

UNIVERSITY OF CALIFORNIA

Los Angeles

Bankruptcy to NAFTA: Mexico's Foreign Policy Opens to the World, 1982 to 1994

A dissertation submitted in partial satisfaction of the requirements for the degree

Doctor of Philosophy in History

By

Carlos Alberto Contreras

2008

@ Copyright by

Carlos Alberto Contreras

2008

The dissertation of Carlos Alberto Contreras is approved.

Juan Gómez-Quíñones

Raymond Rocco

James W. Wilkie, Committee Chair

University of California, Los Angeles

2008

To Marisa, for everything

And to Emilio, si se puede

Table of Contents

Preface	1
Chapter 1 Mexican Foreign Policy from the 1920s to 1970	31
Chapter 2 Consolidating the Nationalist Economic Model: Mexico's Foreign Policy under Luis Echeverría, 1970 to 1976	53
Chapter 3 From Oil Boom to Bankruptcy: Mexican Foreign Policy under José López Portillo, 1976 to 1982	76
Chapter 4 The Transition from Nationalism to Free Markets: Mexican Foreign Policy under Miguel de la Madrid, 1982-1988	108
Chapter 5 Carlos Salinas de Gortari's Market-Opening Policies and the Transformation of Mexican Foreign Policy, 1988-1994	146
Conclusion	185
Bibliography	189

List of Tables

Table 1	Real GDP Growth, 1970-1976	74
Table 2	Mexico Public and Private Foreign Debt, 1970-1976	75
Table 3	Real GDP Growth, 1976-1982	99
Table 4	Mexico Public and Private Foreign Debt, 1976-1982	100
Table 5	Petroleum and the Mexican Economy, 1976-1982	101
Table 6	Real GDP Growth, 1982-1988	143
Table 7	Number of Parastate Firms, 1980-2000	144
Table 8	Public Sector Employment, 1980-2000	145
Table 9	Foreign Investment in Mexico, 1970-2000	183
Table 10	Mexico Exports and Imports, 1988-1994	184

Illustrations

Emiliano Zapata: “La tierra es de quien la trabaja” by Helguera

xx

ACKNOWLEDGEMENTS

I wish to thank *La Jornada* for permission to reproduce Helguera's political cartoon on Emiliano Zapata dated September 3, 1992.

VITA
PUBLICATIONS

Chapter One

Mexican Foreign Policy from the 1920s to 1970

Introduction

Mexican foreign policy from the 1920s to 1970 mirrored Mexico's nationalist economic policies that emerged from the Mexican Revolution of 1910. With the new Constitution of 1917 as a blueprint, the Official Party that emerged from the Revolution would gradually implement a nationalist economic model designed to repossess Mexico's natural resources, limit foreign investment, foster Mexican industry, and engage in a far-reaching program of land reform. By 1940 the foundation of Mexico's nationalist state-led industrial growth that would peak in the 1970's was in place.

During this period, Mexico developed a defensive foreign policy geared toward protecting Mexico from outside forces, protecting Mexico from the economic and political power of powerful countries like the United States, and protecting Mexico's nationalist economic policies. As a response to a number of interventions and violations of Mexican sovereignty dating back to the loss of half of Mexico's territory to the United States in 1848, the Official Party would embrace and uphold the principles of non-intervention and self-determination in foreign affairs, employing nationalist rhetoric and fueling nationalistic sensibilities at home. This was often done for domestic consumption, with an eye toward maintaining party cohesion and political stability.

Despite the emphasis on non-intervention, Mexico would often, as it did in the 1920s and again in the 1970s, pursue an assertive and interventionist policy in Central

America. Beneath the nationalistic rhetoric that sought to distance Mexico from the United States, Mexico would also develop a close relationship with the U.S. and would cooperate with its powerful neighbor to the north on most matters of substance.

This chapter provides a broad sweep of Mexican foreign policy from the 1920s to 1970. I have organized this chapter into the following sections: An Overview of Mexican Economic Policy and the Political System to 1970; Post-Revolutionary Foreign Policy the 1920s and the 1930s; Foreign Policy from the 1940s to 1970; Mexico, Cuba, and the Official Party's Foreign Policy Discourse

An Overview of Mexican Economic Policy and the Political System to 1970

Mexico's nationalist economic project that would peak in the 1970s under LEA and JLP, emerged as a response to the Mexican Revolution of 1910. From 1876 to the first decade of the twentieth century, General Porfirio Diaz presided over thirty-five years of export-oriented growth that integrated Mexico into the world economy more than ever. The wealth that was generated during this period was so unevenly distributed, that when combined with Diaz' increasingly authoritarian rule, this model of development collapsed in 1910, ushering in the Mexican Revolution, one of the bloodiest and most chaotic episodes in Mexican history.

After almost a decade of violence, dislocation, and economic contraction, the new post-Revolutionary leaders who swept away the old order ushered in a new nationalist and inward-looking model of development that would peak in the 1970's. The Constitution of 1917, passed by the revolutionary government of Venustiano Carranza,

was the blueprint for this new economic model that would be characterized by the gradual implementation of nationalist economic policies designed to repossess natural resources, limit foreign investment, foster Mexican industry and engage in a far-reaching program of land reform.

Successive members of the Official Party that emerged from the Revolution would champion these nationalist policies as a legacy of the Mexican Revolution. Arguing that Mexico's Revolution was an ongoing struggle to make good on the promises of the Revolution embodied in the Constitution of 1917,⁵⁰ the Official Party would take back effective control over the nation's natural resources, expand the building of infrastructure projects, become heavily involved in protecting and subsidizing agriculture and industry, and in general usher in an era of unprecedented state involvement in the Mexican economy. The implicit protection provided by the two world wars and the collapse of commodity prices during the Great Depression would provide an impetus for the Official Party to consolidate this model of development.

During the 1920s, presidents Alvaro Obregón (1920-1924) and Plutarco Elías Calles (1924-1928) brought political stability to Mexico and focused on rebuilding the country, engaging in a program of land reform, building Mexican infrastructure and establishing the government's administrative structures. In order to bring stability and provide for the peaceful transfer of power after the assassination of president-elect Obregón in 1928, Calles, as the real power in Mexico, called for the creation of the

⁵⁰ I have used James W. Wilkie's periodization of Mexico's "Permanent Revolution": Political Revolution, 1910-1930; Social Revolution, 1930-1940; Economic Revolution, 1940-1960; Balanced Revolution, 1960-1970; Statist Revolution, 1970-1982; and Restructured Revolution, 1983-. See James W. Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution" since 1910," in *Society and Economy in Mexico*, ed. James W. Wilkie (Los Angeles: UCLA Latin American Center Publications, 1990).

Official Party in 1929. It fell to interim-president Emilio Portes Gil (1928-1930) to establish the Official Party, the *Partido Nacional Revolucionario* (PNR), which brought Mexico's generals and regional political bosses together to resolve their differences politically rather than through bullets.⁵¹ Calles, as the Strong Man of Mexico from 1930-1934, forced President Pascual Ortiz Rubio (1930-32) to resign the presidency after only two and a half years in office and appointed as interim-president Abelardo Rodríguez (1932-1934). Calles then appointed his protégé, General Lázaro Cárdenas, who would bring further stability to the political system as president from 1934 to 1940. When Calles tried to reassert his own power, Cárdenas expelled him from Mexico and cemented the power of the Official Party by reorganizing it. He transformed it from a coalition of political bosses to a corporate system with four sectors. Now called the *Partido de la Revolución Mexicana* (Party of the Mexican Revolution, PRM), the Official Party was now a corporate system incorporating labor, peasants, the military, and a category called the "popular sector," which incorporated bureaucrats, teachers, and state workers.⁵²

Giving full expression to the ideology of Social Revolution, Cárdenas focused on social expenditures to ameliorate Mexico's inequalities and dramatically stepped up land reform in the 1930s. He then expropriated American and British oil companies in 1938 and laid the foundation for Mexico's state-led industrial growth for decades. The nationalization of oil would elevate Cárdenas to the top of the pantheon of Mexico's Revolutionary heroes.

⁵¹ Ibid., 6.

⁵² Ibid., 11.

By 1940, the Generals who led the Official Party had achieved political stability, embarked on a massive program of land reform, and laid the basis for the country's state-led industrial growth that successive Mexican presidents would emphasize during Mexico's Economic Revolution from 1940 to 1960. The last of the generals from the Official Party to occupy the presidency, President Manuel Avila Camacho (1940-1946) completed the transition from agricultural to industrial growth,⁵³ with World War II providing the impetus for Mexico to use its increased raw materials exports to finance Mexico's domestic development. President Miguel Alemán (1946-1952) ushered in the era of civilian leadership within the Official Party,⁵⁴ reorganized it by eliminating the military sector and deemphasizing labor, and renamed it the *Partido Revolucionario Institucional* (Institutional Revolutionary Party, or PRI). Mexican economic policy under Alemán and president Adolfo Ruiz Cortines (1952-58) would now deemphasize land reform and social expenditures, keep labor in check, and focus on expanding the nation's infrastructure and spurring the growth of Mexican industry. It would do so by encouraging joint ventures between foreign investors and Mexican private industry and protecting Mexico's manufacturers with tariffs and extensive subsidies.⁵⁵

By the late 1950's, after almost twenty years of emphasizing economic growth spearheaded by Mexican industry at the expense of social expenditures, Cárdenas

⁵³ Almost 40 per cent of Mexico's agriculturally employed population had received land under Mexico's program of land reform, with most of it being distributed by Cárdenas, so Mexico was free to turn from agriculture to industry. See, Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution" since 1910," 7-11.

⁵⁴ From then on most of Mexico's presidents until 1982 were lawyers, after which, economists would dominate the Official Party.

⁵⁵ See Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution" since 1910," 15-17; and Judith A. Teichman, *Policymaking in Mexico: From Boom to Crisis* (Boston: Allen & Unwin, 1988).

organized Mexico's left to pressure the Official Party to shift away from Economic Revolution to Balanced Revolution.⁵⁶ With labor strife engulfing the country, President Adolfo Lopez Mateos (1958-1964) embarked on a national program to balance economic growth with social factors, such as a stepped up program of land reform and a profit-sharing program for Mexican labor. He secured his position in the pantheon of Mexico's nationalist heroes by nationalizing Mexico's foreign owned electricity industry at the end of his term. President Gustavo Diaz Ordaz (1964-1970) continued to emphasize land reform and continued to provide support to Mexican industry while expanding the parastate sector. His efforts at "balancing" Mexico's Revolution would be overshadowed by his administration's violent crackdown of students protesting the undemocratic political system in 1968, which resulted in the death of over three hundred students.⁵⁷

Post-Revolutionary Foreign Policy, the 1920s and 1930s

In the post-Revolutionary era Mexico developed a defensive foreign policy geared toward protecting Mexico's nationalist economic policies, protecting Mexico from outside forces, and protecting Mexico from the economic and political power of the United States, the most powerful country in this hemisphere. The Constitution of 1917, passed by the constitutional revolutionary government of Venustiano Carranza (de-facto president since 1915 and constitutional President from 1917 to 1920), laid the foundation for Mexico's nationalist economic policies as well for Mexico's nationalist foreign policy

⁵⁶ Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution" since 1910," 17.

