

MEXICO'S NEW REVOLUTION

*Luis Rubio**

When informed of the atom-bomb explosion, Einstein is quoted as having said, "Everything in the world has changed, except the way we look at things." Something similar is taking place in Mexico today. The sudden and abrupt devaluation of December 1994 led to a fundamental redefinition of the government's economic policy, in ways that are only now becoming apparent. By the same token, there has been a radical departure from the previously prevailing paradigm in the political arena. Thus, while in many ways surreptitious and as yet largely ungrasped by Mexicans and foreigners alike, Mexico is experiencing a small revolution.

* Director of the Center for Research for Development.

The country is going through two simultaneous processes of change and reform: one in the political arena and the other in the economy. Each of these follows its own dynamic, and often in contradiction with the other. Hence, the risk of a clash remains high. The thrust in the political arena is to decentralize, to strengthen institutions and to bring about the rule of law. In the economy, the government is fighting to attain economic recovery, to increase the levels of domestic savings and to do away with the debt overhang. While it needs latitude and peace to deal with the political challenge of restructuring an old, vitiated, corrupt and often authoritarian political system, the depth of the economic recession and the instability of the markets provide storms, rumors, ever more negative expecta-



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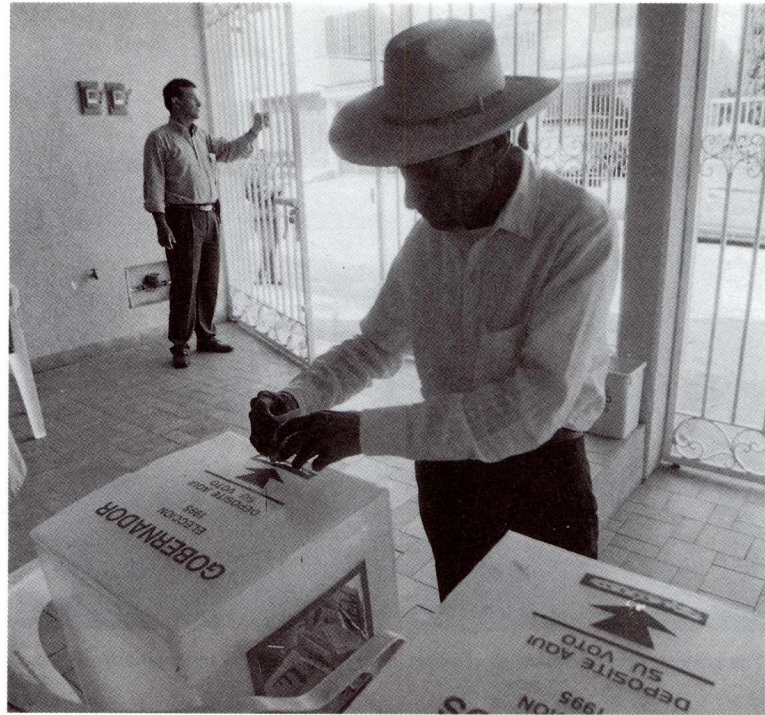
Political reform has become a priority. The Federal Electoral Institute in session.

tions and political confrontation. By the same token, while the economic crisis demands strong and centralized leadership to deal with economic instability, the political process delivers uncertainty, endless legislative challenges to the executive, stronger state governments and, therefore, an ever weaker foundation for a strong federal government.

President Zedillo came into office having campaigned for a profound political and judicial reform. His first act as president, barely a week into his administration, was to introduce legislation that would revamp quite thoroughly the structure of the judiciary, bring about the possibility of contesting the constitutionality of laws and strengthen the independence of judges all the way to the Supreme Court. He then proceeded

to call on all political parties and organizations to join in a common effort to define new rules of engagement for the political process at large and for elections in particular, in order to do away with the tradition of electoral fraud and stymied competition of the old political system, and, on that basis, bring about democracy. While pushing hard on both fronts, however, the administration stumbled with a bungled devaluation that appears to have thwarted its ability to act and deliver on its promise to bring about rapid economic growth while continuing to deepen and extend the transformation of the country's economy that was initiated in the mid-1980s. After the devaluation, the administration shifted the course of economic policy in an attempt to deal with the economic crisis.

