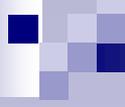


# Mexican Political System Economy and Development



**The “Perfect Dictatorship” of Mexico**



Analysts often refer to the formerly authoritarian government of Mexico as the “*perfect dictatorship*” because of the interaction between **corporatism, clientelism, corruption**, the structure of the PRI, and Mexican **presidentialism**.

The Institutional Revolutionary Party or **Partido Revolucionario Institucional, PRI**, was in power for 71 years from 1929 to 2000, first as the National Revolutionary Party, then as the Party of the Mexican Revolution.

# The Mexican Political System

## Role of corporatism in perpetuating PRI rule:

### □ Definition of **state corporatism**

A system of interest representation in which certain groups are officially recognized by the state in exchange for acceptance of state control or limits on their expression of interest and demands.

### □ In contrast to **pluralism**

A system of interest representation in which groups can freely form to press their interests without limitation.



# Mexican Political System

## Corporatism

- Corporatist organizations under the PRI
  - Confederation of Mexican Workers
  - National Peasant Confederation
  - National Confederation of Popular Organizations

# Confederation of Mexican Workers

- Recognized by PRI; independent unions repressed.
- Agreed to limit demands
  - Limits on wage increases, limits on grievance procedures, limits on right to strike
- Leaders of official federations rewarded by PRI
  - 1980s-90s: 14-22% of Congress: Confederation of Mexican Workers





## ■ Role of Government

- Used control over union registration to deny independent unions permission to organize.
- Stood by while businesses fired workers trying to establish independent unions.

# Mexico Labor Case Grows For Maker of Barbie Gowns Monday, June 12, 2005



- There was not much that Guadalupe Ávila Jiménez liked about her factory job making children's costumes, including flowing Barbie gowns for little girls who like to play princess.
- "They shouted at us, they did not let us go to the bathroom, they gave us food that made us vomit," said Ms. Avila, 21, reciting a litany of indignities she said she had suffered at the factory, in Tepeji del Río.
- About the only thing she did like were the costumes the workers made. "*What we made was really pretty,*" she said.

- On June 2005 the factory was facing a labor dispute that was anything but pretty. What started out as a local struggle shifted its focus to the American toy giant Mattel, which licenses the Barbie label to the plant's owner, Rubie's Costume Company, based in Richmond Hill, Queens.
- Unlike other toy companies, Mattel has an eight-year-old code of conduct for subcontractors and licensees.
- Saying they were fed up with managers who called them names, closed factory doors to force overtime and required them to buy work equipment and even toilet paper, Ms. Ávila and 60 co-workers -- most young women, some as young as 15 -- **voted for a new union.**
- In April, they say, they were **locked out and lost jobs** that paid little more than \$5 a day.



# Role of patron-client relations

## Clientelism

An informal aspect of policy-making in which a powerful patron (for example, a traditional local boss, government agency, or dominant party) offers resources such as land, contracts, protection, or jobs in return for the support and services (such as labor or votes) of lower-status and less powerful clients; corruption, preferential treatment, and inequality are characteristic of clientelist politics.

# Role of patron-client relations

## □ PRI politicians as patrons

- Demanded votes
- Provided access to government resources

## □ Workers, peasants as clients

- Voted for PRI in exchange for resources
- Examples:
  - Workers
    - Subsidized housing, healthcare
  - Peasants
    - Agricultural price supports, special credit programs for farmers

# ■ Breakdown of patron-client relations

## □ Economic crises in 1980s & 90s

- Instituted wage freezes for Confederation workers
- Abolished price supports for agricultural products
- Ended special credit programs for farmers





- Breakdown of corporatism

Exclusion of many from the corporatist system:  
the informal sector

- Nature of state-society relations during PRI  
Rule

- Nature of inequality
- Foreign domination
- Political corruption



# Nature of state-society relations during PRI Rule

- “How much changed?”
  - Informal sector
    - 57% of non-farm employment
    - 44% of urban jobs, low education, no safety net
  - PRD, Obrador candidacy in 2006



- Is the Mexican Political System authoritarian or democratic?

- authoritarian aspects through late 1990s**

- *strong* president from single dominant party
- control over elections
- “rubber stamp” legislature

- democratic aspects**

- regular change of leadership via elections



- System on paper

- Direct presidential elections

- Legislative elections

- Chamber of Deputies (500 seats)

- 300 by “first-past-the-post” in single member electoral districts

- 200 by proportional representation

- Senate (128 seats)

- 4 deputies elected from each of 31 states and capital

(“rubber stamp” legislature)

- Actual functioning through 2000
  - Electoral fraud and corruption undermined democratic functions



# Political parties

- PRI (Institutional Revolutionary Party) 1929
  - Corporatist relationship with workers, peasants
- PAN (National Action Party) 1939
  - Right of center
  - Socially conservative
  - Business interests
- PRD (Democratic Revolutionary Party)
  - Left of center
  - Cardenas splits from PRI 1988

## Voting in Presidential Elections, 1934-2000

	PRI (%)	PAN (%)	PRD (%)	Other (%)	Invalid	Turnout
1934	98.2			1.8		53.6
1940	93.9			6.1		57.5
1946	77.9			22.1		42.6
1952	74.3	7.8		17.9		57.9
1958	90.4	9.4		0.2		49.4
1964	88.8	11.1		0.1		54.1
1970	83.3	13.9		1.4		63.9
1976	93.6	n/a		1.2		29.6
1982	71	15.7		9.4		66.1
1988	50.7	16.8		32.5		49.4
1994	50.1	26.7		23.2		77.2
2000	36.9	43.4		19.7		63.8
2006	22.3	35.9	35.3	4.4	2.2	41