⁵⁷ For the full story of the Official Party's crackdown on students at Tlatelolco in 1968 see Elena Poniatowska, *La Noche de Tlatelolco* (México D.F.: Era, 1997).

for decades to come. Mexico's new constitution would provide the legal foundation for successive presidents of the Official Party to achieve sovereignty over Mexico's national territory as well as over its natural resources.

The foreign policy principles that Mexico would uphold for decades emerged in response to a number of interventions and violations of its national sovereignty from the middle of the nineteenth century to the early twentieth century. In 1848 Mexico lost half of its territory to the United States.⁵⁸ France invaded Mexico in 1862 and occupied the country until Benito Juarez expelled the French imposed Emperor Maximilian in 1867. In 1914, in an effort to overthrow General Huerta, President Woodrow Wilson sent in U.S. troops to invade the Mexican port of Veracruz in order to prevent arms from reaching General Huerta, thereby weakening his presidency. In 1916 President Wilson sent a punitive expedition of 6,000 men led by General John J. "Black Jack" Pershing into northern Mexico in search of General Pancho Villa, after Villa had raided the U.S. city of Columbus, New Mexico.⁵⁹ In 1919 U.S. forces attacked General Pancho Villa's forces in the northern Mexican city of Ciudad Juárez.⁶⁰

These U.S. interventions and violations of Mexican sovereignty would deeply influence generations of Mexican policymakers and would be a catalyst in the shaping of Mexico's nationalist foreign policy. In the following decades, Mexico would vigorously advocate the following four pillars of foreign policy for all nations: 1) respect for national

⁵⁸ See, for example, Timothy J. Henderson, *A Glorious Defeat: Mexico and its War with the United States* (New York: Hill & Wang, 2007).

⁵⁹ Lars Schoultz, *Beneath the United States: A History of U.S. Policy Toward Latin America* (Cambridge: Harvard University Press, 1998), 249-249.

⁶⁰ Karl M. Schmitt, *México y Estados Unidos: Conflicto y Coexistencia, 1821-1973* (México D.F.: Editorial Limusa, 1978), 143.

sovereignty; 2) territorial integrity and respect for the self-determination of nations; 3) opposition to all forms of intervention in the internal affairs of countries; and 4) application of the international rule of law.

President Carranza would elevate the principle of non-intervention to the level of “doctrine,” and for decades they would guide Mexican foreign policy. Mexican diplomatic representatives would espouse the Carranza Doctrine at successive inter-American conferences. After it was adopted at the sixth inter-American conference in 1928, Mexico’s policy of non-intervention would be referred to as the Estrada Doctrine, after a proclamation by Mexican foreign minister Genaro Estrada. The Estrada Doctrine stated that Mexico would not allow other countries to intervene in its internal affairs and Mexico would not intervene in the internal affairs of others. Foreign minister Estrada also demanded that any new government should receive diplomatic recognition regardless of how it came to power. Under this doctrine Mexico would also be obligated to automatically recognize de facto governments without regard to ideology.⁶¹ The Estrada Doctrine would be the cornerstone of Mexico’s foreign policy positions from the 1920s to 1982.

During the 1920s president Obregón (1920-24) secured for Mexico the diplomatic recognition that Mexico would need in order to be able to obtain the foreign loans that Mexico needed for reconstruction and to be readmitted into the international

⁶¹ Friedrich E. Shuler, “Mexico and the Outside World,” in *The Oxford History of Mexico*, eds. Michael C. Meyer and William H. Beezley (New York: Oxford University Press, 2000), 509. See also Christopher M. White, *Creating a Third World: Mexico, Cuba, and the United States during the Castro Era* (Albuquerque: The University of New Mexico Press, 2007), 11.

organizations and function on the world stage.⁶² U.S. officials had been withholding diplomatic recognition of Mexico in an effort to pressure the country to repeal Article 27 of the Constitution of 1917, which returned ownership of subsoil rights to the state and threatened the profitability of U.S. oil firms. This issue was resolved by the Treaty of Bucareli, a treaty negotiated between Mexico and the U.S. in 1923, which exempted the U.S. from compliance with those articles of the 1917 Constitution that impinged on its economic interests. In return, Mexico received full diplomatic recognition, which then led to European recognition and Mexico's full acceptance into the international financial and diplomatic community.⁶³

While solidifying Mexico's links with the outside world in order to further its national economic development, Mexico under president Calles would also pursue an activist foreign policy in Central America aimed at challenging U.S. power in the region.⁶⁴ President Calles used diplomacy and an aggressive propaganda campaign against U.S. gunboat diplomacy in Central America and the Caribbean.⁶⁵ Against U.S. objections, President Calles supported Nicaraguan revolutionary Augusto César Sandino as he was waging war against the U.S. occupying forces in Nicaragua, seeing in his movement a revolutionary alternative for the region similar to Mexico's.⁶⁶

⁶² Shuler, "Mexico and the Outside World," 510.

⁶³ *Ibid.*, 512-513.

⁶⁴ The Roosevelt Corollary to the Monroe Doctrine in 1904 had converted the U.S. into a "hemispheric policeman" and by the 1920s U.S. policymakers had converted the Caribbean and Central American region into "an American Lake." See Lars Schoultz, *Beneath the United States*, 205-252.

⁶⁵ Shuler, "Mexico and the Outside World," 513.

⁶⁶ Jürgen Buchenau, *In the Shadow of the Giant: The Making of Mexico's Central America Policy, 1876-1930* (Tuscaloosa: The University of Alabama Press, 1996), 160-185.

By the middle of the 1930s Mexico, as a permanent member of the Pan-American Union and the League of Nations, continued to project a socially progressive image abroad while it moved forward with its national economic development program that was increasingly centering on industrial growth.⁶⁷ Mexico condemned fascism upon joining the League of Nations in 1932 while at the same time pushing for “an intensification of economic interactions with Germany, Italy, Japan and any other country willing to help Mexico with its national economic development.”⁶⁸ Mexico never recognized the Franco regime in Spain, and under president Lázaro Cárdenas (1934-1940), provided Republican Spain with military aid, and gave political asylum to exiled Republicans fleeing the Franco dictatorship.

Henceforth, Mexico would actively cultivate the image of a socially progressive haven for refugees fleeing right-wing dictatorships. In the 1970s, as we will see, Mexico opened its arms to refugees fleeing the South American dictatorships of Chile, Argentina and Uruguay.

The 1938 expropriation of U.S. and British oil companies by President Cárdenas was the supreme demonstration of Mexico’s self-determination and would lay the foundation for Mexico’s nationalist economic policies for decades. Cárdenas expropriated sixteen American and British oil companies that had refused to abide by a Mexican Supreme Court decision that had favored Mexico’s oil workers. This highly charged action nullified the Bucareli agreements and solidified Mexico’s economic sovereignty, with PEMEX, Mexico’s new oil monopoly created after the nationalization,

⁶⁷ Shuler, “Mexico and the Outside World,” 520-521.

⁶⁸ *Ibid.*, 523.

becoming the supreme symbol of Mexican nationalism. In retaliation for Mexico's nationalization, the United States and England boycotted Mexican oil, depriving Mexico of its largest oil market. Cárdenas then turned to Germany as a market for Mexican oil, but with World War II on the horizon, Mexico, the oil companies and the United States came to an understanding.

By 1940 the Mexican government and the U.S. oil company Sinclair agreed to compensation, breaking the united front that the oil companies had put up. By 1941, all of the oil companies had reached compensation agreements with Mexico.⁶⁹ Mexican oil was then allowed back into the United States, Cárdenas stopped oil deliveries to Germany, and Mexico went on to become an important U.S. ally and an important supplier of oil, copper, iron ore, nickel and other industrial products vital for the U.S. war effort during World War II.⁷⁰ In addition, Mexico and the U.S. signed an immigration agreement in 1942 that would bring in over 300,000 Mexican workers during World War II alone to meet the labor shortages produced by the war effort. These temporary guest worker agreements between Mexico and the United States, also known as the Bracero Agreements, would continue until 1964. Under these agreements, a U.S. agency, the Administration of the Agricultural Insurance, hired Mexican workers to work in agricultural and rail industries. By the time the agreement was finally terminated in 1964, over 4.5 million Mexican workers had entered the United States under the auspices of the Bracero Agreements.

⁶⁹ Ibid., 530.

⁷⁰ Friedrich E. Shuler, *Mexico Between Hitler and Roosevelt: Mexican Foreign Relations in the Age of Lázaro Cardenas, 1934-1940* (Albuquerque: University of New Mexico Press, 1998), 91-112.

Mexican Foreign Policy from the 1940s to 1970

The main domestic and international policies that Mexico would pursue until 1982 were firmly in place by the early 1940s. By the beginning of the Manuel Avila Camacho (1940-1946) administration, Mexico had cast its lot firmly with the United States and would concentrate on building its industrial base. By 1940, the United States and Mexico had negotiated an all-encompassing commercial treaty guaranteeing a U.S. market for Mexican raw materials at protected prices. Also in that year, the Bilateral Commission established between the United States and Mexico resolved the continuing oil expropriation conflict with U.S. oil companies, and in effect, Cárdenas' nationalization became legally irrevocable.

With the major U.S.-Mexico conflicts having been resolved, there would be an increased cooperation between Mexico and the United States on all matters of economic and strategic importance from this period forward, as exemplified by the Bracero Agreements that supplied the U.S. economy with Mexican labor. Avila Camacho's closer relations with the United States "also suggested a major break with the Cardenista foreign policy that preferred Carranza's ideal of Mexican cooperation within a multilateral Latin American framework against the United States."⁷¹

As successive administrations shifted to the right economically after 1940, concentrating on its industrial growth and pursuing closer relations with the United States, Mexico's Official Party continued highlighting its nationalist and progressive

⁷¹ Shuler, "Mexico and the Outside World," 535.

foreign policy to maintain domestic legitimacy and to keep Mexico's left on board.⁷² As former New York Times correspondent Alan Riding pointed out in his classic work on Mexico, "every government since the Revolution has bolstered the twin pillars of nationalism- strengthening the sense of national identity at home and stressing the country's independence abroad- as a way of consolidating its own power."⁷³ By demonstrating Mexico's independence on the world's stage and identifying itself with progressive nations abroad, the Official Party would maintain the support of student groups, labor, peasants, popular organizations and intellectuals on the left.