For its part, the political system is experiencing a true convulsion. The old structure of Mexican politics is dying, while no new institutions have taken over the key functions that make a society function normally. This gap has produced the extraordinary events and violence that characterized Mexico during 1994. The political system has to transit from a



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The 1995 state and local elections were peaceful and uncontested.

closed and corrupt political system that benefited a few clusters of interests, but delivered decades of political stability, to an open system that is accountable and representative, and that, above all, reinstitutionalizes conflict and, thus, brings about a new era of peace and political stability. This process is so intrinsically complex that it is amazing how peaceful it has been, particularly if one compares it with nations undergoing similar transformations, such as the former Soviet Union and South Africa.

The process of political reform is taking place on three levels. First, it involves developing a set of political arrangements among the political parties that would settle all their differences related to elections, campaign and party financing and access to the media. All of these entail enforcing party discipline, abandoning radical politics and accepting the will of the people, something for which there is little or no history or culture. Second, the political reform entails a significant affront against the old interests within the Institutional Revolutionary Party (PRI), for it is their privileges that will be thwarted as the process advances. Some will submit to the new rules,



The government is promoting changes in both the political and economic arenas.

but others might not. Restraining the latter and preventing new violent episodes from exploding will be a critical political job. Finally, the third level of political reform has to do with the rule of law: developing a proper legal framework, enforcing the law, respecting the independence of the judiciary, developing strong property and individual rights and making it possible for due process to be permanently and systematically respected. In other words, extraordinarily ambitious objectives, multiple constituencies, agencies and contradictory interests and, altogether, enormous complexity.

Despite the violence that took place throughout 1994 and the political vacuums that have been apparent every now and then, the administration remains clearly in control of all key functions of government. Nobody disputes the role of the government or its electoral legitimacy. The crucial political issue of Mexico today has to do with the consolidation of an institutional structure that would serve the three basic objectives of any political system: representation of the people in the political process, channeling of demands from the people and settling disputes among political actors. In all three areas, the government has done fairly well. While there have been

many ups and downs, the process of negotiation among the various political actors remains active and keeps moving. The government has shown a clear vision of what is needed and has been able to prod the parties to persevere. The result has been a fairly smooth process of transition in the political arena. The peaceful, undisputed and uncontested elections of November 1995, which involved several states where conflict had previously prevailed, were uneventful and all parties accepted the results outright.

In fact, the government has been keen on developing the political system and has not been interested in protecting the old vested interests as its predecessors did. In the past, the government's thrust was to protect the PRI and to change as little as possible to avoid endless conflict. The thrust today is to build an altogether new political system without regard to the particular interests of any of the parties. Hence, it has been gradually succeeding in bringing the various political parties and groupings into a series of arrangements and understandings that could become the foundation for a representative and effective political system for the future. Each political party and group has been attempting to extract an onerous price for participating in the process; and therefore, the government has had to be extraordinarily skillful to bring them all forward. Its success in doing so reveals not only a clear objective on the part of the administration, but its ability to drive a complex process through.

The overall picture of Mexico a year into the Zedillo administration is thus one of contrast and contradiction. On the one hand, it has advanced quite well to achieve the political goals it had proposed during its campaign. Given the complexity of the process and the risks naturally associated with it,

the amazing thing is precisely that it is still going on, and pretty well at that. The latter is evidenced not only by the uneventful recent elections, but by the fact that a new electoral law, agreed to by consensus among all political parties, is soon to be voted on in the Congress. On the other hand, however, the adminis-

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tration was taken by surprise in the economic arena and has not proven to be particularly adept at managing the crisis. A mix of irresponsible decisions in the last few months of the previous administration, poor management in the present one and a drastic break in the policy objectives of the government with respect to the Salinas administration have deepened and expanded the recession caused by the devaluation itself. The government is now attempting to pursue the Salinas reforms essentially by increasing domestic savings, managing an undervalued currency and addressing the poor quality of education.

