the government over to PAN's Vicente Fox

Under Zedillo the population rose from 90 million in 1995 to 99 million in 2000,¹⁰¹ depending on the time of year when Mexicans return to work during the U.S. rainy, cold season.

Indeed, Salinas overcame the assassination of the PRI presidential candidate Luis Donaldo **Colosio** in 1994 by stage-managing the election of Ernesto **Zedillo** as President of Mexico, 1994-2000.

Salinas himself seemed headed to become President of the new World Trade Organization (1995--), but that route was cut-off when Zedillo named Dr. Jaime **Serra Puche** (PHD, Yale University) as Minister of the Treasury.

Serra's own arrogant incompetence caused an unwarranted peso panic beginning in December 1994. Serra, who thought himself so important as the

⁹⁹ See http://en.wikipedia.org/wiki/Jos%C3%A9_Francisco_Ruiz_Massieu

¹⁰⁰ Raúl was arrested Feb. 28, 1995, and released from prison on June 14, 2005.

¹⁰¹ The census gave 97.5 million. Projections from the 1970s forecast that, given the 7.0 fertility rate, in 2000 Mexico would surpass 132 million persons—See Wilkie, ed. SALA, Vol. 19 (1978), Table 622.

next President of Mexico (still six years in the future) that he not deign to call New York and London bankers with weekly updates that all was well in Mexican finances--as his predecessor Dr. Pedro Aspe had done. Having fired Aspe's entire staff, Serra did not know which levers actually worked at Treasury, and as foreign banks pulled out capital, the peso collapsed, with the real foreign debt standing at US\$ 155 billion (up from real US\$ 129 billion when Salinas had taken office.

Mexico was "saved" in 1995 when a) Zedillo replaced the failed Serra with **Guillermo Ortiz** (today Governor of the Bank of Mexico), and b) President Bill **Clinton** organized a financial rescue package¹⁰² of **US\$ 55 billion** in real terms (involving US\$ 33 billion in real terms from the USA and the rest from the IMF and Canada—debt which was repaid early.)¹⁰³

In his memoirs, Salinas writes (without naming names) about having been defeated by such Official Party "hacks" (presumably including Serra), who belong to the Mexican *nomenklatura*—the Russian colloquial term for high professional functionaries of the government, especially the *apparatchik* types who hold positions of bureaucratic or political responsibility. Members of the "apparat" are frequently transferred between different areas of responsibility, usually with little or no actual training for their new areas of responsibility. Thus, the term *apparatchik*, or "agent of the apparatus" is usually the best possible description of the person's profession and occupation. Today this term

¹⁰² The resulting U.S. rescue of Mexico by the Clinton Administration was wrongly criticized by www.heritage.org/Research/LatinAmerica/bg1016.cfm

is also used in contexts other than Russia. For example, it is often used to describe people who cause bureaucratic bottlenecks in otherwise efficient organizations, especially at support services groups such as critical information technology (IT) services.¹⁰⁴

Many observers of Mexico have called the leaders since Salinas' influence beginning in 1983 as the "Generación de los Técnicos", subliminally recalling the "Científicos" who had helped Porfirio Díaz govern Mexico from 1884 to 1911 the second part of his Díaz's 34 years in power. Both terms have been used to derogate their roles, although all agree that they were better than the period of the "No-Nothing Thugs", 1965-1982. The generations of the Generals in power (1911-1946) and the Lawyers (1946-1964) had relied on many técnicos for advice and to staff the government, but since Salinas they came into power.

Although Zedillo made Salinas the scapegoat for Serra's errors, Zedillo continued the Salinas Programs of signing **new FTAs** around the world as well as well as developing **revised FTAs** to improve the first round of FTAs that had been signed by President Salinas.

President Zedillo

a) privatized **petrochemical industries**;

¹⁰³ In nominal terms the rescue package totaled \$50 billion (of which \$30 billion was U.S. funding).

¹⁰⁴ For further discussion, see http://en.wikipedia.org/wiki/Nomenklatura#The_New_Class and <http://en.wikipedia.org/wiki/Apparatchik>

- b) privatized **Mexican social security accounts** in 1997;¹⁰⁵
- c) re-privatized the **Mexican National Railway “System”** in 1998, reviving an industry that had become moribund and dangerously decrepit under State mismanagement;
- d) closed CONASUPO, which had been difficult to close by Salinas because the poor population (both rural and urban) had come to depend on its cheap food, regardless of quality; and farmers were able to sell at guaranteed prices, also regardless of quality. **Zedillo could finally close CONASUPO in 1999**, the State shifting to focus on quality of food, not quantity. The State had finally lost all patience (as had consumers) with the bureaucratic thicket of mismanaged that CONASUPO had come to represent.¹⁰⁶ In the end, although much food arrived, it did with expired dates—old and stale.

Thus, as CONASUPO was closed by Zedillo (the rotten CONASUPO model could not be sold as no company would buy into its complete failure), Zedillo, using my wording announced in Mexico the success of “Mexico’s Second Green Agricultural Revolution for the World.”

¹⁰⁵ The Wall Street Journal reported in 1999: “Since the implementation of Mexico’s private pension system on July 1, 1997, about 14.5 million Mexican workers have opened their own pension savings accounts.” See WSJ article reprinted at: http://www.cato.org/pub_display.php?pub_id=5032

¹⁰⁶ To understand the incredible bureaucracy created by CONASUPO, see Enrique C. Ochoa, *Feeding Mexico: The Political Uses of Food since 1910* (Wilmington, Delaware: Scholarly Resources, 2000).

The **Second Green Agricultural Revolution** made by Norman Borlaug (who made the First Green Agricultural Revolution--see Part 11b, above), would not be announced in until May 1999, when President Zedillo and I joined Borlaug to announce in Mexico City the development of “double-protein corn” and recognize Mexico’s role in the process begun in 1944. Although the improvement of corn had been planned as part of the First Green Agricultural Revolution (which did include successfully the improvement of rice in the Philippines as an off-shoot of Borlaug’s work in Mexico), research with corn took decades because of the complexity of the problem. Indeed, the International Advisory Board that had taken over CIMMyT from the Mexican Government decided in 1988 that the goal of creating Quality Protein Maize would never be reached, cut off his funding, and closed CIMMyT, except to maintain its World Seed Bank.

With new funding, from Japan’s Sasakawa Foundation,¹⁰⁷ Borlaug moved his Mexican Corn Research Team to Ghana, their long-research finally coming to fruition by the late 1990s. Ironically, Mexico’s Ejidatarios have been glacially slow to adopt the new corn seeds whereas Brazilian and Chinese farmer have rapidly adopted it. (Hogs fed double-protein corn, for example, then to be up to twice as big compared to those fed with normal corn.)

¹⁰⁷ See <http://www.world.Foodprize.org/borlaug/borlaug-history.htm>

In 1999 **Zedillo** invited **Norman E. Borlaug and his Mexican Research Team** to return to Mexico, where the Mexican Government reopened **CIMMyT** for their continued research to expand the **Second Green Agricultural Revolution (AgGreen), which originated in Mexico**. At the event with Zedillo, hosted by **Roberto González-Barrera (RGB)** and his GRUMA corporation, I was invited to present my view (“**The Wilkie View**”) in which there are two parallel strands: a) **Borlaug** has developed seeds from his original base in Mexico; and b) **RGB** has developed super corn tortillas with vitamins and minerals for the masses from his original base in Mexico.

Borlaug and RGB both recognize the importance of high-protein, low-carb diets that can prevent weight gain that leads to diabetes. Borlaug now seeks to implant in Mexico the high-protein corn seeds (which are already planted in **Brazil and China** but not in Mexico) that RGB needs to make the tortilla ever more healthy.

For the Second AgGreen Revolution, **Borlaug’s** long search for renewable seeds came to fruition in the lab (then the fields) when he created seeds that are resistant to drought and disease but use less chemical fertilizers, herbicides, fungicides, and pesticides. This was possible through targeted genetic transformation of corn seeds in the lab (which takes weeks, not the decades of his work on wheat).

Whereas the First AgGreen Revolution had to use untargeted and wasteful transformation of whole gene pools through time consuming hybrid plant development by trial and error, the Second has been able to take advantage of targeted research through computerized lab analysis that not available for Borlaug's Nobel Prize research. Finally then, by the late 1990s Borlaug developed high-quality, double-protein seeds for corn to enhance the staple for the masses in much of the world. with much reduced use of fertilizers and chemicals.

India, in the meantime, had engaged beginning in 1991 in overuse of low-cost urea which has limited the yields in production, especially of rice, thus causing the Indian Green AgRevolution to wilt.¹⁰⁸ This is what Borlaug had feared would happen, and it had spurred him to advance his work on new seeds that would avoid the problem of stunted agricultural growth.

Behind India's worsening yields is the government's failure in agricultural policy, which has been trapped between (a) the need to boost food production while winning vote from farmers who constitute 70% of the electorate, and (b) the need to encourage India's fertilizer industry. The government resolved these competing goals by increasing its subsidy of urea to cover about half of its domestic production—this in spite of the fact that urea damages the land if over used. When

the government realized that the subsidy of urea was counterproductive, since 2009 it has sought to drop the existing subsidy system in favor of a new plan to allow urea's price to increase significantly, thus giving a disincentive for farmers to use many times the amount recommended by scientists, throwing off the chemistry of the soil.

As Geeta Anand has noted, "like humans, plants need balanced diets to thrive. Too much urea oversaturates plants with nitrogen without replenishing [five key] nutrients that are vitally important, including phosphorus, potassium, sulfur, magnesium and calcium."¹⁰⁹ Under the new plan, the government will offer subsidies to fertilizer companies on the (especially on these five key nutrients), rather than the fertilizer products themselves. The idea is to provide incentives to the fertilizer industry and to farmers themselves to apply a better mix of nutrients. Until the use of urea is reduced, soil fertility will continue to decline causing evermore use of urea and evermore decline.

¹⁰⁸ This discussion of India agricultural problems follow the analysis by Geeta Anand, <http://online.wsj.com/article/SB10001424052748703615904575052921612723844.html>

¹⁰⁹ Ibid.

Mexico could learn from India's policy decision, and both countries need to shift to the Second Green AgRevolution by changing to proper use of GMO seeds. India has moved improperly and Mexico is only in 2009-2010 experimenting with proper use, as advocated by Borlaug.

Meanwhile, Mexico, which has barely taken advantage of its own First Green Agricultural Revolution, has taken a different tack by improving the supply of food through its processing rather than its growing, and this tack has been led by **RGB**.

RGB has been able to refine the methods of making low-carbohydrate tortillas by adding fiber to the corn tortilla, thus reducing the high gross carbs to low net carbs to fight weight gain and diabetes.¹¹⁰ The low-carb corn tortilla is vital for the poor who eat from 7 to 15 tortillas daily because they cannot afford to consume expensive meat, chicken, eggs, milk, or cheese needed for protein to offset the cheap high carb consumption.

Mission Carb Balance tortillas are low-carb tortillas that are high in dietary fiber. They have as few as 4 grams of net carbohydrates per tortilla, depending upon the type and size of the tortilla. The tortillas are available in whole wheat or white flour, and in soft taco, fajita, and burrito sizes.

In this process **RGB** has reduced dramatically the wastage of gas, electricity, water, food. (The industrial process of food too often results in a high wastage factor owing to inefficient processing.)

¹¹⁰ See http://en.wikipedia.org/wiki/Gruma#Mission_Carb_Balance_tortillas

Borlaug again spent half his time in Mexico and half traveling the world seeking to expand the Second AgGreen Revolution, which is gaining a foothold in Africa as well as supporting CIMMYT affiliated research institutes such as the International Rice Research Institute in the Philippines, which has genetically modified seed to include vitamin A. (That vitamin has reduced the formerly high rate of blindness and eye afflictions in the Asia.)