When the U.S.-backed coup overthrew the democratically elected, left-leaning Jacobo Arbenz in Guatemala in 1954, Mexico opposed the United States, identified itself with Guatemala and used the occasion to highlight its nationalist and progressive foreign policy. This was the first time since World War II that Mexico's foreign policy diverged significantly from that of the United States. Guatemala had drawn the ire of the United States for putting into place nationalist economic policies, including a sweeping program of land reform that negatively affected the powerful and well-connected United Fruit Company.⁷⁴ The United Fruit Company's loud complaints that Arbenz was moving in the direction of communism found a sympathetic ear in U.S. policymakers who were convinced that Arbenz would be "soft" on Communism. Mexico saw Arbenz as a nationalist reformer, the United States saw him as a communist. By early 1953 President

⁷² Robert A. Pastor and Jorge G. Castañeda, *Limits to Friendship: The United States and Mexico* (New York: Alfred A. Knopf, 1988), 175-177.

⁷³ Alan Riding, *Distant Neighbors: A Portrait of the Mexicans* (New York: Vintage Books, 1989), 19.

⁷⁴ For the full story of the U.S. orchestrated coup in Guatemala, see Stephen Schlesinger and Stephen Kinzer, *Bitter Fruit: The Untold Story of the American Coup in Guatemala* (New York: Anchor Books, 1983), 52-55.

Eisenhower was convinced Arbenz was as a communist “dupe” who would soon lose control of his nation.⁷⁵ In December of 1953, the U.S. ambassador to Guatemala, John Peurifoy stated that Arbenz “was not a communist, but he will certainly do until one comes along.”⁷⁶

U.S. Secretary of State John Foster Dulles used the ministerial meeting of the OAS at the Caracas Conference on Inter-American Security in March of 1954 to get hemispheric backing for the U.S. overthrow of the Arbenz government.⁷⁷ The U.S. delegation pressed for an anti-Communist resolution, arguing that the left-leaning Arbenz was a communist subversive, not a nationalist reformer. The U.S. wanted the Latin American republics to agree that “the domination or control of the political institutions of any American state by the international communist movement... would constitute a threat” to the entire hemisphere and would require “appropriate action in accordance with existing treaties.”⁷⁸ Supported by the Caribbean and South American dictators who were closely aligned with the United States, the resolution calling for a collective response to “extra-hemispheric” forces passed by a 17-1-2 vote, with Guatemala opposed, and Mexico and Argentina abstaining.⁷⁹ Harking back to Mexico’s own Revolution, Mexican Foreign Minister Luis Padilla Nervo defended Guatemala, telling U.S. Secretary of State Dulles “I remember the time when Mexico stood alone and we were going through an economic and social reform, a revolution, and if at that moment you had called a meeting

⁷⁵ David F. Schmitz, *Thank God They're on Our Side: The United States and Right-Wing Dictatorships, 1921-1965* (Chapel Hill: The University of North Carolina Press, 1999), 194.

⁷⁶ *Ibid.*, 195.

⁷⁷ Robert A. Pastor and Jorge G. Castañeda, *Limits to Friendship*, 172.

⁷⁸ Stephen G. Rabe, *Eisenhower and Latin America: The Foreign Policy of Anti-Communism* (Chapel Hill: The University of North Carolina Press, 1988), 49-50.

⁷⁹ *Ibid.*, 51, and Pastor and Castañeda, *Limits to Friendship*, 172.

of the American States to judge us, probably we would have been found guilty of some subjection to foreign influences.”⁸⁰

Though the U.S. succeeded in toppling the Arbenz government in June of 1954, Mexico demonstrated its independence from the U.S. and refused to go along with the U.S. efforts at providing the overthrow with a patina of legitimacy.⁸¹ Mexico’s Official Party, basing its legitimacy on claims to defend the ideals of the Mexican Revolution, identified itself with reformist and progressive nations like Guatemala under Arbenz to highlight its “revolutionary” credentials.

As a party that had itself emerged from a revolution, Mexico’s Official Party would consciously seek to define Mexico as a country committed to defending not only its own sovereignty and self-determination but also defending the sovereignty and self-determination of other similar countries. To this end, the Official Party would use Mexican foreign policy issues, especially at world bodies such as the OAS and the United Nations, to project its own nationalism. Using these foreign policy stances as expressions of Mexican nationalism would be a very important element in preserving the cohesion of the Official Party, especially as Mexico pursued closer economic relations with the United States behind the scenes.

Mexico, Cuba and the Official Party’s Foreign Policy Discourse

As with Mexico’s defense of Guatemala, the Official Party would welcome the Cuban Revolution in 1959 and promote its friendship with Cuba in order to manifest its

⁸⁰ Quoted in Rabe, *Eisenhower and Latin America*, 52.

⁸¹ *Ibid.*, 165.

“revolutionary” credentials, and to balance its close economic relations with the United States.⁸² In a recurring theme, the Official Party supported revolutionary regimes like Castro’s Cuba to legitimize Mexico’s post-revolutionary nationalism and appear to be revolutionary even when the basic tenets of Mexico’s own Revolution had long since been subordinated to Mexico’s state-led industrialization efforts. Successive Mexican presidents of the Official Party, especially those up to 1982, would stress a foreign policy based on the principles of non-intervention and cultivate a foreign policy discourse that romanticized Revolution and on defending self-determination for itself and for other similar countries.

From the time that Mexico welcomed the exiled Fidel Castro and his band of bearded revolutionaries in 1956, Castro and Cuba would be an integral part of the Mexican national scene and the Official Party would use this close link with Cuba to highlight its own revolutionary heritage.⁸³ Fidel Castro and his followers had tried to overthrow the Batista regime in Cuba in 1953. He was arrested and imprisoned until 1955, when under international pressure, he was released and given amnesty by Batista. Soon after, Castro would make his way to Mexico, where he and his brother Raul, together with Ernesto “Che” Guevara, reorganized a band of guerrillas that began organizing and training in Mexico to launch an attack against the Batista regime in Cuba. They were arrested by the Mexican police in June of 1956 and charged with conspiring to assassinate Batista. Soon student groups, popular organizations and several prominent

⁸² White, *Creating a Third World*, 14

⁸³ President José López Portillo (1976-1982) would do the same with the Sandinista revolution in Nicaragua as we will see in chapter three.

Mexican officials began publishing open letters to President Ruiz Cortines (1952-1958), urging him to release Castro from prison.⁸⁴ Lázaro Cárdenas, one of Mexico's most respected ex-presidents and a pillar of Mexico's left, "helped persuade President Ruiz Cortines to release Castro and his group in late July."⁸⁵ Shortly after being released from Mexican prison, Castro went on to launch his own revolution in Cuba. The triumph of the Cuban Revolution in 1959, with its emphasis on social reform, proved to be very popular with the Mexican left and the Official Party would use this close relationship with Cuba to solidify its support from students, labor, peasants, and intellectuals on the left.

Mexico's Official Party would use this close Cuba connection to appear to be Revolutionary even when, for two decades now, the focus of Mexican economic policy was on generating economic growth through aggressively attracting foreign investors to ally with Mexican capitalists, weakening and co-opting labor in the process. The Official Party's focus on social expenditures had peaked in the 1930's and for the next two decades, the government had focused on economic expenditures and promoting industrial growth. Labor had become "bureaucratized" and tightly bound to the state. Mexico's largest labor organization, the Confederation of Mexican Workers (CTM), kept workers from pressing their demands too hard. Fidel Velasquez, the head of the CTM from 1941 to 1997 even declared in 1947 that every worker who belonged to the union was obliged to support the Official Party. When labor unions did press their demands and criticized the Official Party's overwhelming control over the unions, they were repressed. A few

⁸⁴ White, *Creating a Third World*, 43-44.

⁸⁵ *Ibid.*

months after the Cuban Revolution for example, President López Mateos (1958-1964) sent troops to suppress Mexico's railroad workers who were threatening to strike, illustrating labor's weakened position vis-à-vis the state. The previous year, Demetrio Vallejo had emerged as leader from the rank and file of the union representing Mexico's state-owned railroads. Vallejo's election to head the union threatened the Official Party's control over the union so the election was declared null and void. A series of manifestations and localized strikes led by the railroad workers who were pushing for the ouster of the Official Party's labor bosses and higher wages and benefits ensued. In order to avoid a looming nation-wide strike, the government fired 13,000 workers. When Vallejo and the workers continued pressing their demands, Gustavo Diaz Ordaz, López Mateos' minister of *Gobernación* sent in the troops on March 28, 1959 to arrest the labor leaders and 10,000 workers. The government then purged the union and imposed its own leadership, converting the railroad workers union into what critics called a *charro* union, a union with government imposed leadership. When Carlos Fuentes, one of Mexico's leading intellectuals, started a newsweekly called *El Espectador* and started criticizing the government for going after its own workers, the PRI violently shut it down. Fuentes went on to write a classic novel called *The Death of Artemio Cruz*, which depicted the corruption, rigidity, and decline of the Mexican Revolution. With is episode, Fuentes argued, the Mexican Revolution was indeed dead. The episode was a major challenge to the system and illustrated the growing chasm between the Official Party's revolutionary rhetoric and its actions.

Inspired by the Cuban Revolution and disenchanted with the direction the Official Party was taking, ex-president Lázaro Cárdenas, a revered figure to Mexico's left because of his massive program of land reform and the oil expropriation, founded and led the MLN (National Liberation Movement), a political organization on Mexico's left that sought to restore the ideals of the Mexican Revolution. Founded in August of 1961, just four months after the U.S. orchestrated Bay of Pigs invasion, which sought to bring down Fidel Castro in Cuba, the MLN was led by ex-president Cárdenas and brought together his former labor leader Vicente Lombardo Toledano, Cárdenas' son Cuauhtémoc Cárdenas, the prominent muralist David Alfaro Siqueiros, and a number of labor leaders, peasants, congressmen, intellectuals and students.⁸⁶ Energized by the Cuban Revolution, the movement pushed for a closer Mexico- Cuba relationship, as well as for the Official Party to move back to the left, stress social issues and focus again on agrarian reform, labor rights, and other issues they felt had been neglected by twenty years of focusing on state-led economic growth.

The labor strife of the late 1950's, the disenchantment of Mexico's left with the untrammelled focus on industrial growth, and pressure from groups like Lázaro Cárdenas' MLN, convinced the Official Party to move to the left and emphasize a "Balanced" Revolution."⁸⁷ President Adolfo López Mateos (ALM) pledged to move "as far left as possible within the Revolution," and began to implement a profit sharing program that had been guaranteed in the Constitution of 1917. ALM and his successor, Gustavo Díaz

⁸⁶ Ibid., 55-56.