The government faces a clear-cut dilemma. It has to persevere in the political transformation that Mexico requires and cannot avoid, lest it sink into a vicious circle of endless political chaos and violence. It also has to address an economic crisis that was partly inevitable as a result of pre-existing conditions and is partly self-inflicted. Historians will decide which part was more important, but the government has had no choice

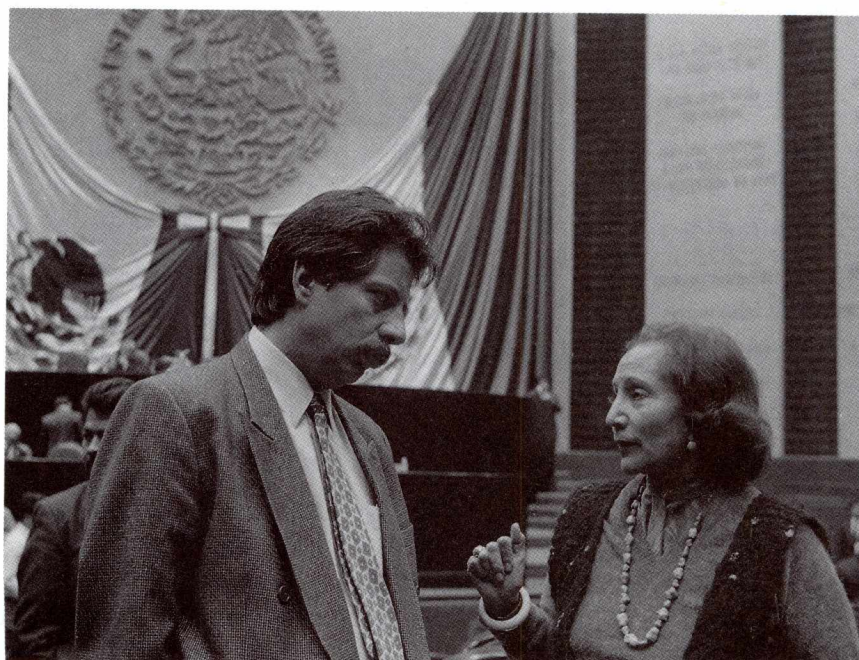
but to get the economy moving again. Once the crisis had taken over, the administration decided to go back to basics, thus abandoning the course that the Salinas administration had charted in the financial arena. Following a textbook approach to economic management, it has sought to build a strong balance

of payments, as well as high levels of domestic savings. It is largely unconcerned about public expectations and does not care to cater to the financial markets. Rather, it is investing for the long term and firmly believes the mar-

kets will eventually recognize that it has taken the right course.

Where To?

The foundations of the old political system are not particularly sound for a new political order to emerge. Corruption has played a significant role in Mexican political history, for it was, to some degree, the glue



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All parties represented in Congress have to reach a consensus concerning a new electoral law.

that held together the whole apparatus. Lacking an effective representative political system, corruption served a very useful purpose but inevitably got out of hand. As bureaucratic meddling diminished through deregulation, many sources of corruption were undermined. Yet, as the current episode of corruption during the last administration shows, it remains a political institution in its own right. Access to power and money (i.e., graft) were exceptional mechanisms to develop and nurture alliances and coalitions. The moment the availability of money and the willingness to use it for that purpose diminished, particularly over the last decade, the whole system began to crumble. The economic reform that was launched in the mid-1980s has gradually eroded access to corruption, thus diminishing greatly politicians' incentive to remain loyal to the system. Inevitably, the political system has decomposed.

The plan charted by the Zedillo administration is not only an appropriate way to deal with the need to rebuild political institutions, but probably the only

one capable of reaching that objective. At the core of the government's program lies the strengthening of the judiciary, the attempt to bring about the rule of law, reinstitutionalization of the political system, as well as hard-headed prosecution of corruption. To be successful, however, the plan must go beyond negotiations and discussions among parties and political organizations; it must also enforce the agreements reached in those negotiations. That has been, so far, an Achilles heel of the administration. The government has proven to be far more adept at defining the problem and setting the goals to be reached than of acting upon how to get there. Good intentions and honesty are unusual assets in the present Mexican context, but no alternative to effective government. Hence, while there is little doubt that muddling through is a possibility, the real question is whether the small revolution that the administration has launched will succeed in truly transforming the nation and make it possible for Mexicans to significantly improve their lot. ❧