

*Mexico's Great National Problems*

*By*

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With a Special Section of Articles by

Four Authors

Who Analyze the First Year in Office of

President Enrique Peña Nieto-2013

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**MEXICO'S GREAT NATIONAL PROBLEMS**  
**Framed by Shifting Periods of State Power**  
**A SHORT HISTORY**

By  
JAMES WILKIE

**Mexico From**

**Statism**<sup>1</sup> (the Centralized State is all Powerful, controlling all three branches of government (Legislative, Judicial, and Executive<sup>2</sup>)<sup>3</sup> at the national and sub-national levels as well as controls the Private Sector Corporations to whom it grants monopolies, licenses, exemptions to use the soil and sub-soil to develop as, e.g., farming, mining, manufacturing and transportation industries that are not run by omni-present, State-Owned Corporations)

**to**

**Anti-Statism** (Central State Power is Decentralized to sub-national units such as provinces, states, counties/municipios, or anarchical groups/communities that seize local/factory Power and reject all branches of government and the role of the Private Sector)

**to**

**Active Statism** (which tries to **balance** (1) Statist and Anti-Statist extremes with with (2) the role Private Sector Corporations)

empower sub-national units to coordinate with the Central Government and its Decentralized Corporations as well as with state and local governments.

**OUTLINE**

**Aztec and Spanish Statism prior to and after the Conquest by Hernán Cortés (1519-1521) sees the collapse of the Indigenous population from 25.2 million in Central Mexico to 1.1 million by 1608 mainly due to European diseases to which native Mexicans have no immunity. (See Charts 3 and 4).**

**With the human population dying off, the animal population rises unchecked on now vacant lands—sheep and goats begin destroying the plant root structure to set off centuries of ever expanding erosion that plagues Mexico today;**

**Anti-State Movements (1810-1820) in which Creoles (Spaniards born in New Spain) join with “Mestizos” (persons of mixed Spanish-Indigenous Race and Culture) to seek Independence from Spain;**

**Statist “Independence” (1821-1824) maintains Spanish monopolies in power:**

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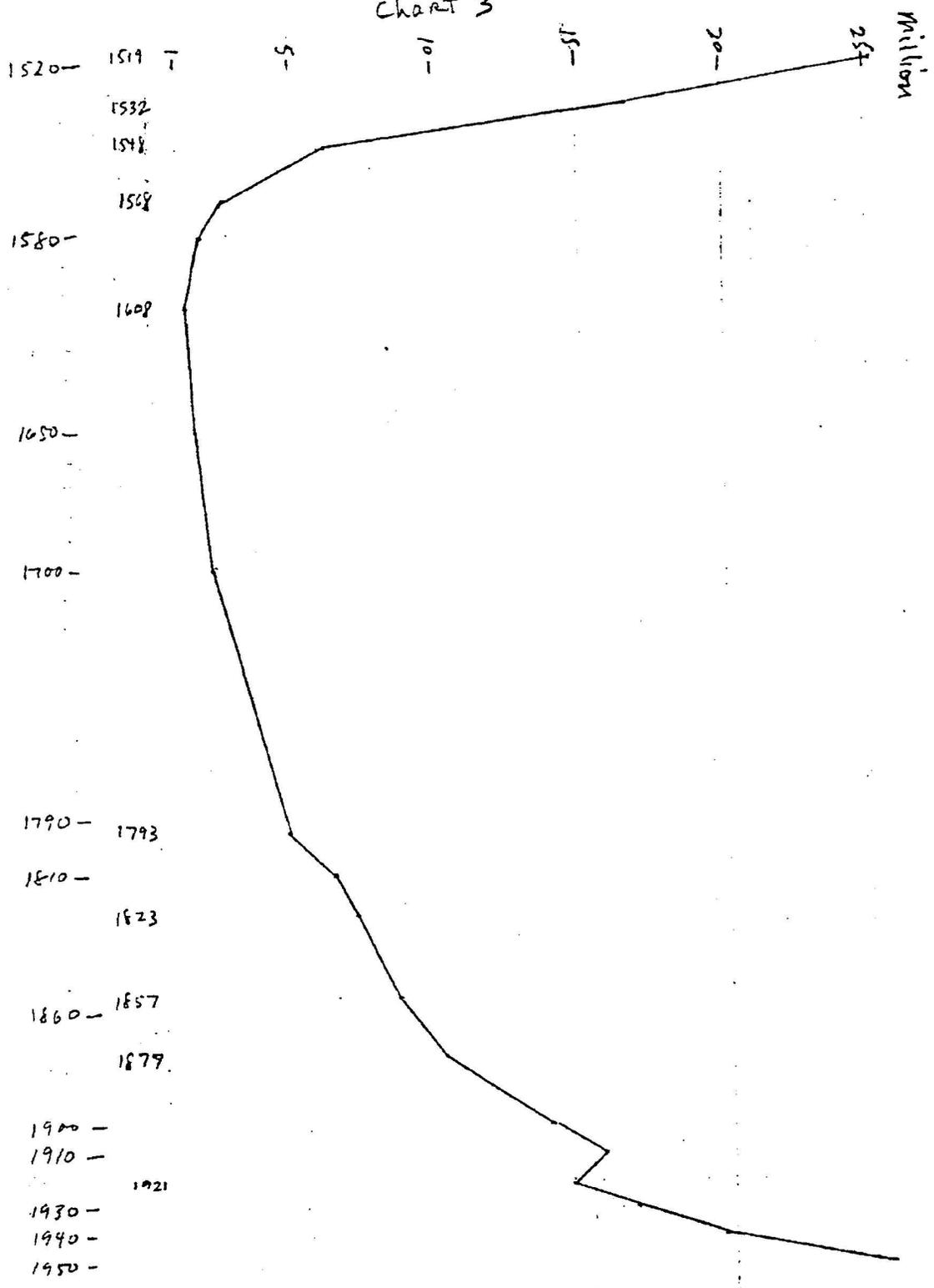
<sup>1</sup> For the definition of “Statism” used in the course, see the Syllabus.

<sup>2</sup> The Executive Power controls the police and military, which enforce National Government decisions.

<sup>3</sup> Some countries have a fourth power, the Controller of Expenditures.

Chart 3

Mexico's Population Curve, 1519-1950



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## CHART 4

## Mexico's Population Disaster and Recovery, 1519-1950

Central Mexico	million	%change in period	yearly avg. <sup>1</sup>
1519	25.2	~	~
1532	16.8	- 33.3	- 2.6
1548	6.3	- 62.5	- 3.9
1568	2.7	- 57.1	- 2.9
1580	1.9	- 29.6	- 2.5
1608	1.1	- 42.1	- 1.5
1650	1.5	+ 36.4	+ .9
1700	2.0	+ 33.3	+ .7
All Mexico			
1793	4.5	+ 125.0	+ 1.3
1810	6.1	+ 35.6	+ 2.1
1823	6.8	+ 11.5	+ .9
1857	8.2	+ 20.6	+ .6
1879	9.9	+ 20.7	+ .9
1900	13.6	+ 37.4	+ 1.8
1910	15.2	+ 11.8	+ 1.2
1921	14.3	+ 5.9	- .5
1930	16.6	+ 16.1	+ 1.8
1940	19.7	+ 18.7	+ 1.9
1950	25.8	+ 31.0	+ 3.1

<sup>1</sup> APGR

Sources: 1519-1608, Cook & Borah, I, pp. 82, 115.  
 1650-1700, Cook & Simpson  
 1793-1900, Kicza, 1823 from Humbolt, 70-71, p.20.  
 1910-1950, Wilkie, appendix K.

CHART 1 A  
Rainfall Map of Mexico

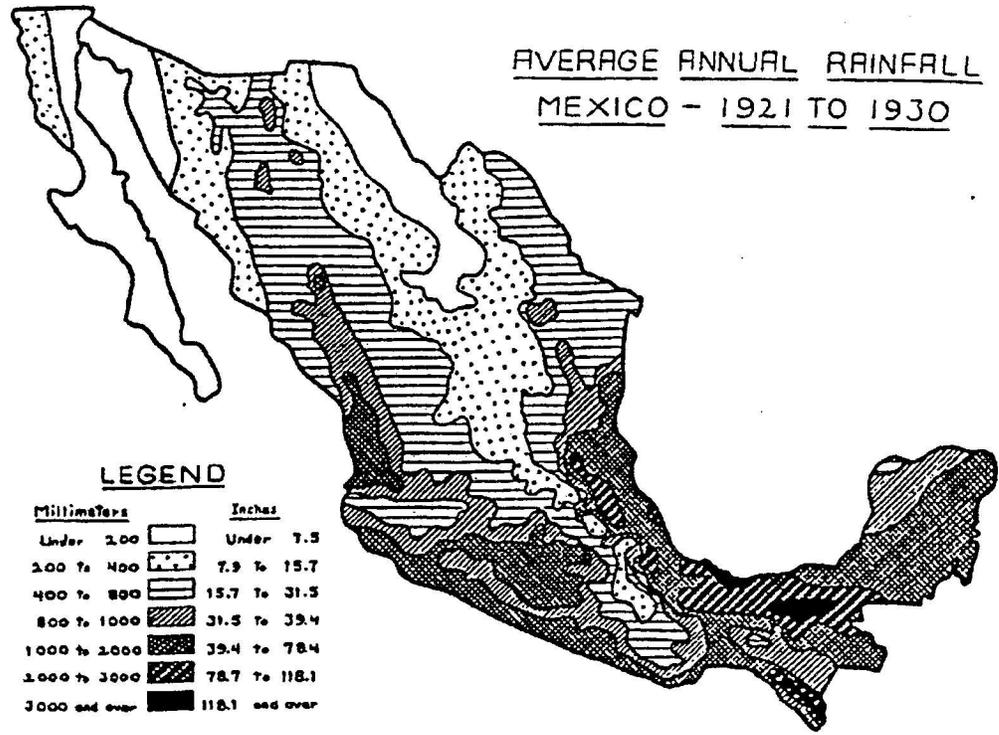
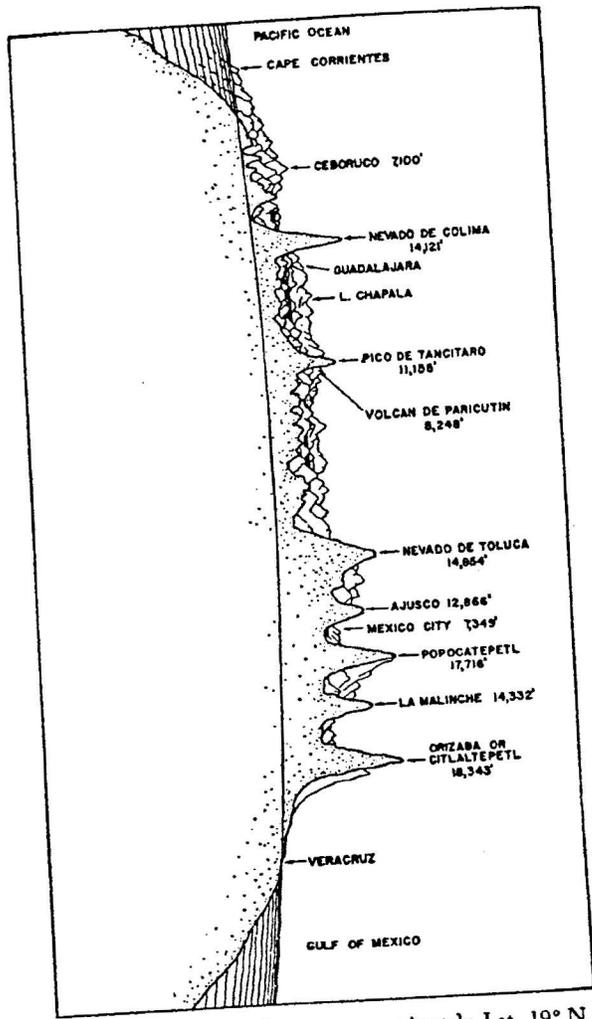


FIG. 3.—Rainfall map of Mexico; showing variations in the average amount of annual rainfall from 1921 to 1930. Data from Dirección de Geografía, Meteorología e Hidrología.

CHART 2 A  
Cross Section Map of Mexico



Profile of the Great Seam at approximately Lat. 19° N.  
(After J. L. Tamayo, *Geografía de Mexico.*)

from L. B. Simpson, Many Mexicos.

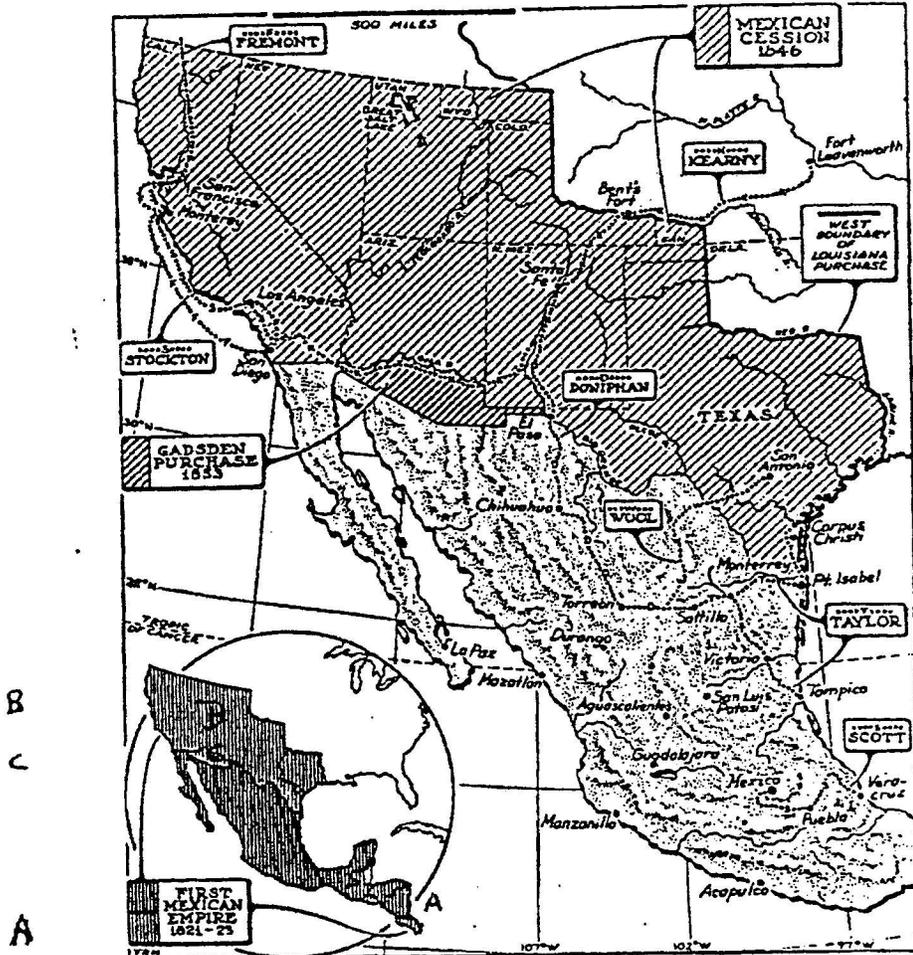
CHART 2 B

Loss of Mexico's Original Territory:

A = 1823

B = 1846

C = 1853



North Mexican states in 1830.

**Constitution of 1824 adopts U.S.-style Federal Republic** linking Mexican state governments under the three powers of central government with, what is more official relations with the Catholic Church. (This State-Church relationship was not definitively broken until 1917).

Unfortunately the Constitution of 1824 adopts the contradictory French-style framework of **Bureaucratic Administration**, thus posing a confrontation that hampers Mexican development to this day.

**In 1824 State and municipal boundaries are drawn arbitrarily to break up natural regions that could provide communities of opposition to centralism. Thus, too many boundaries are arbitrarily drawn on maps beginning in the 1830s, complicating life for citizens up to today:**

#### **THE MUNICIPIO PROBLEM:<sup>4</sup>**

The 1824 Constitution did not specify any regulation for the municipalities, whose structure and responsibilities were to be outlined in the constitution of each state of the federation. As such, every state set its own requirements for a settlement to become a municipality (usually based on population). [**Municipios are at once the rough equivalent of U.S. counties and the county seat, both bearing the same name.**]

The Constitution of 1917 abolished the *jefatura política* [the role of the the Political Chief ruling as the intermediate administrative authority between the state governors and each municipios] and converted all existing municipalities into *municipios libres* ("free municipalities"), that is, gave the municipios full autonomy to manage local affairs, while at the same time restricting the scope of their competencies.

However, in 1983 the 115th article was modified to expand the municipalities' authority to raise revenue (through property taxes and other local services) and to formulate budgets.

**[All of the above role that have been assigned over time to the municipios are impossible to achieve by any mayor in any three-year term because of no-reelection since 1917 as well as because there are no municipal funds or persons with capacity (either legal or technical) to implement most tasks, except in major municipalities and in Mexico City, which is not a city legally but a Federal District that operates as a "state" under a governor elected for six years since 1997].**

**Mexico has 2438 municipios in Mexico in 2012, but only perhaps 100 (4%) of them can make theory even begin to work as envisioned in all major Constitutions since 1824:**

#### **THE FANCIFUL THEORY OF MUNICIPAL GOVERNMENT IN MEXICO.**

During the Porfiriato, municipios gave up (without their permission) political

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<sup>4</sup> [http://en.wikipedia.org/wiki/Municipalities\\_of\\_Mexico](http://en.wikipedia.org/wiki/Municipalities_of_Mexico)

liberty and civil rights (which they rarely had enjoyed) theoretically to gain Administrative efficiency and Economic Development.<sup>5</sup>

### **El Municipio y la Constitución de 1917**

Las relaciones del municipio con los estados y el centro, violentadas y sujetas a los intereses de este último, fueron parte de las condiciones que impulsaron la lucha por el cambio que llevaría al fin del régimen del general Díaz.

Finalmente, al concluir el movimiento armado de la Revolución Mexicana, el Constituyente de 1917 dio nueva forma a las relaciones del municipio con las entidades federativas y la Federación, especialmente en el artículo 115 constitucional, cuyo fundamento es la tesis del municipio libre.

Varias décadas después de haber sido promulgado este importante artículo constitucional y después de algunas modificaciones, la más reciente en 1999, el municipio continúa en la búsqueda de la autonomía efectiva y el desarrollo en lo económico y lo político.

**Funciones del municipio** La vida del municipio mexicano está regulada principalmente por la legislación contenida en la Constitución Política de los Estados Unidos Mexicanos, en la constitución de cada entidad, las leyes sobre desarrollo urbano y fiscales, leyes orgánicas municipales, bandos de policía y buen gobierno, reglamentos, acuerdos y disposiciones. Básicamente, la legislación mexicana determina que:....

Al municipio le corresponde ejercer la rectoría del Estado en su respectivo territorio, es decir, conducir el desarrollo integral de la población que gobierna. El municipio intervendrá en: El Sistema Nacional de Planeación Democrática, fijando la estrategia de desarrollo del municipio en concordancia con los objetivos, metas y estrategias de los planes de desarrollo estatal y nacional. El desarrollo integral, participando en la planeación, coordinación y orientación de la economía, previendo la participación de los tres niveles de gobierno y del sector privado y social en el proceso de desarrollo.