⁸⁷ Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution" since 1910," 17. See also Enrique Krauze, *Mexico: Biography of Power* (New York: HarperCollins, 1997), 622-631.

Ordaz (GDO), also stepped up land reform and continued state support for private business and an expanded parastate sector. ALM burnished his nationalist credentials when he presided over the “Mexicanization” of the electricity sector by buying out the remaining foreign owned firms (the U.S. owned American Bond and Share Company, and the Belgian owned *Compañía de Luz y Fuerza del Centro*) while continuing subsidies to Mexican industry.

On the international front, President Lopez Mateos (1958-1964) cultivated an independent foreign policy and actively cultivated the image of Mexico as a progressive nation abroad by undertaking numerous international trips to Africa, India, Indonesia, Poland, Yugoslavia, Canada and so many other countries that Mexicans began to call him *López Paseos* (translating roughly as “López journeys a lot”). “Mexico is not a neutral country. It is an independent country,” he would proclaim at home in reference to his stance towards Cuba and the developing world.⁸⁸

ALM and GDO used Mexico’s relationship with Cuba at the UN and at the OAS to defend Mexico’s traditional foreign policy principles and also to carefully calibrate Mexico’s independence from the United States. After the U.S. failed to overthrow Castro in the Bay of Pigs invasion of 1961, Mexico, citing the Estrada Doctrine, resisted U.S. pressure to break diplomatic and economic relations with Cuba.⁸⁹ By 1964, all of the Latin American nations except Mexico had severed relations with Cuba. From then on, Mexico was the only country in the hemisphere to maintain diplomatic relations with

⁸⁸ Krauze, *Mexico: Biography of Power*, 659.

⁸⁹ Stephen G. Rabe, *The Most Dangerous Area in the World: John F. Kennedy Confronts Communist Revolution in Latin America* (Chapel Hill: University of North Carolina Press), 59.

Cuba. Similarly, in 1965 Mexico opposed the OAS created inter-American peace force to legitimize the U.S. military intervention in the Dominican Republic.

But while Mexico was defending non-intervention, expressing solidarity with Cuba in public, and demonstrating its independence from the United States at international organizations, Mexico was also aligning itself firmly with the United States on economic matters and on the issue of the Soviet Union in the Western Hemisphere.⁹⁰ In fact, Mexico had served on the UN Security Council once in 1946 but would avoid it until 1980-81 in order not to create any unnecessary friction with the United States. In this way, Mexico could defend its foreign policy principles and demonstrate its independence on the international stage with little or no cost. In a briefing memo to President Lyndon B. Johnson on February 18, 1964, right before a meeting with López Mateos, U.S. Secretary of State Dean Rusk wrote that “[López Mateos] has followed an “independent” foreign policy but knows that good relations with us... are essential to his country. At times his foreign policy has been too independent- for example on Cuba... But when fundamental issues are at stake we have usually found him understanding and willing to be helpful.”⁹¹ Later in 1964, President Díaz Ordaz reiterated that assurance to President Johnson. “The United States could be absolutely sure that when the chips were really down, Mexico would be unequivocally by its side.”⁹² In fact, the U.S. found Mexico’s independent stance toward Cuba useful because it facilitated U.S. efforts to

⁹⁰ Jorge I. Domínguez and Rafael Fernández de Castro, *The United States and Mexico: Between Partnership and Conflict* (New York: Routledge, 2001), 53.

⁹¹ Cited in White, *Creating a Third World*, 93.

⁹² Department of State, confidential memorandum of conversation between President Johnson and President-elect Díaz Ordaz, November 23, 1964, in Kate Doyle, “Double-Dealing: Mexico’s Foreign Policy toward Cuba,” National Security Archive, electronic briefing book, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB83/index.htm>.

gather intelligence on Cuban activities in the hemisphere. Mexico maintained relations with Revolutionary Cuba, but as recently declassified documents show, Mexico was “double dealing,” providing intelligence to the U.S. regarding Cuba and the Soviets.⁹³

Conclusion

After the Mexican Revolution, Mexican foreign policy centered on protecting Mexico from outside forces, protecting Mexico from its powerful neighbor to the north, and protecting Mexico’s nationalist economic policies. Having emerged from a revolution and having suffered a number of violations of its own sovereignty in the process, Mexico’s Official Party from the 1920’s to 1970 would seek to define Mexico as a country committed to defending not only its own sovereignty and self-determination but also defending the sovereignty and self-determination of other similar countries. The Official Party defended President Arbenz, Guatemala’s nationalist reformer who was overthrown by the United States, and supported revolutionary regimes like Castro’s Cuba to legitimize Mexico’s post-revolutionary nationalism and appear to be revolutionary even when the tenets of Mexico’s own Revolution had long since been subordinated to Mexico’s state-led industrialization efforts. Taking these foreign policy positions would be very popular with Mexico’s left and would be a very important element in preserving the cohesion of the Official Party, especially as Mexico pursued closer economic relations with the United States after 1940.

⁹³ See Kate Doyle, “Double-Dealing: Mexico’s Foreign Policy toward Cuba,” National Security Archive, electronic briefing book, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB83/index.htm>.

Chapter Two

Consolidating the Nationalist Economic Model: Mexican Foreign Policy under Luis Echeverría, 1970 to 1976

Introduction

President Luis Echeverría Alvarez (LEA), president from 1970 to 1976, and President Jose López Portillo (JLP), president from 1976 to 1982 would take Mexico's post-Revolutionary economic nationalism to new heights and usher in an assertive, and often interventionist foreign policy that in many ways mirrored their domestic policies. Economically, the LEA administration from 1970 to 1976 vastly increased the size of the Mexican state, nationalized more industries, put new limits on foreign investment, increased the parastate sector, and tried to diversify Mexico's economic relations away from the United States, all in an effort to try to rectify Mexico's inequalities.

On the world stage, LEA would pursue a highly nationalist, rhetorically charged foreign policy, seeking common cause with developing countries in order to rectify what he saw as an unjust global economic order. He would forge closer ties with Cuba and use the Cuba link to display Mexico's independence from the United States and to shore up support from the left at home, especially after his role in the massacre of Mexican students in 1968 and 1971. Underneath the rhetoric, however, LEA would also continue Mexico's traditionally close relationship with the United States, working closely with the United States to thwart Castro's influence in the hemisphere.

In order to shed light on the complexities of Mexican foreign policy under LEA, I have organized this chapter into the following sections: The Expansion of Statism and the Mexican Political System under LEA, 1970 to 1976; Foreign Policy Under LEA: Mexico and Construction of a New Economic World Order; Chile, Cuba and Mexico's Foreign Policy Discourse under Echeverría

The Expansion of Statism and the Mexican Political System under LEA, 1970-1976

In an effort to live down his role in the massacre of protesting students in 1968, LEA shifted the Official Party to the left from 1970 to 1976 and increased the size of the state to unprecedented levels, giving full expression to ideology of "Statist Revolution."⁹⁴ As Minister of *Gobernación* (Government, or Interior) under President Gustavo Diaz Ordaz, LEA had played a key role in the massacre of over 325 protesting students in 1968.⁹⁵ Traditionally a springboard to the presidency, the Official Party's powerful *Gobernación* ministers managed state security, crafted legislation, and ran much of the government, including the elections. Mexico would be hosting the 1968 Olympics and it was up to Echeverría to make sure Mexico projected an image of peace and prosperity. Tens of thousands of students in Mexico City had been protesting the increasing political rigidity of the system for days when government forces unleashed their barrage of bullets on the thousands students gathered at the Plaza of the Three Cultures in Tlatelolco square

⁹⁴ Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution" since 1910," 19-23.

⁹⁵ Declassified CIA documents reveal Echeverría's role in managing state security in Mexico and providing the CIA with information about the student movement in Mexico City for the United States. He is identified in CIA documents as LITEMPO-8. See "LITEMPO: The CIA's Eyes on Tlatelolco," National Security Archive electronic briefing book no. 204, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB204/index.htm>.

on October 2, 1968. Decades later we found out that the massacre was meticulously planned, with plain clothes state security agents firing at soldiers on rooftops so that the soldiers could unleash this barrage of bullets at students, making it look like students had fired at the soldiers and that the soldiers had fired in self-defense. Soldiers with bayonets then blocked all escape routs from the square and 10,000 soldiers and police. The surviving student leaders were rounded up, held in military camps then transferred to the Lecumberri penitentiary, where they were charged with everything from murder to “social dissolution.”⁹⁶ It was the biggest challenge to the system to date, and one that LEA, as GDO’s top executor of force and control during the massacre, was determined to live down as president in the seventies.

As President, LEA surrounded himself with reformers, leftist intellectuals and critics of the Official Party in an effort to neutralize the repercussions of 1968. Calling it a “democratic opening,” LEA brought them into his cabinet, appointed them as advisors and offered them important posts in the public sector. He made Carlos Fuentes, a vocal critic and one of Mexico’s leading intellectuals, ambassador to France. He made Francisco Javier Alejo, one of the student leaders of 1968, head of the government run publishing house *Fondo de Cultura Económica*. He brought in young intellectuals who had recently returned from studying in Europe, like Porfirio Muñoz Ledo, into this cabinet.

⁹⁶ See Elena Poniatowska, *La Noche de Tlatelolco: Testimonios de Historia Oral* (México D.F.: Ediciones Era, 1985) for the best collection of eyewitness accounts. Enrique Krauze also interviewed student leaders of the 1968 student movement for his book *Mexico: Biography of Power*, chapter 21. For the recently declassified documents on the 1968 student massacre by the CIA, the Pentagon, the State Department and the White House, see Kate Doyle, “The Tlatelolco Massacre: U.S. Documents on Mexico and the Events of 1968,” National Security Archive, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB99/>.

Porfirio Muñoz Ledo personified the young Mexican intellectuals who had studied in Paris and London and who came home ready to increase the power of the state to reshape Mexico's domestic policy and to combat imperialism and reduce dependency relations among nations.⁹⁷ Of the Mexican intellectuals who had studied abroad in the 1960s and early 1970s, England and France were the primary destinations for them to pursue graduate studies. Studying at the University of Paris and the London School of Economics, they were deeply influenced by European intellectual currents of the time. By the 1980s, this trend would be reversed in favor of the United States as the prime destination for graduate studies for Mexican intellectuals and for Mexico's power elite,⁹⁸ but in the LEA administration, European educated advisors played a formative role influencing domestic and international policy.

