



On the Political Economy of 1968

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As opposed to common belief, there was no direct, clear economic cause of the 1968 student movement. It could even be maintained that “the political economy” of 1968 had very little to do with what happened. We would have to correct this proposition eventually, but clearly, it is the political economy of what came next—the crisis and collapses of the 1970s and 1980s—that felt the impact of the “disaster of development,” as Albert Hirschman so aptly dubbed how the movement ended.

What stands out about those times with regard to political economy is the cooperation between the main economic and social actors, those who could pose a significant challenge to the existing political order because of their contradictions. This solidarity among the protagonists of the development model of the time sustained and was sustained by the growth strategy created by the state after the trauma of the 1954 peso devaluation, giving rise to

what would later be called “the strategy of stabilizing development.”

The 1954 devaluation and the cumulative inflation of the war and immediate post-war period, together with the excessive corruption and concentration of wealth under the Alemán administration,¹ gave rise to vast social and proletarian movements that brought into question the theses and practice of the policy of “national unity” initiated during World War II by President Avila Camacho. “Alemanism” took the coordinates of this policy to the extreme and weakened the relations between the government and the mass movements framed in “the regimen of the Mexican Revolution,” as well as the very legitimacy

of the state, the reproduction of which depended on the memory, the myths and the unifying image derived from the revolutionary past.

These mobilizations, stemming from the make-up of the postrevolutionary political-economic scheme of things, gave rise to sharp, direct conflicts between the social organizations and the state that sought to represent and articulate them, more than to open class struggle. Perhaps for that reason, immediate repression led

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to the search for an economic policy that would not reproduce the conditions that sparked the workers' mobilization.

Therefore, in the 1960s, an economic strategy emerged that took extreme care with the exchange rate and controlling inflation, but at the same time sought to combine vast support for the formation of capital and industrialization with a sustained increase in jobs and urban wages. All that made it possible to maintain—through political firmness and, if necessary, a hard line by the government—economic growth and the unquestioned hegemony of the postrevolutionary state.

The objectives established by President López Mateos² and reaffirmed by his successor³ were attained. The GDP grew more than 7 percent, surpassing the 3.4 percent population growth rate.

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Therefore, output grew 3.6 percent annually and wages in manufacturing increased 4 percent per year. It can be said that income and employment reached a kind of “peak” in the terrible year of 1968 which was sustained in the following two years, thanks to the dynamism of both foreign and domestic private investment.

Between 1963 and 1970, private investment increased by an average of 11.5 percent annually and in 1968, 1969 and 1970, by 9.6 percent, 9.8 percent and 19.9 percent respectively. Foreign investment which might have been more sensitive to that year's political upheaval, in 1968 and 1969 grew astronomically by 31.8 percent and 67.1 percent respectively, and plummeted to 2.8% in 1970. However, domestic private investment also increased significantly in 1970, at a rate of 20.9 percent.

Everything was growing at that time in Mexico. The cities swelled rapidly given strong migratory flows from the countryside, with overall demographic growth rates of more than 3 percent a year.

The same is true of the major social development indicators. Public spending on health and education increased substantially, and enrollment of children and youth in educational institutions jumped from 6.9 million in 1962 to 11.9 million in 1970.

Only the countryside and agriculture became less dynamic in what would later turn into a long-term crisis. This was expressed at that time in a agricultural growth rate lower than the increase in the population, as well as in an speed-up of migration to the cities, which began to show signs of crowding, emerging marginal populations, a lack of infrastructure and insufficient housing. However, there were neither agrarian nor peasant mobilizations, nor, strictly speaking, urban community unrest. Certain outbreaks in both areas might lead to large mobilizations, but they would only become massive after the 1968 movement.

What prevailed in the 1960s was a government political strategy aimed at maintaining and broadening out consensus among the actors directly involved in the economy. The first “businessmen's revolt” of modern Mexico took place at the beginning of the decade, in the heat of the López Mateos Cuba policy and the definition of his government as “of the extreme left within the confines of the Constitution.”⁴ Out of these clashes arose the Mexican Businessmen's Council, but also the government decision to seek not only isolated agreements with the business community, but a long-term arrangement that could maintain the economic strategy. All this had the aim of reinforcing the single, central command by “the regimen of the Revolution,” in both politics and the economy.