La democratización social, garantizando y auspiciando la participación de los partidos políticos y de la población organizada en el planteamiento y solución de cuestiones de empleo, uso de servicios, consumo, educación, cultura y recreación, entre otros, con la finalidad de preservar las formas democráticas, promoverlas y ampliarlas dentro de su jurisdicción. Los procesos electorales, vigilando y garantizando que éstos se apeguen a los lineamientos y procedimientos que determinen la ley federal y estatal electoral, con fundamento en atribuciones que se le confieran a este nivel de gobierno.

La planeación del desarrollo urbano, pues está facultado para ordenar y regular

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<sup>5</sup> This extract in Spanish is from: ANUIES, “El Municipio en México”, search term: MANUK DE BECAS

los centros de población, función que ejercerán con la formulación, aprobación y administración de la zonificación y de los programas de desarrollo urbano del municipio. La administración del patrimonio y la hacienda municipal.

El municipio podrá administrar libremente su [budget], asegurando en todo momento la correcta aplicación en las acciones que se efectúen durante su periodo de gestión, con fundamento en las disposiciones contenidas en las leyes de ingreso y [expenditue] y el presupuesto anual de ingresos autorizado por el ayuntamiento. La observancia de las garantías individuales de la población en su territorio, vigilando en su jurisdicción territorial que los derechos de los habitantes, consignados en la ley fundamental de la República, se disfruten en forma irrestricta y con pleno goce de libertades.

**El municipio como realizador de obras** De acuerdo con las leyes estatales, el municipio realizará las obras y acciones que estén contempladas en su plan de desarrollo, de modo que su ejecución sea el resultado de lo planeado. Las obras y acciones se refieren a la infraestructura y al equipamiento que demanda la población y que estén encaminadas a satisfacer sus demandas actuales y futuras, de acuerdo a la capacidad de cada municipio, siempre con el propósito de evitar el crecimiento desordenado de la población en el territorio municipal. En esta materia se contemplará, además de la obra pública, la operación, conservación y mantenimiento de las mismas.

**El municipio como prestador de servicios públicos** El artículo 115 constitucional, fracción III, determina que los municipios tendrán a su cargo los siguientes servicios públicos, con el concurso de los estados, cuando sea necesario y así lo determine la ley:

**Agua potable y alcantarillado; alumbrado público; limpia; mercados y centrales de abasto; panteones; rastro; calles, parques y jardines; seguridad pública y tránsito; y los demás que las legislaturas locales determinen...**

La prestación de los servicios públicos implica la satisfacción de necesidades colectivas en forma continua, uniforme, regular y permanente, a través de la asignación de recursos y la determinación de eficientes estructuras de organización administrativa del ayuntamiento. Asimismo, esta actividad requiere el establecimiento de niveles de supervisión que permitan evaluar los resultados y tomar medidas correctivas que mejoren la eficiencia y eficacia de su prestación.

### **El municipio como gestor**

Puede realizar tres tipos de gestoría para dar cumplimiento a las necesidades de su población: la primera: ajustar todas sus acciones y programas a los requisitos que establezcan las leyes y reglamentos municipales, estatales y federales para su realización, como sería el caso de la construcción de edificios públicos, obras de infraestructura y otras. Segunda: promoción y solicitud de inversiones y créditos para el desarrollo del municipio. En este caso estaría la obtención de financiamiento para la ejecución de sus obras y programas. Tercera: la

promoción de la organización comunitaria para que participe en la planeación, ejecución y control de los programas del gobierno municipal.

### **El municipio como promotor del desarrollo**

En este plano, el municipio debe intervenir en los procesos de planeación del desarrollo nacional y estatal para la formulación de planes y programas, conforme a las disposiciones de la legislación vigente.

Formular, ejecutar y controlar sus propios planes y programas de desarrollo, de acuerdo a las leyes estatales.

Conducir las acciones y gestiones de los sectores social y privado, a fin de procurar que se realicen conforme a los planes y programas de desarrollo nacional, estatal y municipal.

Realizar y promover acciones e inversiones tendientes a mejorar, de manera continua y permanente, la educación y la cultura de la población del municipio, procurando erradicar el analfabetismo; asimismo, para mejorar su desarrollo en materia de salud, alimentación, vivienda, seguridad social, recreación, deporte y desarrollo urbano y ecología.

Realizar y promover por sí y conjuntamente con los sectores público, privado y social, acciones, inversiones y obras para impulsar la generación de empleos, la distribución equitativa de la riqueza, fortalecer la planta productiva, y asegurar el consumo básico de la población por medio de la reorientación del gasto público municipal.

Promover e impulsar el conocimiento y la participación de la ciudadanía en los procesos democráticos, a través de difusión y capacitación a la población respecto a las normas y valores cívicos, así como las normas y procedimientos relacionados con la participación política y social, proporcionando las garantías que aseguren esta participación.

*El Ayuntamiento [Municipal Government].* En la generalidad de las entidades federativas, el ayuntamiento está integrado por el presidente municipal que lo representa y tiene a su cargo la acción ejecutiva; el síndico, que tiene su representación para todos los asuntos y actos jurídicos y lleva el control de la hacienda pública municipal; los regidores, que reciben una o varias comisiones para vigilar, en nombre de la población, la ejecución de las acciones relacionadas con el bienestar y desarrollo integral del municipio. Forman parte del ayuntamiento también, los funcionarios y personal técnico y administrativo que le auxilian en el cumplimiento de sus funciones.

Cuando los miembros del ayuntamiento se reúnen en sesión de trabajo, se constituyen en el cabildo, que es el cuerpo colegiado que toma las decisiones del gobierno municipal. Por disposición constitucional, el ayuntamiento es el órgano de gobierno que administra y gobierna al municipio; es designado por voto popular directo; entre él y el gobierno del estado no debe haber ninguna autoridad intermedia. Esto último debe interpretarse en el sentido de que entre

los miembros que integran los tres poderes del estado: legislativo, ejecutivo y judicial, y el ayuntamiento, no debe haber ninguna autoridad intermedia.

Como parte del Estado mexicano y por ser la institución pública más importante del municipio, el ayuntamiento es el principal responsable de planear, conducir, coordinar y orientar sus acciones e inversiones y de regular y fomentar las actividades que demande el interés público, con el fin de obtener una mejoría permanente en la calidad de vida de la población que gobierna y un desarrollo integral y equilibrado que se traduzca en bienestar, convivencia y armonía entre los habitantes del municipio.

**Chaotic shifts to Anti-Statism and Statism (1825-1855)** sees Peninsulares (Spaniards born in Spain) expelled from Mexico (especially in mid-1820s to mid-1830s, driving out much of the much of the intellectual and financial capital needed prevent economic chaos); in 1829 Mexico abolished slavery—but not in Texas until 1830.

- 1821: Loss of State power over all lands and sub-soil rights (previously held by the Crown of Spain before implicit deregulation at Independence in 1821);
- 1848: Santa Anna loses half of Mexico's territory to the USA in 1848; but in
- 1853: Santa Anna restores Central State power over all lands and sub-soil rights, thus giving the Nation of Mexico some of the Statism lost when the Spanish Crown fell in New Spain.

**Rise of Active Statism (Partial State Central Power) under Juárez and Díaz, 1855-1882**

President Benito Juárez wins Mexico's Active State **Constitution of 1857** to

- (a) **break the Church's Power over credit and half of Mexico's land (much held in latifundia),<sup>6</sup> as well as**
- (b) **begin to breakup indigenous communal land holdings (ejidos)—Juárez sees the Church and ejidos as preventing the development of a free-market Mexico based on small/medium private land owners needed in Mexico (as in France and the USA) for the success of nation-building, but unfortunately he creates **unproductive minifundia;**<sup>7</sup>**
- (c) **begin slowly to grant individually-owned titles to ejido members, most of whom live insecurely on individual plots subject to the whim of bosses (the male ejido elders, strong men and/or jefes politicos), who favor their own interests—but, with new title in hand, ex-ejidatarios find themselves to be more insecure and generally unable to save their titles from men with guns;**
- (d) **establish control over registry of births, marriages, deaths;**
- (e) **take over public charity (schools hospitals, orphanages, food kitchens, etc.) from the Catholic Church**
- (f) **make the Church and the military subservient to civil law (but implementation is slow, the military not being placed by the Supreme Court under civil law until**

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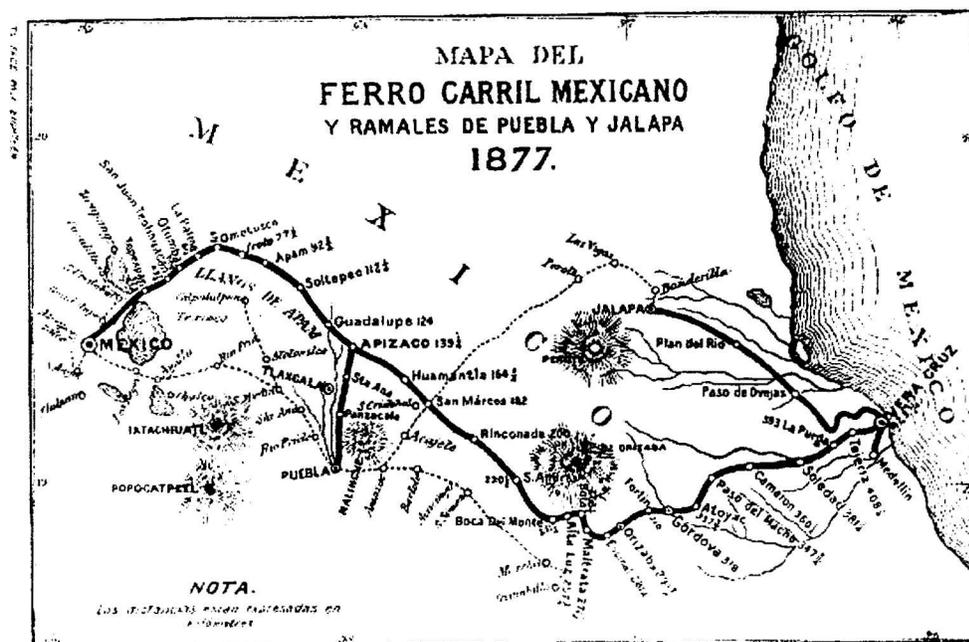
<sup>6</sup> A **latifundia** is a large estate or landholding that produces for internal and external markets.

<sup>7</sup> A **minifundia** is a tiny landholding farmed by peasants or tenants who produce food for subsistence; most ejidos are

2012)

- (g) establish common weights, measures, and currency throughout all Mexico.
- (h) grants in 1857 the first effective concession to build Mexico's first interstate railway from Veracruz to Mexico City, but war delays start date until 1864 under Maximilian, and the railroad was opened in 1873 under President Lerdo, who succeeded Juárez after his death in 1872.

Mapa 1



SOURCE: [http://en.wikipedia.org/wiki/Rail\\_transport\\_in\\_Mexico](http://en.wikipedia.org/wiki/Rail_transport_in_Mexico)

### Juárez fights

- (1) War against internal monopolists who resist the Reform Laws of 1855 (written by Sebastián Lerdo de Tejada) and those laws are incorporated into the Constitution of 1857;
- (2) War (1861-1867) against the French invasion to establish Maximilian as Statist Emperor of Mexico (1864-1867)--the French are delayed for a year in capturing Mexico City when they are temporarily defeated at the Battle of Puebla, 5 de mayo 1862.

### Chart 25-B

**Juárez Active Statism is victorious by 1867 in Mexico City** but countryside is not safe.

**Porfirio Díaz governs Mexico from 1876 to 1911, with two different visions to solve Mexico's Great National Problems:**

**(1876-1881) Díaz continues Juárez's Active Statism,**

forging alliances with the rich foreign and domestic private sectors to plan to build railroads throughout Mexico and a modern port at Veracruz. He grants huge amounts of land for "railroad right-of-way" and other lands to new agricultural and mining elite, depriving the peasants and ejidatarios of their lands since time immemorial.

Díaz begins to establish order throughout Mexico by (1) deputizing bandits as Rural Police, limiting bureaucratic corruption to a "reasonable 10%," and spreading telegraph lines (1880s) to keep him informed of trouble spots. By the middle of the 1890s, road travel is relatively safe, if at times with police escort.

**Dictator Porfirio Díaz (1882-1911) shifts to Statist Power**

Role of the *Científicos* (Díaz' scientific and technological advisors organized as a social) club—such an informal group will emerge again in the 1990s (the **Technocrats**) and hold sway in government.

In 1882, Díaz establishes the national Statistical Office under the direction of **Antonio Peñafiel** had already begun to develop Mexico historical statistics. (including local rainfall patterns to learn where dams should be build.<sup>8</sup> In 1890, Díaz pays off the national debt, gaining world fame.

**Díaz uses Juárez's land laws but changes implementation to encourage plantation and hacienda agriculture for export of goods, thus returning government policy to supporting and expanding latifundia; by 1910 he converts 32% of Mexico's land surface into large haciendas and plantations (see Chart 25-B)<sup>9</sup>**

Díaz empowers U.S. railroad builders to link some regions of the country and link Mexico to USA **(Compare Charts 15A and 15B)**

He encourages the building of railroads from haciendas to ports and also completes the reopening of mines and linking them by railroads to the ports.

In 1888 the railroad linking Laredo, Texas, and Mexico City is completed. By 1907 trains begin regular crossing from coast to coast only across the Isthmus of Tehuantepec at the shortest route possible—the main ports on the Gulf and on the West Coast are not directly linked by rail even today.

"Díaz created an economic boom by allowing foreign investment to develop Mexico's vast resources. Money flowed in from the United States and Europe, and soon mines, plantations

<sup>8</sup> See *La Estadística Económica en México: Los Orígenes*, por Sergio de la Peña y James W. Wilkie (México, D.F.: Universidad Autónoma de México-Azcapotzalco, 1990) en <http://www.Sw.profmex.org/mexicoandtheworld/volume3/3summer98/aspecialtributetosergio.html>

<sup>9</sup> See *Booklet of Charts on Mexican History*.