RGB has expanded his processing plants from Mexico and the USA to Central America and beyond to Venezuela, England, China, Malaysia, Holland, Spain, and Italy.¹¹¹

Both Borlaug and RGB have argued that the anti-GMOS movement fails to recognize that is easier to determine which new varieties of seeds carry allergies and how to remove them from the seeds. Such is not possible quickly and easily in the wholesale process of cross-breeding plant seeds—the method preferred by the anti-GMO groups.

Both Borlaug and RGB are concerned for the problem of feeding the world, the population of which is scheduled to grow exponentially (non-linearly) from 6.8 billion now to 18 billion by 2050. (See Figure 8.)

¹¹¹ See http://www.gruma.com/vEsp/NuestrasEmp/nuestras_empresas.asp

[FLASH FORWARD: *New York Times* Headline, September 13, 2008

NORMAN BORLAUG, PLANT SCIENTIST WHO FOUGHT FAMINE, DIES AT AGE 95

By JUSTIN GILLIS

www.nytimes.com/2009/09/14/business/energy-environment/14borlaug.html

Norman E. Borlaug, the plant scientist who did more than anyone else in the 20th century to teach the world to feed itself and whose work was credited with saving hundreds of millions of lives, died [yesterday].

Dr. Borlaug's advances in plant breeding led to spectacular success in increasing food production in Latin America and Asia and brought him international acclaim. In 1970, he was awarded the Nobel Peace Prize.

He was widely described as the father of the broad agricultural movement called the Green Revolution....had a far-reaching impact on the lives of millions of people in

developing countries. His breeding of high-yielding crop varieties helped to avert mass famines that were widely predicted in the 1960s, altering the course of history.

Largely because of his work, countries that had been food deficient, like Mexico and India, became self-sufficient in producing cereal grains.

"More than any other single person of this age, he has helped provide bread for a hungry world," the Nobel committee said in presenting him with the Peace Prize. "We have made this choice in the hope that providing bread will also give the world peace."

The day the award was announced, Dr. Borlaug, vigorous and slender at 56, was working in a wheat field outside Mexico City when his wife, Margaret, drove up to tell him the news. "Someone's pulling your leg," he replied, according to one of his biographers, Leon Hesser.

[Assured that the Nobel Award was true], Borlaug kept on working, saying he would celebrate later.

Criticism of Techniques

The Green Revolution eventually came under attack from environmental and social critics who said it had created more difficulties than it had solved. Dr. Borlaug responded that the real problem was not his agricultural techniques, but the runaway population growth that had made them necessary.

"If the world population continues to increase at the same rate, we will destroy the species," he declared.

Figure 8

Norman Borlaug, who helped teach the world to feed itself



Borlaug's concern about population growth is based on cancellations shown here in Figures 9 and 10. The problem is that the bigger the population becomes, the faster that it grows absolutely.

 Figure 9

TWO ALTERNATIVE METHODS OF MAKING
 WORLD POPULATION PROJECTIONS, 1955-2050

1. **Arithmetic Model (Lineal)**, projection based on
past data of "small" numbers of persons
 in the world which increase at past rate of increase

Vs.

2. **Geometric Model (Non-Linear)**, based on
exponential growth rate where *the larger the quantity gets, the faster it grows*
http://en.wikipedia.org/wiki/Exponential_growth

Year	Arithmetical	Geometric
1955	2 779 968 031	2 819 942 263
1961	3 080 461 502	3 173 845 393
1972	3 862 348 766	4 800 596 395
1987	5 022 989 632	5 297 648 673
2000	6 085 478 778	7 261 136 853
2009	6,800 000 000*	
2020	7 510 699 958	10 150 412 281
2040	8 623 136 543	15 053 431 758
2050	9 050 494 208	18 332 067 005

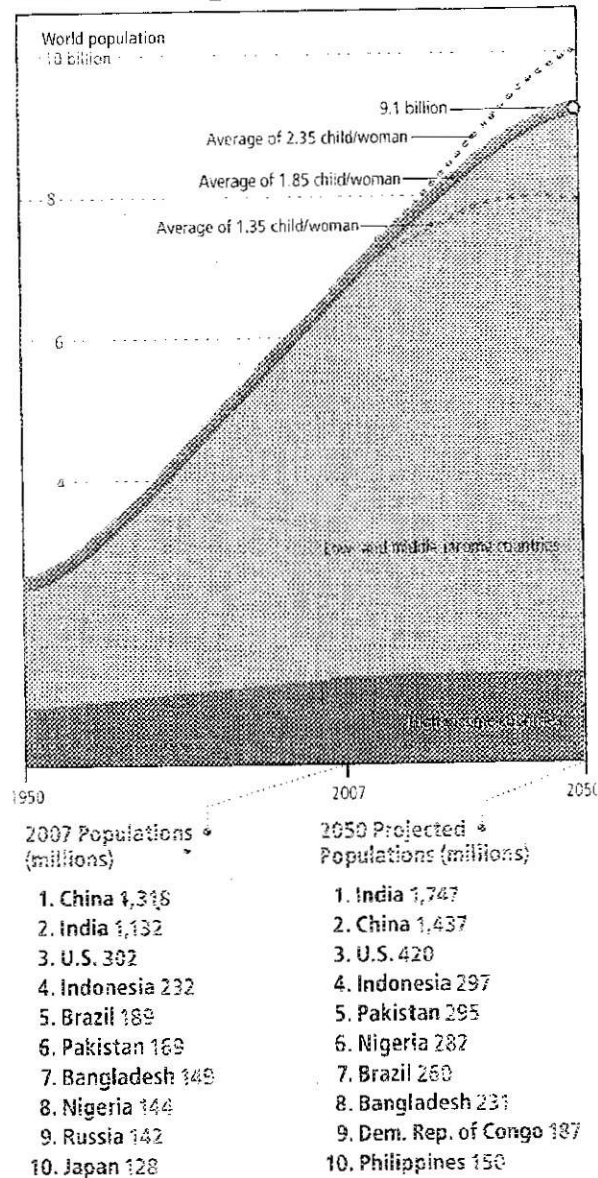
* Source: U. S. Bureau of the Census, International Data Base.
 Total for mid-2009 = 6.8 billion persons, according to
<http://www.census.gov/ipc/www/popclockworld.html>

Figure 10

Human Population Growth, 1950-2050

(From Robert Engelman, "Human Population Growth",
Scientific American, Summer 2009, p. 25)

Human Population Growth



The challenge to sustainability: For most of its history, the human race has numbered no more than several million and has expanded only slowly. As late as A.D. 1000, our species was smaller than the current population of the U.S. Only in the past few centuries have our numbers exploded, especially (during recent decades) in low- and middle-income nations, with increases in consumption habits following suit. Projections suggest that by 2050 or so, the population will probably stabilize around 9.1 billion. But very small changes in fertility could shift that figure up or down by about a billion—with a powerful impact on innumerable sustainability issues.

[FLASH BACKWARD TO WHERE WE LEFT OFF IN THE ZEDILLO PRESIDENCY]

In the meantime, Zedillo faced the problem of one-party democracy in Mexico and its control by the Official Party, which too often had been authoritarian in nature (as from 1964 to 1982).

Zedillo's greatest accomplishment, in my view, was to work with opposition leader *Porfirio Muñoz-Ledo* (PML) to change the way in which Mexico voting takes place.¹¹² PML convinced Zedillo to implement removal of the PRI-Gobierno from its control over the corrupt **IFE** (Federal Electoral System), the **new IFE** implicitly paving the way for defeat of the PRI's presidential candidate in 2000. (Salinas had reformed the Instituto Federal Electoral in 1994 to give majority control of IFE's General Council to six non-partisan "citizen counselors" elected by a two thirds vote in the Chamber of Deputies.¹¹³)

Too, in 1996 Zedillo ceded Presidential authority to govern the **Distrito Federal** (D.F. or Federal District which is also called **Mexico City**)¹¹⁴ to the new electoral system that allowed citizens to vote for their Jefe de Gobierno (also called by some "Regente" or "Mayor") and their own legislative assembly

¹¹² PML did his doctoral studies the University of Toulouse, France, but did not complete his dissertation owing to his becoming involved in the LEA government.

¹¹³ For a list of important legal reforms between 1982 and 2006, see K. Larry Storrs, http://assets.openers.com/rpts/RS22368_20060126.pD.F.

(Asamblea Legislativa). As a result of the first voting, the PRD won control of the D.F, which is virtually (if not legally) Mexico's 32nd state. Indeed the D.F. is the most populous "state" in Mexico and the most important in terms of politics and economics. The new mayor was Ing.¹¹⁵ **Cuauhtémoc Cárdenas Solorzano (CCS, son of former President Lázaro Cárdenas)**, who had implicitly "won" but explicitly "lost" the presidential election of 1988, and who had clearly lost the 1994 presidential election.) [***FLASH FORWARD***: in 2000, CCS would fade to third place in the presidential contest.]

Since 1997, the PRD has controlled the Federal District (Distrito Federal, or D.F.), which is actually a virtual state not headed by a governor but by a Jefe de Gobierno (formerly called Regente or Head of the "Department of the D.F." and, more recently, Mayor).¹¹⁶ The states fear that if the D.F. were to become a full-fledged state that its power (already huge as the capital city of the country) would overwhelm all legislative activities and budget resources at the expense of the other 31 states. Given this political struggle, the city is colloquially known as "**Chilangolandia**" after the locals' nickname **chilangos**, which is used either as a

¹¹⁴

[http://es.wikipedia.org/wiki/Historia_del_Distrito_Federal_\(México\)#Elementos_del_gobierno_del_Distrito_Federal](http://es.wikipedia.org/wiki/Historia_del_Distrito_Federal_(México)#Elementos_del_gobierno_del_Distrito_Federal)

¹¹⁵ "Ing." is the abbreviation for Ingeniero ("Engineer" in English); CCS had done graduate studies and internships in civil engineering in Europe.) In Mexico, the elite must have a title, especially and even on the left to prove that they are "somebody important."

¹¹⁶ The D.F. itself is divided into 16 "Delegaciones," each of which has had since 1997 its own Jefe de Gobierno de la Delegación --the head was formerly named by the Jefe de Gobierno of the D.F.). For this 2007 update on the D.F., and for aspects of its history, see http://en.wikipedia.org/wiki/Mexico_City#Federal_District

pejorative term by people living outside Mexico City or as a proud adjective by Mexico City's dwellers.

The question remains: when will Mexico City, now a de facto state government, gain the full de jure powers of the other Mexican states? The D.F. has sent Senators and Deputies to the National Congress going back to the origins of the PNR; and since 1997 the D.F.'s "Legislative Assembly" (which has succeeded the previous "Assembly" with appointed members) has 66 "representatives" who are elected by popular vote to this unicameral body. In effect, the D.F. Assembly is the most important elected body in Mexico after the National Congress. The D.F. has in the past set the trend for the nation as a whole, but....

[FLASH FORWARD:

Against the wishes of President Calderón, the Catholic Church, and many conservative states such as Guanajuato:

- (i) In 2007, the D.F. approved same-sex **unions** between two persons and with right to adopt children—it was the second federal entity in the country to do so after the state of Coahuila); and
- (ii) In the D.F. became the first to allow conjugal visits for homosexual prisoners.

- (iii) In April 2007, the Legislative Assembly became the first federal entity to expand **abortion** in Mexico (beyond cases of rape and economic reasons) to permit it regardless of the reason should the mother request it before the **twelfth week** of pregnancy--in the **backlash** by the end of 2009, **17 states** have defined life as beginning at **conception**, effectively defining abortion as murder.
- (iv) In December 2009, the Federal District became the first city in Latin America, and one of very few in the world, to legalize **same-sex marriage**.]