In accordance with this, protectionist policy—that already needed reviewing—was maintained and extended, as was a fiscal policy clearly favorable to capital, and the indefinite postponement of a fiscal reform that had been studied and whose proposal was public knowledge at the time. In addition, the government decided to create market “reserves” for domestic companies through a policy of “Mexicanization” which Díaz Ordaz not only promoted but extended.

The economic expansion achieved made it possible to revive the pact with the workers movement, but without reviewing the basic conditions of political subordination expected from its organizations. Therefore, increased social spending and higher real wages were the preferred instruments in this policy. With that, the guiding objectives of macroeconomic stability continued untouched. In particular, the rise in real wages was possible and could be maintained thanks to important increases in productivity, which, on the average, grew more than workers' real income.

Up to this point, we have looked at some of the most important elements of the political economy of the time. A few other fundamental variables would have to be added that had a more

direct impact on the student mobilization that shook Mexico and was the harbinger of an era of change and upheaval.

The first of these variables is income distribution. Everything points to high growth rates for the overall economy, employment and, to a lesser extent, wages not leading to a noticeable improvement in distribution of wealth and income. In the 1960s, like in the 1990s or the 1890s, Mexico continued to honor the Baron Alexander von Humboldt's description of it as the country of inequality. For example, in 1958, the poorest 30 percent of the population had income equal to or less than one-third the national family average. Ten years later, the situation continued unchanged (some research indicates that Gini's coefficient, which measures the degree of inequality in income distribution, was between .500 and .584 in 1968, while in 1963 it had been between .505 and .584).

What was new, in any case, was that this "bad distribution" of the fruits of progress took place in a context of rapid economic and social change, demographic explosion and intense migration from the countryside to the cities, above all to Mexico City. The scene was set—or about to be—for explaining the upheavals of modernization. Just by way of example: between 1960 and 1970, the number of televisions per 1,000 inhabitants went from 17.5 to 58.5; of telephones, from 14.1 to 29.6; and of automobiles, from 12.9 to 24.1. In that same period, the households with gas or electricity went from 18 percent to 44 percent of the total.

On the other hand, the political strategy adopted by the different administrations to deal with social and economic differences naturally produced proved to be immediately functional to the kind of subordinate cooperation proposed and imposed by the state after the 1954 devaluation and its repercussions. However, it was less and less conducive to propitiating the strategic all-inclusive incorporation of those layers of society who awaited their turn to go through the "tunnel" of development in an orderly fashion (as Hirschman would say). Here it was not only a question of the wounds opened by the repression at the end of the 1950s, or of the verbal and de facto confrontations (through capital flight or the intentional fostering of uncertainty) with the higher-ups of the business community at the beginning of the next decade. Díaz Ordaz deepened these disputes, at the beginning of his administration, by cornering and repressing what was perhaps the most representative contingent of the urban, upwardly mobile middle classes, by responding in an authoritarian, irremediable fashion to the mobiliza-

tion of young doctors who initially only demanded better economic treatment from the government.

It could be said, in summary, that the authoritarian cast of economic presidentialism, upon which the development of the political economy in the 1960s was based, was always the ultimate, basic consideration for government behavior, and the president's in particular. In neither their language nor their most private reflections—as was proven in 1968 and for a long time thereafter—did open negotiations and an acceptance of pluralism as a positive political value fit. The only acceptable alternative was concessions, under the terms dictated by those in power.

These criteria had very little to do with urban youth, very often first generation urban youth, educated with an emphasis

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on the principles of a legal system and freedom that they would soon discover did not mean the same thing to everyone. Even less did it mean the same for those who wielded power based on an increasingly pathological mythology. As Simone de Beauvoir once said, "When mythology becomes a political system, things become very grave indeed." And they did.⁵ ■■■

NOTES

¹ Miguel Alemán was president from 1952 to 1958. [Editor's Note.]

² Adolfo López Mateos was president from 1958 to 1964. [Editor's Note.]

³ His successor was Gustavo Díaz Ordaz, who governed from 1964 to 1970. [Editor's Note.]

⁴ President Adolfo López Mateos was the only Latin America head of state who recognized and supported the revolutionary government of Fidel Castro. [Editor's Note.]

⁵ Two obligatory references for studying the economy of those years are Enrique Cárdenas' *La política económica en México, 1950-1954* (Political Economy in Mexico, 1950-1954) and Rafael Izquierdo's *La política hacendaria del desarrollo estabilizador* (The Financial Policy of Stabilizing Development) published by Fondo de Cultura Económica.