Chart 15 A

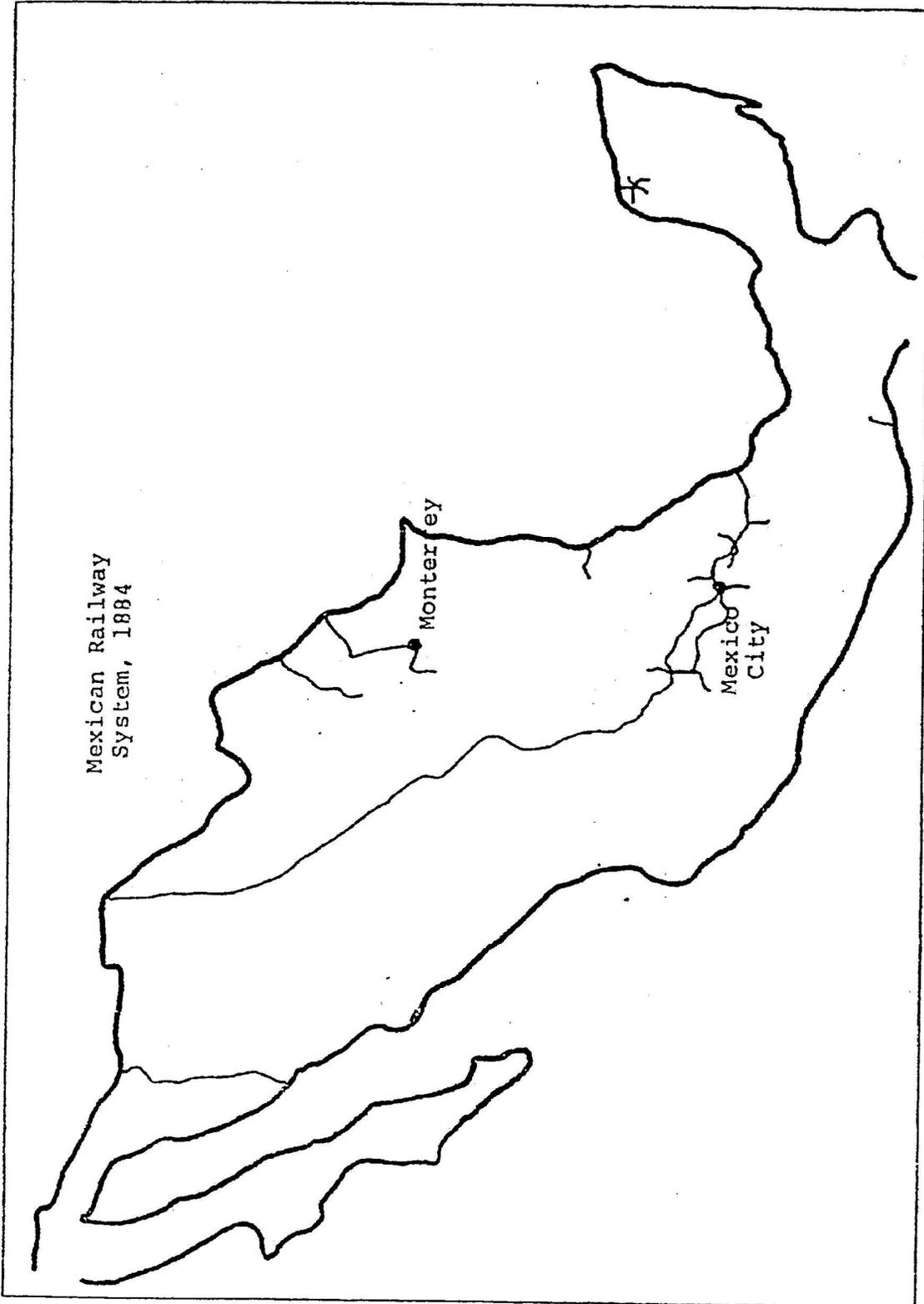


Chart 15 B

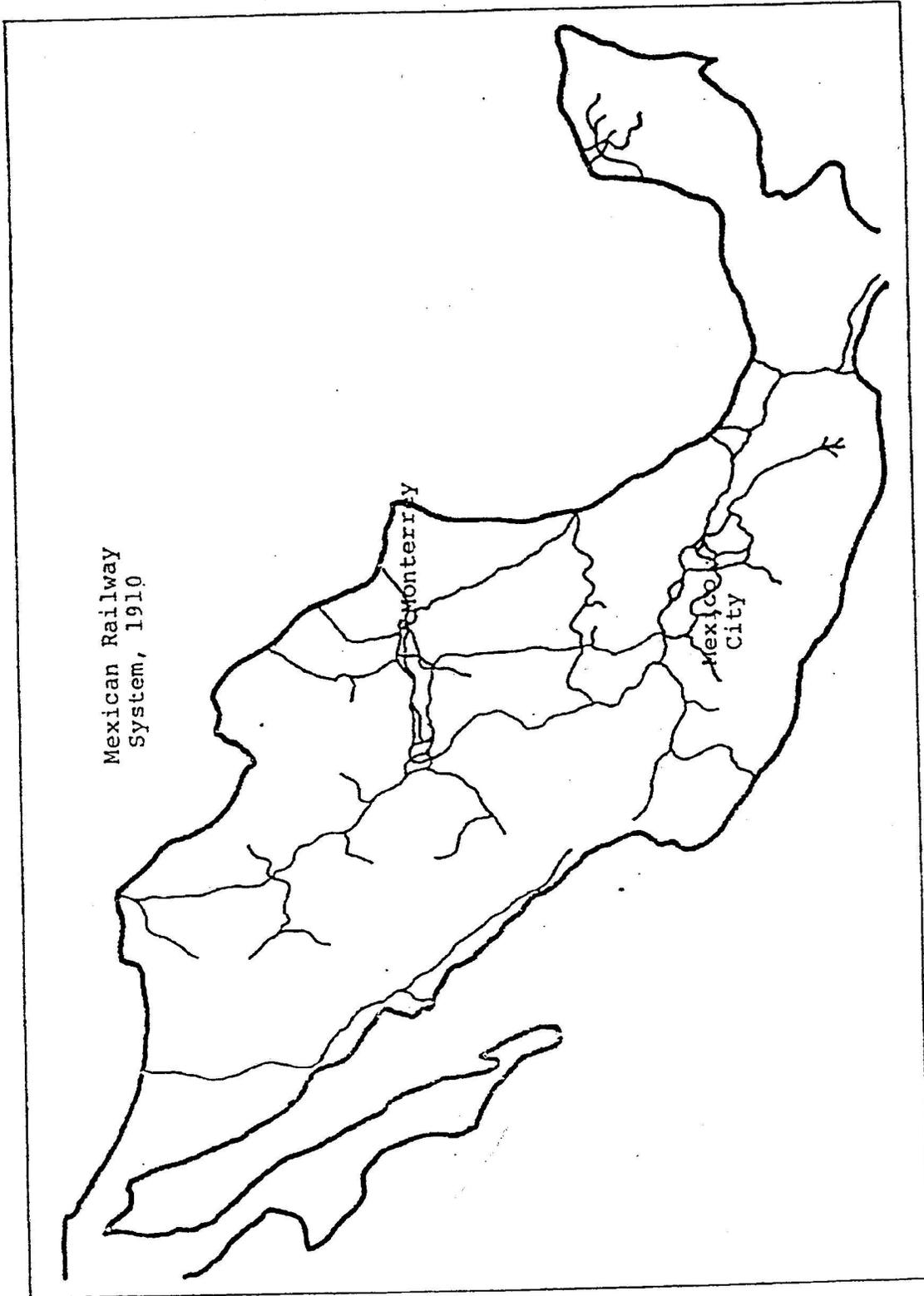
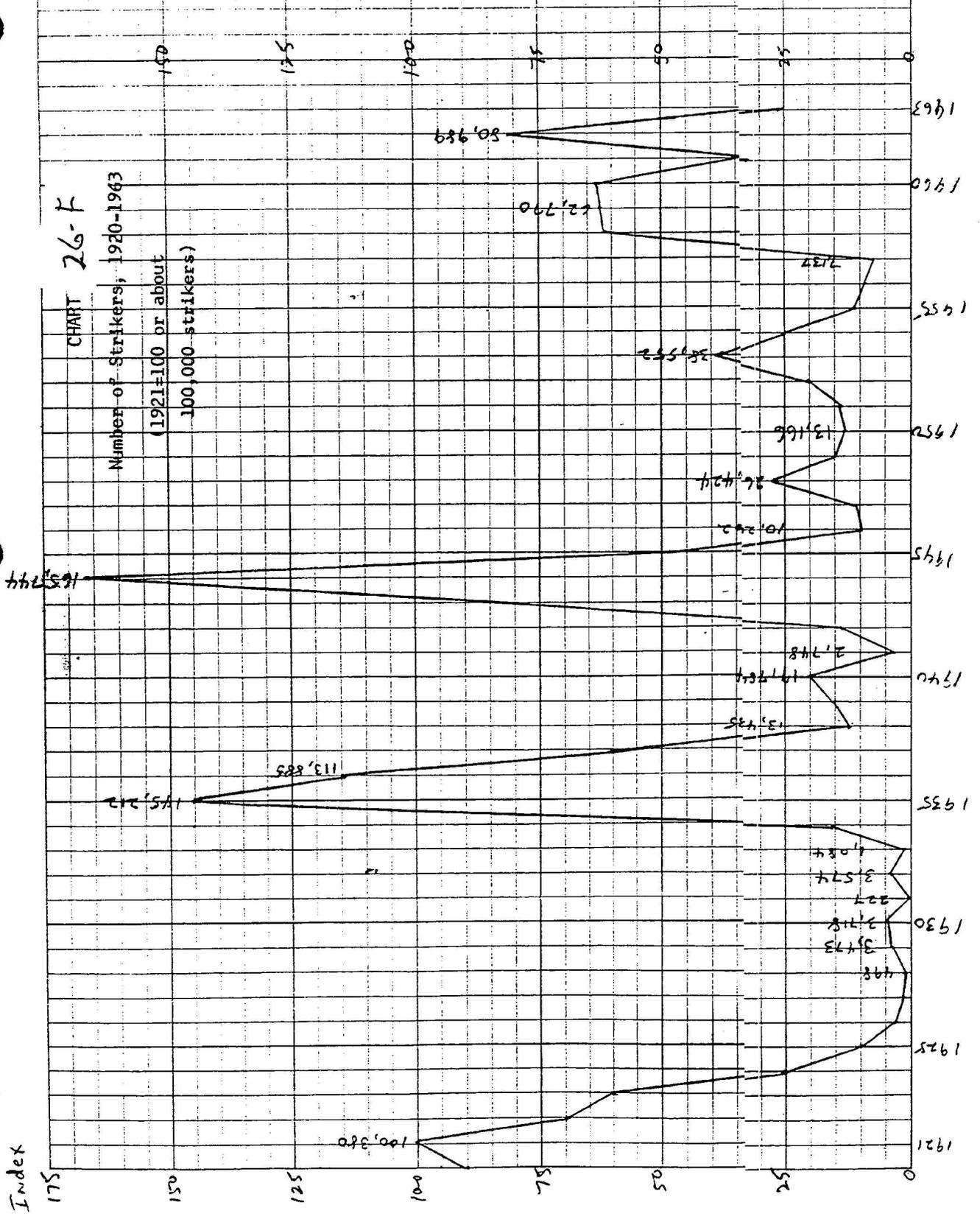


Chart 26-F



and factories were built and humming with production. The Americans and British invested heavily in mines and oil, the French had large textile factories and the Germans controlled the drug and hardware industries. Many Spanish came to Mexico to work as merchants and on the plantations, where they were despised by the poor laborers.”<sup>10</sup>

Díaz rules with an iron hand, alienating the middle and upper class who want to move beyond social and economic power to political power.

Gap between rich and poor grows exponentially.

**In 1908 Francisco Madero writes book calling for political democracy via  
A peaceful transition from dictatorship to democracy;**

**In 1909 Andrés Molina-Enriquez publishes book calling for breakup of  
Díaz’s “newly recreated” private haciendas in order to recreate ejidos—  
Molina’s book, *Mexico’s Great National Problems*, leads Mexico’s intellectuals  
to help lay the basis for the Revolution of 1910-1911 (See Wilkie’s Chart 15C,  
which finally proves what Molina could only intuitively understand).**

**By 1910** the “Successes” of Díaz outweighs the “failures;” but ironically Díaz’s successful sponsorship of railroads had made it possible for workers to escape slavery in the mines and on the haciendas, thus opening Mexico to the potential of massive numbers of men to be ready to take up arms against the old dictator, who was 80-years old when he offers a free presidential election in 1910, stimulating Madero to run against him, but then jailing Madero for sedition for having done so.

In late 1910, then, Madero escapes to Texas from where he issues a call (supposedly from San Luis Potosí in Mexico) for a mass uprising to overthrow Díaz on November 20<sup>th</sup>, but that day passes **uneventfully**. Nevertheless, November 20<sup>th</sup> **comes to mark what becomes the “official start” of Revolution led by Madero in North and then by Zapata south of Mexico City.** (See Chart 18-B for the many causes of Díaz’s collapse.)

**In early 1911, after 34 years in power Díaz’s General’s had long since been using their budget to line their own pockets rather than keep troop strength up, and when Madero attacks Cd. Juárez from across the Río Grande from El Paso in April 1911, the City’s fall on May 10<sup>th</sup> means that:**

- (1) the main access for Diaz’s supplies from the USA has been cut, and**
- (2) in the face of Zapata’s attack south of Mexico City on Cuautla, May 11-19, Díaz’s call for more troops fails--his Generals telling him that the Army is an empty shell.**

Two days after the end of the battle in Ciudad Juárez and one day after the attack on Cuautla, Díaz signs the Treaty of Ciudad Juárez with Madero, and, on May 21, Díaz resigns and goes into exile in France (where he dies July 2, 1915).

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<sup>10</sup> <http://latinamericanhistory.about.com/od/presidentsofmexico/p/08pordiazbio.htm>

### The chaos of Anti-Statism in Mexico:

**Madero becomes President in November 1911** after his massive electoral victory in a special election; but violence continues as regional strongmen seek to displace Madero (considered to be weak, hardly the strong figure needed to control ongoing violence in rur), and who is assassinated in February 1913 by **Victoriano Huerta**, his chief of the Army who acts in collusion with U.S. Ambassador Henry Lane Wilson (no relation to President Wilson) “protect private property.”

**Civil war 1913-1916 against Huerta** is finally ended after Venustiano Carranza as the uncontested President in 1916 is able to launch the Constitutional Convention of 1916-1917.

### Return to Active-Statism, 1917, with residual violence to 1929

Carranza oversee the signing of a new **Active-State Constitution of 1917**, which requires in **Article 27** the breakup (again) of latifundia to **re-create ejidos and private small/medium-land holdings** as well as **Central government control (again) of sub-soil mining, oil, and water wealth of Mexico;**

Other Constitutional provisions are:

**Article 3** on new requirement for non-religious education;

**Articles 3, 5, 27, 130** on strong limits on the role of the Church to own property or buildings and no right to hold outdoor ceremonies or wear religious collars and clothes in public;

**Article 27** (see paragraph above), which **seeks to balance the right of communal lands (ejidos) with rights of small and medium private landowners;**

**Article 123** on workers’ right to strike, receive minimum wages, double pay for overtime as well as the right to safe working conditions.

Zapata is assassinated in 1919, Carranza in 1920, Villa in 1923

**Generals Obregón [1920-1924] and Calles (1924-1928), become successive Active-State Presidents of Mexico--**

**They put down military revolts (1923, 1927, 1929) as well as hold at bay Catholic guerrillas fighting since 1926 in West Central Mexico the Cristero War against (a) the national government’s “division of small/medium properties into “Godless communal ejidos”; and (b) against “Mexico City’s atheistic government.”**

**Calles (1924-1928) diagnoses Mexico’s Great National Problems** as only being solved by his establishment and opening of the:

**Bank of Mexico to play the role of a Federal Reserve System;**

**Rural Development Bank for Agriculture;**

**National Road Commission;**

**Rural Education Program, etc. (See Charts 26- C, D, E)**

Before President-Elect Obregón can return to the presidency in 1928, he is assassinated.

chart 26 c

CALLES (21 Problems to face in order to organize the nation).  
He is known as a 'great State builder.'

**1) Political Role for Peasant Leagues**

- Critical support - could be mobilized (sometimes they were asked to become incorporated into the Army).
- Diego Rivera's paintings portrayed these peasants (Murals of Tamaulipas, in Secretaria de Educacion Publica building).
- Give them LAND (prevention of guerrilla bands formed during the Porfiriato).
- Marte R. Gomez (rural intellectual)
  - Made communal farmers participate in the economy
  - Volunteered for Zapata to measure the LAND (w/o engineers there would be rural violence about land rights and divisions).

**2) Bank of Mexico (1925)**

- To control currency, currency prices...
- Manuel Gomez Morin, founder. (later he founded an opposition party, PAN)

**3) Foreign Debt and Losses to Foreign Investor**

- Reimbursement for many losses, during the Revolution.
- Had to be paid to gain international recognition of government

**4) Controllers Office**

- To audit the budget
- To make sure MONEY was spent properly. As for corruption: As long as there were receipts it was fine.
- Realistically, the controllers office comes into play until 1988 when opposition gains majority in Congress.

**5) Nation Road Commission (1925)**

- First REAL ROAD (paved) from Laredo (Tamaulipas) to Mexico City.
- Before, only seasonal roads (still existent).

**6) National Bank of Agricultural Credit (1925)**

- Manuel Gomez Morin, founder.
- To give loans, credit... to the commune.
  - PROBLEM: The commune could seldom pay back.
  - No agricultural insurance (seasonal).
  - Government will forget debts (gave waivers).
  - Otherwise, no one would qualify.

**7) National Irrigation Commission**

- Who would have access?

**8) National Electricity Code (production)**

- Regulation of industry

**9) Petroleum Law and Code**

- Positive acts
- Wont take away rights given (past 50 years).

**10) Recognition of Strong Men (that is why Calles is known as Jefe Maximo).**

- Caudillos - regional bosses (caciques now under him).

Chart 26 D

11) Reorganization of the Army

- Reduce its size
- Create 33 military zones.
- Transfer Generals from one to another without their troops.
  - To prevent power of the army.
  - Before, the general would gain respect (power) from its troops.
  - Now, they will gain power by meeting more people (always a threat).

12) Government in Hoover Model

- Individualism

13) Satisfy radicals (versus speech in free policy)

- Mexico recognized the USSR (only country to do so in the hemisphere).
- Example of Calles split political personality

14) Divide the Ejido Patrimony

- "To know what is yours"
- The Community decided. Then, the LAND would be inherited to children.
  - Unless it was abandoned for more than 2 years.
  - PROBLEM: Government regulation. Enforcing it.
  - e.g. Immigrant to U.S. would leave their lands sometimes unattended. Which lands were then really abandoned?

15) Bring Labor Force into power (government)

- Creation of Ministry of Labor
  - (Luis Morones, a labor organizer. Became very corrupt)
- IRONY: Stopped strikes
  - (became unlawful because workers were part of the government).
- Access to bureaucratic power.

16) Rural Education Program

- 2,000 rural schools built
  - Mainly to teach Spanish to Indigenous population.
- Anecdote: Jose Vasconcelos (Minister of Education) got lost in rural Mexico and when asked where they were the reply was:
  - "I do not know." When they mentioned Mexico, the reply was: "What's Mexico?."
- PROBLEM: Rural school teachers refused to go back (to region) after training.

17) Public Health

- Fight diseases, virus... through studies.
- i.e. *Public Health in Mexico* by Ernest Gruening (Wilkie and Michaels).

18) Problem of Corruption (such as Morones)

- High jump in society (no previous education, morals, administrative experience...) caused corruption of power and wealth.
- Artemio Cruz was swept away by this corruption. He became one of them.
- General Francisco Mujica (the opposite, a very honest man). One of his disciples, townsman, General Lazaro Cardenas.
  - Lazaro Cardenas was Governor of Michoacan (1928-1932) before being president. Mujica's honest practice is seen in Cardenas remedies to the countryside during his government in the State and National level.

**19) Church (The Cristero War, 1926-1929)**

Very religious peasants took up arms to overthrow the government.

Churches closed down during this period.

- Influence in education of families.
- Question: Who was going to own the LAND the Church once had?
- Church opposed Calles' socialistic education system.
- Calles was believed to be an Atheist.
- 1929, Calles victorious

**20) Governmental Cabinet - Foreign Investment**

- Elitistic, mixed Anglo-culture group.
- Vs. Catholic, bad image for U.S. Catholic interest groups
- Eventually made peace with Calles

**21) Transition to Presidency**

- Obregon's skim (Constitution of 1917 ONLY mentioned no consecutive reelection.
- Continuity for PEACE (he was elected once again after Calles).
  - Assassinated before taking office for second time by right-wing Catholic.
  - a) Shook peace treaties between Church and State
  - b) Transition of Power once again stained.
    - Calles was investigated for the murder, came out clean.
    - Emilio Portes Gil was appointed (by Calles) to act as Interim President (for two years).
      - From the State of Tamaulipas
      - Peasant Leagues organizer.
      - Begins real land distribution.
- PNR (Partido Nacional de la Revolución).
  - Created for the transparency of political regional bosses.

**\*\*\* Divide and Conquer:**

Three groups

- a) Workers (Ministry of Labor, #15)
- b) Peasants (Political Role of Peasants, #1)
- c) Military (Reorganize the Army, #11)

**Interim President Emilio Portes-Gil (Dec 1, 1928 to Feb. 4, 1930) not only successfully conducts the presidential election for the period 1930 to 1934, but he accomplishes more in 13 months than any four- or six-year president in Mexico's history.**

To avoid any hint of conspiracy against Obregón, in 1929 Calles leaves for Europe.

**Portes-Gil has a free hand to found in 1929 the Official Party of the Revolution (PNR- Partido Nacional Revolucionario) to solve the Great National Problems of his time by:**

**[1] bringing mutual enemies into what he calls the "Revolutionary Family" that will share power rather than "kill or be killed" for power. PNR is organized around the country's regional *caudillos* (Governors and military chiefs). Portes conducts the Presidential Election of 1929;**

**[2] facing World Depression 1, manages to keep the new PNR in power even as governments in many, many countries fall;**

**[3] overseeing passage of a modern labor code in Mexico leads to the supporting of worker rights at a time when workers are losing their job in so many countries around the world;**

**[4] establishing the University of Mexico as being autonomous from the Mexican government opens the way to go beyond the Catholic influence of the past and the government influence of the 1920s;**

**[5] signing of an accord with the Catholic Church to end the Cristero War (1926-1929) against the government;**

**[6] launching the fastest rate of redistribution of hacienda lands to ejidos in Mexican history. (Ejidos have a common area for all to use for ceremonies, schooling, and a work area for agro/ranching, which **may be worked collectively or divided into individual plots**. Members of the ejido do not "own" any land, which is seen as communal by nature and, according to the Constitution of 1917 not subject to inheritance, sale, lease, rental, be used as collateral for loans, or be worked jointly with other ejidos or private land owners.)**

**[7] conducting the presidential election of 1929 leads to "power" a mediocre diplomat—Pascual Ortiz-Rubio is totally 'out of touch with issues in Mexico.**

**Calles returns from Europe to become the "Jefe Máximo" of the PNR and to "settle scores" with his protégé General Lázaro Cárdenas, who as Governor of the state of Michoacán (1928-1932) had ignored Calles demand from Europe to stop carrying out President Portes-Gil's orders to distribute huge amounts of lands into ejidos. Calles, like Juárez, opposes ejido lands being held in the in the collective form outside the market economy—the form preferred by Portes-Gil and Lázaro Cárdenas.**

## CHART 24A

**Mexico's Three "Legal" Land Reforms and subsets of dates**

1853: Land Recentralization Under Government in Mexico City

1857: Constitution breaks up Ejidos and Church lands to create small property owners

1876-1911: Díaz uses Constitution of 1857 to permit aggregation of small properties to help form haciendas, also created by grants of land to railroad companies and confirmation and expansion of existing haciendas:  
32% of Mexico's "legally" land surface "alienated" into haciendas (see Chart 25-C)

1911: Calls for "land reform"; Zapata demands that Madero immediately distribute lands; 1913 Madero killed by Gen. Huerta who opposes land reform.