Issues of abortion and same-sex marriage were not the issues that Zedillo faced in 1997, but rather the mid-presidential term elections of 1997, in which the PRI loses control of the D.F. as well as loses its majority in the Chamber of Deputies and its two-thirds majority in the Senate. The elections demonstrated that the opposition would have a new role in Mexico.

Indeed, in 1997 opposition parties PRD and PAN win a majority in the Chamber of Deputies (when and if they held together), the PRD and PAN hold 5 of 32 governorships,¹¹⁷ including the D.F., discussed above

In 2000 the PRI lost the presidential election, a result foreordained by the independent status of the **new IFE** and the fact that **Porfirio Muñoz-Ledo** (PML had left the PRD to run as the PARM candidate) shifted his support

to Fox. PML was the first major leader to shift his support—important because he abandoned his own campaign.

Also important in the Fox win was the unpopularity of the PRI candidate **Francisco Labastida**, who stated during his campaign that he would not legalize the many thousands of “autos chocolate,” that is “used cars and pickup trucks smuggled into Mexico” to meet the needs of the poor. (The popular sector cannot afford to buy new Mexican car or even pay for used autos sold in Mexico at higher prices and on which one pays high taxes.)

Also, by 2000 much of the Mexican population had seen the video of the 1995 massacre of peaceful peasants by police at Aguas Blancas outside of Acapulco,¹¹⁸ planned and carried out at the orders of the PRI governor, forcefully reminding Mexico of the 71 years of PRI impunity.

Ironically, some authors see the end of the Revolution as having occurred in 2000. Indeed Donald Hodges and Ross Gandy implicitly accept Fuente’s view that the end came with “stages of death” but do not see the stages ending in 1959 (the Fuentes date for final systemic breakdown), but rather they present the stages as being 1968, 1982, and 2000—the last marking final death of the Revolution . See their book *Mexico: The End of the Revolution*.¹¹⁹

¹¹⁷ See K. Larry Storrs.

¹¹⁸ See http://en.wikipedia.org/wiki/Aguas_Blancas_massacre

¹¹⁹ See <http://books.google.com/books?id=Fk9JW140bJ8C&printsec=frontcover>

If only issues were so clear (as Hodges and Gandy argue implicitly) about Mexico having had only one Revolution....

13c. Active-Statist Revolution Under President Vicente Fox (2000-2006), who follows Salinas model of Active States, even while speaking in Anti-State terms

Fox defeated the one-party system but not its basis in bureaucracies; and the PRI, which continues to govern in more than half of the 32 states

Under Fox the population increases from 99 million in 2000 to 112 million in 2010.

Although the PRI fell from presidential power in 2000, in early 2008 the PRI was still the second most important power in the nation's Senate, with 26% (and third power in the National Chamber of Deputies with 21%)—thus it is still the key player to provide a “coalition” to govern the country.¹²⁰

Most importantly, since 2008 the PRI still controls more than 56% of Mexico's 32 state governorships, 63% of the 32 state congresses, and 37% of Mexico's municipal governments. Although the PRD controls Mexico City proper, over half of Greater Mexico City's 20 million persons live under a PRI governor.¹²¹ Of the Mexican population, 57% live under PRI governors.¹²²

¹²⁰ Dr. Fernando González Reynoso (Professor of Sociology, Universidad Autónoma de Baja California), presentation to my Graduate Seminar at UCLA, December 5, 2007.

¹²¹ On Greater Mexico City, see

http://en.wikipedia.org/wiki/Greater_Mexico_City#Demographics

¹²² PRI Governor Gov. Mario Marín of Puebla was tape recorded by his wife in 2005 as he planned how to kidnap Lydia Cacho, a reporter investigating child prostitution and sexual abuse of young girls. See Cacho, *Los Demonios del Eden*, <http://graficos.eluniversal.com.mx/a/audios/audios.htm>

Since the PRI lost the presidency in 2000 to the PANista Vicente **Fox** (MBA and former President of Coca-Cola de México), it has become the Former Official Party or **PRI/FOP**, which continues to play a major role in Mexican politics.

Fox's problem from the outset of taking office was that he had won his position with only 43% of the vote and his party was one of three in the Congress, each not able to pass legislation without gaining a temporary alliance with the other. The main alliance that emerged for most votes was PAN/PRI, but that was always tenuous.

As President of Mexico (2000-2006), **one of Fox's greatest accomplishments was to have defeated the PRI** and take the presidency from the Official Party in 2000—he himself sees Zedillo's greatest presidential success as having established an independent Federal Electoral Commission (IFE) and for having announced on election night that the IFE results had made Fox President of Mexico.

Another of his accomplishments was to establish in 2002 a **Freedom of Information Act** to provide the transparency necessary for civic groups to hold the government accountable for its actions.¹²³ Fox also indicted LEA for genocide in the massacres of “leftists” in 1968 (when he was Minister of Gobernación) and 1971 (during his Presidency.) LEA spent several years under

¹²³ See: Kate Doyle, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB68/>

house arrest before winning his appeal that the statute of limitations had expired. The very indictment of a former President, however, doomed LEA to live under self-imposed “house arrest” because for him to be seen in public meant humiliation by citizens who revile him.

In 2004 Fox established **Seguro Popular** (System of Popular Health Insurance). About this plan and its implementation, **Julio Frenk**, Minister of Health of Mexico, who developed the country's 6-year project to expand the healthcare system spoke positively on September 7, 2006:¹²⁴

“This initiative was introduced to improve universal access to health insurance, medicines, and health care and reduce the numbers living in poverty. In 2000, analysis of national data revealed that many Mexican families suffered catastrophic expenditure or were forced below the poverty line by the cost of health care and medicines. This was directly related to health insurance being limited to salaried employees in private firms or in public-sector institutions. To address this problem the Seguro Popular scheme [has] made it possible for [millions of] Mexicans to access publicly subsidized health insurance.

“Seguro Popular (and its associated Fund for Protection against Catastrophic Expenses) includes a specific package of benefits enabling people to access more than 250 health promotion and disease prevention measures,

¹²⁴ Quoted from <http://www.news-medical.net/?id=19986>

including outpatient care and hospital care for the basic specialties, antiretroviral therapy, intensive care for newborns, cancer care, and haemodialysis. By the end of this year Seguro Popular will have enrolled the [planned] 22 million people,” and is making an attempt to achieve universal coverage by 2011, unfortunately without enough doctors, hospitals, medicines, and x-rays to service this huge group. In 2010, Seguro Popular is adding enrollments of families in Mexico through payments by workers to Seguro Social at Mexican Consulates,¹²⁵ thus raising again the number of persons covered by the Mexican health system.

The real result, then, is not so positive. Theoretically the clinics and hospitals of the Mexican Social Security System and the Ministry of Public Health are supposed to open their door to the uninsured, but given the fact that they are already overwhelmed by the *insured* population which has paid premiums it is hard to find space and time for a new population that has not paid for health coverage. Indeed, the idea of offering free healthcare has led to the question: Is it not a counter-incentive for persons to pay premiums? Further, although the population has a right to free medicines and x-rays, the Mexican health systems are frequently out of stock of what is needed most, and persons must purchase their own Rx or x-ray film to be used by the clinic or hospital. The middle class which pays into the Social Security System tries not to use it, unless a friend who is a physician who works there can cut through the red-tape

¹²⁵ See www.impre.com/noticias/2010/1/13/seguro-popular-es-otra-opcion-168221-1.html
www.segpopular.salud.gob.mx/contenidos/seguro_popular/seguro_popular.html

and waiting times. Yet for the poor (the so-called “popular sector”), Seguro Popular is better than nothing.

On the front of “land reform,” Fox had the courage to realize that further distribution of land into Ejidos was counter-productive and should not be required. Thus, he changed the land reform regulatory law to make **Ejidal distributions as optional** and only for exceptional reasons.

At the behest of PROFMEX, Fox brought to Mexico Hernando de Soto, the Peruvian expert in sorting out land titles in countries around the world. But de Soto found that over half Mexico’s land titles are so tangled in ownership claims that he could not help expedite titles so that “owners” could pledge their property as collateral to obtain a loan.

Fox has stated that in his view of six years as President that he made other major gains,¹²⁶ having achieved (in addition to the other positive factors given above) more than:

25 millones de mexicanos en situación de pobreza reciben los apoyos del Programa Oportunidades.

6 millones de niñas, niños y jóvenes cuentan con una beca para continuar sus estudios.

¹²⁶ See: <http://fox.presidencia.gob.mx/vicentefox/>

3 millones de familias cumplieron el sueño de tener una vivienda propia.”

Things did not always go as well for Fox as he wanted. He inherited from Zedillo a real foreign debt total of US\$ 181 billion, which he reduced to US\$ 133 billion. The PAN was proud of this achievement, which its leaders saw as taking a realistically conservative approach to the role of the federal government, thus continuing its long attempt to break the power of Corporativism and its attempt to hold on to Statist power.

Given the failure of PEMEX to find and develop new reserves, Fox toyed with the idea of inviting foreign capital with the cash reserves and technology for deep-water drilling in the Gulf, which are beyond Mexico's reach, but he gave up when the PEMEX sindicatos threatened to strike and blow up production facilities. The good news, however, was that Fox inherited a country of diverse exports--in 1980 oil exports accounted for 62% of total exports; by 2000 it was only 7%,¹²⁷ the word “only” can also be used ironically to reflect the corruption of PEMEX and theft of millions of oil daily to sell it to the private sector.

¹²⁷ See http://en.wikipedia.org/wiki/Economy_of_Mexico

But Fox's critics as slow learner in the battle to circumvent the Corporatist bureaucracy, which prevented him from making expenditure spending authorized funds.

To avoid intrigue in Mexico, Fox spent a huge amount of time traveling the world,¹²⁸ where he felt "safe" from internal criticism in Mexico. Even there, Fox often got into trouble when he revealed his low level of cultural literacy and had to defend himself for not knowing the name of the world famous Argentine author Jorge Luis Borges: "Well, they criticized me because I said '*José Luis Borgues*,'" Fox said; "but surely, anyone can make a *bilingual* slip of the tongue".¹²⁹ Yet for many he seemed much more literate than his fellow president and fellow holder of an MBA to the north—Bush II, who also pretended to be a cowboy. In another revealing slip, Fox called his friend Bush II a "Windshield Cowboy" because he seemed to be afraid of horses while visiting the Fox ranch in Mexico and preferred to ride the range in a jeep.

In the meantime, Fox was ridiculed for making his own cowboy boots into his trade-mark symbol of machismo, and he made them the

¹²⁸ Fox's memoirs are written in the "I" form (but are co-authored by Rob Allyn). They focus on his world travels and people he has come to know. The memoirs contain few insights hidden in much insignificant gossip (perhaps the way he saw the world: *Revolution of hope: the life, faith, and dreams of a Mexican president* (New York: Viking, 2007); Edition in Spanish: *La Revolución de la Esperanza: La vida, los anhelos y los sueños de un presidente*.

¹²⁹ See www.barcelonametropolis.cat/en/page.asp?id=22&ui=89&prevNode=35&tagId=Sergi%20Dorin

official gift to the world leaders who he visited. But his usage of that symbol backfired: boots are not made for riding horseback, not walking. Fox damaged his spine from wearing them constantly, and in March 2003 had to undergo back surgery--from which he has never fully recovered. Although he stopped wearing boots, back pain did not make his difficult presidency any easier.

The surgery raised a serious issue, which remains unresolved:¹³⁰ Because Mexico's constitution does not spell out who is in charge when the Mexican president cannot govern, the question arose about the need to create the position of vice president in Mexico.

Presidential transition itself was difficult in 2006, but resolved.

13d Felipe Calderón (2006-2012) implicity rules for Active-State Policy, even though he campaigned in Anti-State terms

During the 4 years from 2007-2010, the population increased from 106 million to 112 million, growth abetted by the U.S. closure of its border with Mexico, deportation from the USA of Mexicans working without U.S. documents or found guilty of even minor crimes, and the voluntary return to Mexico by those who lost jobs during Depression II in the USA.