LEA and his crop of new advisors, proceeded to vastly increase the size and power of the Mexican state. They argued for a return to the nationalist origins of Mexico's Revolution, with its concern for social justice. They followed the recommendations put forth by the CEPAL (Economic Commission for Latin America), which consisted of strong state intervention, high tariffs to protect national manufacturers, the replacement of imports with nationally manufactured goods, and a closed and protected economy. He dramatically increased the budget of the UNAM, Mexico's largest public university, for example. From 1968 to 1978, the UNAM's budget grew by 1,688 percent.⁹⁹ During LEA's *sexenio*, public sector employment

⁹⁷ Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution" since 1910," 19.

⁹⁸ Roderic Ai Camp, *Mexico's Mandarins: Crafting a Power Elite for the Twenty-first Century* (Berkeley: University of California Press), 152-187.

⁹⁹ Krauze, *Mexico: Biography of Power*, 743.

ballooned from 600,000 in 1970 to 2.2 million in 1976.¹⁰⁰ He argued that private investors, whether foreign or national, were making profits that were unacceptably high and that they were contributing to income inequalities.¹⁰¹ His solution then, was to shift from “stabilizing development” to “shared development,” with the state playing a dominant role economically and also playing a large redistributive role. Under LEA, the Mexican government then bought majority stakes in the mining and telephone sectors. He passed strict laws on foreign investment in an effort to limit the foreign role in Mexico’s economy. He passed laws setting aside the oil, electricity, railroad and other strategic industries for the state. He was so intent on nationalizing private companies and converting them to state-run companies that Vicente Fox, a Coca-Cola of Mexico executive in the 1970s who would go on to be the first president of the post-PRI era (2000-2006), recounts how president Echeverría even tried to bully his way into having Coca-Cola hand over its secret formula.¹⁰² In the countryside, he increased spending on rural development projects and continued the high levels of land reform begun under GDO, expropriating and redistributing millions of acres from private hands and redistributing them to peasants under the *ejido* system.

When LEA’s economic advisors warned him about the inflationary effects of Mexico’s massive public spending and the growing dangers of the nation’s debt, he simply replaced them. When Hugo Margáin, Mexico’s Finance Minister who had helped guide Mexico through the “stabilizing development” of the 1960s explained to

¹⁰⁰ Ibid.

¹⁰¹ Wilkie, “The Six Ideological Phases of Mexico’s “Permanent Revolution” since 1910,” 19.

¹⁰² Vicente Fox and Rob Allyn, *Revolution of Hope: the Life, Faith, and Dreams of a Mexican President* (New York: Penguin Books, 2007), 78-79.

Echeverría the difference between an internal debt and an external debt and how Mexico had reached its limit on both, LEA promptly removed him from his post and made him ambassador to Great Britain.¹⁰³ To take Margáin's place, LEA appointed his friend José López Portillo (JLP), a man who had almost no economic experience. JLP would go on to be the next president of Mexico from 1976 to 1982, bankrupting Mexico in the process. From 1970 to 1976, Mexico's foreign debt quadrupled from \$6.6 billion to \$25.9 billion, of which 75 percent was public debt.¹⁰⁴ By 1982, it stood at a whopping \$85 billion.¹⁰⁵

As LEA moved the Official Party to the left, stepping up land reform and bringing in former critics of the system, he also engaged in a campaign to suppress those who would not be co-opted. Those willing to make peace with the system were given amnesty and those who continued pressing their demands felt the full brunt of the state. In 1971, for example, LEA gave amnesty to the imprisoned leaders of the 1968 student movement as well as the political prisoners from the 1959 railroad strikes, including Demetrio Vallejo and Valentín Campa. On the other hand, students who continued protesting were suppressed violently as they were on June 10, 1971, in a massacre that has come to be known as the Corpus Christi massacre because it fell on that Thursday of the Catholic celebration. On that day, 10,000 students were marching from the National Polytechnic Institute, trying to revive the 1968 demonstrations when they were violently attacked by the *Halcones* (Falcons), chain and club-wielding goons that were hired, armed and

¹⁰³ Krauze, *Mexico: Biography of Power*, 747.

¹⁰⁴ Sidney Weintraub, *A Marriage of Convenience: Relations Between Mexico and the United States* (New York: Oxford University Press, 1990), 136.

¹⁰⁵ *Ibid.*

trained by the Federal District police and the *Dirección Federal de Seguridad* (DFS, the Federal Directorate of Security) to do their dirty work.¹⁰⁶ They had joined the march, ostensibly as students, chanting “Arriba el Ché Guevara!” (Hooray for Ché Guevara!) and proceeded to break store windows before turning on the students with their weapons.¹⁰⁷ At the end of the day, 25 students were killed, dozens wounded, and dozens hauled away in waiting pick-up trucks. Shortly after the massacre, the U.S. embassy speculated on the long-term effects of the massacre for Mexico:

If, as now seems inevitable, the *Halcones* are disbanded, we may wonder how the government intends to control subversive student groups. It is worth recalling in this regard that the *Halcones* were formed at least in part because of the 1968 student demand that uniformed riot police be disbanded. Many responsible Mexicans doubt that Echeverría’s call to national unity will sway the more politicized students- unless accompanied by much more significant economic and social changes than have characterized the administration to date- and believe that repressive force will be an inevitable part of the Mexican political system

¹⁰⁶ After the Official Party was no longer in power, President Fox (2000-2006) appointed a Special Prosecutor for Social and Political Movements of the Past to investigate the Mexico’s dirty war from the 1960s to the 1970s. Drawing from previously classified documents from all of Mexico’s military, intelligence and police agencies, the prosecutor’s report, released in 2006, documents the role of the DFS in recruiting and training the *Halcones* as well as the way that high ranking government officials carried out this massacre and its subsequent cover-up. The report goes on to show that neither this, nor the 1968 massacre were isolated events, but official practices under Presidents Díaz Ordaz (1964-1970), Echeverría (1970-1976) and López Portillo (1976-1982). The entire report as well as of the declassified military, intelligence and police documents are available at the National Security Archive and at the Mexican Attorney General’s Office. See “Official Report Released on Mexico’s “Dirty War,”” National Security Archive, electronic briefing book No. 209, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB209/index.htm>

¹⁰⁷ Krauze, *Mexico: Biography of Power*, 751-752.

for some time to come.¹⁰⁸

A few days later, the Regent of the Federal District (the appointed mayor) Alfonso Martínez Domínguez and the Chief of Police Rogelio Flores Curiel resigned. The official word was that “emissaries of the past” within LEA’s own regime had laid a trap for the president.¹⁰⁹ In an interview with *Proceso* shortly thereafter, Alfonso Martínez Domínguez, who had the *Halcones* on his payroll, told the newsweekly that he had been forced to resign, that Echeverría had planned the Corpus Christi events and that he had been called in and told that he was to take the blame for the whole thing and resign.¹¹⁰

After the Corpus Christi Massacre in 1971, anti-government guerrilla activity intensified in Mexico and LEA unleashed the power of the state against them. Unlike the students who were manifesting in public and using official channels to express their demands for a change in the system, the urban and rural guerrillas wanted much more radical solutions to Mexico’s problems and took up arms against the government. During this period, Mexico witnessed an unprecedented wave of kidnappings of businessmen and politicians and bombings by urban guerrillas in Monterrey, Guadalajara, Mexico City and a number of other Mexican cities. Samuel Schmidt has noted that during this period, common criminals also led robberies and bombings under the guise of anti-state guerrilla

¹⁰⁸ U.S. Embassy in Mexico, confidential telegram, June 17, 1971, in Kate Doyle, “The Corpus Christi Massacre: Mexico’s Attack on its Student Movement, June 10, 1971,” National Security Archive, electronic briefing book, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB91/>

¹⁰⁹ Krauze, *Mexico: Biography of Power*, 751-752.

¹¹⁰ *Ibid.*

activity.¹¹¹ In 1972 there were 23 bombings, in 1973 there were 2, in 1974 there were 28, in 1975 there were 13, and in 1976 there were 8.¹¹² In 1973, there were 17 kidnappings, including the kidnapping of the American consul in Guadalajara.¹¹³ The wave of kidnappings was so intense that even LEA's own father-in-law, José Guadalupe Zuno, was kidnapped.

Mexico's countryside also witnessed a dramatic rise in rural insurgency during the 1970s. The rural guerrilla movement "emerged from the repression suffered by the Civic Association of Guerrero, directed by Genaro Vázquez."¹¹⁴ From 1959 to 1968, the demands of this group centered on political freedom and the redistribution of land. When the state security apparatus went after his group with violence and jailed him, Vázquez escaped from jail and took to the hills, convinced that their demands could never be met through Mexico's institutional channels. In the hills of the southern Mexican state of Guerrero, Vázquez turned his group into the National Revolutionary Civic Association (ACNR) and in 1971 declared that they would struggle for the "overthrow of the oligarchy of large capitalists, large landowners, and governing pro-imperialists."¹¹⁵ He was killed in 1972 after the government sent 12,000 soldiers after him.¹¹⁶ Lucio Cabañas became commander of the group after Vázquez's death and renamed it the Party of the Poor. As this group gained strength, ambushing the troops, engaging them in guerrilla

¹¹¹ Samuel Schmidt, *The Deterioration of the Mexican Presidency: The Years of Luis Echeverría* (Tucson: The University of Arizona Press, 1991), 83-87.

¹¹² *Ibid.*, 87.

¹¹³ *Ibid.*, 85-87.

¹¹⁴ *Ibid.*, 84-85.

¹¹⁵ Cited in Schmidt, *The Deterioration of the Mexican Presidency*, 84.

¹¹⁶ *Ibid.*

warfare, and carrying out spectacular kidnappings, the government sent in more troops and unleashed a wave of terror to eliminate the base of support of the guerrillas.

As recently declassified documents show, the government responded to both the rural and urban guerrilla groups with force, repression and a “dirty war” of its own. The 2006 report by the Special Prosecutor for Social and Political Movements of the Past documents the government’s “crimes against humanity” through abductions, executions and the “disappearance” of hundreds of Mexican civilians in its campaign against leftist rebels in the 1970s.¹¹⁷ It documents the government’s “scorched earth campaigns” against the rural guerrillas: from the Army’s denying food to rural villages who might be sympathetic to the guerrillas to “death flights” from military bases in Acapulco, in which bodies of dozens of leftists and suspected leftist activists were dropped into the Pacific Ocean.¹¹⁸

This, along with LEA’s statist economic policies alienated many, including the business elite and the right wing of the Official Party.¹¹⁹ His accumulated statist policies and his unprecedented monetary emissions had led to inflation that was averaging 20 percent by 1976.¹²⁰ That, combined with the instability in Mexico during this period resulted in the private sector taking its money out of Mexico in anticipation of a peso devaluation. LEA accused them of engaging in “un-Mexican” activities and by the end of his *sexenio*, his attacks on big business were so strident that he even referred to them

¹¹⁷ “Official Report Released on Mexico’s “Dirty War,”” National Security Archive, electronic briefing book No. 209, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB209/index.htm>

¹¹⁸ Ibid.