1913: Carranza becomes President de facto in 1914 and de jure in 1915; he does not oppose land reform overtly, but he opposes Zapata as a "bandit"

1915: Marte R. Gómez goes to Morelos to help survey lands for "distribution" by Zapata

1917: Constitution of 1917 *requires* recreation of ejidos lost to haciendas, ejidal lands are owned communally and cannot be sold, rented, or divided; Constitution provides for "*collective*" ejidos (no individual plots) and for "*individual*" ejidos (in which individual families work their own plot, but share a common area for community activities as well as grazing of cattle)

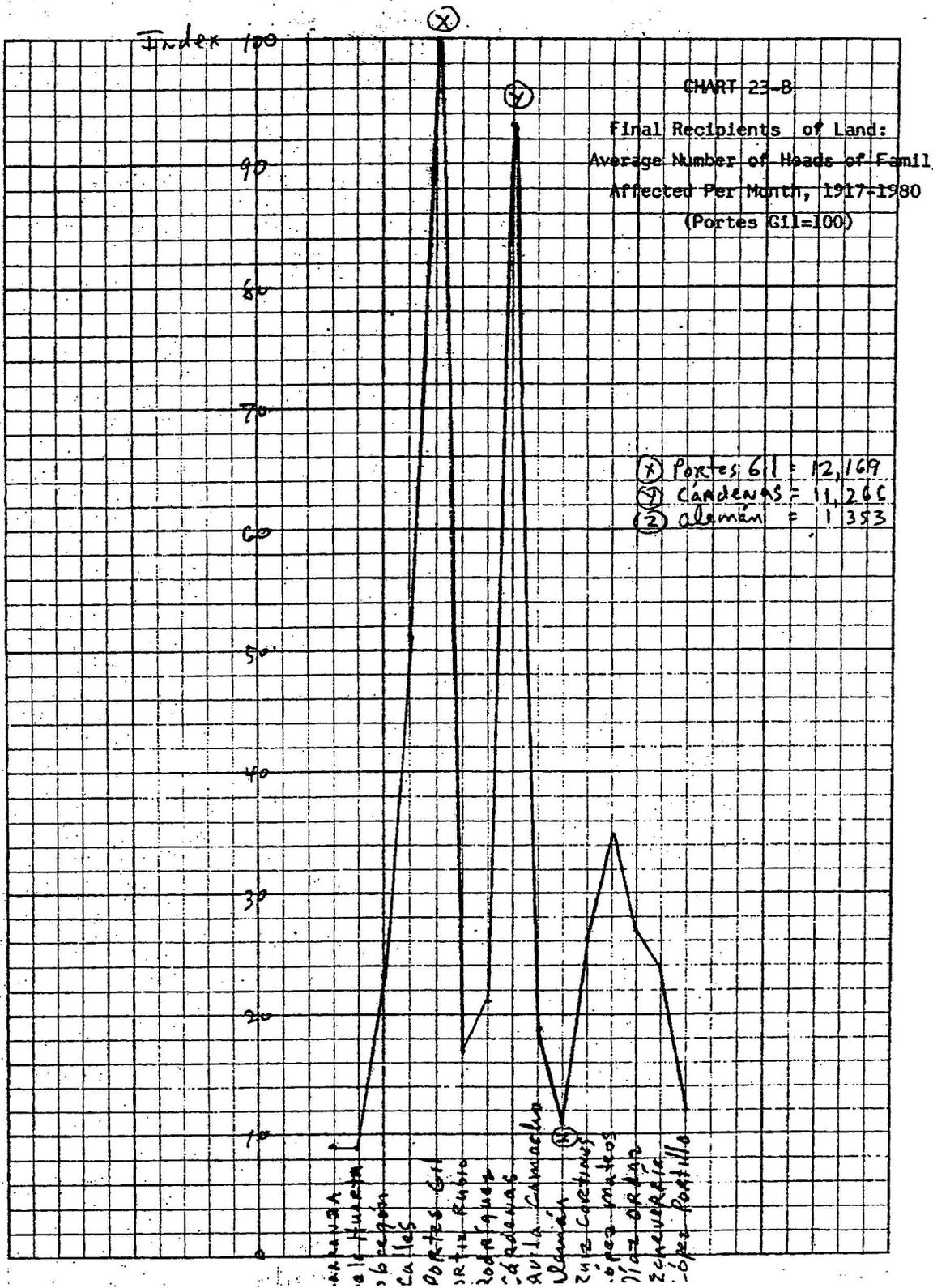
Constitution of 1917 provides that all sub-soil rights belong to government

1919: Zapata killed by President Carranza

1921-1928: Presidents slowly begin process of creating mainly "individual" ejidos

1926-1929: Cristero War against, in part, land reform, which is delayed by military movements

1929a: Interim President Emilio Portes Gil founds Oficial Party and begins first massive distribution of ejidos (aided by Marte R. Gómez);



1929b: "Jefe Máximo" Issues "Stop Law" on continued distribution of land into ejidos. Stop Law of 1929 ignored by Lázaro Cárdenas (Governor of Michoacán (1928-1932)

1935\*-1940: President Cárdenas emphasizes creation of "collective" ejidos rather than "individual" ejidos; sets "standard" that all subsequent presidents seek to emulate

By end of his term an accumulated 13% of Mexico's land surface Distributed into ejidos (chart 25-C) to an accumulated 42% of Mexico's population employed in agriculture (Chart 26-A)

1940: President Cárdenas states that all lands have been distributed; without fanfare, he issues "Certificates of Inaffectability" to protect large land holdings that are "socially productive" (that is producing food for Mexico's rising urban population)

1958-1982: PRI Presidents grant ejidal lands to try to rival early years of Cárdenas presidency; by 1980, an accumulated 42% of Mexico's land surface distributed into ejidos (Chart 25-C) to 52% of the population employed in agriculture (Chart 26-A); compare data in Chart 59 and 60-A,B,C,D,E

1983\*: President Miguel de la Madrid and Carlos Salinas (the real President) without fanfare effectively begin to stop distribution of land into ejidos and begin to massively issue Certificates of Inaffectability" (see Chart 60-D)

1992: Salinas (now President in his own right) reforms the Constitution, providing for the granting of individual titles to ejidatarios, who are permitted to sell their land; government has *option* to distribute land to ejidos--if necessary

2002: President Fox *ends option* of governmental distribution of land to ejidos; Fox emphasizes registry of land titles issued to ejidatarios since Salinas reform of 1992—but registry proves costly and difficult to organize. Many ejidatarios oppose registry because they have sold, rented, divided ejidal lands ever since the the 1920s and 1930s when it was illegal to do so-- thus many titles are not clear and raise questions of "legality"

The real situation of land titles is confused by what is supposed to be the "legal" situation.

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\* President takes office December 1 of the previous year and his government does not get underway until, e.g., January 1935 or January 1983. In Mexico much of the Government goes on vacation from December 12 (Holiday of the Vigin of Guadalupe) to January 6 (Holiday of the 3 Kings)—hence the holiday "Guadalupe Reyes).

Displeased with “President” Pascual Ortiz Rubio, in 1932 Calles forces his resignation and names as Interim President **Abelardo Rodríguez—a former Governor of Baja California who had been involved in the smuggling of alcohol and marijuana from Mexico into California (1923-1930)—and then taken his “skills” to the national level.**

With World Depression I deepening, Calles needs an “dramtatic” candidate such as FDR, Mussolini, or Hitler.

Seeking to appear as a populist, Calles finally backs **Lázaro Cárdenas** to become the President of Mexico in 1934 and to inaugurate the shift to six-year presidential terms guided by Mexico’s new “Six-Year Plans” to outdo Russia’s Five-Year Plans.

**Presidencies of Lázaro Cárdenas (pro State tilt) and his surrogate Manuel Avila-Camacho (pro Private Sector tilt)  
Refine the Role of Mexico’s Active State System**

A. Cárdenas exiles Calles in 1936 along with Luis Morones (who had corrupted the CROM Labor Union)

B. **Lázaro reforms the PNR in 1938, changing its name to PRM (Partido de la Revolución Mexicana) into a “corporativist” political party (influenced by Mussolini’s Scheme adapted for Mexico). The PRM is ostensibly “controlled” by 4 sectors representing the masses and exclude the elite sector of private capital—in effect a coded 5<sup>th</sup> sector:**

i) **peasants** (favored by Lázaro’s massive distribution of Mexico’s hacienda-owned land into ejidos), **by the end of his six year presidency in 1940 Lázaro announces that an accumulated 13% of Mexico’s land surface has been redistributed into Ejido, 9% under his signature;**

ii) **factory workers** (favored by being given “real right to strike” under their own leaders, led by Vicente Lombardo Toledano);

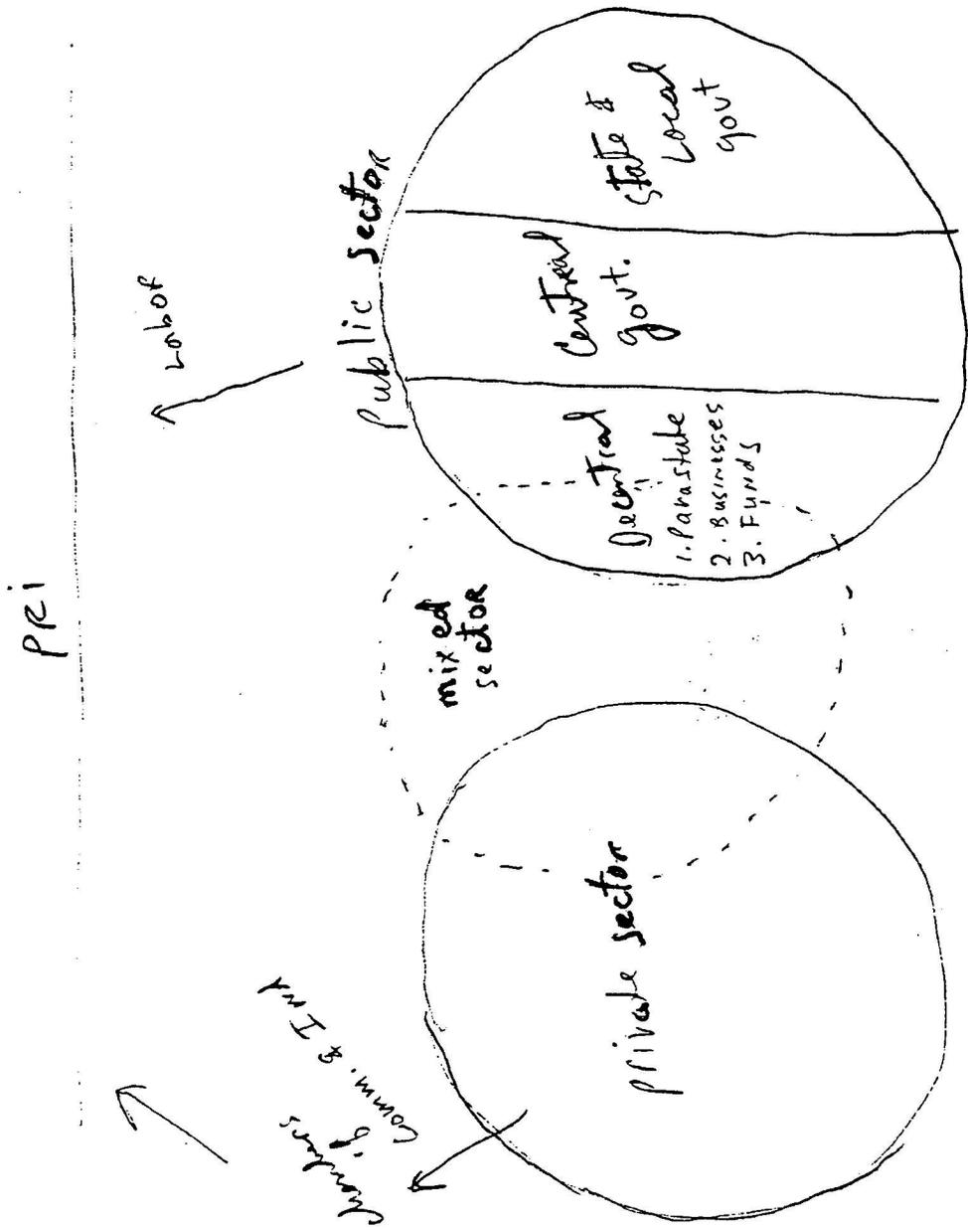
iii) **military;**

iv) **popular “workers” ( including merchants, lawyers, physicians, CPAs, teachers, etc.) whose “union” is the “Popular Sector” of the PRM.**

v) **the Private Big Business owners, excluded from the PRM, are given direct access to the President of Mexico via Chambers of Commerce, Industry, etc.—the Chambers advise the President of Mexico (See Chart 33A) and are far more important than the 4 mass sectors.**

CHART 33-A  
MEXICO PRIVATE AND PUBLIC SECTORS

Under Corporate system, 1938--



- C. Lázaro overcomes his initial frictions with the Church, which rejects the **Second Cristero War** (bellicose) and the rise of **Sinarquismo** (that proposes Spain's "Franco Fascist Model" for Mexico).
- D. Lázaro opens Mexico to the refugees fleeing Franco's victory in the **Spanish Civil War** (July 1936 to 1 April 1939).
- E. For the economy of Mexico: On the one hand **Lázaro nationalizes the foreign-owned oil and railroad industries**, on the other hand, **he instructs the Mexican Treasury Department to invest in private industry (domestic and foreign) and also to establish the Mexican National Economic Development Bank**.
- F. For the labor sector, Lázaro lays the basis for the **Instituto Mexicano de Seguro Social** (IMSS, which will emerge fully under Avila-Camacho).
- G. **Lázaro places the industries that he nationalizes into the Decentralized Sector of Government to distinguish them from the Centralized Sector (see Chart 33-A).**

Decentralized agencies collect their own funding by provided direct services, for which there are paid directly. Congress knows little (if anything) about their activities.

The Central government continues to receive its funding from the Treasury Department, which collects taxes and authorizes funding to Central agencies, <sup>e.g.,</sup> such as the post office and police. Congress has no real control.

- H. Lázaro, who chooses Manuel Avila-Camacho (MAC) to succeed him as President, IN 1940 tells Mexico that **land redistribution has been completed because 42% of the agriculturally employed population now have received ejidos (see Chart 25-B). At this point ejidos (which are too small as families expand) rare pulverizing the land and causing ever more erosion.**

**(Land is finite, population can grow infinitely)**

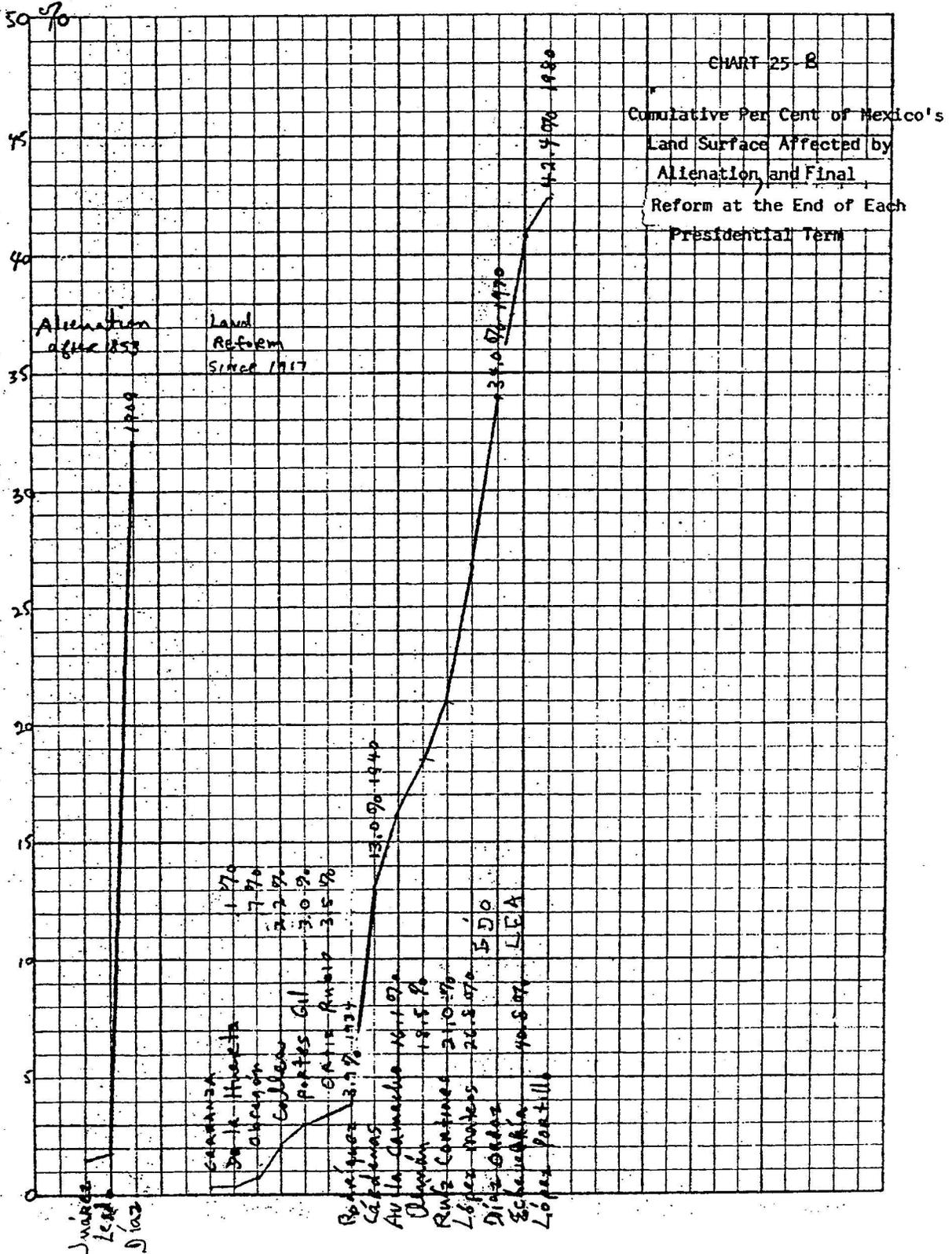
Lázaro informs MAC that the ejido has failed to produce food for urban Mexico (which they cannot admit //to the Nation); **and Lázaro quietly authorizes the protection of large land holdings if they supply food to towns and cities—**

**thus, "productive" haciendas and plantations receive legal protection to prevent their lands from being divided into ejidos;**

- I. **Lázaro and MAC both secretly ask the USA for help in research to increase crop production; U.S. Vice President Henry A Wallace asks the Rockefeller Foundation to help and it establishes in Mexico its first center to improve world crop production—the Center to Improve Corn and Wheat (CIMMYT).**

Chart 25 B

26



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- J. For the “rigged” presidential election of 1940, Lázaro facilitates registration of two Parties that oppose the PRM:
- i. **The PAN (Catholic Conservative Party is founded in 1939 to compete (but does not win the Presidency of Mexico until 2000).**
  - ii. **PRUN**, the real losing opposition “party” that is “owned” by **Juan Andreu Almazán**, who, after losing the presidency, does not lead a rebellion but in return is allowed to develop the government’s beach-front property in Acapulco.

**Almazán, thus, establishes the basis for a new tourist, tourism**, which begins to attract Hollywood stars just as Hitler’s expansion of German bellicosity ends U.S. tourism to Europe.