Calderón of the PAN won the presidency July 2, 2006, and took office December 1, after a bitterly disputed partial electoral recount.

¹³⁰ See <http://airwolf.lmtonline.com/news/archive/031303/pagea10.pdf>.

It was the appropriate time for PAN was able to recall how long it had sought to prevent the rise of Statism since the Party's founding in 1939. Calderón, who campaigned in Anti-State terms converted to Active State actions when he took office.

Calderón "realized" that the vision of Mexico's accumulated *Grandes Problemas Nacionales* (which had last been updated and attacked with verve under Salinas's Active State Policy) needed to be revised and attacked anew.

Calderón, then, without announcing a Plan that would bring down the wrath perhaps all of the major interest groups in Mexico, began to articulate the basis for reviving strong **Active State Policy** not seen since the Salinas 12-years in power. As we see, many elements have been added to his Plan as he has maneuvered his way through the Mexican political scene, as we see below.

Fortunately for Calderon, by the time he took office, two protest groups which once seemed to threaten the power of Mexico government had faded into the background, with only a sputter in 2007.

(i) The **Peoples' Revolutionary Party** (ERP, Ejército Revolucionario del Pueblo) emerges now and then from its hideouts in the mountains of Guerrero and Oaxaca (where it was founded in 1996) to apply the lessons learned by guerrillas around the world. (The ERP was among those who watched the U.S. face problems in the bombing of oil pipelines in Iraq). More than 10 major

bombings in Mexico in 2007 disrupted oil and gas supplies and stopped industrial production while pipelines are repaired.

But then suddenly the bombing of the oil pipelines stopped—leading many observers to question whether the bombs were placed by the ERP,¹³¹ or by dissidents in the PEMEX Sindicato, who may have been warning the government against allowing foreign private capital to become involved in the extraction of oil. (Too, someone with exact knowledge about the oil pipeline system had to have set the bombs, and that would need guidance from persons inside PEMEX.)

(ii) **Subcomandante Marcos** had won implicit recognition as a political group (not a guerrilla group) when in 2001 President Fox invited the EZLN to march to Mexico City and make Marcos's case in Congress. The presentation resulted in the release of most **EZLN** prisoners and permitted them to move freely about Mexico. Indeed in 2006, Marcos conducted his "Other Campaign" (as Comandante Zero) against presidential candidates Calderón and AMLO. In the end, he endorsed AMLO, but too late to make a difference. Marcos still calls for an "Indigenous Nation" within the Mexican Nation. But after the presidential electoral recount, which Marcos had predicted would never take place, (let alone a real election), he lost relevance.

In terms of the economy, **Real GDP growth rates** under the PAN declined dramatically, as they had under the PRI. From 1981 through 2000, the PRI's yearly average had fallen to **2.4%**. ("Real GDP" removes the effect of inflation from the data, which otherwise understates past change and overstates current change.) Mexico's low GDP growth was influenced by the 2001 attack on the USA 9/11.

The PAN's average Real GDP growth rate from 2001 through 2006 was not the 7.5% promised, but also only **2.4%** (see Figure 11), in spite of increasing remittances from Mexican workers in the USA (US\$ 26 billion in 2006) and rising world oil prices (which reached US\$ 148 per barrel in July 2007 (vs. US\$ 20 in 2000). Mexico's blend of petroleum sells for 10-20% less than U.S. West Texas Intermediate, which is the world bench-mark price that had reached only US\$ 100 per barrel in 2007. **In 2009 the U.S. price collapsed to the \$50 per bbl. range**, gravely affecting Mexico's income from oil exports. During the transition from 2009 to 2010, oil has hovered near \$80, with upward tendency.

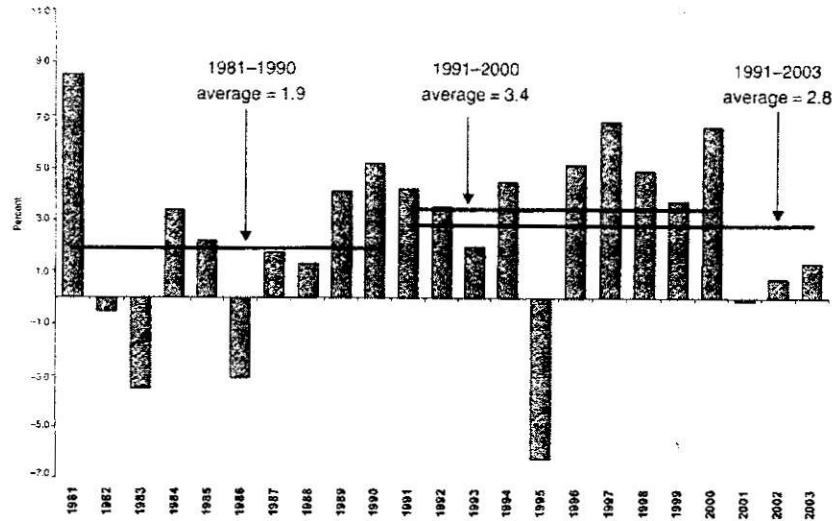
The Real GDP of Mexico's growth rate reached 5.2% in 2006 (thus winning presidential votes for Calderón), but has subsequently fell back to an average of 2.3% during Calderón's first two years—2007 and 2008.¹³² (See Figure 11, for graphic views.)

¹³¹ In recent communiqués, the ERP mainly protests about disappearance of members at the hands of authorities, threatening action unless the disappeared are make to reappear.

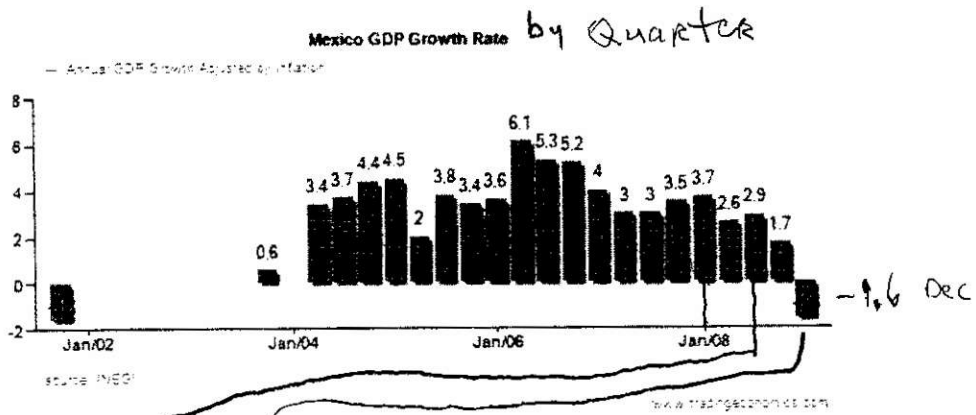
¹³² See <http://www.tradingeconomics.com/Economics/GDP-Growth.aspx?Symbol=MXN>

Figure 11

Figure 6.9 GDP Real Growth Rate, 1981–2003 (in percent)



Source: INEGI (2004).



Year	Mar	Jun	Sep	Dec	Average
2008	2.60	2.90	1.70	-1.60	1.40
2007	3.00	3.00	3.50	3.70	3.30
2006	6.10	5.30	5.20	4.00	5.15
2005	2.00	3.80	3.40	3.60	3.20
2004	3.40	3.70	4.40	4.60	4.00
2003			0.60		0.60
2001			-1.60		-1.60

By Year

Figure 12

World GDP Collapse, 2008-2009, Recovery for the Rich in 2010

(“Economic and Financial Indicators, *Economist*, December 9 2010)

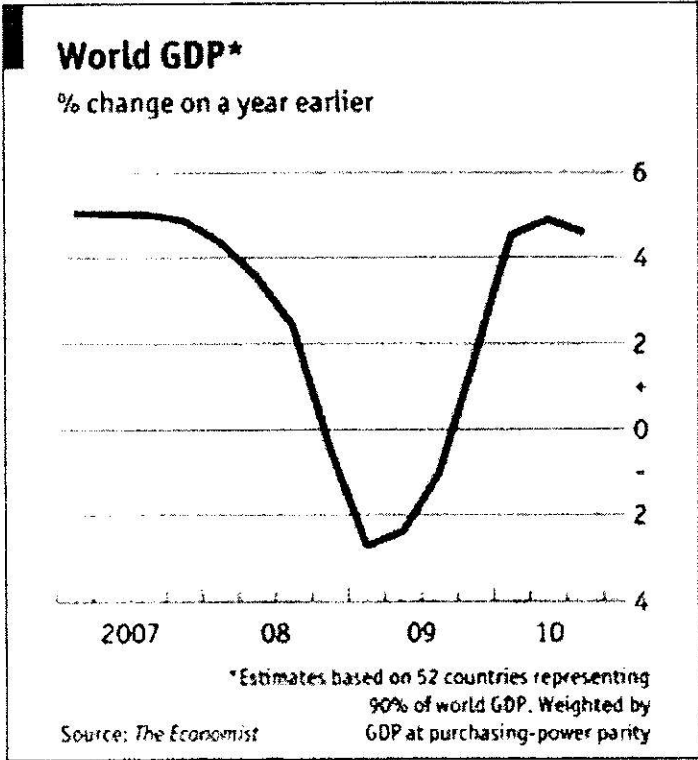
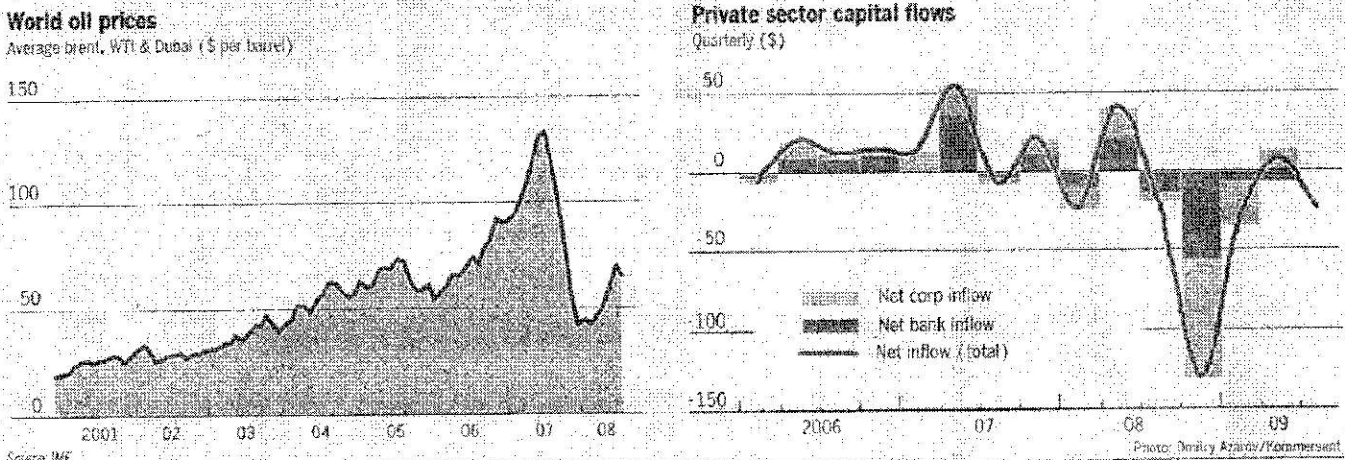


Figure 13

World Oil Prices and Capital Flows, 2001-2009

(Financial Times, Oct. 13, 2009)

[Jan. 3, 2011, Oil Price = US\$ 92 per barrel]



In 2009, GDP suffered the worst collapse of any major country in the world, falling 7.1%, exceeding even the fall of the Russian and Hungarian GDPs (-7.0%).¹³³

13d.1 Calderón Faces López-Obrador (AMLO), Who Wants Anarchy to Restore Statist Revolution

Andrés Manuel López-Obrador (who ran the “Main Campaign” against Calderón in the Presidential Election of 2006) has proclaimed himself to be the “Legitimate President” (2006-2012), and he still promises to lay the basis for shifting Mexico back to Statism. His foreign allies do not include the USA but, Chávez in Venezuela, the Kirchners in Argentina, Evo Morales in Bolivia, Rafael Correa in Ecuador, Lula in Brazil, and what is left of Fidel Castro in Cuba. He “prohibited” members of the PRD, including the Mayor of Mexico City, to have any relations with the Calderón Administration, although the Mayor’s chief assistants were allowed to negotiate in order to keep federal subsidies flowing to the largest city in Mexico.