¹¹⁹ Wilkie, “The Six Ideological Phases of Mexico’s “Permanent Revolution” since 1910,” 20.

¹²⁰ Ibid., 23.

as “*los riquillos*” (rich little types) in his last presidential address.¹²¹ By that time, the business elite in Mexico had formed a new centralized organization, the *Consejo Coordinador Empresarial* (Business Coordinating Council), to unify their opposition to LEA’s economic policies. By 1976, LEA’s statist policies had thoroughly alienated Mexico’s business elite and had left Mexico mired in an economic crisis.

Foreign Policy Under LEA: Mexico and the Creation of a New World Order

As LEA moved to the left domestically and sought to vastly increase the size of the state in the economy to rectify Mexico’s inequalities, he pursued an activist foreign policy to rectify what he saw as an “unjust” global economic order. Unlike his predecessors who had been content with planting diplomatic banners on the world’s stage, Mexico under LEA became a true actor on the world’s stage, increasing Mexico’s leadership internationally and advocating *tercermundismo* (third worldism), the notion that Third World nations should band together, stand up to the rich countries and cast off the dependency that characterized their condition. To this end, LEA would travel the world engaging in personal diplomacy, take a lead role in uniting the developing world at the United Nations, and work to create new international organizations like the *Sistema Económico Latinoamericano* (Economic System of Latin America, or SELA).

LEA and his advisors saw the world through the prism of dependency on the industrialized countries. Following on the heels of dependency theory of the 1960s, LEA viewed the world as one in which the industrialized countries had grown rich by

¹²¹ Cited in Krauze, *Mexico: Biography of Power*, 748.

siphoning wealth from the developing countries. During the 1960s, dependency theorists such as Fernando Henrique Cardoso, argued that capitalism enriched the industrialized world at the expense of developing regions such as Latin America. Dependency theorists argued that powerful industrial countries like the United States “consciously used foreign aid, private investment, trade agreements, and credit transactions to maintain its hegemony and Latin America’s dependency and poverty.”¹²²

LEA’s foreign policy mirrored his domestic policy. Domestically, he saw big business and foreign investors as siphoning the nations resources and leading to domestic inequality. Internationally, he saw the industrialized countries as siphoning resources from the developing countries and leading to global inequalities. The collapse of the world monetary system in the 1970s and the subsequent rise in inflation worldwide, increasingly convinced leaders of the developing world to assert their role in the world system and to try to change it. Under LEA, Mexico took a leading role in trying to reshape the U.S.-led international economic order, which he and other Third World leaders saw as benefiting only the industrialized countries at the expense of the developing world. These international actions allowed LEA to enhance his standing on the world scene as well as to legitimize his leftist credentials at home, especially after the massacre of students in 1968 and 1971.

After the Nixon administration imposed a 10 percent surcharge on all imports in August of 1971, Mexico, which relied on the United States market for most of its exports, was hit particularly hard and began to actively diversify its economic contacts away from

¹²² Rabe, *The Most Dangerous Area in the World*, 167.

the United States. Echeverría traveled to Guatemala, Honduras, Costa Rica and Nicaragua in 1971 to secure new export markets for Mexico. He would then travel to Japan in 1972 to secure additional markets for Mexico's exports as well as a source of technological and financial assistance. LEA tried to get the United States to waive this surcharge for Mexico and was unsuccessful. He then went before the United Nations General Assembly to try to convince the Third World to censure the United States for protectionism.¹²³ For the rest of his *sexenio* LEA would try to diversify Mexico's links with the outside world and to redefine Mexico's relationship with the developed world, particularly with the United States.

At the United Nations, LEA took the lead in bringing together the countries of the developing world to approve the Charter of the Economic Rights and Duties of States (also called the Letters of the Rights and Duties of States, or simply the "Echeverría Letter"). Echeverría's achievement was to coalesce the developing world around issues of fundamental importance to them, among them: improving prices of raw materials, equality among nations, non-intervention and non-aggression, technology transfer and sovereignty. The following articles illustrate these principles:

Article 1: Each state has the sovereign and inalienable right to choose its own economic, political, social, and cultural system.

Article 2: Each state has, and freely exercises a full and permanent sovereignty, including possession, use, and disposition of all its wealth, natural

¹²³ "A Democratic and Just International Society" by President Luis Echeverría Álvarez to the United Nations General Assembly, October 5, 1971. Reproduced in Olga Pellicer, ed. *Voz de México en la Asamblea General de la ONU, 1946-1993*. (México D.F.: Secretaría de Relaciones Exteriores, 1994), 217-225.

resources, and economic activities... [In consequence,] each state as the right to regulate and to exercise authority over foreign investments, including the right to nationalize, expropriate, and transfer foreign property or goods.

Article 4: There should be no discrimination in trade based on differences in political, economic, or social systems.

Article 5: States have a right to associate in producer organizations of primary materials [cartels, for example].

Article 14: Cooperation for expanding and liberating commerce, especially in taking steps for ensuring additional benefits for the international developing countries.¹²⁴

Echeverría proposed the Charter at the third UNCTAD meeting in Chile in 1972 and by 1974 persuaded the United Nations General Assembly to approve it by a vote of 120 in favor, 6 against, and 10 abstentions (the developed countries either abstained or voted against it).¹²⁵ Through the Charter, LEA sought to create a new world order by advocating a New International Economic Order (NIEO), bringing Mexico into the simmering North-South debate firmly on the side of developing countries. For Mexico and the developing countries, it crystallized a sense of shared purpose, a framework for cooperating and orienting their policies towards these nationalist objectives. LEA and the developing countries continued pressing for improving terms of trade, receiving

¹²⁴ Cited in Schmidt, *The Deterioration of the Mexican Presidency*, 122-124

¹²⁵ Ibid. See also Jorge I. Domínguez and Rafael Fernández de Castro, *Between Partnership and Conflict: The United States and Mexico* (New York: Routledge, 2001), 56.

greater development assistance from the developing countries and a greater cooperation among the developing countries to end global poverty and reduce dependency. It also provided Mexico and Echeverría a strong presence on the international stage.

Mexico under LEA also took a lead role in the Group of 77 at the United Nations, seeking to change what it and other developing countries saw as an unjust economic order. Echeverría wanted Mexico to be the standard bearer for the developing nations. His ambassador to the United Nations, Porfirio Muñoz Ledo, took a lead role with the Group of 77, presiding over the Group of 77 from 1974 to 1975.

LEA and Carlos Andrés Pérez, the president of Venezuela, created the Sistema Económico Latinoamericano (the Economic System of Latin America, or SELA) to distance Mexico from the United States and to counter the U.S. dominated Organization of American States (OAS). SELA provided Echeverría and Carlos Andrés Pérez with an important vehicle to express their collective nationalist and anti-imperialist postures. SELA included Cuba, excluded the U.S., and was geared toward protecting the nationalist economic policies of its member states. It sought to bring raw materials producers together to gain greater leverage vis-à-vis the developed world. Like many of Echeverría's other international initiatives, his nationalist rhetoric and pronouncements on Mexico's economic independence through SELA further alienated the business community at home.

Chile, Cuba, and Mexico's Foreign Policy Discourse under Echeverría

Echeverría cultivated a close relationship with the socialist president of Chile, Salvador Allende. He visited the Chilean capital, Santiago, in April of 1972 and invited Allende to visit Mexico that December. LEA defended Allende's right to nationalize Chile's U.S. dominated copper industry and denounced U.S. efforts at destabilizing the Chilean economy, a message that resonated with Mexican students, intellectuals, and the Mexican left in general. In joint appearances during Allende's visit to Mexico, Allende highlighted the similarities between their two administrations and praised Echeverría's leadership. Allende's visit to Mexico helped provide Echeverría with support from the left in Mexico, especially after his administration's role in the Corpus Christi massacre the year earlier. It helped Echeverría solidify his "leftist" credentials at home and abroad. When the United States blocked Chile's ability to borrow from international financial institutions, Mexico extended Chile credits worth \$80 million by the time Allende was overthrown. After Allende was overthrown by General Augusto Pinochet in 1973, LEA welcomed Allende's widow and opened the door to those fleeing the Pinochet regime, directing the Mexican Embassy in Santiago to provide safe conduct passes to thousands of Chilean refugees. By 1975 LEA had opened Mexico's doors to thousands of liberal and leftist refugees fleeing the "dirty wars" being waged by the dictatorships of Argentina and Uruguay as well. This was a major contradiction given Echeverría's own dirty war that he was waging at home.

LEA would also very publicly pursue a close relationship with Cuba in order to assert Mexico's independence from the U.S. and shore up support from the Mexican left while at the same time pursuing a pragmatic and less public relationship with the United

States. LEA improved relations with Cuba, taking active steps to bring Mexico's "sister republic" (as LEA called Castro's Cuba) back into the inter-American system. He also cultivated a personal relationship with Castro, which helped Echeverría's image among the left in Mexico. LEA traveled to Cuba in 1975, the first Mexican president to do so. His close relationship with Cuba and his support for leftists abroad allowed LEA to enhance his role on the world stage, a role that he would use to position Mexico internationally as a revolutionary country as well as to legitimize his leftist credentials at home.

Ironically, LEA further promoted the story of friendly Mexican-Cuban relations, proclaiming Mexico's solidarity with its "sister republic", while at the same time working closely with the U.S. to thwart Castro's influence in Mexico and Latin America.¹²⁶ In another of Echeverría's contradictory policies, rhetorically, LEA kept Cuba close and sought to distance Mexico from the United States, while at the same time, he allowed the US to spy on Cubans in Mexico. In fact, he feared the spread of Castro's influence in Mexico more than he feared U.S. influence.¹²⁷ He tried to convince U.S. officials in private that his reformist rhetoric "was aimed at neutralizing domestic leftists and therefore served American interests."¹²⁸

LEA also supported revolutionary movements such as the FMLN in El Salvador and the FSLN in Nicaragua and continued to employ Revolutionary rhetoric on the international stage in order to shore up his support among the left at home. His

¹²⁶ Christopher M. White, *Creating a Third World: Mexico, Cuba, and the United States during the Castro Era* (Albuquerque: University of New Mexico Press), 135-141.

¹²⁷ *Ibid.*, p. 4.