- K. **Manuel Avila-Camacho (MAC) becomes the Official Party’s (PRM’s) President of Mexico (1940-1946)** and follows Lázaro’s lead implicitly but is explicit when he announces to the Nation that he is a **believer in Catholicism**. (Lázaro him: would never be such a believer.)
- L. MAC develops Mexico’s first laws on the Urgent Need to Develop Mexico into a Manufacturing power-house by officially launching **Mexico’s Industrial Revolution**.
- M. **MAC signs a Mexico-U.S. agreement to supply agricultural laborers for U.S fields (1942, renewed routinely through 1964, when this legal escape valve for Mexicans seeking work and a better life is closed).**

**The Active State continues in power as the Official Party’s Miguel Alemán-Valdés becomes the President of Mexico (1946-1952)**

- A. **Alemán undertakes the largest public works program since the era of Porfirio Díaz**, but government corruption grows exponentially-- Google: “Watch HEROD’S LAW (1999) free online”
- B. He constructs skyscrapers, four-lane highways, dams, electrical grids for Industry;
- C. Alemán makes air conditioning available in the tropics and the desserts, thus expanding Mexico’s “livable space.
- D. Alemán builds public housing and condos for the rising middle classes.
- E. He fathers a huge new (and centralized) campus in the south of Mexico City for UNAM (National Autonomous University of Mexico), the most important public research university in Latin America;
- F. Alemán funds an academic publication on *Problems of Agricultural Development in Mexico*, and encourages viewpoints by scholars who oppose the Official Party;
- G. **Most importantly, Alemán reforms the Official Party and changes its name**

from PRM to PRI (Partido Revolucionario Institucional), which retains corporativism but eliminates the military sector. (The military is no longer seen as possibly seeking to overthrow the government, the institutionality of which is now protected by the military);

H. Alemán furthers U.S.-Mexico **joint ventures** to develop new and expand existing private industries, for which he places at least one government representative on each Board of Directors;

**I. Miguel Alemán fathers the rise of the Mexican “Economic Miracle”** with Mexico's strong economic performance continuing through the **1950s and 1960s**, when **GDP growth averages about 7% overall** and about 3% percent per capita. Consumer price **inflation averages only 3% annually**. **Manufacturing expands 7% annually**, expanding it as the country's dominant growth sector, and attracting major foreign investment.

**J.** By instituting a full-scale import-substitution program, Alemán stimulates output by boosting internal demand. The government raises import controls on consumer goods but relaxes them on capital goods, which it purchases with international reserves accumulated during World War II. The government spends heavily on infrastructure. By 1950 Mexico's road network expands to 12,600 miles, of which some 8,200 are paved.

**Two PRI Presidents continue Active State Policy:**

Adolfo Ruiz-Cortines (ARC, 1952-1958) and

Adolfo López-Mateos (ALM, 1958-1964)

**keep the Mexican “Economic Miracle” on course.**

**A. Commercial Revolution** led by Sears in Mexico opens Mexico's Commercial Revolution, and women earn the right to vote in federal elections.

Sears also spurred the commercial revolution by offering credit to buyers, who previously had to “lay away” goods and not gain access to them until the last payment was made.

**The rise of credit and acceptance of personal checks by the late 1950s** offers a boom, establishing the Commercial Revolution in Mexico that goes hand-in-hand with the...

**B.** ... Industrial Revolution's expansion into consumer goods and the opening of the retail work force to women.

**C.** With regard to a major problem of the Mexican Economic Miracle, the share of **imports subject to licensing requirements rises from 28 percent in 1956 to an average of more than 60 percent during the 1960s and about 70 percent in the 1970s**—this aspect of the “miracle” not only leads to an explosion in the scale of the **bribery** of federal officials, but it also causes **smuggling** to become a huge unofficial industry. **Upper and middle classes find that they can finance a vacation in the USA** from savings on their purchase of American household goods and clothing at low cost compared to

the high, tariff-protected cost of the same items in Mexico—this situation will continue until 1982.

**D.** Nevertheless, Mexican industry, which accounts for about 18% of GDP in 1940 sees its ratio grow to 29% by 1970, despite Mexican tourism to buy U.S. cheaper (and in this period better-made) goods.

**E.** Agriculture declines from 23% of GDP in 1940 to 16% in 1970, a testimony to the Official Party's having granted poor quality ejido lands in the form of minifundia that too often is conducive only to subsistence survival where individuals eat up to 17 tortillas daily, no meat, fish, chicken, or eggs being available.

**F.** Whereas PRI President ARC lets the share of ejidatarios fall to 36% of the agriculturally employed workers, **ALM ignores Lázaro's declaration that land redistribution into ejidos had been completed in 1940 at 42%** (at which point the ejidatarios pulverize the land). By the end of the Adolfo López Mateos presidency, ejidatarios again reach Cardenas' maximum accumulated share of 42%, —see Chart 26-A.

**G. ALM “nationalizes” the foreign-owned electricity system**, buying out the companies who had refused to extend service to isolated rural communities because of the high cost and low rate of return.

With the Mexican government failing to raise wages to keep up inflation, workers see their urban union-negotiated salaries running far below a “living wage.” The situation is so dire that during the Mexican transition presidential transition of 1958, the unions reject their union bosses who turn out to be on the government's payroll.

Thus union members seek to take advantage of the fact that the incoming President Adolfo López-Mateos (ALM) **is the first national leader to come from the Ministry of Labor (instead of the Ministry of Government as had been usual).**

Thinking that they now have a leader who will understand them, union members demand wage increases even before ALM becomes President. However, the unions find themselves facing ALM's ruthless Minister of Government, Gustavo Díaz-Ordaz (GDO), who “forces” the workers to launch a general strike. GDO has the strikers savagely beaten (the ones he calls the “lucky” strikers), and “unlucky” strikers are arrested for years and tortured. GDO is leading the way to brutally authoritarian national government to save the PRI.

#### **Shift to Full Statism is led by 3 PRI Presidents, 1964-1982:**

**Gustavo Díaz-Ordaz (GDO, 1964-1970);**  
**Luis Echeverría-Alvarez (LEA, 1970-1976);**  
**José López-Portillo (JOLOPO, 1976-1982).**

**A.** GDO offers the peasants land for support at the polls, and he seeks

he seeks to surpass the high amounts of land redistribution by Lázaro Cárdenas and by Portes-Gil. **By the end of the GDO presidency, an accumulated 52.4% of Mexico's agriculturally employed workers are ejidatarios.** (See Chart 26-A;

- B. GDO officially launches in 1965 the "Maquiladora" manufacturing industry on Mexico's border with the USA in which foreign investment builds or leases factories, imports raw materials, and pays taxes only on workers' salaries as long as the manufactured goods are exported. (See Chart 61 and text Schema 6.0, p, 103.)**
- C. When GDO reduces subsidies to professors and students and stops funding their scholarly journals and is surprised when they begin to organize guerrilla networks against him and his anti-intellectual henchman.
- D. Secret "Dirty War" ensues, with many thousands of protestors killed, including innocent persons dying in "collateral damage" at the governments murderous response.**
- E. GDO and his Minister of Government Luis Echeverría-Alvarez (LEA), proud that Mexico has been selected to be the first country in the Third World to host the Olympics, reject protesters demands in 1968 for the PRI to call off the Olympic Games in Mexico City and cancel the building of a metro (to divert those funds to help poor peasants), and for the PRI to step down from power—no negotiation. Entire Dirty War may have killed up to 20,000 persons.**

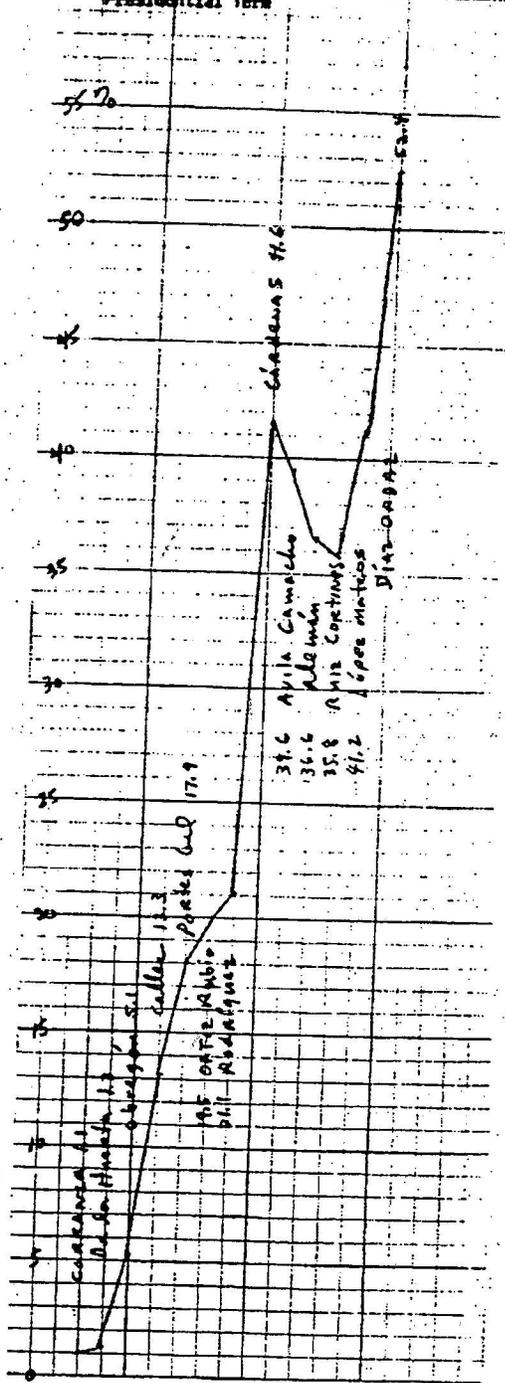
**In response, GDO and LEA trap many hundreds of protesters at the Plaza of Three Cultures (Tlatelolco) to kill hundreds if not thousands.**

- F. The implicit message to Mexico's protesters is: If you fight the government, you will be killed.
- G. LEA becomes President (1970-1976) and breaks the long pact between the private sector and the PRI dating back to World War II and the post-war presidency of Alemán. LEA decides that there is no reason to share profits with the private sector—it is time to nationalize as much industry as possible, thus keeping profits for Mexico and employing university graduates who had not been able to find work under GDO.**

**In 1972 LEA nationalizes TELMEX, turning the act of making a telephone call into a Kafka-like experience. Service is supposed to improve, but it enters into a state of near collapse as LEA's Security Agency make it part of a Cold War campaign. In trying to "bug" the phones of so many "dangerous people," many main switches stopped working properly.**

CHART 26 - A

Cumulative Number of Final Land Reform Recipients as a Percentage of Agriculturally Employed Population at the End of Each Presidential Term



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CHART 61

THE MEXICO-UNITED STATES BORDER

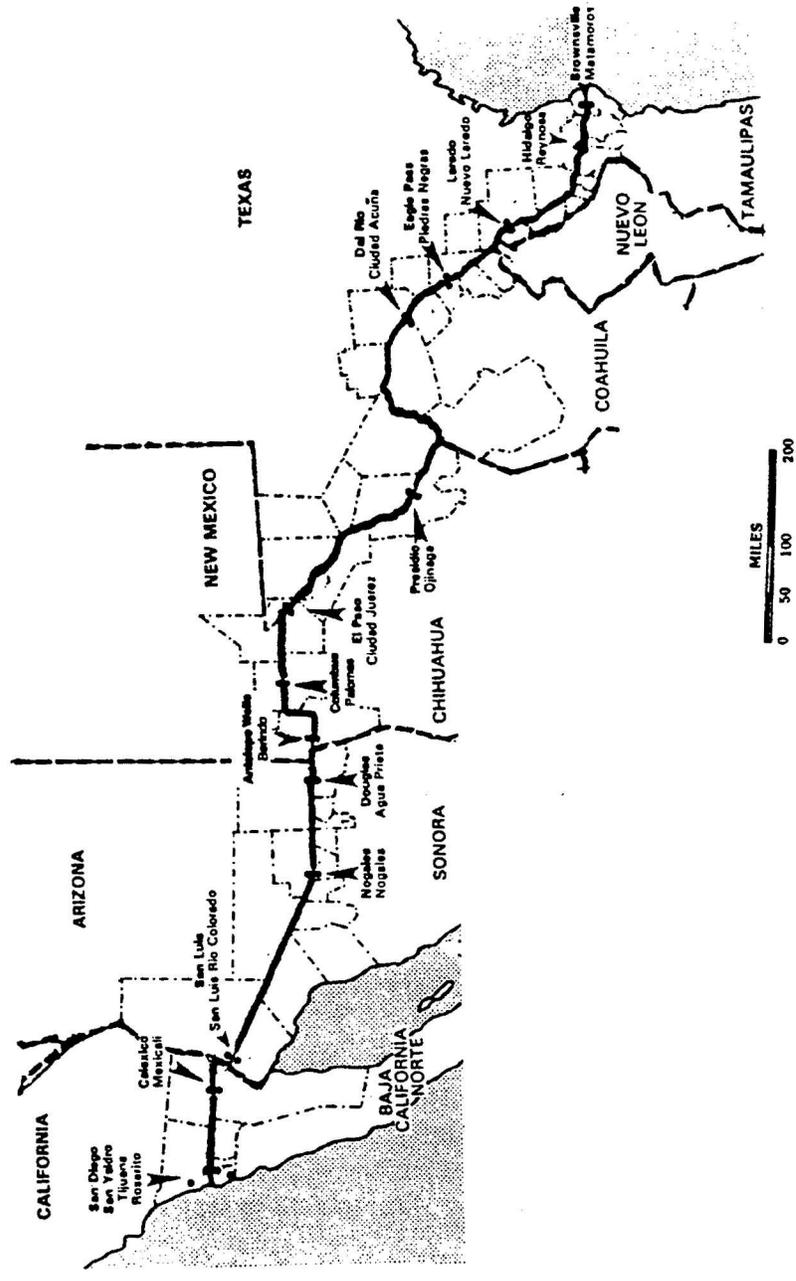
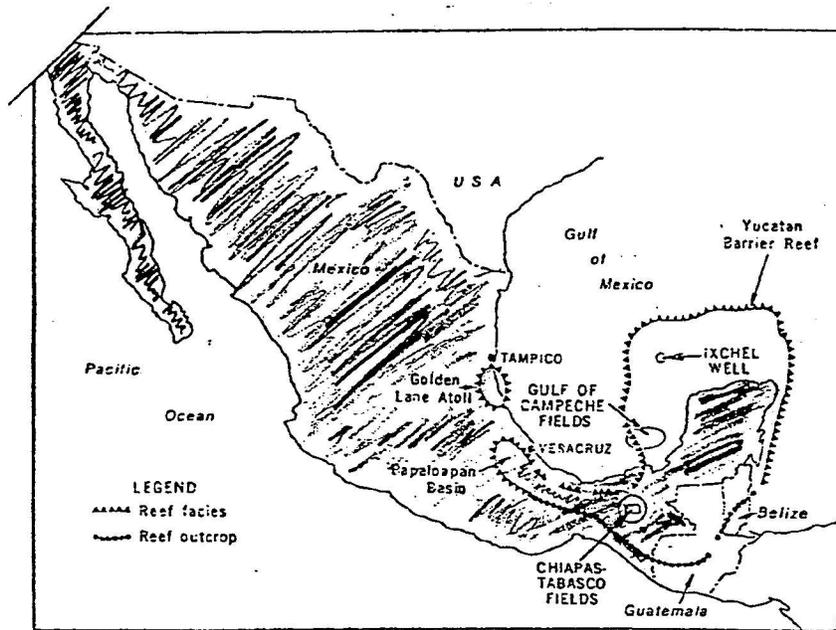


Chart 63

Mexico's Oil Production Area, 1978



Scene 12-22578

- H. To pay for the nationalization of private property, GDO and LEA abandon any serious attempt to control inflation, and, indeed, claim that “inflation is healthy.” Much to LEA’s regret when the funding basis for his Third World Studies Center is wiped out by the tremendous inflation of 1979-1982;
- I. LEA knows that he does not have support of many young workers, so undertakes the distribution of land to ejidos with the goal of surpassing the high distribution records of Lázaro Cárdenas and Emilio Portes-Gil as well as the effort of GDO.

**LEA’s act is in defiance of what is now well known to the PRI—the ejidos have failed to produce food on what is now ever more eroded land and further distribution is increasingly more counterproductive than even GDO’s team had thought possible.**

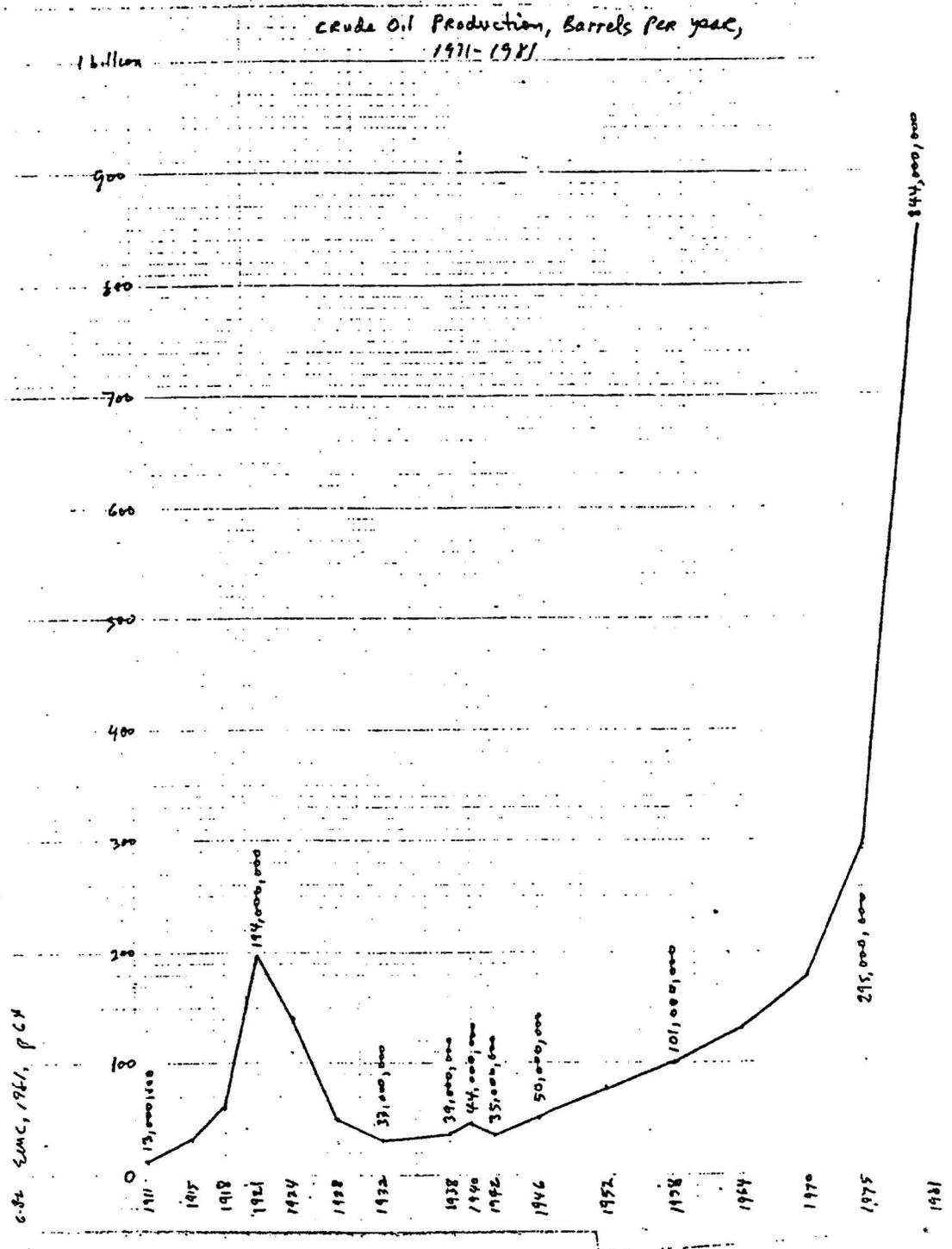
**When Lázaro left office in 1940, the total share of Mexico’s land surface held by ejidos was 13% (the amount he saw as the maximum feasible); when ALM left office in 1964, the amount was 34%; when LEA left office in 1976 the amount was 41% (see Chart 25-B).**