AMLO considered the PRD to be “His” Party of the Democratic Revolution (**PRD**) which he “owned” as “Jefe de Jefes” when the party base decided that his refusal to negotiate with Calderón and/or cooperate with the

¹³³ “Economic and Financial Indicators.” *The Economist*, Jan. 9, 2009.

Calderón government was making the PRD irrelevant. The goal in 2009 then became how to sideline AMLO and give the PRD authority to work constructively with the government.

In seeking prevent the privatizing of PEMEX or the Mexican Electricity Industry, AMLO has refused to consider even doing so in part, even with the State maintaining majority control. Indeed, AMLO seeks to end PEMEX from making service contracts—ironically, except for Coca-Cola to provide beverages for PEMEX workers. The purpose of service contracts, e.g., is to permit PEMEX to hire deep-water drilling expertise from abroad--expertise which PEMEX lacks.

In late 2008, AMLO lost his bid to continue his control of the PRD when Jesús “Chucho” Ortega defeated AMLO’s candidate to become the new President of PRD. Jesús (and his chief operator Jesús Zambrano) who deem themselves to be “Los Chuchos”) now are seeking to portray the PRD as the “**Renewed PRD**”. With AMLO displaced by 2009, he is withdrawing from the PRD.

In short, Chucho (the nickname of all those named “Jesus) won the PRD presidency by basing his campaign to recognize Calderón as President and work

with the PRD (and PRI) to solve Mexico's problems, thus defeating AMLO's anarchical policies.¹³⁴

In the meantime the two PRD founders Porfirio Muñoz Ledo and Cuauhtémoc Cárdenas (who have long been enemies) have taken different positions: the former supporting AMLO, the latter opposing him and suggesting that he himself (Cuauhtémoc) should again be candidate for President of Mexico.

The Ebrard Wing of the PRD:¹³⁵ Marcelo **Ebrard** (currently "Mayor" of Mexico City and Jefe de Gobierno of Mexico's Federal District that includes Mexico City) must position himself as a rationale, independent political leader. Ebrard had followed AMLO's orders not to meet personally with any officials of the Calderón government.

Ebrard's critics argue that he governs Mexico City through the use of *kommissars* (spies who politicize all activities as potential conspiracies, as in the old USSR). His supporters include Manuel **Camacho-Solís**, who during the Salinas era of the PRI served as Mayor of the D.F., 1988-1993. Critics of Camacho claim that he is intent on reviving the "Old Authoritarian PRI Style," but this statement seems exaggerated.

¹³⁴ See John Ross, "The Demise of the PRD,"
<http://www.counterpunch.org/ross05172008.html>

¹³⁵ See www.angelfire.com/tn/tiempos/politica/texto314.html

13d.2 Narcotraficantes (Drug Traffickers) Seek Anarchy to Neutralize Police & Military

Narcotraficantes kill Mexican police and soldiers to disrupt the police power of the government, which seeks to put the drug dealers out of business. The Narcotraficantes are better paid and have better communication than the police and army. They certainly have better weapons (including shoulder-fired missiles) than the police and often outgun even most military units. They pay enormous bribes to avoid scrutiny by government internal security “forces.” If they successfully create anarchy by paralyzing the role of police and army, they win the right to freely traffic in drugs—they do not want to try to govern Mexico.

Perhaps to show personal strength just days after being sworn into office December 1 2006 (with a bare winning margin of only .58% of the vote), Calderón declared 10 days later that he was sending Federal troops to stop the drug violence in his home state of Michoacán. This act would turn into the War on Drug Cartels throughout Mexico.

But even more important than any political weakness for Calderón decision to take on the Drug Cartels is the fact that Calderón had the personal courage to realize that the Federal government could no longer ignore the increasingly violent Narcotraficantes who decade by decade since the 1980s had become evermore murderous as they “challenged” the Mexican State. Thus, in

his first month in office Calderón sent an initial 6,500 troops to quash a rash of execution-style killings between two rival drug gangs in Michoacán.¹³⁶ Since 2006, the number of troops have risen as they spread throughout Mexico to surpass 45,000 in the struggle against the Drug Cartels.

Also, in 2006 Calderón undertook the first of many campaigns to clean up police corruption in Mexico when his public security minister **Genaro García-Luna** removed 284 federal police commissioners on corruption charges and replaced them with a hand-selected group of officers who successfully arrested several drug kingpins. The gangs have responded with what seems to be an endless stream of violence—more than 16,000 people have been killed in drug-related crimes during the last three years December 2006 to December 2009, the vast majority being narcotraficantes but also including innocents caught in the cross-fire as well as over 150 police and troops.

The total killed persons, *about whom are known*, the total has risen to 32,000 for the period 2006-2010 is shown yearly in Figure 14 .

¹³⁶ **For two analyses of what can only be called the failed U.S. War on Drugs and U.S. historical context of many muddled matters in helping to resolve Mexican issues to combat the narcotraficantes**, see. e.g., Claire Sudda and Philip Caputo. Sudda, ["Mexico's] War on Drugs," March 25, 2009, is at www.time.com/time/world/article/0,8599,1887488,00.html and Caputo on "**The Fall of Mexico**", *Atlantic Magazine*, Dec. 2009 is at www.theatlantic.com/doc/200912/mexico-drugs

But let us not forget the history dating back to the 1985 murder of DEA agent Enrique Camarena, when Mexico and the USA became fully aware of the danger posed by Narcotraficantes—see 13a, above.

El Chapo was captured in 1993 but escaped prison in 1995 on the eve of his extradition to the USA—as of the end of 2010 he has still at large.

In 2008, El Chapa was listed at 701 *on the Forbes' list* of richest people in the world with an estimated net worth of \$2 billion, which infuriated Mexican authorities who saw his inclusion on the list as an insult to the civilized world.

Figure 14

Known number of persons killed in Mexico's Drug War. 2006-2010*

(May be Up to 36,000 or More)

32,000 total* (including crossfire)**

486 Dec. 2006

2,477 in 2007 (including 300 in Juárez)

6,290 in 2008 (including 1,620 in Juárez)

7,724 in 2009 (including 2,660 in Ciudad Juárez***)

**15,023 in 2010 (including 3,111 in Juárez; about 25% of
of the cities 1.4 million persons have fled**

*This total since 2006 agrees with that of Mexican officials who disagree with the total of 30,200 given by Mexico's Attorney General Arturo Chávez (see PressTV, Jan. 3, 2011: <http://www.presstv.ir/detail/158388.html>) Other sources claim that Chávez has a data base with **36,000** names of persons killed in the Drug Wars, see Gardenia Mendoza Aguilar, Dec. 17, 2010 <http://www.impre.com/noticias/2010/12/17/son-36-mil-muertos-por-la-narc-228638-1.html#commentsBlock>

**Statistics on the loss of life are complicated in Mexico, thus there is no single list but rather many, depending on the focus of the compiler, whose lists include: Men and women murdered, human bones found but not identified and/or identifiable, persons killed in battles between drug cartels and/or with the military, persons killed by crossfire, persons killed in kidnappings and/or robberies, migrants killed, apparent suicides, children murdered by family and/or foe, women killed by “Satanic Cults,” women factory workers who are missing and also missing and presumed dead, etc, In 2009 Ken Ellingwood articulated in his August 8 article for the *Los Angeles Times* the sudden rise of missing women who are students leaving behind stable middle-and working-class families—see www.latimes.com/news/nationworld/world/la-fg-juarez-missing9-2009aug09,0,4357807.story

***The Ciudad Juárez total includes 194 cases of “**femicide**” in 2009 and total of 750 women since 1993—the latter figure is given in the Inter-American Court of Human Rights Report quoted in http://www.elpasotimes.com/ci_13981319

Femicide is the mass murder of women simply because they are women. It is the term that has been coined in response to the hundreds of women murdered and missing on the U.S.-Mexico border in the city of Juarez, just across the border from El Paso, Texas. Some lists show “only” 350 women missing/dead from 1993-2009, others give figures in the 450 range. The high is 750.

Source: Drawn from: http://en.wikipedia.org/wiki/Mexican_Drug_War as well as from the always excellent reportage by **Gardenia Mendoza-Aguilar**, www.impre.com/laopinion/noticias/2009/12/28/mas-barbaros-los-actos-de-los--165786-1.html and Ioan Grillo, “Mexico’s Cocaine Capital.” *Time*. August 14, 2008, www.time.com/time/magazine/article/0,9171,1832854,00.html
See also: <http://www.presstv.ir/detail/158388.html> (Jan. 3, 2011)

In November 2009, *Forbes Magazine* ranked Joaquín Guzmán as the 41st of 67 most powerful people in the world , angering American and Mexican officials.

During the early 2000s improvements in illegal flights detection prompted El Chapo to diversify transportation methods and routes. Guzmán is well known

for his use of sophisticated tunnels to smuggle cocaine from Mexico into the United States in the early 1990s. In 1993 a 7.3 ton shipment of his cocaine, concealed in cans of chile peppers and destined for the United States, was seized in Baja California.¹³⁷

Presidents Bush and Calderón agreed, in 2007,¹³⁸ to the Mérida Initiative for eventually providing \$1.6 billion to Mexico and other countries over three years to help combat drug smuggling and violence. Of the \$1.1 billion allocated to Mexico (via the transfer of military equipment and the training of police, prosecutors, and judges—not by direct transfer of funds), the end of 2009 saw only \$83 million (7%) worth of goods and service had been received by Mexico and that required Obama's Secretary of State, **Hillary Clinton**, to personally cut through the U.S. bureaucracy to help Mexican begin to mount a greater operations level, which had stalled under Bush in 2007 and 2008 and under Obama in 2009.¹³⁹

By late 2009 and early 2010, however, the U.S. Electronic Surveillance, payments to informants, and analysis of "life styles" has guided Mexican forces to such key narcotraficantes as Arturo Beltrán Leyva (killed in a December 2009 shootout in Cuernavaca and his brother Carlos arrested in Culiacán within days) and El Teo Simentel (arrested in La Paz, Baja California, January 2010).

¹³⁷ See http://en.wikipedia.org/wiki/Joaqu%C3%ADn_Guzm%C3%A1n_Locra

¹³⁸ See http://en.wikipedia.org/wiki/M%C3%A9rida_Initiative

¹³⁹ On the "failure" of Mérida initiative to move quickly, see **Gardenia Mendoza-Aguilar**, www.impre.com/laopinion/noticias/2009/12/28/mas-barbaros-los-actos-de-los-165786-1.html

In spite of the lack of U.S. “virtual funds” promised to help Mexico, the Calderón government announced the “2009 scorecard” with some positive results in the Mexico Drug War. Figure 16 gives the scorecard. (Virtual support is an “insult” to the Mexican government because the U.S. Congress has mandated that U.S. payments be made directly to the provider of services and not through the Mexican government. This insult has been partially “compensated” by the U.S. providing electronic tracking support to locate capos.)