¹²⁸ Cited in Riding, *Distant Neighbors*, 320.

nationalist rhetoric was used to gain support among the Official Party's left wing, which was increasingly aware of the dirty war being waged at home, as well as to put a sheen of progressive anti-Americanism on an authoritarian regime. LEA would selectively cling to the principles of non-intervention in order to use them as a shield to deflect attention from the authoritarian nature of the Official Party and its own human rights violations.

Ironically, LEA cultivated the image of Mexico as a socially progressive haven for leftists and refugees who were fleeing right-wing dictatorships while at the same time crushing them at home during Mexico's own dirty war.¹²⁹

Because Mexico's Official Party had for decades projected the image of a socially tolerant and progressive government that received those fleeing dictatorships with open arms, LEA's own dirty war never received much international attention. Within Mexico, the Official party exerted an enormous amount of pressure on Mexican newspapers and television and was able to control to a large degree coverage of its human rights violations. Mexican newspapers relied on the government owned PIPSA for its newsprint (which could be withheld if stories were unfavorable). They also relied on government advertising for much of their revenue. There was also the practice of reporters receiving direct funding from government sources, the *embute*, in exchange for writing favorable coverage. As a last resort, the Official Party could also use intimidation and force, as it did when Echeverría engineered the ouster of Julio Scherer García, the director of *Excélsior*, Mexico's leading newspaper. In this episode, LEA ousted Scherer García through a manipulation of the newspaper's workforce, which was beholden to the

¹²⁹ See "Official Report Released on Mexico's "Dirty War,"" National Security Archive, electronic briefing book No. 209, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB209/index.htm>.

Official Party. All of these contributed to the lack of freedom for the Mexican press. After his bloody ouster, Scherer García and the journalists and intellectuals who left with him, would go on to found *Proceso*, an independent newsweekly critical of the Official Party.

The control the Official Party exerted over television in Mexico was also very significant. The government controlled two television channels and Mexico's private television monopoly, Televisa, was so uncritical of the government's actions that in the 1990s its chairman Emilio Azcárraga, would proudly proclaim himself a "loyal soldier of the PRI." So close was the relationship between Televisa and the Official Party that Azcárraga would pledge \$50 million of his personal fortune to the PRI to help the party wean itself from the government's largesse in 1994 at a banquet attended by Mexico's richest tycoons and President Salinas.¹³⁰ Referring to the close relationship between this television network and the Official Party, critics would refer to Televisa as a "Ministry of Education," "Ministry of Information," or simply the "Ministry of Truth."¹³¹

LEA also aspired to be Secretary General of the United Nations. So whether expressing solidarity with Mexico's "sister republic", leading the G77, or defending the Third World, LEA would use Mexico's higher profile internationally to burnish his Third World credentials. In the mid-1970's he had founded and based in Mexico City the Center for Third World Economic and Social Studies, a think tank devoted to getting the Third World together to extract concessions from the First World, while distancing

¹³⁰ See Andres Oppenheimer, *Bordering on Chaos: Guerrillas, Stockbrokers, Politicians, and Mexico's Road to Prosperity* (New York: Little, Brown and Company, 1996), chapter 5, "The Banquet."

¹³¹ Chappell H. Lawson, *Building the Fourth Estate: Democratization and the Rise of the Free Press in Mexico* (Berkeley: University of California Press, 2002), 29.

Mexico from the United States. LEA criticized Israel, condemned Zionism as a form of racism and allowed the PLO to open an office in Mexico City. In response, the U.S. Jewish population organized a tourist boycott of Mexico, leading to the cancellation of 30,000 hotel reservations and a loss of \$200 million for the Mexican economy. He pursued many of his foreign policy actions over the objections of Mexico's Foreign Service professionals and geared them toward advancing his goal of becoming Secretary General of the U.N. On the day his term expired, he made the announcement that he was perfectly prepared to be elected Secretary General of the United Nations.

In a similar vein, LEA also wanted to win the Nobel Peace Prize, ostensibly for his Charter of the Economic Rights and Duties of States. Enrique Krauze writes that "only Echeverría could think of trying to neutralize the person whom he saw as his greatest rival- Mother Teresa- by requesting her support for his candidacy."¹³² He goes on to say that Mother Teresa, "showing her vast capacity for Christian charity, actually offered it."¹³³

Conclusion

President Luis Echeverría Alvarez took Mexico's post-Revolutionary economic nationalism to new heights from 1970-1976 and ushered in an assertive, and often interventionist foreign policy that in many ways mirrored his domestic policies. Economically, LEA vastly increased the size of the Mexican state, nationalized more industries, put new limits on foreign investment, increased the parastate sector, and tried

¹³² Krauze, *Mexico: Biography of Power*, 747.

¹³³ *Ibid.*

to diversify Mexico's economic relations away from the United States, all in an effort to try to rectify Mexico's inequalities.

On the world stage, LEA would pursue a highly nationalistic, rhetorically charged foreign policy, seeking common cause with developing countries in order to rectify what he saw as an unjust global economic order. He forged close ties with Allende's Chile and Castro's Cuba to display Mexico's independence from the United States and to shore up support from the left at home, especially after his role in the massacre of Mexican students in 1968 and 1971. Underneath the rhetoric, however, LEA would also continue Mexico's traditionally close relationship with the United States, working closely with the United States to thwart Castro's influence in the hemisphere.

Table 1

Real GDP Growth, 1970-1976 (percentages)

1970	6.9
1971	4.2
1972	8.5
1973	8.4
1974	6.1
1975	5.6
1976	4.2

Source: James W. Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution Since 1910," in *Society and Economy in Mexico*, ed. James W. Wilkie (Los Angeles: UCLA Latin American Center Publications, 1990), 4.

Table 2

Mexico Public and Private Foreign Debt, 1971-1976

Year	Total	Public	Private
1971	6.5	4.6	2.1
1972	7.7	5.1	2.6
1973	10.3	7.1	3.2
1974	14.5	10.0	4.5
1975	20.1	14.4	5.6
1976	25.9	19.6	6.3

Source: James W. Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution Since 1910," in *Society and Economy in Mexico*, ed. James W. Wilkie (Los Angeles: UCLA Latin American Center Publications, 1990), 25.

Chapter Three

From Oil Boom to Bankruptcy: Mexican Foreign Policy under José López Portillo, 1976 to 1982

Introduction

José López Portillo (JLP), president from 1976-1982, brought Mexico to the height of statism and built on LEA's assertive and interventionist foreign policy. Inheriting Mexico in the midst of an austerity program, the JLP administration leveraged Mexico's new oil discoveries to attract foreign loans to expand oil production and to increase the parastate sector's nationalized enterprises and state run firms. He pursued his statist policies so relentlessly during his *sexenio* that by the end of his term the Mexican state was responsible for over 50 percent of economic activity and Mexico's foreign debt was a staggering \$87.6 billion. When the price of oil collapsed in 1981 and interest rates shot up in 1982, Mexico went bankrupt, leaving the job of bringing Mexico back to solvency to his successor. Mexico's bankruptcy would signal the end of Mexico's statist economic policies and the beginning of a deep transformation in Mexican foreign policy.

Like Echeverría had, JLP pursued a rhetorically charged and highly nationalist foreign policy that, buoyed by Mexico's new oil clout, became the most interventionist Mexico had ever had. Like Echeverría, JLP also joined the North-South debate firmly on the side of the developing countries against what he would call "the monsters of the

north.”¹³⁴ In a clear contradiction to Mexico’s traditional goals of defending non-intervention, JLP aided the Sandinistas in Nicaragua and the FMLN in El Salvador. He too would support revolutionary movements abroad, such as the FSLN in Nicaragua and the FMLN in El Salvador, while crushing them at home. In the same way that Mexico’s bankruptcy signaled the end of the country’s statist policies, it would also signal the end of Mexico’s interventionist foreign policy.

In order to show the complexities of JLP’s foreign policy, I have organized this chapter into the following sections: JLP, the Mexican Political System and the Last Gasp of Statism, 1976-1982; Oil and Foreign Policy: Mexico and the World, 1976-1982

JLP, the Mexican Political System and the Last Gasp of Statism, 1976-1982

Inheriting a politically polarized Mexico in the midst of an economic crisis, López Portillo’s first task was to stabilize Mexico, to reestablish business confidence, and to safeguard the continuity of the political system. Given the discontent in Mexican society, JLP, like most of his predecessors had done to some extent, started opening up the political system to let off some steam. To that end JLP appointed a shrewd political operator, Jesús Reyes Heróles, as *Gobernación* Minister and put him in charge of managing discontent while preserving the essence of the political system. Believing that “intolerance is the sure path to return to a wild and violent Mexico,”¹³⁵ Reyes Heróles spearheaded a series of reform laws and a series of constitutional amendments that were

¹³⁴ José López Portillo, interviewed by Jorge G. Castañeda in Jorge G. Castañeda, *La Herencia: Arqueología de la sucesión presidencial* (México D.F.: Alfaguara, 1999), 127.

¹³⁵ Ricardo Becerra, Pedro Salazar, and José Woldenberg, *La mecánica del cambio político en México: Elecciones, partidos y reformas* (México D.F.: Cal y Arena, 2000), 87.

enacted in December of 1977. Among other changes, previous preconditions for party affiliation were abolished, so long as they got 1.5 percent of the vote in a presidential election (the previously outlawed Communist Party, for example, would now be allowed to register, as would another small party on the left, the Socialist Workers Party, or PST). The reforms also increased the number of deputies in Congress from three hundred to four hundred, and very importantly, they also established the principle of proportional representation. Though within the bounds of Official Party control, small parties, especially those on the left, were at least able to gain a small toehold in Congress. Given the number of dissidents who had turned to violence during the previous administration, these reforms provided a space for the opposition to take political action or, given how small and outnumbered they were, to at least make fiery speeches in an institutionalized manner. By 1979, the PAN (National Action Party) had elected 43 deputies and the five parties on the left had 61, bringing the opposition to 104 seats out of a 400 seat Chamber of Deputies. The reforms ensured that the opposition would never be able to block legislation by the Official Party.