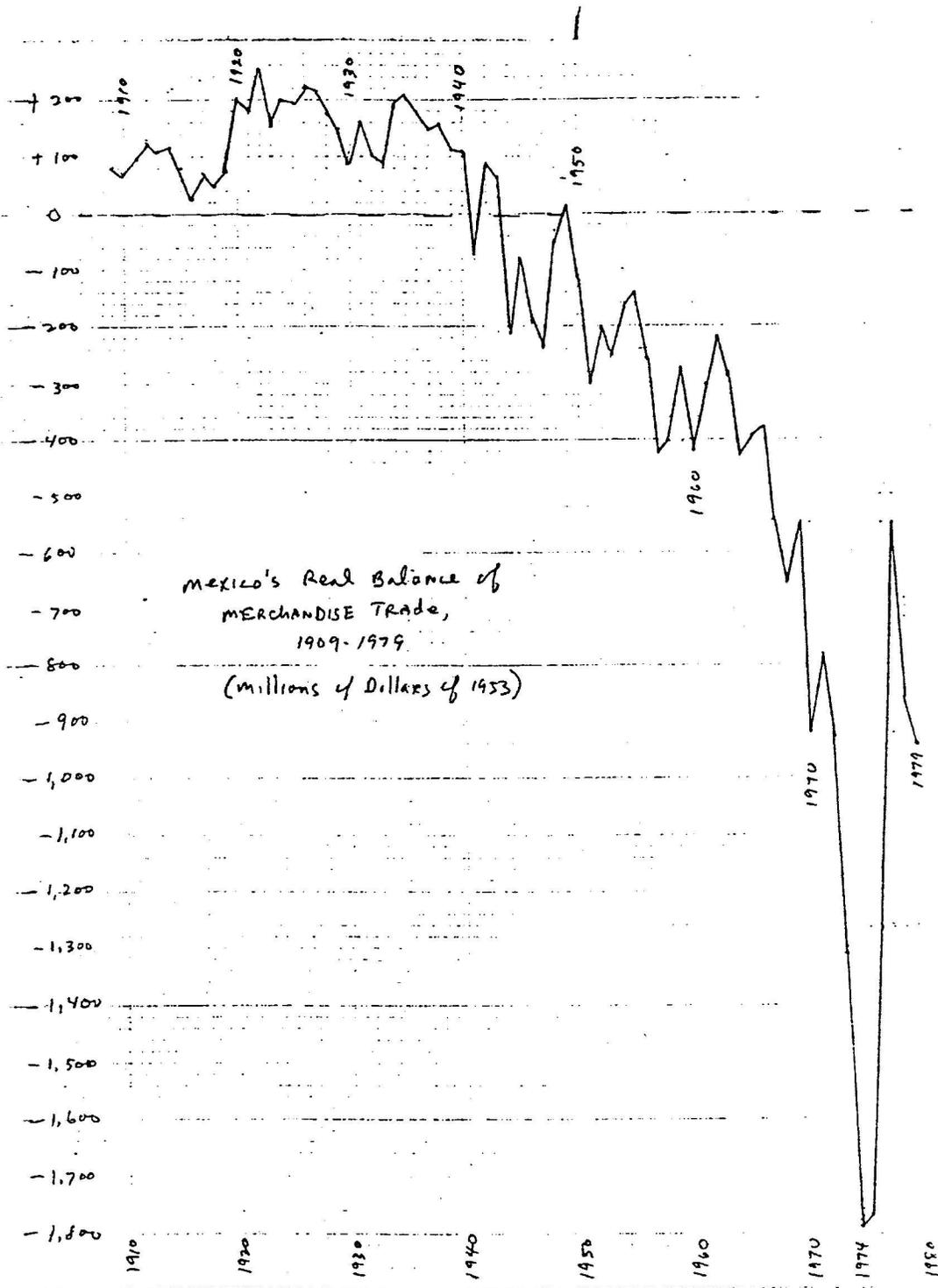
- J. Echeverría further loses his grasp on reality when he orders the June 10, 1971, hard-line PRI thugs attack students protesting about the national education budget. Dozens are killed in Mexico City (either on the street or in hospitals where the wounded are taken). This incident becomes known as the Corpus Christi Massacre for the feast day on which it took place, and also as the "Falcon Strike"-- the special police unit involved was called *Los Halcones* ("The Falcons").

[This incident becomes prominent again in the 2001-2005 period when LEA is charged with genocide by President Fox’s Special Prosecutor, who argues that the charges have not surpassed the 30-year statute of limitations and in any case, Mexico has signed a the UN Convention that ends all the statute of limitations on genocide, thus making LEA vulnerable to trial for the 1968 massacre.]

Protesters, who decide not to work for/with the government, join guerrillas in urban as well as urban cells, which “justify” LEA’s decision to expand the Secret “Dirty War”.

- K. Ironically, LEA had set out to make a “Legal Revolution” (see *Schema 6.0. p. 120* and *Booklet of Charts on Mexican History, Chart 49*).





## CHART 49

## 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

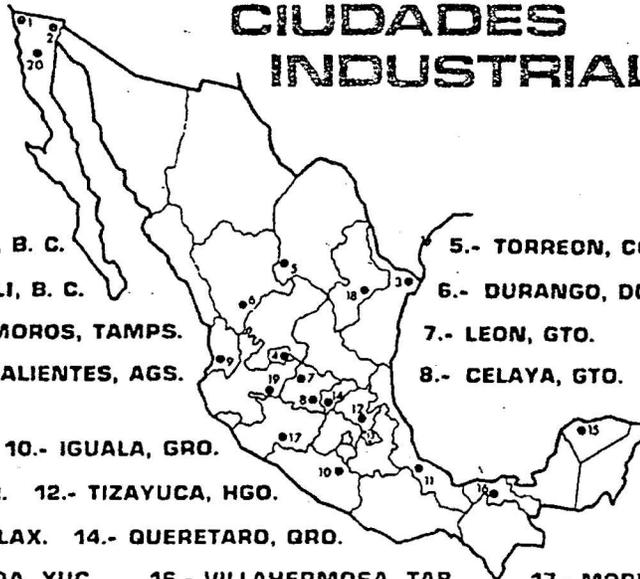
1979

# ALIANZA PARA LA PRODUCCION

Señores: **INDUSTRIALES  
COMERCIANTES  
Y EMPRESARIOS**

Decidanse e Instálense en:

## LAS NUEVAS CIUDADES INDUSTRIALES



- 1.- NUEVA TIJUANA, B. C.
- 2.- MEXICALI, B. C.
- 3.- MATAMOROS, TAMPS.
- 4.- AGUASCALIENTES, AGS.
- 5.- TORREON, COAH.
- 6.- DURANGO, DGO.
- 7.- LEON, GTO.
- 8.- CELAYA, GTO.
- 9.- TEPIC, NAY.
- 10.- IGUALA, GRO.
- 11.- FRAMBOYAN, VER.
- 12.- TIZAYUCA, HGO.
- 13.- XICOTENCATL, TLAX.
- 14.- QUERETARO, QRO.
- 15.- MERIDA, YUC.
- 16.- VILLAHERMOSA, TAB.
- 17.- MORELIA, MICH.
- 18.- LINARES, N. L.
- 19.- Ocotlan, JAL.
- 20.- SUBMETROPOLI TIJUANA, B. C.

El País le ofrece:

Población (en millones)		Producto Interno Bruto (en miles de millones de Dls.)
67	MEXICO	73
36	ESPAÑA	116
14	HOLANDA	100
10	BELGICA	73
8	SUECIA	68
6	SUIZA	61
5	DINAMARCA	38
3	IRLANDA	9

Fidein le ofrece:

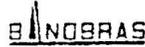
- NAVES INDUSTRIALES, venta a plazos o arrendamiento con opción a compra
- NAVES COMERCIALES
- EQUIPO Y MAQUINARIA con facilidades de adquisición
- CENTRALES DE SERVICIO: Bodegas, Centros de Capacitación, Plantas de Tratamiento de Aguas Industriales, etc.

Fuente: Fondo Monetario Internacional IFB

Para mayor información dirigirse a Fidein\*  
 Paseo de la Reforma No. 136, Piso 18  
 México 6, D. F. Teléfonos 535-51-51 535-13-56  
 o a las Gerencias de cada Cd. Industrial arriba mencionadas



nacional financiera, s.a.



\*Fideicomiso del Gobierno Federal para Conjuntos,  
 Parques, Ciudades Industriales y Centros Comerciales

## **José López-Portillo (JOLOPO) Expands to Ever more complete Statism**

**A. THE EARLY JOLOPO (1977-1979)** seeks to recreate the State-Private Sector implicit alliance (1940-1970), abandoned by LEA, by making the ALLIANCE explicit and establishing decentralized manufacturing zones, especially far from Greater Mexico City. (See Chart 62).

**B. THE LATER JOLOPO (1980-1982)** takes advantage of foreign investment pouring into Mexico to drill and pipe oil Mexico's "newly" found oil, the bonanza means that the State can expand in unimagined ways and quickly.

JOLOPO becomes the "God President" intent on restoring "Aztec Greatness." Loans had begun to flow into Mexico to develop new oil deposits announced by LEA, but he feared that the U.S. might make oil a bargaining chip in his hope for a new, fair, migrant labor treaty, the earlier one having expired in 1964.

With Mexico seeing the dramatic rise in value of its exports caused by two world energy crises (1973 and especially 1979), JOLOPO begins his term turn against the Private Sector and begins to nationalize ever more foreign and domestic companies.

JOLOPO expands the rate at which private companies are nationalized and loses count of what the government acquires. New Decentralized Agencies on their own authority borrow money abroad, receiving loans from foreign entities that wrongly believe are guaranteed by the Mexican Treasury.

Collapse of world (and Mexican) oil prices causes the Central government to recentralize borrowing authority to face austerity, but *after* he nationalizes the major private banks (claiming they aided capital flight from Mexico's anarchical situation and inflationary economic instability), he leaves office in 1982 at the end of his six years, printing ever more useless pesos.

JOLOPO's passion for the pompous and symbolic rather than practical investment leads Mexico into a morass of debt and near bankruptcy. **Only a bridge-loan of nearly \$20 billion dollars facilitated by the U.S. Treasury saves Mexico from economic collapse in 1982.**

JOLOPO ends the Dirty War by 1978, but does not win credit because that War is a secret one.

By 1982 the cumulative action of the vicious GDO, the two-faced LEA, and erratic JOLOPO lead to Mexico's crash of State Capitalism.

New ACTIVE STATISM is crafted by “Virtual President” CARLOS SALINAS under the ostensible President Miguel de la Madrid (MMH, 1983-1988) and President SALINAS (1983-1994).

**Carlos Salinas de Gortari (CSG) sets the framework for the FOUR Presidents who follow him:**

**Ernesto Zedillo, 1994-2000;**

**Vicente Fox, 2000-2006;**

**Felipe Calderón, 2006-2012;**

**Enrique Peñz-Nieto, 2012-1018B**

#### **THE MMH / SALINAS PRESIDENCY (1983-1988)**

Obviously MMH is out-of-his-depth and only in the presidential game because he has CSG behind him. It is CSG, the young political economist with a doctorate from Harvard University who saves the Official Party.

MMH and CSG agree that CSG should move quickly to contain the damaged economic scene left by the mentally unstable JOLOPO. But

In the meantime, major earthquake shocks Mexico City in 1985, killing up to 10,000 persons and cutting most communications in Mexico—

Meanwhile, CSG (who is officially Minister of Planning and Budget) is laying the basis in 1985 to join the 1988 U.S.-Canadian Free Trade Agreement (FTA).

#### **Salinas, President in his own right,<sup>11</sup> from 1988 to 1994**

The U.S.-Canada FTA (which Mexico joins in 1994) contains the principles that will guide Mexico as it looks beyond the North American Free Trade Agreement (NAFTA) to sign with other regions such as Mexico-European Union.

With the PRD wrapped up in urban affairs, in 1992 President Salinas sponsors and wins a change to the Constitution of 1917.

Indeed, in taking up again-Juarez’s nineteenth-century project to grant titles to the holders of ejido land. CSG’s 1992 Constitutional Amendment provides for granting ownership of title to the land currently being worked by a family (See **Schema 6.0, pp 139-142**)

With regard to the money losing Decentralized Industries owned by the government, CSG conducted audits to find out exactly what the government owns and how to privatize up to 1,000 firms-- all of which had been losing huge amounts of money,

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<sup>11</sup> Cuauhtémoc Cárdenas wins the presidential election of 1988, but does not demand a recount after the PRI/government computers crash before all the voting can be tallied. He goes on to found in 1989 the Statist-oriented PRD, and he wins Mayorship of Mexico City, 1997-2000.

especially under the Statist Presidents. (For major sales of State owned companies such as truck and cigarette manufacturing plants and milk processing plants (**Schema 6.0, pp 137-142**).

GSG's sale of the TELMEX in 1990 "gives" the telephone monopoly to Carlos Slim in a questionable deal that will make Slim the world's richest man and the one who charges the highest telephone rates on the globe.

In 1992, GSG re-privatizes the banking system nationalized in 1998. While it belonged to the nation, it fell ten years behind the process of modern changes to private banks around the world.

Salinas makes friends with those who were the Official Party's old opponents. Immediately after taking office as President in 1998, he recognizes and attends the inauguration in Baja California of Ernesto Ruffo-Appel, the first elected opposition state governor—a leader of the PAN.

In 1992 CSG negotiates a change in the Constitution to give the clergy the right to vote, denied since 1917.

To help the poor, as promised in his own presidential campaign, he establishes the **National Solidarity Program (PRONASOL)** to implement his political philosophy of "Social Liberalism" in 1988, immediately after taking office in December 1988.

Salinas also opens FTA talks with the USA and Canada so that Mexico joins NAFTA on January 1, 1994, the date on which Subcomandante Marcos declares war in Chiapas to stop NAFTA—too late to stop NAFTA. In any case, Marcos has been in the jungles of Chiapas advocating a Maoist type revolution for Mexico's Indigenous people since 1983. The war quickly ends when Salinas halts military attacks and seals Marcos into a sizeable portion of the state.

In these circumstances, the PRI's Ernesto Zedillo wins the presidential election in 1994.

**Presidencies of the PRI's Zedillo (1994-2000) as well as the PAN's Vicente Fox (2000-2006), and Felipe Calderón (2006-2012)** who continue the Salinas model of the Active State. All expand social programs and sign FTAs around the world to make Mexico a World leader in these realms.

Zedillo takes office as private Mexican and foreign capital flee Mexico in a crisis some see caused by an imbalance of international payments, but the crisis is deepened by Zedillo's having named as Secretary of Treasury Jaime Serra Puche, who declines to phone New York bankers on a rotating basis to calm the waters. (Sera says: How can the next President of Mexico cater to U.S. bankers?). Economic crisis comes true and Zedillo spends three years trying to right the country with a new Secretary of Treasury—Guillermo Ortiz-Martínez, who seeing the Official Party fading, in 1998 helps Zedillo to establish Mexico's Central Bank as an autonomous agency separate from the central government. (in 1998 Ortiz becomes the Governor of the Bank, a 6-year term (with one renewal—an exception in

Mexico) after confirmation by the Senate.). The President recommendation to the Senate for confirmation is now overseen smoothly by Mexico's Senate.

With the election of 2000 coming close, the influential PRD leader **Porfirio Muñoz Ledo**, who had been Zedillo's professor in earlier years urges Zedillo to restructure the Instituto Federal Electoral by giving up the government's chair of the Commission that oversees the election. Since the PRI controlled the government and the government names the Electoral Commission (IFW), Muñoz Ledo discusses a different option. Instead of the President of Mexico appointing the chair and members of Electoral Commission, why not have the Congress select highly respectable independent citizen who could gain the trust of all parties.

Zedillo agrees, and the change is made that means an election that is not rigged at the outset in favor of the government in power. On July 6, as the votes were counted, many observers worry that the PRI must have a final card to play and win, but that does not happen. The vigorous Vicente Fox wins and brings down the PRI after 71 years in power.

The PRI candidate appears exhausted during the election when he appears on stage with Fox. Cuauhtémoc looks dour for the third time, and he retires from his runs for the Presidency.

The Fox presidency is notable for his opening the State's Secret Archives to see what really happened at the Plaza of Three Cultures back in 1968—GDO and LEA gave order to trap the protester demanding ouster of the PRI from power, and make the protesters appear to be guilty.

With this new information, Fox appoints the Special Prosecutor to investigate also charges of genocide dating back to 1971, as we have seen, but the Supreme Court rules that the statute of limitations has expired. LEA lives under house arrest. (GDO has long since died.)

**Fox oversees the legislative end to the Napoleonic Code's "Guilty until proven innocent" to begin instituting the concept "Innocent until proven guilty."**

The goal to achieve full compliance with this law by 2016, and in the meantime, if courts are found out of compliance their may be reversed, as is already happening.

Fox also established **Seguro Popular** so that the poor who have never paid into the Social Security System can be covered like those who have. This places extraordinary pressure on Social Security hospitals and clinics so that the middle classes turn to private doctors, accepting the reality that the wait is not worth the time.

The Instituto Federal Electoral mobilizes and trains 1 million citizens to count the votes in front of the representative of all political parties

**Salinas' Active State Model is almost voted out of power, but return to Statism is defeated by 0.06%**

The election officials declare the PAN's Felipe Calderón the winner and the Active State prevails. The loser Manuel Andrés López-Obrador (AMLO) demands and receives a recount of the 10 most important districts where he suspects voter fraud, the percentage remains the same. Nevertheless, López-Obrador shuts down the Paseo de la Reforma to cut the city in half for 5.5 months, wasting much of the credibility going forward to the Mexican Presidential Elections in July 2012.

**The Calderón Presidency (2006-2012) and War on Narcotraficantes**

Calderón's presidency is dominated by his declaration of war in 2006 against the Narcotraficantes, who are warring among themselves as well as with the Government. Former Presidents Zedillo and Fox join with former Presidents in South and Central America to urge decriminalization of drugs to eliminate the profit while offering medical treatment to addicts. With Mexico's death toll in the Drug War standing at up to 70,000, Calderón decriminalizes the individual user and expands dramatically the amount of drugs permitted for personal use. (Fox had sought this but President Bush threatened to cut ties to Mexico; Obama tacitly approved of Calderón's decriminalization policy for individuals.)

Abuse of civilians not involved in the Drug War leads to charges against soldiers, who demand to be tried by Military Courts, but the Mexican Supreme Court over turns history by giving trial authority to the Judicial Branch—finally in 2012.

Mexico City institutes legal gay marriages and legal abortions, but Calderón refuses to let federal courts and medical personnel be involved. Mexico City's own courts and clinics become a magnet for gay marriage and abortions, respectively.

The right to Oral Trials which legally moved forward Fox, expands greatly under Calderón, but will not be completed until 2016.

In the meantime, court officials, police, prosecutors, and defense attorneys must relearn most of what they know about criminal law. Many are embittered and resist as long as they can. U.S. legal teams contract with the Mexican states to give courses, and many Mexican take short courses at U.S. universities.