Low pay military is a problem for Mexico because the Narcotraficantes offer much, much more in pay and benefits—see Figure 15

Figure 15

Monthly Earnings in Mexico Narco Wars (US\$)		
Army Soldier	Narco Warrior (Estimated)	“Sicario” Common Hit-Man
2006 \$ 360		
2010 \$ 640	US\$ 10K AK-47, SUV, “chain-saw”, cell phone, home for family and top quality medical plan	US\$ 50 per killing by a Sicario
2011 \$ 720 (plan)	Bonuses are set in increase	Some Sicarios may now claim to be “underpaid” in light of the arrest of an American 12-year-old* was paid \$200 weekly** in 2010 (but that salary included torture and dismemberment)

*For news and video of “El Ponchis”, see
<http://www.borderlandbeat.com/2010/11/ruthless-sicario-is-only-12-years-old.html>

** For an interview with “El Ponchis,” see
<http://www.immortaltechnique.co.uk/Thread-El-Ponchis-14-YEAR-OLD-NARC-THAT-SLIT-THROATS-CONFESSES>

Figure 16

Calderón's Positive and Negative Drug War Scorecard, 2009
(If you need a translation, see the Course Website)

Noticias positivas:

- + Presuntos narcotraficantes detenidos 11 mil 297
- + Principales capos caídos:
 - “**El Teo**” **Teodoro García-Simentel**, * jefe de jefes en Tijuana, 1-12-2010, fundador de la "narcoguerra sin reglas y sin piedad" en abril de 2008
 - Arturo Beltrán-Leyva**, ex jefe del cartel de Sinaloa, killed 12-15-2009
 - Vicente Carrillo-Leyva**, hijo del extinto **Amado Carrillo Fuentes**, fundador del cartel de Juárez;
 - Vicente Zambada-Niebla**, alias El Vicentillo, hijo de **Ismael ‘El Mayo’ Zambada**, uno de los jefes del cartel de Sinaloa.
- + Funcionarios involucrados con el narcotráfico: 362; incluyendo 54 militares
- + Decomiso de cocaína 12 toneladas
- + Decomiso de vehículos 5,882
- + Decomiso de armas 15 mil
- + Erradicación de marihuana y amapola 17,563 hectáreas

Noticias negativas:

- Ejecutados por los narcotraficantes (and/or killed in crossfire): 7,500
- Día más violento: 17 de diciembre con 64 muertos

*"El Teo, quien había sido reclutado en 1995 por **Ramón Arellano-Félix**, en abril de 2008 rompió con el cártel de Tijuana supuestamente al mando de **Fernando Sánchez-Arellano ‘El Ingeniero’** para dar inicio a la ‘narcoguerra’ [sin reglas, sin piedad]. "Es cuando toma el control de la estructura del crimen y narcotráfico en Baja California.... Para mantener el financiamiento de su estructura operativa **El Teo recurría al secuestro de empresarios y comerciantes en sus principales zonas de operación, Ensenada Rosarito, Tijuana y Tecate**".

“En esa narcoguerra empiezan a surgir decapitados, colgados y cadáveres disueltos en ácido. Los ‘narcomensajes’ dan cuenta de los motivos de cada uno de los cuerpos que se localizaban regados en la ciudad [en la batalla]: El Teo vs. El Ingeniero...

"El Teo se le vincula con la mayoría de las ejecuciones de policías municipales, estatales y federales, así como de funcionarios públicos, como el de Rogelio Sánchez-Jiménez, empleado del gobierno del estado, a quien encontraron desnudo y con huellas de tortura, colgado de un puente en Tijuana el 8 de octubre de 2009.

"Luego se incrementaron las amenazas en contra del procurador estatal Rommel Moreno, y del jefe de la policía local, Julián Leyzaola.

"En 2004, junto con su hermano Marco Antonio García-Simental, ‘El Chris’; Efraín Pérez-Pasungo, ‘El Efra’, y Jorge Aureliano-Félix, ‘El Macumba’, [El Teo se había integrada] a la estructura operacional del trasiego de droga a Estados Unidos," según Jorge Morales-Aldama, www.impre.com/noticias/2010/1/13/policia-mexicana-captura-a-el-168223-1.htm

Source: Adapted from **Gardenia Mendoza-Aguilar**, "Más Bárbaros los actos de los Narcos." *La Opinión*, December 28, 2009 at www.impre.com/laopinion/noticias/2009/12/28/mas-barbaros-los-actos-de-los-165786-1.html

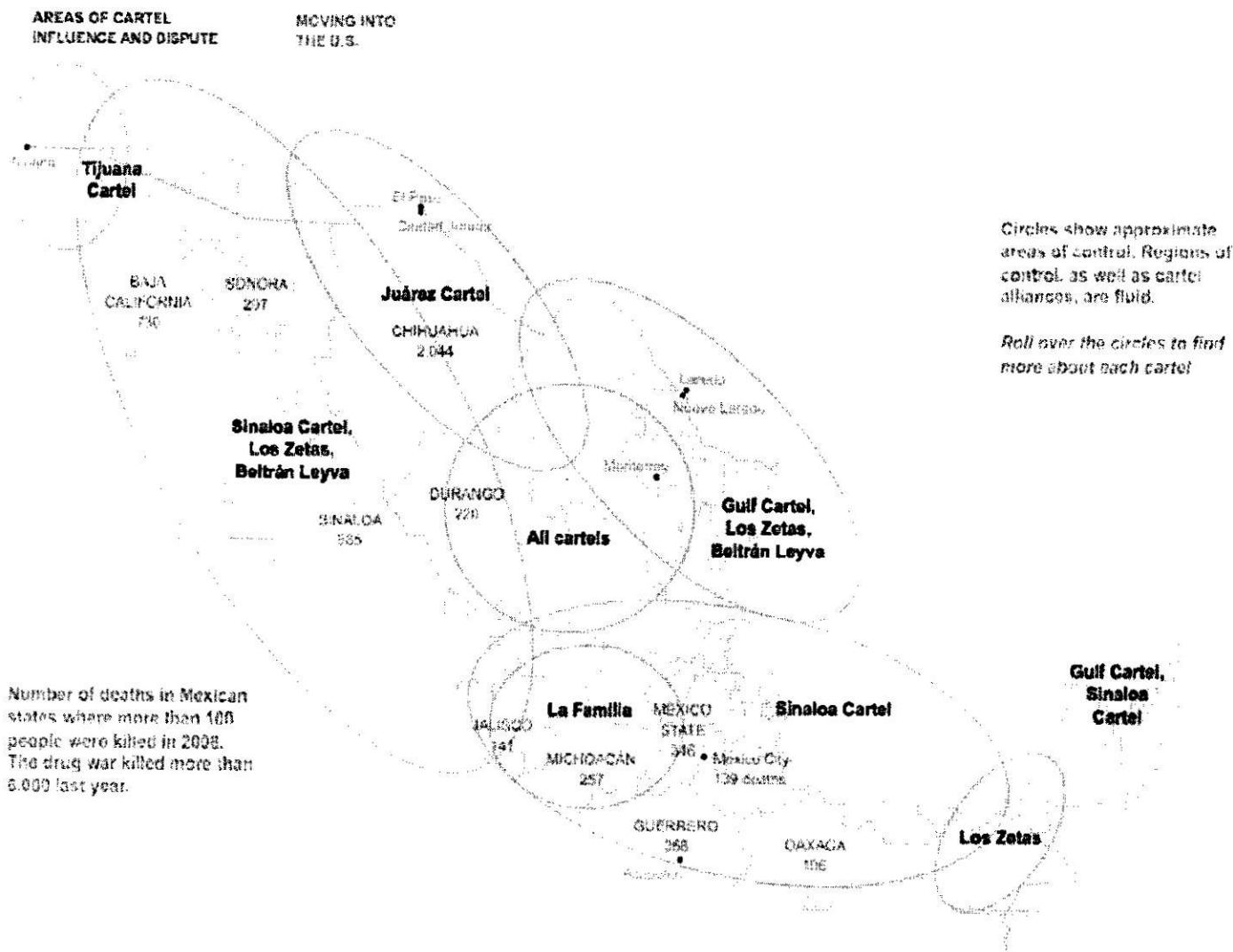
Map 4

The Reach of Mexico's Drug Cartels, 2009

March 22, 2009

The Reach of Mexico's Drug Cartels 2009

Mexican drug trafficking cartels "represent the greatest organized crime threat to the United States," according to a recent Justice Department report. The cartels have waged increasingly violent battles with one another, as well as with the Mexican government, which began an aggressive crackdown in 2006. [Related Article](#)



Sources: Drug Enforcement Administration and National Drug Intelligence Center in the Justice

By FARHANA HOSSAIN and KADUN CIVIL THE NEW YORK TIMES

Figure 17

Mexican Drug Cartels and Their Capos—Living and Dead, 2009

Excluding Non-Functioning Cartels and New Possible Strong Cartels, e.g.

http://en.wikipedia.org/wiki/Los_Negros

(Many Capos are Still Living, But in Prison: see Interactive Link:

http://en.wikipedia.org/wiki/Timeline_of_the_Mexican_Drug_War

<u>Name of Cartel</u>	<u>Number of Capos</u>	<u>Still living at the end of 2009</u>
Beltran Leyva Cartel Sinaloa	6	3 but Carlos arrested in Culiacán 12-30-09 (14 days after “ El Jefe ” Arturo killed in Cuernavaca by Elite Mexican Navy Squad)*
La Familia Michocána	10	2, the Maximum Leader “El Más Loco” having been killed in late 2010, the Mexican Government announced this gang of Narcotraficantes now “disarticulated.” But not before bloody battles in which the gang effectively sealed off for some days the state capital of Morelia.
Gulf Cartel	12	11 but one in U.S. prison (García-Abrego) & one (Osiel Cárdenas-Guillén) in Mexican insecure prison where he can still operate the Cartel, however, see “Zetas,” below for Alliance
Juárez Cartel	8	7 but the notorious Rafael Caro-Quintero Prison in Mexico, and Miguel Caro-Quintero is in U.S. prison
Sinaloa Cartel	8	8 but, e.g., Miguel Angel Félix-Gallardo is in high security prison
Tijuana Cartel	6	6 but, e.g. “ El Teo ” Simentel and 2 sub-chiefs captured in in Jan/Feb. 2010; M. Á. Félix-Gallardo is in high security prison;
Zetas**	31	? but as leaders are arrested or killed, new ones are appointed to maintain the (mythical?) Special Force “Club of 31 members”; in July 2009 U.S. Treasury names 4 leaders as “Drug Kingpins” of Zcetas/Gulf Cartel

*See www.google.com/hostednews/canadianpress/article/AlcqM5j0nSLAq5dnPnRtwgckASlqhTgAeQ

******In addition to conducting activities along the border, the Zetas Cartel is active throughout the Gulf Coast region, in the Southern states of Tabasco, Yucatan, Quintana Roo, and Chiapas, and in the Pacific Coast states of Guerrero, Oaxaca, and Michoacán, as well as in Mexico City. At times it has operated in Ciudad Juárez in support of remnants of the old Carrillo Fuentes Cartel, and perhaps other groups who oppose the Caro-Quintero Cartel.

SOURCE: *La Opinión*; http://en.wikipedia.org/wiki/Timeline_of_the_Mexican_Drug_War & http://en.wikipedia.org/wiki/Los_Zetas as well as <http://treas.gov/press/releases/tg220.htm>

For the Drug War results of 2010, see the continuously updated site at http://en.wikipedia.org/wiki/Timeline_of_the_Mexican_Drug_War

13d.3 The World Great Depression II, 2008--

Los Grandes Problemas Nacionales II [Urban and Rural Mexico in the World], 2006—

Mexico is gravely impacted by the Wall Street-caused World Depression II, but the bright is that it has taken an event not seen since 1929 for it become clear to Calderón that a new vision is necessary. Figure 18 reveals the extent of the today's crisis as it interacts with historical crises to “demand” political change.