## Chamber of Deputies (seats)

	1994	1997	2000	2003	2006
PRI	300	239	209	222	122
PAN	119	122	205	151	206
PRD	71	125	50	96	159
Other					13

## Senate (seats: note half elected each time)

	1994	1997	2000	2003	2006
PRI	64	77	60		39
PAN	26	33	46		52
PRD	8	16	15		36
Other					1



- Building democracy

- Increasingly democratic reforms pushed by President Zedillo (1994-2000)

- Federal Electoral Institute

- Benefit programs NOT tied to vote for PRI

# ■ Consolidating democracy

## □ Election of opposition candidates

### ■ 2000 Vincente Fox's (PAN)

*“yuppie revolution”*

### ■ 2006 Calderon's (PAN) narrow victory

1% of vote over Obrador (PRD)

charges of vote fraud

low voter turnout ~40%

### ■ Test of democratic institutions

□ EU observers: “transparent and competitive”

□ Federal Electoral Tribunal upholds election

■ With no representation by PRD



Felipe Calderon

# Political Economy And Development

## State and Economy

- Policymakers during Porfiriato linked economic growth to export of raw materials.
  - Efforts to attract domestic and international investment encouraged major boom.
  
- Postrevolutionary Mexico combines nationalism with social justice.
  - Adopted strategy of **state capitalism** to guide industrial and agricultural growth
    - **State capitalism**—System that is primarily capitalistic but in which there is some degree of government ownership of the means of production.

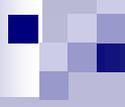
# Import Substitution and Its Consequences

- 1940–1982: Followed import substituting industrialization (ISI)
- **Import substituting industrialization (ISI)**—Strategy for industrialization based on domestic manufacture of previously imported goods to satisfy domestic market demands.
- Agrarian reform in 1930s created *ejido*.
  - Development of private agriculture after Cárdenas left office
  - Adoption of **Green revolution** technology
    - **Green Revolution** : Strategy for increasing agricultural (especially food) production, involving improved seeds, irrigation, and abundant use of fertilizers.
- Domestic entrepreneurs developed relationship with state.
  - Protected by government policies
  - Commercially-oriented farmers emerged to dominate the agricultural economy.

**Table 10.2****Mexican Development, 1940–2010**

	1940	1950	1960	1970	1980	1990	2010 <sup>a</sup>
Population (millions)	19.8	26.3	38.0	52.8	70.4	88.5	112.5
Life expectancy (years)	–	51.6	58.6	62.6	67.4	68.9	76.5
Infant mortality (per 1,000 live births)	–	–	86.3	70.9	49.9	42.6	17.3
Illiteracy (% of population age 15 and over)	–	42.5	34.5	25.0	16.0	12.7	7.0
Urban population (% of total)	–	–	50.7	59.0	66.4	72.6	78.0
Economically active population in agriculture (% of total)	–	58.3	55.1	44.0	36.6	22.0	13.5
	1940–1949	1950–1959	1960–1969	1970–1979	1980–1989	1990–1999	2000–2009
GDP growth rate (average annual percent)	6.7	5.8	7.6	6.4	1.6	3.4	1.3
Per capita GDP growth rate	–	–	3.7	3.3	–0.1	1.6	0.3

<sup>a</sup> Or most recent year available.

- 
- Economic and political development had costs.
    - Government policies limited growth potential.
    - Shift from labor-intensive to capital-intensive industries limited generation of new jobs.
    - Growth of inequality, **informal sector (economy)**
    - **Informal sector economy**—workers who produced and sold goods and services at the margin of the economic system and faced extreme insecurity.
      - Disparities in rural and urban incomes encouraged rural guerrilla movements and student protests emerged.
    - By 1960s, country was no longer able to meet domestic demands for food.

# Sowing the Oil and Reaping a Crisis

- Mexico became major oil exporter.
  - Revenues were invested in all sectors and poverty reduction programs started.
- Economy vulnerable to change in oil prices
  - Oil prices dropped in 1982.
    - United States tightened monetary policy; increased interest rates.
    - Foreign debt mounted.
- Implications of crisis on structures of power and privilege
  - Import substitute created inefficiencies in production.
  - Failed to generate sufficient employment
  - Cost government far too much in subsidies
  - Increased dependency on industrialized countries
  - Shift in employment from formal to informal caused fragmentation

# New Strategies: Structural Reforms and NAFTA

- Demands to deal with economic and political crisis
  - Weakening of political power centers provided opportunity to reorient economic development strategy
    - Deregulation gave private sector more freedom.
    - Overhaul of federal system, delegating more power to state and local governments
- **North American Free Trade Association (NAFTA)**
  - Increased vulnerability to international economy
  - Linked Mexican and United States economies
  - Led to economic crises of 1994 and recession of 1995

# Society and Economy

- Mexico's economic development impacted social conditions.
  - Standard of living rose after 1940s
  - Development of middle class
  - Social progress could have been better.
  - Increased economic inequality
    - Rural areas particularly impoverished
  - South and central regions worse off than north
  - Economic crisis of 1980s hurt social conditions.
    - Rise of informal sector
    - Reduced quality and availability of social services

# Mexico in the Global Economy

- Mexico's international economic policies altered by 1982 crisis
  - Government pursued outward-oriented policies.
    - Relaxed trade and investment barriers and encouraged production of exports
    - Joined General Agreement on Tariffs and Trade (GATT)
    - Signed trade pacts
    - Ratified North American Free Trade Association (NAFTA)
      - Seen as having benefits and risks
- Further changes with 1994 crisis
  - \$50 billion economic assistance program by United States, Europe, and IMF
  - Imposed economic stabilization package—containing austerity measures, higher interest rates, and limits on wages.
- Globalization has increased government transparency.