In instituting "Juicio Oral" or oral trials by judges who look the defendant in the eye and permit cross-examination of police and witnesses as well as the parties charged, Mexico has made a huge, albeit incomplete until 2016, stride away from judges hiding in their offices reading only documents and never seeing anyone involved in the case. Problem solved—no, Mexico now faces a crisis in having to build quickly thousands of courtrooms.

On another legal front, Mexico realizes that hundreds of prisoners are escaping Mexican penitentiaries yearly and that penal officials must take back control of the penal institution which are largely run by the inmates.

With regard to politics, Calderón realizes that the Mexican Chamber of Deputies is too big and costly with 500 members. His proposal to cut the size in half does not prosper, but remains a problem to be solved.

Further, Calderón articulates the need to shift the Attorney General's Office to the Judicial Branch of government from the Executive Branch, which the Attorney General is reluctant to investigate because of that mean investigating colleagues—and powerful one at that.

Also, Calderón calls for revising the labor law which is too inflexible to allow companies to lay-off workers even temporarily in times of economic crises in order to avoid bankruptcy. Too, the law allows a 30-day probationary period to test the capability of a 30-day test not permitted by the old law

These Calderón positions are also favored by the **Enrique Peña-Nieto** (EPN) who, with Salinas, Slim, and Televisa behind him, leads the **New PRI** to win the presidency in 2012

In the 2012 election, AMLO's Statism is defeated by 6.6% and the victor is the **New PRI** under Enrique Peña-Nieto, who is linked to Salinas and thus will continue Salinas' Active State Model. EPN will not block gay legalization of gay marriage and abortions.

**Peña-Nieto will take office December 1, 2012, and he directly or indirectly says that he will take a close look at how to attack the Great National Problem identified by Felipe Calderón, 2006-2010:**

- A. Continue the War on Drugs by utilizing expanded U.S. intelligence monitoring of drug activity;
- B. Find ways to resolve the fact that Mexico is running out of oil (see Chart 85)—PEMEX must be partially privatized as Calderón has long argued against AMLO's recalcitrant view;
- C. Take a close look at Calderón's implicit articulation of Mexico's **Great National Problems summarized here in Figure 18.**

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### **Figure 18, Introduction**

**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)<sup>12</sup>; 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

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<sup>12</sup> <http://www.internationalviewpoint.org/spip.php?article1759>

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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 realized that Mexico’s realize 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 122 million migrants for being in the USA without documents.

In the meantime, Calderón tried to begin to 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. Unfortunately, in the economic crisis of 2008 and 2009 and amida Drug War, and other major problems, Calderón had to delay leave plans for Colonet to successor; and Calderón implicitly took on the problems that I list in Figure 18.

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## 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**

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“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/suben-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/eldiariory/vida-estilo/salud/2010/12/12/una-vida-nueva-pero-con-diabet-227741-1.html#commentsBlock>

Further, 73% of MexicanAmerican 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/el-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/engc-rda-en-mexico-mal-de-obesi-168210-1.html](http://www.impre.com/laopinion/noticias/latinoamerica/2010/1/13/engc-rda-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](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](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](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.

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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.<sup>141</sup>

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

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<sup>141</sup> See <http://www.profmex.org/mexicoandtheworld/volume13/5/latefall08/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.<sup>142</sup>

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.<sup>143</sup> 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.<sup>144</sup>

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:<sup>145</sup>

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<sup>142</sup> See [www.abovetopsecret.com/forum/thread81277/pg1](http://www.abovetopsecret.com/forum/thread81277/pg1) and <http://hnn.us/articles/7982.html>

<sup>143</sup> See [www.el-universal.com.mx/finanzas/58734.html](http://www.el-universal.com.mx/finanzas/58734.html)

<sup>144</sup> See [www.orizaba.info/orizaba/index/op/noticia/id/26047.html](http://www.orizaba.info/orizaba/index/op/noticia/id/26047.html)

<sup>145</sup> See [http://www.cailaw.org/iel\\_advisor/industry\\_news/lopez-velarde.almaraz\\_mexico\\_biofuel.html](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.

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### 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 75<sup>th</sup> 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](http://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 lose 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.<sup>146</sup>

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.)

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<sup>146</sup> 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.

APPENDIX

OIL

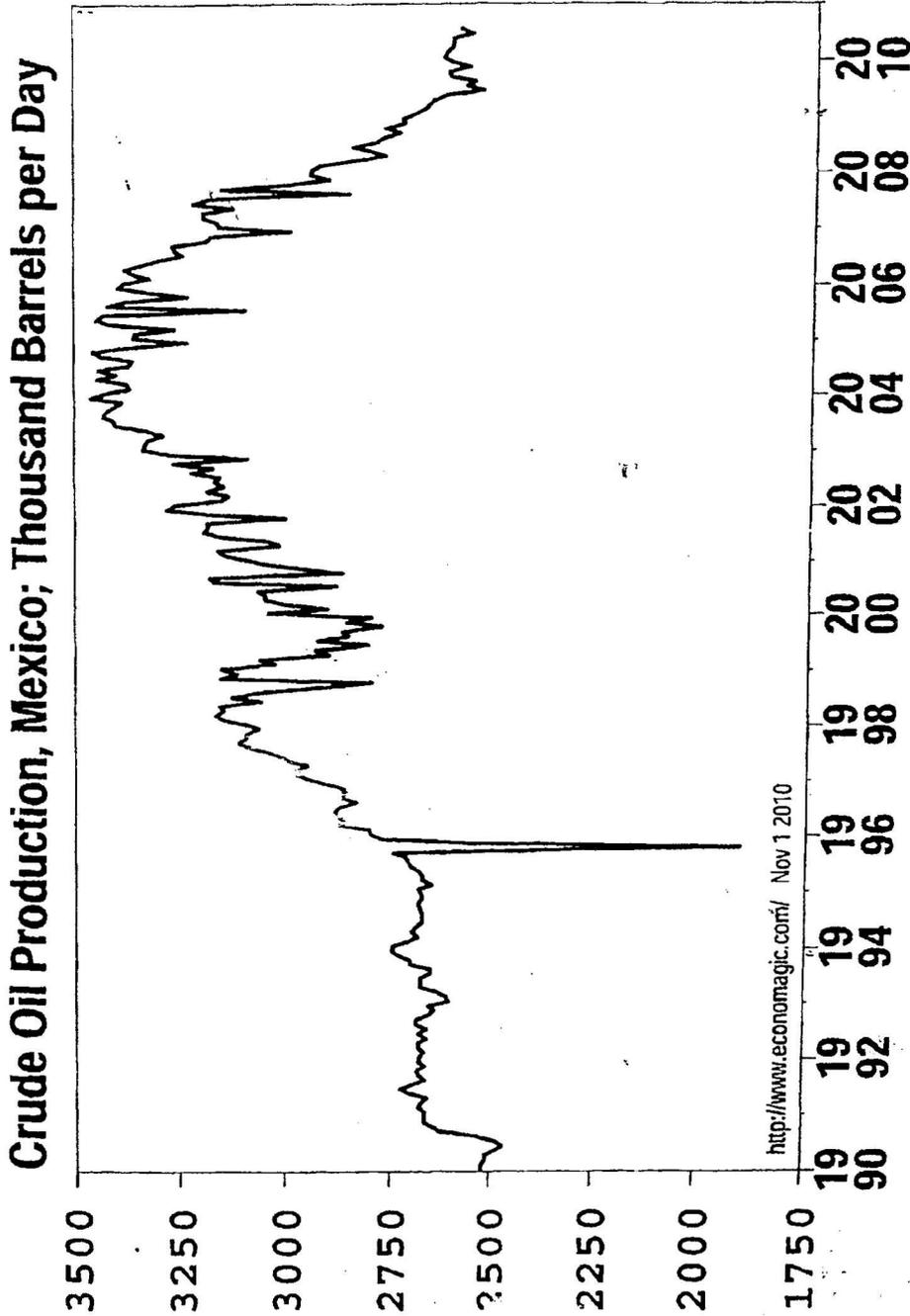
AND

OTHER NATIONAL SECURITY ISSUES

Sandra Khazisi

CHART 85

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## Two Huge Light Crude Oil Finds By PEMEX in Gulf of Mexico May Derail Peña-Nieto Plan

1

A Big Oil Find May Derail Reforms in Mexico

By Carlos Manuel Rodriguez and Jonathan Roeder

*Business Week*

4 de October 2012

When Mexican President Felipe Calderón turned 50 last August, the head of the state oil company called with what he labeled “a great gift.” After years of deep exploration and almost \$10 billion in investment since 2009, Petróleos Mexicanos (Pemex) made a big oil find in the ultradeep waters of the Gulf of Mexico. A week later, Calderón appeared at a press conference holding a flask of crude from the new site, the Trion field. Pemex is preparing to announce a second deepwater discovery in coming days, according to company executives.

The finds will bolster the legacy of President Calderón, who had overseen declines in crude output by Pemex every year since he took office in late 2006. But ultimately the discovery could derail an overhaul of the company promised by President-elect Enrique Peña Nieto, who assumes office on Dec. 1. Because Pemex’s petroleum production has dropped 25 percent from its peak of 3.4 million barrels a day in 2004, Peña Nieto called energy reform his “signature issue.” He promised to change rules that allow private and foreign oil companies to provide services to Pemex but ban them from owning stakes in Mexico’s oil and gas fields. Mexico depends on royalties from Pemex for about a third of its budget.

Pemex lacks experience beyond shallow waters, and Mexico’s deepwater Gulf territory is too vast for a single company to explore and exploit, says Juan Carlos Zepeda, head of the nation’s Hydrocarbons Commission. Capital Economics, a London-based research firm, says allowing international companies to invest and produce in Mexico’s fields could boost the nation’s growth by as much as 0.8 percent a year. Now, with a possible 10 billion barrels in new reserves from the recent finds, politicians may find it easier to stick with the status quo. “Reforms are easier done in an urgency moment,” says Lisa Schineller, chief of Latin American ratings at Standard & Poor’s (MHP), which downgraded Mexico in 2009 in part because of its overreliance on oil. “When you’re losing oil revenue, there’s greater pressure.”

Mexico, the ninth-largest oil producer, has proven reserves of 13.8 billion barrels. An extra 26.5 billion barrels may be found in deep Gulf waters, Pemex says. To develop all of the nation's oil and gas, Mexico would need to invest as much as \$35 billion a year, says José Suárez Coppel, Pemex's chief executive officer. That's 54 percent more than the \$22.7 billion granted by congress this year. If Mexico doesn't invest enough it may become a net oil importer by 2020, according to a study by Rice University.

Opening Pemex up to foreign investment is politically tricky. The restrictions on foreign stakeholders have been in place since 1938; Mexico's expropriation of U.S. and British companies decades ago is still seen as a shining moment in its history.

Already, Peña Nieto's transition team has scaled back expectations. Andrés Manuel López Obrador, the hard-left politician defeated by Peña Nieto, opposes any opening of Pemex to foreign investment; he could make life hard for the new president's party, which doesn't have an absolute majority in congress. A key question is whether private companies would be allowed to book reserves under new laws, a move experts say could increase exploration and output.

"Mexico's problem is that we're not listening to the warning bells," says historian Enrique Krauze, author of *Mexico: Biography of Power*, who says that without foreign investment Pemex will never reach its potential. "At any time, reality is going to hit us in the face."

***The bottom line:*** Mexico may need up to \$35 billion to develop its oil and gas reserves. That may be impossible without private and foreign investment. [But Mexico has experienced a crisis when the Canterell oilfield started to decline since 2004—now stabilize at 2.6 billion barrels per day.

It will take a minimum of five to six years to get the new crude find flowing, but Pemex has stated that underwater robots are already being prepared for the purpose.

2

MEXICO TO ANNOUNCE [OCTOBER 5th] NEW DEEP-WATER  
CRUDE OIL FIND

*Reuters and Reforma*

4 de octubre 2012

- \* Oil Field "Supremus 1" will be second deep-water discovery for PEMEX 16,500 feet below sea level (of which 6,500 feet below Gulf of Mexico floor, also off coast of Tamaulipas)
- \* Previous discovery [Trion 1, near 15,000 feet below sea level] was announced at end of August].

Mexican President Felipe Calderon will announce a new deep-water crude oil find in the Gulf of Mexico on [Oct 5].

The announcement will mark the second time state oil monopoly Pemex has struck crude in its six-year-old deep water drilling program.

Calderon announced on August 29 the discovery of the country's first deep water oil well, Trion 1, located 177 km (110 miles) off the coast of Tamaulipas state in northern Mexico [and 24 miles from U.S. waters].

At the time, Pemex said it expected to certify new proven, probable and possible (3P) reserves from Trion 1 of 400 million barrels of crude.

Pemex began drilling the well within the Perdido Fold Belt in late May at a depth of approximately 2,500 meters (8,200 feet).

The new deep water find is also expected to be located within the Perdido Fold Belt.

Mexico, the world's No. 7 oil producer, has up to 29 billion barrels of crude equivalent in the Gulf, more than half of the country's potential resources.

[The current finds may double Mexico's total oil increase reserve, according to Associated Press. PEMEX says the area known as the Perdido belt contains prospective reserves that could amount to as much as 13 billion barrels of crude equivalent. If testing to be true, that would double Mexico's current proven reserves. If brought into production, the well could account for about 10 percent of the company's current daily output, which is about 2.6 million barrels per day.]

Already beyond the list of the above problems, Professor Samuel Schmidt (PROFMEX) has drawn up his own list that aims to make his items part of Mexico's National Security Priorities:

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**Figure 19**

**Memo sobre la seguridad en México**

POR: Samuel Schmidt\*

*La Opinión*

7 de octubre 2012

No hay duda de que el tema de la seguridad aparece hasta arriba en la lista de preocupaciones de la sociedad y por lo tanto debe encabezar la lista de prioridades del Gobierno....

Considere usted que no es lo mismo la seguridad para alguien que teme un secuestro, que para el jefe de estado que debe manejar con congruencia los intereses nacionales, así que no se deje atrapar por exigencias, que aunque sean importantes, pueden distraerlo.

Este memorándum sugiere diversas líneas de acción en el manejo de la estrategia de seguridad nacional....

1) La situación del agua es seria, afecta ríos, lagos, acuíferos y hay una fuerte resistencia social a la construcción de presas. En la frontera tiende a crear severos problemas bi-nacionales. Si no atiende las cuestiones sobre el agua, tendrá que enfrentar repentinamente los múltiples conflictos que ya se generan y para los que no se ha puesto la atención adecuada.

2) El manejo de los desechos sólidos ha rebasado los márgenes de acción de las ciudades y estados, desbordándose, contaminando zonas desprotegidas y causando fuertes impactos

negativos sobre el medio ambiente, los impactos pueden afectar fuentes de agua y convertirse en problemas de salud pública.

3) La tala de los bosques ha generado adversos efectos climáticos y puede afectar severamente la economía.

4) La situación de los energéticos es frágil y reclama una definición de política para atender las presiones del futuro. El manejo de energías alternativas puede liberar la explotación de recursos fósiles y activar polos económicos, pero la sociedad tiene que participar en programas de conservación.

5) La economía verde tiene la capacidad de dinamizar la economía y generar fuertes impactos regionales.

6) La pobreza no es solamente un problema ético sino que afecta la viabilidad económica del país al no permitir la expansión del mercado interno.

7) La relación binacional ha dejado de ser previsible por el impacto de fenómenos como la migración que son difícilmente controlados por los gobiernos, especialmente por la prevalencia de medidas policíacas [y deportaciones de Mexicanos de EUA a México].

8) La corrupción devora al país y su ataque requiere una reingeniería moral, administrativa y política. Las declaraciones huecas sobre la misma generan efectos sociales negativos indeseados.

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\*Samuel Schmidt es autor de **Los grandes problemas**

**nacionales** (versión de la casa editorial Siglo XXI, el cual

nos dice que para <sup>Andrés</sup> Molina Enríquez "todos los problemas

(de México) tienen su punto de partida en la época

colonial" ya que, según Molina, ahí empieza el período de

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formación nacional. Posteriormente va desglosando los problemas que enfrenta la nación, mismos a los que Samuel Schmidt llama los problemas del orden primordial: el problema de la propiedad, el problema del crédito territorial, el problema de la irrigación, el problema de la población y el problema político.

Para dar un ejemplo, Iván Rivera en su blog del 25 de marzo 2010 escribe;

A finales del siglo XIX, para Molina Enríquez, la tierra es improductiva como consecuencia del rentismo, "... los propietarios se conforman con sacar una pequeña renta de la tierra y no explotan la gran producción". A su vez, resalta que los principales productores eran los pequeños propietarios individuales (los rancheros agrícolas y las comunidades de indios) quienes cosechaban para su consumo y vendían el exceso.

La Hacienda en cambio, señala Molina Enríquez, obstruía el desarrollo de los pueblos porque cancelaba las comunicaciones, concentraba recursos, como el agua, de una manera ineficiente y provocaba costosos litigios por la tierra, así como conflictos por ésta. La solución entonces, planteaba Molina Enríquez, estaba en la fragmentación de la tierra (sin el uso de la violencia y respetando la propiedad comunal indígena) y en que ésta debía ser comprada por los mestizos, ya que de otra manera volverían a ser los criollos y extranjeros quienes la comprarán, cayendo de nueva cuenta en el vicio del acaparamiento.

Así, Molina Enríquez propone que se distribuya la gran propiedad porque las grandes haciendas no eran negocio y consecuentemente había un gran déficit agrícola.... Señalaba que esto había sido como consecuencia de las Leyes de Reforma, las cuales provocaron que la tierra se concentrara en manos de los nuevos criollos, sentando, al tiempo, las bases para reproducir algunos de los vicios que se pretendía eliminar, como propiciar que hubiese una tendencia a buscar la renta de la tierra y no su producción.

Lo anterior fue el preámbulo para la elaboración del artículo 27 constitucional, que posteriormente encauzaría la política agraria que daría surgimiento al Ejido como medida para prevenir la formación de los latifundios en la propiedad de la tierra.

Derivado del análisis anterior, Samuel Smichdt señala ;que, por desgracia, hoy en día, en el campo mexicanaVno, los vicio de finales de siglo XIX se han vuelto a reproducir; los cambios que se dieron a consecuencia de la Revolución, de alguna manera profetizada por Molina Enríquez, produjeron drásticos ajustes en la política agraria, pero, a consecuencia de un reparto de tierra que no generó las condiciones para su mejor aprovechamiento, el Ejido terminó por convertirse en un fracaso y hacia finales del siglo XX (con la última reforma en 1994 al Artículo 27 constitucional [en el cual por fin es legal que el ejidatario puede vender su pedazo de tierra, una vez que recibe del gobierno su certificado de ser dueño) fue cancelado.

En síntesis, para Samuel Schmidt, el principal pronóstico de dicha reforma es que la propiedad se volverá a concentrar en unas cuantas manos (el acaparamiento). El rentismo resurgirá, la desigualdad en el campo

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reproducirá la inequidad y agravará la pobreza, y ante la caída de la calidad de vida, la gente recurrirá al viejo recurso migratorio. Y para esto sólo hay dos caminos, tal y como lo señalaba el mismo Molina Enríquez en su momento, ya que las correcciones necesarias habrá que hacerlas y se harán, por los medios pacíficos (la Reforma) o por una revolución que más o menos tarde, tendrá que venir.