Thus, Calderón has called for limiting (and presumably later ending) Partidocracy in which Congressional positions are selected by the political parties. To succeed, accountability through direct election by the populace is necessary. With no possibility of reelection, voters have little chance to evaluate their “elected” Deputies and Senators at the outset because they are all chosen to run by the political parties, and they shift back and forth between the two

chambers of Congress in between serving as Governor or head of an autonomous government agency.

The Calderón ACTIVE-STATE PLAN is comprehensive. For example, in 2009 he set out to begin ending subsidies to corrupt autonomous government agencies (such as Luz y Fuerza del Centro)¹⁴⁰; continue his effort to change the law, at least obliquely, so as to permit PEMEX to seek foreign help for the PEMEX (which will not be privatized but rather follow the Brazilian Model); begin to end Partidocracy by permitting re-election; rapidly adopt the right to oral trials, finally ending in Mexico the Napoleonic Code's "guilty until proven innocent"; "legalize" psychotropic drugs for personal and to be able to move freely with up to 3-5 days personal supply; restructure the mess at the Ministry of Health (which had not had the technology to identify the Swine Flu before it spread to all Mexico and the World in 2008; and (since 2006) sought to bring down the "Men with Guns" (the brutes seen in film director John Sayles movie of the same name) who have become "sub-human Beasts".

Too Calderón has to be sure that Mexico realize that the escape valve of workers going to the USA is now closed and many Mexicans returning on their own because of the U.S. unemployment crisis as well as deportation by Presidents Bush II and Obama—the latter deporting more than 388,000 persons for being in the USA without documents, and build a Super-Port at Colonet, Baja California, to permit shippers to bypass quickly and inexpensively the complicated Ports of Los Angeles/Long Beach to reach rail lines into the USA.

¹⁴⁰ <http://www.internationalviewpoint.org/spip.php?article1759>

Unfortunately, in the economic crisis of 2008 and 2009 and amid a Drug War, and other major problems, Calderón had to delay Colonet.

Calderón had to implicitly take on the problems that I list in Figure 18.

Figure 18

Many-Pronged Crisis, 2006-2010
 Los Grandes Problemas Nacionales II

STATUS OF THE FOLLOWING, which constitute OBSTACLES TO DEVELOPMENT

Oil reserves in collapse and Congress refuses to authorize entry under even under State control of foreign capital with expertise and rare deep-water rigs needed drill at least 20,000 feet below Gulf surface

Oil price collapse since 2008 (but modest recovery end of 2010 offset by theft of oil and gas by PEMEX Sindicato, Narcotraficantes, and other criminals

Foreign and domestic investment dramatic decline since 2008 with modest recovery since launch of Green Autos to be made in Mexico by U.S. and other foreign companies

Remittances from workers in USA to families in Mexico from \$25.1 billion in 2008 to \$21.2 billion 2009, but perhaps (?) regained to \$22.2 in 2010

<http://www.impre.com/laopinion/noticias/primera-pagina/2010/1/28/bajan-las-remesas-a-mexico-170598-1.html>

and <http://www.impre.com/laopinion/noticias/primera-pagina/2010/1/28/bajan-las-remesas-a-mexico-170598-1.html#commentsBlock>

in tandem with

“Closure” of U.S. job market as an escape valve for Mexico’s innovative and excess labor. Obama increases in 2009 raids on U.S. plants/fields to increase deportations by at least 8% more than Bush II, raising the total to 388,000 (including families) for working/being in USA without immigration documents.

Rise and fall of Mexican undocumented migrants in the United States (which stood at an estimated 2.2 million in 1980, 12.0 million in 2006), fall to less than 11.0 million in 2009.

<http://www.migrationpolicy.org/pubs/IME-Jan2010.pdf>

<http://www.migrationinformation.org/datahub/countrydata.cfm?ID=482>

IMSS (already underfunded for needed hospitals, medical/staff, medicines/X-rays) collapsing under weight of non-members added by Seguro Popular (no worker contributions required)

Public Health System near collapse in 2009, owing to

Swine Flu Crisis caused in Mexico and world by U.S. transnational Smithfield Farms

Public Health labs need to be upgraded to detect disease at outset, not weeks later affect samples sent to Canada and USA for first and second opinions

Dengue Fever sweeps 24 of Mexico’s 32 states, over 45,000 cases in areas under 4,500 feet elev.

No vaccine against infected mosquitoes until perhaps 2014

<http://www.impre.com/laopinion/noticias/latinoamerica/2009/11/17/su-ben-alerta-por-dengue-en-mex-159350-1.html>

Adult diabetes in Mexico is at “epedemic” levels: Mexican-American Migrants have been found to have 2x more propensity to fall ill with Diabetes 2 than “white non-hispanics (11.7% compared to 4.8%), owing to Indigenous genetics, heredity, intensive work style in the USA, and diet. See: <http://www.impre.com/eldiariony/vida-estilo/salud/2010/12/12/una-vida-nueva-pero-con-diabet-227741-1.html#commentsBlock>

Further, 73% of Mexican American migrant woman are overweight and with Diabetes 2 compared to 61.6% of non Latinas in the USA. See

<http://www.impre.com/laopinion/noticias/primera-pagina/2011/1/2/cl-suentilde;o-americano-les-r-231358-1.html#commentsBlock>

Child health 35% of children under 12 are obese owing to excessive consumption of junk foods and high number of tortillas

(many poor consume up to 17 tortillas daily—no meat, fish, milk, eggs, or even vegetables previously consumed in better times),

addition to chips, breads and other carbohydrates, such as sugar-coated cereals and drinks, excessive use of the wrong cooking oils (e.g. beans refried in lard)

lack of protein and exercise, etc.,

according to Mexico's Public Health Minister José Angel Cordoba, quoted in *La Opinión*, 1-13-10

www.impre.com/laopinion/noticias/latinoamerica/2010/1/13/engcrda-en-mexico-mal-de-obesi-168210-1.html

Tourism to Mexico: arrival of foreigners subject to decline amid Drug Wars, kidnappings, and bouts of disease

Exports and Imports decline in the world “boom and bust” economy

Transportation bottlenecks: hundreds of roads need to be made 4-lane and maintained; rail routes need to be double; tracked; heritage airlines are making international travel so high cost as to inhibit economic growth—and they have given up coastal flight to USA to U.S. airlines; monopoly domestic routes hurting tourism;

Construction industry decline

Agricultural production problems owing to

- worst drought (since 1938) in 2009-2010

- Mexico (like China, India, USA wastes and overuses ground water = declining resource

http://www.sciencenews.org/view/generic/id/46322/title/Big_Gulp_Asian_style

- decline in tourism cripples much agricul. production owing to collapse restaurant industry 2009-2010

- threats to cactus industry: theft of plants to sell in USA; nopalillo infection = some plants die
- still no federal agricultural extension
- lack of credit for ag producers as well as ejidos

Foreign Direct Investment decline

Credit availability to business and consumers ends;
new credit cards and loans not generally available

“Reasonable” banking fees and interest has come to an end—
“reasonable in Mexico can mean up to double that charged
by U.S. banks

Notarial historical costs were supposed to be reformed but collapse of
change makes legal transactions too costly for most persons (U.S.
Notaries charge \$5 to verify signature on major documents;
Mexican notaries charge % of transaction cost on theory they
they are guaranteeing all the statements in the documents to be
true

Implementation of Title Insurance only beginning in few places and
limited circumstances Computerization of title recording
developing too slowly

Consumer sales collapse since 2008

Business bankruptcy laws do not necessarily protect non-business
property

Parti-docracy = Parties name 40% of the Deputies and 25% of the
Senators, meaning that those “winners” do not campaign for
votes of the population but only for power within their Party
http://en.wikipedia.org/wiki/Senate_%28Mexico%29

No re-election means no accountability so Party holds control,
not voters

Fatal political flaw = conflicting systems: Presidential,
semipresidential, or parliamentary?—

Porfirio Muñoz Ledo notes; Mexico suffer from confusion of Spanish, French, U.S. laws, and Indigenous “usos y costumbres”

Government workers do not have civil service job protection: in most federal agencies and in most state and local “administrations” change in leadership results in wholesale change in job holders, thus disrupting knowledge about how the levels interact as well as the flow of work

Government ability to spend money—rigid expenditure rules (“normatividad”) require dozens of signatures by bureaucrats at all level who fear being prosecuted if any kickbacks or corruption is later discovered— better not to sign

Government ability to spur business competition and regulate Monopolies is very low— a competitiveness commission exists but is powerless and frightened

Need to increase the terms of mayors from 3 to at least 4 years and change the complicated civil code that “freezes” actions by those mayors, who cannot afford the legal advice to keep them being charged with violation of rigid expenditure rules (normatividad)

Need for laws to regulating drug trade (except for legalization of relatively large amounts for “personal use” which already exists)

Need for effective, honest Police forces (which have always existed only in written plans) because low pay requires police to collect a living wage only by demanding bribes. Military pay is also too low to compete with Narcotraficantes

Judicial system continues to be hampered by corrupt use of amparo

Judges subject to pressure (“convict and you and your family die”) as in the 2010 Escobedo case where defendant confessed and led the police to the victim’s remains—but he was released “for lack of evidence”; “good sign” was the suspension of the judges and higher court reversal of the acquittal, ”bad sign” was that it was

too late to re-arrest the murderer, who had fled

<http://www.whatsonsanya.com/news-14041-mexican-victim-s-mum-marisela-escobedo-killed-too-while-demanding-justice.html>

Serious need to reform prosecutorial, judicial, and prison systems: from Dec. 2006 to Dec. 2010, federal authorities made 540,000 preliminary investigations, prosecuted 400,000, and saw 82,500 persons imprisoned, a rate of only 15% of the original total. See:

<http://www.impre.com/noticias/2010/12/17/son-36-mil-muertos-por-la-narc-228638-1.html#commentsBlock>

Need to assess more cases in light of 2007 data that are not as positive: Of **100** Crimes, only **25** are reported and only **4.6** investigated, **1.6** persons are prosecuted, and **1.1** persons sentenced to prison. See Guillermo Zepeda Lecuona, "Criminal Investigation and Subversion of Justice System Principles," on the internet as *Judicial Reform in Mexico: Toward a New Criminal Justice System* (2010), Table 3.

Need to verify data that indicate 400 persons have been extradited to the USA by Mexico between 2007 and 2010, 51 billion does of cocaine, heroine and marijana have been seized, at a total value of US\$ 11.8 billion. See:

<http://www.impre.com/noticias/2010/12/17/son-36-mil-muertos-por-la-narc-228638-1.html#commentsBlock>

Basic need to reform prisons to stop escapes: Man have fled from prison: in 2010, e.g., 351 persons escaped in the state of Tamaulipas (on the Texas border); and in 2009, 53 escaped in Zacatecas backed by narcotraficantes dressed as police, who entered the prison with a 17-car convoy and a helicopter; etc....
<http://www.latimes.com/news/nationworld/world/la-fg-mexico-prison18-2009may18,0,4319828.story>

Need to reform prisons, where prisoners rule—prisoners with cash can have a live-in wife or mistress and catered meals, use of cell phone, and easy access to drugs and weapons

Laws preventing kidnapping theoretically go into force in 2011 finally to define kidnapping in Mexico as starting from the first moment of forced detainment (rather than, say, 24 or 48 hours after the kidnapping, depending on how each state handles

“Express Kidnappings”), **but** enforcement maybe difficult in the case of quick Express Kidnappings (often by police), and “Bride kidnapping” (a term often applied loosely, to include any bride, usually a minor) 'abducted' against the will of her parents, because the young girl may be willing to marry the 'abductor'
http://www.pittsreport.com/2010/12/mexico-2/http://en.wikipedia.org/wiki/Bride_kidnapping

Lack of Innovation in industry, mining, and agriculture--
 most innovation now located in Brazil (Mexico's main competitor in Latin America)

Continuing foreign and domestic debt overhang totals 45% of GDP – including subtotal for FOBAPROA (1990) and IPAB (1998) which are up to 12% of GDP, according to Dr. Juan Moreno Pérez.