Special Section with Articles by  
Four Authors  
Who Analyze the First Year in Office of  
President Enrique Peña Nieto—2013

On Mexico's President Peña-Nieto (of the 'New' PRI Political Party) and his National Reforms At Year One (2013)—  
FOUR ARTICLES

[Buckets to expand and clarify matters have been added by Professor Wilkie]



**1. Mexico's 2013 Year Of Reforms In Review: Seven Major Changes Enrique Pena Nieto Passed In His First Presidential Year**

By David Iaconangelo

*Latin Times*, Dec 18, 2013

<http://www.latintimes.com/mexicos-year-reforms-review-6-major-changes-enrique-pena-nieto-passed-his-first-presidential-year>

Since took office in Dec. 2012, Mexican President Enrique Peña Nieto has set about pushing through an ambitious agenda of reforms he and his

Institutional Revolutionary Party (PRI) -- which for much of the country's history has exercised near-total control of its politics -- say will "modernize" Mexico's civic and economic [situation].

**[#1: THE PACT OF THE THREE MAJOR POLITICAL PARTIES]**

All but the Energy Reform began with The "Pact for Mexico", a consensus brokered in cooperating terms between the PRI, PAN, and fractured PRD political parties, on the need for reforms with the two other main political parties. The Pact dissolved over Energy Reform], but in just a single year, Peña was able to pass six other reforms #2-#7]:

**#2. Energy:** Three articles of the Mexican Constitution were amended on Dec. 12, opening the country's energy reserves to private investment for the first time since [1958]. [In 1938] president Lázaro Cárdenas booted Standard Oil and Royal Dutch Shell from the country after they refused to abide by a court's decision on a labor dispute.

[But Cárdenas put into the Constitution in 1940 a provision allowing foreign oil firms to enter into partnerships with PEMEX—this provision continued until 1958 when president Ruiz Cortines finally prohibited foreign investment in Mexican oil. See: [http://tjogel.org/wp-content/uploads/2012/07/Samples-Formatted\\_Final\\_June13.pdf](http://tjogel.org/wp-content/uploads/2012/07/Samples-Formatted_Final_June13.pdf)]

[To undo the Ruiz Cortines amendment of 1958, in 2013 Peña Nieto forged a new Constitutional amendment that restores and expand the Cárdenas amendment of 1940 in order] to allow foreign investment and technology to exploit huge shale and deep-water reserves and, most significantly, win licenses to do so.

The leftist Party of the Democratic Revolution (PRD) broke with the Pact for Mexico because of this reform, and promises an [legally meaningless] public referendum on it. They say the licenses amount to concessions which will again put Mexican energy - and the third of the government budget which comes from it -- under the thumb of foreign interests.

**#3. Political:** Federal and local congressmen, senators and mayors will now be able to run for reelection - senators can do it once, while federal lawmakers can do it three times, all of this excluding those currently in

office.... It also reserves at least 50 percent of congressional candidacies for women.

**#4. Education:** Tens of thousands of teachers from across Mexico -- many of them from the country's poorest states -- descended upon the capital to protest this reform, which will take the hiring, evaluating and promoting teachers out of the hands of teachers' unions and establish national standards for doing so. It also mandates that teachers pass standardized tests in order to get hired and stay hired or be promoted.

In the meantime Peña had ordered the arrest and trial of Elba Esther Gordillo, President for Life of the Teacher's Union, who ruled with an iron hand from 1989 to 2013.

[Photo of "Elba Esther the Charmer," as she is affectionately known:]



**#5. Tax:** This made the news for imposing, among other taxes, a Bloomberg-style tax on soft drinks, but it is largely toothless. Peña Nieto and supporters of the reform had sought to boost government revenue from taxes, which are now only 10 percent, but after a series of concessions to the conservative Party of National Action (PAN), it only raises it by about 1 percent [of total government income].

**#6. Banking:** This hasn't been passed yet, but the Senate did pass an outline for it in late November. It would try to make Mexico's fiscally conservative banks more willing to lend by making it easier for them to collect on guarantees for bad loans, as well as increase the government's regulatory power over financial firms.

**#7. Telecommunications:** Back in June, this reform created a two new, autonomous regulators to oversee a telecommunications industry dominated by the holdings of Carlos Slim. The cost of phone use in Mexico is the highest in Latin America. The Americas Society writes that the Federal Institute of Telecommunications (Ifetel), will have the power to revoke operating licenses for companies with monopolistic practices, while the Federal Commission of Economic Competition will try to keep companies from getting ahold of more than 50 percent of the market share.

## 2. Duncan Wood's View



## Raising Lázaro

By Duncan Wood, Director of the Mexico Institute at the Wilson Center  
*Wilson Quarterly*, Autumn 2013

<http://www.wilsonquarterly.com/essays/raisinglázaro>

Seventy-five years ago, ecstatic Mexicans thronged the Zócalo, their capital city's immense central square, to celebrate President Lázaro Cárdenas's decision to nationalize the assets of the foreign companies that controlled Mexico's oil. By the tens of thousands they donated jewelry, cash, and even chickens to help provide the compensation Cárdenas had promised the companies. The day the decision was announced, March 18, became a national holiday marking what many Mexicans still consider a signature moment in their country's struggle for dignity and freedom from American imperialism. Oil was the *tesoro nacional* (national treasure), and Petróleos Mexicanos (Pemex), the national oil company Cárdenas created, became a monument to Mexican pride.

Today, however, Mexico's streets ring with speeches and chants by demonstrators opposing an array of ambitious reforms proposed by President Enrique Peña Nieto during his first months in office, none more significant than his call in August to shake up Pemex and reopen the country's economy to foreign oil companies and private domestic firms.

The government's proposal came hard on the heels of several other sweeping pieces of legislation. A labor law reform, passed with Peña Nieto's support just before he took office, promises to bring Mexican labor markets some much-needed flexibility, [making it easier to hire temporary workers and to fire unproductive union members].

A controversial school reform bill [requires teachers to be formally **evaluated** and generally make them more accountable [by **ending the co-government in which the 1.4 millions strong members of the Teachers Union hired the 1.4 million teachers and decided the place where teachers work as well as all working conditions. It is no longer possible for new teachers to inherit their jobs from their parents or to pay the union to hire them.**]

**The President for Life of the Teacher's Union, Elba Esther Gordillo, was removed on charges of corruption, and the idea of "President for Life" eliminated by the newly reformed Federal Regulatory Laws. Her "life term" that began at the end of 1989 ended abruptly in 2013 after some 22 years when she openly claimed that Peña is an illiterate disgrace to Mexico after Peña had refused to give her all of the Senate posts that she demanded for supporting Peña's presidential candidacy]**

In telecommunications, the government challenged virtual monopolies in the telephone and television markets with new antitrust measures, and a financial reform will encourage banks to increase lending to consumers and businesses. In September, Peña Nieto capped a busy year by introducing a package of revenue-raising tax reforms, including the promise of an old-age insurance program. But because of its great potential to generate jobs and economic growth, the energy package is seen as the "mother of all reforms."

Since Peña Nieto took office last December, under the banner of the Institutional Revolutionary Party (PRI), he has achieved more than his two National Action Party (PAN) predecessors, Vicente Fox and Felipe Calderón, were able to pull off in 12 years. Each of Peña Nieto's reforms has required taking on powerful vested interests—the labor unions, teachers, telecommunications billionaire Carlos Slim, and the banks, respectively—and coordinating closely with the main opposition parties, the conservative PAN and the leftist Party of the Democratic Revolution (PRD). Both opposition parties have been weakened by internal divisions, and the dominant faction in each believes that working with the government may

persuade frustrated voters that it can get things done. The result has been a period of extraordinary cooperation. It is not for nothing that the international press is calling this “Mexico’s Moment.”

One of the great ironies of the current situation is that Peña Nieto’s PRI is the same party that ruled without interruption for 71 years until 2000, creating and defending many of the institutions he now seeks to overhaul. It was the PRI, emerging from the Mexican Revolution of 1910–20, that created Pemex and shaped modern Mexico, controlling the national political scene by co-opting the opposition and fixing elections.

**But by [2000] Mexicans had had enough of a system once described as “a perfect dictatorship” by Peruvian novelist and political leader Mario Vargas Llosa, who said it exceeded even Soviet communism in its malign subtlety.** They had tired of its recurring financial crises (known as the *sexenio* crises because they often coincided with the end of a president’s six-year term) caused by financial mismanagement, corruption, and surges of pre-election spending.

By choosing the PAN’s Fox as their president in 2000, the voters opted for a fundamental shift toward a more democratic system and the promise of faster economic growth and greater accountability from government.

Then came a dozen years of frustration. That is not to say that nothing changed. The country’s political system evolved, and Mexico consolidated its democratic institutions, establishing competitive elections as the norm. Although the process of building a democratic culture is far from complete, the shift to free and fair elections is particularly impressive given the country’s recent history.

Thanks in part to the North American Free Trade Agreement, Mexico has become one of the world’s leading exporters, shipping more manufactured goods abroad every year than the rest of Latin America combined. Increasingly those goods go not just to the United States, but to many other customers around the world—everything from textiles to high-value-added goods such as automobiles, aircraft parts, and metalworking machines. Mexico’s middle class has grown, too, and the rate of homeownership is on the rise. Gross domestic product per capita rose from about \$5,600 in 2000 to some \$9,700 in 2012.

Despite the growth of the economy and the consolidation of democracy, however, nearly half the population remained in poverty. Fox and Calderón were widely criticized for failing to create a more equitable society. Along with this harsh assessment came accusations of corruption and general ineffectiveness. In the six years before Peña Nieto took office, for example, Calderón saw his reform proposals rejected at every turn by an opposition PRI party that was simply unwilling to negotiate. All of these failures were magnified by the upsurge of drug-related violence and insecurity that began after 2006 with the Calderón administration's war against major drug traffickers.

Pemex was another rock Fox and Calderón failed to move. The national oil company remained an almost sacred symbol of Mexican sovereignty and national pride. Yet the company's performance left much to be desired. Mexicans have long celebrated the nationalization of 1938, yet it marked the beginning of a long period of virtually stagnant output. By the 1960s, Mexico had been reduced to importing foreign oil.

Only the chance discovery of a huge oil field in the Gulf of Mexico reversed the decline. The find came after a fisherman named Rudesindo Cantarell repeatedly accused Pemex of oil spills, complaining for several years that oil floating on the surface of the ocean had been ruining his nets. When Pemex geologists finally went to investigate in 1976, they stumbled upon the field. Estimated to be the third-largest oil deposit in the world at the time, the Cantarell field catapulted Mexico into the big leagues of the global oil industry. By 2004 the country was producing more than 3.4 million barrels per day (bpd) and was exporting more than half of it, primarily to the USA.

Pemex was not just pumping oil; it was also pumping money into the government's coffers. Dependence on tax revenues from Pemex, which provide about a third of its income, contributed for many years to the government's reluctance to free up the company financially or operationally. And the abundance of the Cantarell field made it easy not to think much about the future. While better-governed national oil companies such as Ecopetrol in Columbia and Petrobras in Brazil have advanced, Pemex has skimmed on investments in technology and operations. This has left it unable to keep producing at the high levels seen a decade ago. Inadequate spending on exploration and production—a serious problem since the mid-1980s—has hurt Pemex's ability to tap new resources. As a result, oil production has declined dramatically over the past nine years.

Mexico's national oil production currently stands at 2.55 million bpd, down slightly from 2.6 million in 2010. While, thanks to high oil prices, production has been sufficient to maintain a steady flow of money to Pemex and the government, the decline has caused consternation in policy ranks. The reduction of output by more than 800,000 bpd since 2004 translates into a loss of some \$80 million each day in revenue (assuming a price of \$100 per barrel). Given the fact that national hydrocarbon consumption is rising, Mexico will have to boost both its reserves and its production significantly in coming years if it is not again to become a net importer of oil.

Beyond the overwhelming focus on oil, a second vitally important energy issue has gone largely unnoticed: Mexico's failure to develop its natural gas resources, including massive shale gas reserves that rank as the world's sixth largest, according to the U.S. Energy Information Agency. Because of its preoccupation with efforts to stem the rapid decline of oil production in the Gulf of Mexico, Pemex has made only minimal investment in shale gas. That has led to the unhappy spectacle of gas-rich Mexico struggling desperately to increase gas imports from the United States.

The shale gas revolution to the north has created thousands of new jobs in the United States and greatly enhanced its global competitiveness. But a perverse effect has occurred in Mexico. The surge of cheap gas coming onto the market drove prices down, increasing demand. Because its conventionally sourced gas costs more to produce, however, Pemex cut gas production. On a number of occasions during the past two years, gas shortages have forced companies in Mexico to shut down manufacturing processes.

Pemex has increased natural gas imports from the United States, but the cross-border natural gas pipeline network is already operating at full capacity, and it will take several years before it can be expanded. Mexicans must now watch in dismay as their energy-rich country loses out to the United States in the competition for new industry. General Electric, for example, recently shifted some of its refrigerator production from China and Mexico to Kentucky in part to take advantage of low fuel costs.

Peña Nieto's Pemex proposals will not provide a quick fix for the natural gas imbroglio, but they nevertheless promise profound changes in Mexico's energy sector. The president laid out five main areas of reform, including a corporate reorganization and a reduction of the government's take of

Pemex's revenues. By far the most important change involves an amendment to the constitution. Invoking the spirit of Lázaro Cárdenas, Peña Nieto tiptoed through a political minefield by proposing to restore a clause that was written into the Constitution in 1940 but later removed. It prohibited land concessions to foreign oil companies but did give the government much greater flexibility in determining how to exploit Mexico's oil and gas reserves.

Specifically, it allows both production- and profit-sharing contracts with foreign firms and private Mexican companies. But, in deference to the delicacy of the subject, Peña Nieto cautiously specified that he would only seek legislative approval for profit-sharing deals. That means that foreign firms will not physically possess any of the precious *tesoro nacional*. But it also means that companies will have significantly less incentive to invest in the Mexican energy sector. (A profit-sharing scheme makes it much more difficult for companies to book any gain in their own oil reserves, and thus harder for them to raise capital for ventures in Mexico.)

There are various ways to navigate these and other challenges. Although the government has speculated that the reforms will bring much-needed private capital, it is unlikely that we will see a flood of major investments in the short term.

The [Regulatory Laws] of the legislation and contracts still need to be defined, and many companies will want to wait and see how the first few contracts work out before diving into the deep waters of the Gulf of Mexico. However, in the long run this promises to be a transformational shift in the Mexican oil and gas sector.

The PRD, led by its éminence grise on energy issues, Cuauhtémoc Cárdenas, the son of Lázaro, immediately denounced what he saw as the hijacking of his father's name and called on opponents to protest against the "privatization" of Pemex.

They have been joined by followers of Andrés Manuel López Obrador, a firebrand leftist and two-time PRD presidential candidate. But in Mexico City, where antigovernment protesters regularly take to the streets, their protests have been overshadowed by those of the national teachers' union, which is opposing the government's education reform.

But because Peña Nieto's constitutional proposal on energy also has the support of the PAN, however, there is little doubt that it will pass.

Although the Pemex reform is far from being the "whole enchilada" sought by many on the right in Mexico and by the global oil and gas industry, it will move Mexico another step forward in the consolidation of the liberal economic development path that began with the debt crisis of the 1980s and the North American Free Trade Agreement in 1992.

Mexico still faces large problems. Poverty and inequality are rife, violent crime is pervasive, and the rule of law remains a distant goal.

Democratic progress has brought elections that are largely free and fair, but individual rights and those of minorities are far from secure.

And Pemex itself must still deal with many challenges, including crushing debt and a tenacious labor union. Yet this is a great moment. Change in Mexico can be glacial, but Peña Nieto has managed to set in motion reforms that could markedly improve the lives of all Mexicans. We can hope that Mexico today is enjoying more than a moment of change.

#### **4. Peña Nieto in 2013 showed Mexico and Latin America the way to change**

**By Andres Oppenheimer**

***Miami Herald, 12-23-13***

[http://www.miamiherald.com/2013/12/20/3830447/andres-  
oppenheimer-mexico-showed.html](http://www.miamiherald.com/2013/12/20/3830447/andres-oppenheimer-mexico-showed.html)

Of all the things that happened in Latin America in 2013, the one that could have the most positive long-term impact — if it's implemented properly — is the agreement between Mexico's three biggest political parties to approve fundamental reforms.

Granted, the so-called Pact for Mexico — the deal between Mexico's biggest political parties that was sealed in December 2012 — has already been broken. Its leftist members abandoned the deal recently in disagreement with the newly-approved energy reform, which will open parts of Mexico's oil industry to the private sector for the first time in 70 years.

And, granted, the Pact for Mexico's newly-approved political, educational, labor, telecommunications, fiscal and energy reforms may be watered down under pressure from various interest groups in the near future, when the Mexican Congress issues regulations to implement the new laws....

In 2013, Mexico was the only country in the Americas — including the United States — where the government and opposition parties broke decades of political paralysis to approve profound reforms that could speed up the country's development for many decades.

That's no minor achievement in a region where some presidents — Venezuela's, for example — refer to peaceful opposition leaders as “enemies of the fatherland,” and where some legislative blocs such as Tea Party Republicans in the U.S. House of Representatives have almost brought their country to a halt by relentlessly blocking most agreements.

Consider what the Mexican deal between the ruling PRI, the center-right National Action Party and the center-left Party for the Democratic Revolution achieved in 2013, before the agreement's de facto dissolution:

- Education reform: Mexico's political parties passed a law in September that will break the country's once almighty teachers unions' control over the education system and will **allow [the Government for the first time the hiring, promotion and even firing of new teachers based on standardized tests and periodic evaluations. Until now, Mexico had thousands of teachers who couldn't be fired even if they failed to show up in class.**
- Political reform: Mexico's Congress agreed to change electoral rules to allow future members of Congress to be re-elected and

to reserve half of congressional seats for female candidates. **Re-election of legislators had been a long-sought demand by citizens' groups, which complained that, without re-election, Mexican legislators were not accountable to their constituents, but rather to their parties' bosses.**

- Fiscal reform: The Mexican Congress, with major backing from the left-of-center Party for the Democratic Revolution, passed a **fiscal law that will raise taxes on the wealthiest and impose a new tax on soft drinks and stock market gains.**

- Labor reform: In the biggest labor law shakeup in four decades, Mexico's Congress passed a law aimed at making it **easier for employers to hire and fire workers. The new law's intent is to drive millions of people out of the underground economy.**

- Telecommunications reform: Under the new law, **two new regulating agencies will try to bring about more competition in the telecommunications industry, which has been dominated by companies owned by billionaire Carlos Slim.**

- Energy reform: By far the most covered by foreign media, Mexico's new energy reform will change the Constitution to allow private firms to work with the giant state-owned Pemex oil company in the exploration and drilling of new fields. The constitutional overhaul is expected to bring billions of dollars in foreign investments over the next decade.

“Mexico has proved capable of doing the politically impossible,” Mexican Congressman David Penchyna, who heads the congressional Energy Committee, wrote in the daily newspaper *Reforma* this week. “We have opened a new page in history.”

My opinion: It is too early to tell whether Mexico's 2013 reforms will indeed turn the country into the new star of the emerging world. Much of it will depend on whether Peña Nieto is able to keep the new laws from being watered down by special interests in the implementation process.

**But Mexico has given the Americas a lesson in civility, which many countries in the hemisphere would do well to emulate. Wouldn't it be great to see a Pact for Argentina, a Pact for Venezuela and a Pact for the United States 2014? It seemed impossible in Mexico, and yet it happened....**