Compare Mexico's problems to the view by Andreas Kluth (the California correspondent for *The Economist*), who in 2010 saw California as the first failed state of the USA:
“If a state can no longer address or solve the problems it faces, then it has failed. California easily meets that criterion. Prisons: California has the worst recidivism rate in the country. **Water:** it's an infrastructure and a climate issue but it's also a governance issue. **Education:** California built the best public university system in the country, which it is currently dismantling because it is now a failed state. **Budgets:** a state is supposed to have a budget, to pass it on time, and California never does. That started well before the recession. Our opponents may argue that as soon as there's a recovery these problems will recede. It's not true. Warren Buffett says it's only when the tide goes out that you learn who's swimming naked. California has been undressing since the 1970s...since the infamous Proposition 13. This is something called direct democracy that the founders of the nation were very afraid of. **Twenty-four states have [citizen] initiatives. Only one does not allow its legislature to amend initiatives that its voters have passed, no matter how insane.** In only one state do the inmates run the asylum. <http://www.newsweek.com/id/232575> (1-26-10)

A major issue of the campaign was to bring an “end” to chaos created by criminals (narcotraficantes, kidnappers, and crooked police) and re-establish Government authority over the entire country. These are still major unresolved issues facing the country.

Although the PAN is anti-state in political terms, that is not the case in social terms. Calderón and the PAN sought unsuccessfully in 2007 to defeat the PRD legislation which has resulted in Federal District becoming the second federal entity in the country (after the state of Coahuila) to approve same-sex unions, and the first to allow conjugal visits for homosexual prisoners.

Most importantly, in 2007 under the PRD the D.F.'s Legislative Assembly expanded provisions on abortions, becoming the first federal entity to expand abortion in Mexico beyond cases of rape and economic reasons. The D.F. permits abortion, regardless of the reason, should the mother request it before week 12 of pregnancy.

Acting out of religious doctrine rather than legal policy, members of the Calderón government have set up a confrontation with the D.F. by refusing to permit federal hospitals in the D.F. to perform abortions, thus injecting the state into the private life of individuals.

Calderón faces the fact that PEMEX (the major source of income for the government) is exhausting Mexico's oil reserves and does not have the capability to drill in the deep Gulf of Mexico which has a huge oil reserve which it "shares" with the USA. Further, faces the same problem at the border with the USA, where Mexico shares an underground pool of oil with his neighbor to the north. (How the two countries share these pools of oil without one "draining" the other's share is not even being discussed.)

In the meantime, even though the PEMEX work force has been reduced by half during the Anti-State phase since 1983, it still has twice as many workers as needed, and 10% vacant, the pay of the phantom workers reverting to the PEMEX Union for its own activities. The Union itself holds “sweetheart contracts (guaranteed high-profit, low-yield results) with PEMEX.

The ability of Mexico’s wealthy monopolists to defeat the federal government Competitive Commission is typified by the behavior of Carlos Slim, who has competed with Gates for the status of “richest person in the world.” Unlike Gates (who has had his own problems of quashing the competition), Slim has donated virtually nothing to philanthropy—Gates donated US\$ 30 billion. Slim’s use of the amparo to prevent Mexico from forcing him to cut his incredibly high telephone rates is nothing short of criminal, say his critics. For the best analysis of Slim and his failure to invest ethically in Mexican business, see the public- service analysis by Denise Dresser: “Open Letter to Carlos Slim” (dated February 15, 2009): <http://eacm.blogspot.com/2009/03/open-letter-to-mexican-mogul-carlos.htm>

By preventing innovation and keeping costs high for poor service, avers Dresser, Slim has almost single-handedly stunted Mexico’s economic development.

Calderón has called for development of a new port at **Colonet** and a railroad to link with the West-East railroad route from Los Angeles across the USA (thus relieving congestion at the ports of Long Beach and Los Angeles. But Mexico's complicated normative rules (see below) as well as the world financial crisis of late 2008 and 2009 that has dried up the flow of credit.

For the PROFMEX-University of Baja California plan to develop the Baja Frontier as a Special Economic Zone to compete with China, see the *Iniciativa UABC para la creación de la Frontera de Baja California-Global (FBC-GLOBAL 2030) como Primera Zona Económica Especial de México*, by James Wilkie and Miguel Angel Rivera Rios.¹⁴¹

Calderón has been able to win a controversial **tax reform** from Congress, but it has alienated much of the private sector because **businesses are taxed on gross receipts** (not profits) and deductions are limited.

Mexico's real foreign debt of US\$ 132 in 2008 (down from US\$ 133 billion when he took office in 2006) is not a real problem in making expenditure, but rather Calderón faces a tangle of Corporativist normative laws made more difficult by Fox's transparency laws that prevent expenditure of funds after he the President has ordered that the expenditures be made. (Bureaucrats, who are

¹⁴¹ See <http://www.profmex.org/mexicoandtheworld/volume13/5latefall08/FBC-Global%2019a%20feb%2009.pdf>

authorized to make his expenditures, are always fearful of Congressional audits that will find them guilty of violating rules with “catch-22s.” This serves to remind us of the near failure of John F. Kennedy when, purportedly, he ordered the Pentagon to “get the damned Jupiter missiles out of Turkey—they are threatening my deal with the Russians to get their missiles out of Cuba” (or words to that effect). Needless to say, it took six months to get the missiles out of Turkey, the Pentagon resisting to the bitter end.¹⁴²

Calderón faces one positive situation in that the Mexican countryside has generally recognized that Mexico must spread the use of tractors. Where previous Presidents had failed to interest farmers to accept the plan to buy and distribute 10,000 tractors in Mexico, in 2007 the Confederación Nacional Campesino (National Peasant Federation) signed a contract to purchase 25,000 tractors from China.¹⁴³ While the USA, Canada, Japan, and the European Union have 400 tractors for each 1,000 farmers, Mexico has only 12 tractors for each 1,000 farmers.¹⁴⁴

Far behind Brazil and its use of sugar (which is far superior to corn) to provide bio-fuel at the pump, Mexico was only able to pass a law in 2008 that seeks to bring Mexico up-to-date.¹⁴⁵

¹⁴² See www.abovetopsecret.com/forum/thread81277/pg1 and <http://hnn.us/articles/7982.html>

¹⁴³ See www.el-universal.com.mx/finanzas/58734.html

¹⁴⁴ See www.orizaba.info/orizaba/index/op/noticia/id/26047.html

¹⁴⁵ See http://www.cailaw.org/iel_advisor/industry_news/lopez-velarde.almaraz_mexico_biofuel.html

Mexico's 2008 Law on Development of Bio-fuels establishes the basis for production, transportation, storage, distribution, and marketing of new fuels. It includes emphasis on protection of the environment and reduction of air pollution emissions. The Bio-fuels Law also establishes measures for protection of Mexico's self-supply of critical agricultural products, such as corn.

CONCLUSION WITHOUT END

Surprise? The PRI is the 2010 favorite to win back the Presidency in 2012. The PRD has splintered, badly damaged by the antics of AMLO, who is seen as hopelessly out of touch with reality, even in the Party that he led from 1996 to 2009—13 years attempting to become a new Jefe Máximo smashed his personal reputation.

Although the PRI lost the Presidency to the PAN in 2000, the PRI's system of "Corporativism" remains largely in place at the federal level as well as at the State and Town/City/County levels of government to prevent much of the change that Anti-Statists and Active Statists have sought to implement. By the time of the PRI's 75th anniversary in March 2004, the PRI could claim that it held 37% votes cast nationally--a percentage that understated its power and the power of the Corporativist system that it left in place.

In early 2009 the PRI held 52% of the Mexico's 32 governorships, 38% of the 31 state legislatures (31 excludes the D.F), and 37% of the country's 2,457 mayorships. Thus, the PRI has more governorships and more control of legislatures and mayorships than any other political party. See the PRI website in English www.pri.org.mx/PriistasTrabajando/PRIenMexico/english.aspx

Given the unpopularity of the PAN owing to the long Drug War and taxation changes in the face of the resurging PRI, in 2010 the PAN moved toward an alliance with the new PRD, which had seen AMLO for the leftist Partido de Trabajo (PT). AMLO hoped to split the PRD and make the PT into the new power on the left, but all this did was drive the PRD and PAN into each other's arms as they looked for ways to beat the PRI in coalitions such as developed in Sinaloa (where the PRI lost the governorship for the first time in 81 years. The same alliance was also successful in Oaxaca, which also finally saw the PRI loose the governorship after 81 years.

Most observers think that the PAN has no viable candidate for Mexico's Presidency in 2012, but perhaps Diego Fernández de Cevallos ("El Jefe") has "saved the day", some argue. He was "kidnapped" in May and released in December 2010, supposedly having "negotiated the ransom down from US\$ 100 million to \$ 30 million. But the "victim", who will be 71 in March 2011, appeared to be in such good shape after more than seven months in captivity that speculation began: He had arranged a "self-kidnapping" to help create sympathy for the PAN, for which he ran as presidential candidate in 1994. El "Jefe Diego" has said nothing about his captors, but a branch of

the EZLN claimed in a message to Mexico that he had been held at the orders of former Sub-Comandante Marcos, who had seemingly disappeared from the scene. Claiming in their message that they are the “Ex-Mysterious Kidnappers”, they took him hostage as the arch-leader of Neo-Liberalism and enemy of the Indigenous People.

At this writing, conspiracy theory is rising. What does all this mean, which is the tone for example of new articles, for example, by EFE (the Spanish News Agency based in Madrid), which referred to the “supposed message from the ‘EZLN’ and the “link” to Marcos.¹⁴⁶

Felipe Calderón, inaugurated December 1, 2006, believes that Corporativism must be ended along with the costly and inefficient remainders of Statism (such as the PEMEX and electricity monopolies), but he cannot say so directly owing to PEMEX being seen by many as the symbol of Mexican economic independence in the world.

Yet Calderón did take on **Sindicato Mexicano de Electricistas** main operations in the center of the country, in October 2009 abolishing their power over the company and installing real accounting. (Rogue agents of the SME are still blowing up power transformers to claim that no other experts can maintain them like the experts of the SME.)

¹⁴⁶ Secuestro de Fernández ‘por EZLN,’” *La Opinión*, January 2, 2011.

Unfortunately for Calderón, his administration has coincided with World Depression II, and many voters do not understand the complicated international relationships that have brought major economic problems to all countries of the world

Others argue that "Statism" is not the issue but rather the development of an "Active State" that can take care of the population unprotected by the "free market," which needs serious regulation to stop the greed of CEOs willing to destroy entire economies for their yearly bonus that is based on failure if not success.

The Narcotraficantes continue to find themselves splintered into internecine warfare among competing cartels, trying to stay alive and if in jail not extradited to the USA. In the meantime they constitute a threat to Mexico's self-confidence and safety of the general public. With lawlessness seemingly on the rise, kidnappers (be they Narcotraficantes, police, and/or independent criminals) have emerged to hamper the role of domestic and foreign tourism in Mexico.

Mexico is not a "failed State," as the Pentagon suggested in 2009, but one in which Narcotraficantes seek a state of anarchy in relation to police and military ability to stop their activities. See Map 4 for the sway of six areas where at least seven cartels struggle with each other and with the Mexican government.

But the very fact that Calderón has been able to develop a vision, which I articulate here as “Los Grandes Problemas Nacionales II, augers well for Mexico attempting to resolve problems, including dozens of Obstacles to Development (age-old half-solved, half-understood, and accumulating faster than any can be “solved” is based on the realization, I hope, that we all recognize that there are no final solutions, but only adaptations to history as it advances into the present—always subject to re-interpretation in the light of new events and findings.