It was a typical response by the Official Party: open the system just enough to allow the opposition to blow off steam and give some semblance of democracy to Mexico while at the same time, crack down on dissidents under the public view. Indeed, while the JLP administration was crafting the electoral reforms to give the opposition new legal avenues of expressing their discontent, JLP was also cracking down on dissidents with violence, just as Echeverría had done. A report by the Office of Special Prosecutor Ignacio Carrillo Prieto, appointed by President Vicente Fox in 2002 to investigate human

rights abuses details the “dirty war” that Presidents Diaz Ordaz (1964-1970), Echeverría (1970-1976) and López Portillo (1976-1982) waged against armed guerrillas, student protesters and other dissidents.¹³⁶ The report, drawing from Mexican military, intelligence and police agencies, documented how “the authoritarian regime perverted justice” by accusing and jailing dissidents of the crime of “social dissolution,” even when those arrested were “organizing acts of civil resistance and public manifestations.”¹³⁷

Economically, JLP signaled that one of his first tasks was to reestablish business confidence. At his inaugural address on December 1, 1976, JLP pledged national reconciliation as well as austerity measures to bring about two years of economic recovery, two years of consolidation and two years of economic growth.¹³⁸

When new petroleum deposits were found in 1977, JLP tossed his inaugural address out the window and launched a massive new round of state spending and state-led industrialization financed by oil and borrowing. He famously declared in his first state of the union address that the world was no longer divided into First World and Third World countries. “Today,” said JLP, “the world is divided into countries that have oil and those that don’t. Mexico has oil!”¹³⁹

Seeing oil as an inexhaustible source of revenue and the foundation for Mexico’s industrialization efforts, JLP embarked on an ambitious program to increase public

¹³⁶ The full title of the Special Prosecutor’s Office is *Fiscalía Especial para Movimientos Sociales y Políticos del Pasado* (Special Prosecutor for Social and Political Movements of the Past). The full report is housed at the National Security Archive at <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB209/index.htm#informe>.

¹³⁷ “Informe Histórico a la Sociedad Mexicana-2006,” by the *Fiscalía Especial para Movimientos Sociales y Políticos del Pasado*, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB209/informe/tema10.pdf>.

¹³⁸ José López Portillo, *Mis Tiempos: Biografía y Testimonio Político* (México D.F.: Fernández Editores), 462-470.

¹³⁹ José López Portillo, *Mexico, From Boom to Bust: 1940-1982*, second program of a three part series broadcast by WGBH (Boston) Nov. 23, 1988.

investment, expand the nation's infrastructure and spark a new round of state-led industry, in the process bringing Mexico to height of statism and giving full expression to the ideology of Statist Revolution.¹⁴⁰ He accelerated the trend, which took off under Echeverría, of using the state as the engine of economic growth. "We must think big in order to be great,"¹⁴¹ thundered López Portillo in 1978 as he attempted to leverage Mexico's newfound oil wealth to breathe new life into the goals of the Mexican Revolution. "I ask the people to prepare to administer [Mexico's] abundance,"¹⁴² he declared, as he proceeded to borrow against Mexico's future oil reserves and spend at levels that would surpass even Echeverría's. JLP borrowed money from abroad to develop Mexico's new oil fields, to buy new oil tankers, and to build a new skyscraper to house the new PEMEX headquarters. Mexico had begun selling oil abroad only in late 1974, after having imported it for six years, but during the JLP administration, Mexico's oil exports grew fourteen fold and the nation became the fourth largest exporter of oil in the world. Symbolic of López Portillo's haphazard spending spree, he spent \$1.5 billion to build a new natural gas pipeline to the border with the United States before signing any purchase agreement with that country.¹⁴³ This pipeline would never be used to ship natural gas to the United States, being used locally instead.

In addition to borrowing to expand Mexico's oil infrastructure, JLP relied on Mexico's newfound oil to borrow massively from abroad and to finance Mexico's state

¹⁴⁰ Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution" since 1910," 19.

¹⁴¹ José López Portillo, *Mexico, From Boom to Bust: 1940-1982*.

¹⁴² Ibid.

¹⁴³ For a full analysis of the gas deal, see Cathryn Lynn Thorup, "Managing Extreme Interdependence: Alternative Institutional Arrangements for U.S. Policymaking Toward Mexico, 1976-1988" (Ph.D. dissertation, Harvard University, 1992), 97-99.

expansion. International banks were eager to lend to Mexico because of the country's newfound oil and also because they were flush with cash as a result of high oil prices and the billions of dollars the OPEC countries were depositing with them. JLP took advantage of the banks' eagerness to lend to Mexico and pushed forward huge expenditures in Mexico. He invested heavily in Mexico's communications and transportation infrastructure, investing in Mexican railroads and expanding its tourism industry. He poured money into expanding Mexico's steel industry at Lázaro Cárdenas, Michoacán, even though there was a worldwide glut of steel at the time. He invested heavily in agricultural projects to stimulate export agriculture. Financed by an expansionary policy and external borrowing, JLP increased the number of state enterprises to 1,156 by 1982, many of these becoming money-losing operations. Employment in the public sector increased by a staggering 82 percent from 1975 to 1983.¹⁴⁴ From the last year of the LEA administration through the JLP administration and into the first year of the MMH administration in 1983, central government employees plus parastate workers dramatically increased from 2.2 million in 1975 to 4 million in 1983.¹⁴⁵ By end of the JLP administration, Mexico's external debt had ballooned from \$26 billion in 1976 to \$87.6 billion by 1982 (see table 4).

Fueled by high oil prices, the Mexican economy grew from 6 to 8 percent every year from 1977 to 1981, but this growth came at a high cost for Mexico. Along with a bloated bureaucracy and inflationary spending, graft, corruption and nepotism also characterized the JLP administration. During the height of the oil boom, JLP had a five-

¹⁴⁴ Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution" since 1910," 24.

¹⁴⁵ *Ibid.*, 25.

mansion retreat built on the outskirts of Mexico City. He named his son, José Ramón, whom he would call “the pride of my nepotism,” assistant Secretary of Planning and Budget. He even made his mistress, Rosa Luz Alegría, Secretary of Tourism and bought her a mansion in Acapulco too. In the most infamous example of corruption, he named his childhood friend Arturo, “*El Negro*”¹⁴⁶ Durazo, to the position of Mexico City police chief. “*El Negro*” Durazo went on to amass an enormous amount of wealth during JLP’s *sexenio*, building a fabulously wealthy mansion complete with a replica of the Parthenon on an official salary of only \$350 per month.

In June of 1981 the price of oil collapsed, signaling the beginning of the end of JLP’s oil-dependent economic strategy. Interest rates had risen sharply and the world recession had reduced the demand for oil. When the head of PEMEX, Jorge Diaz Serrano, cut the price of Mexico’s crude to keep pace with the declining price of oil, JLP fired him and sent him as ambassador to the Soviet Union (another way the Official Party kept control and enforced discipline within the Official Party). As investors grew increasingly nervous about the parity of the peso, investors flocked to take their money out Mexico. Oil had overvalued the peso and investors were rushing to exchange their artificially supported pesos for cheap and more valuable dollars. Between July and August of 1981, over \$9 billion left the country. Afraid to devalue the peso because “a president who devalues [the peso] is himself devalued,”¹⁴⁷ López Portillo went before the nation, and calling for the maintenance of his economic program, thundered with tears in

¹⁴⁶ Meaning roughly, “Blacky.”

¹⁴⁷ Recounted by Jesús Silva Herzog, Treasury Secretary in the last year of the JLP administration in *Mexico, From Boom to Bust: 1940-1982*.

his eyes that he would “defend the peso like a dog!”¹⁴⁸ When capital flight continued, the JLP administration borrowed even more money from abroad to counteract it, increasing Mexico’s debt even more. Despite his teary-eyed defense, JLP was forced to devalue the peso in February of 1982. The peso went from \$22 to the dollar to \$70. By then it was too late and the flow of dollars out of Mexico continued. Foreign banks all called in their loans.

On August 12, 1982, the recently named Treasury Secretary Jesús Silva Herzog called U.S. Treasury Secretary Donald Regan, the president of the U.S. Federal Reserve Paul Volcker, and the director of the International Monetary Fund, Jacques Larosiere, to inform them that Mexico had depleted its reserves and that the country would not be able to meet its international obligations, not even its interest payment on an external debt which was now over \$80 billion. Silva Herzog recounted later that when he told his U.S. counterparts the bad news about Mexico’s looming bankruptcy, they told him “you really have a problem.”¹⁴⁹ Given the gravity of the situation for all parties involved and the potential worldwide financial earthquake Mexico’s problem would cause, Silva Herzog then replied “I don’t have a problem, *we* have a problem.”¹⁵⁰ U.S. bankers had lent up to half of their assets to Mexico and this crisis threatened the stability of the entire international financial system. After weeks of tense negotiations in Washington, the U.S. negotiating team consisting of U.S. Treasury Secretary Regan, the U.S. ambassador to Mexico John Gavin, Federal Reserve chairman Paul Volcker and representatives of the

¹⁴⁸ López Portillo, *Mexico, From Boom to Bust: 1940-1982*.

¹⁴⁹ Recounted by Jesús Silva Herzog, *Mexico, From Boom to Bust: 1940-1982*.

¹⁵⁰ *Ibid.*

major U.S. banks arrived at a series of agreements with Silva Herzog and his negotiating team: the U.S. would increase its purchase of Mexican oil for the U.S. strategic reserve; provide Mexico with immediate lines of credit from the U.S. Treasury and the Federal Reserve; and Mexico's debt owed to commercial banks would be restructured.¹⁵¹ One of the major conditions for restructuring Mexico's debt and for rescuing Mexico from bankruptcy was massive cuts in Mexico's state spending.

One of the largest economic growth spurts in Mexican economic history turned into the worst economic crisis since the Mexican Revolution. Mexico's bankruptcy would signal the death knell of JLP's economic strategy and the end of decades of statism.

In the last gasp of statism for Mexico, López Portillo, blaming Mexico's bankers for Mexico's capital flight, announced the nationalization of Mexico's private banks during his last State of the Nation Address on September 1, 1982, two months before leaving office. On August 31, 1982, JLP wrote in his diary:

Mexico has been plundered. While gathering data for [the last] presidential address, I have become aware of the gravity of the situation. At least 14 billion dollars in the hands of Mexicans in the United States.... I HAVE DECIDED AND WILL ANNOUNCE TOMORROW, NATIONALIZE THE BANKS AND [impose a] A CONTROLLED EXCHANGE RATE. It is incredible, all of [Mexico's] foreign investment since the beginning of our history, amounts to \$11 billion, of which \$8 billion are North-American. Mexican investments abroad are

¹⁵¹ Clint E. Smith, *México y Estados Unidos: 180 años de relaciones ineludibles* (Los Angeles and Guadalajara: UCLA Program on Mexico and Universidad of Guadalajara, 2001), 87-88.

five times higher. What a disgrace! How disgusting! I will act, no matter what.¹⁵²

At his last state of the Nation address on September 1, 1982, JLP exclaimed “I was responsible for the helm but not for the storm.”¹⁵³ Attempting to salvage his reputation, he wrapped himself in the mantle of the Mexican revolution and blamed Mexico’s bankruptcy on the bankers and the *sacadólares* (exporters of dollars). He then announced a “revolutionary” takeover of the nation’s banks, saddling the nation with an even larger debt burden. He also restricted payment on Mexico’s private and public debt. James W. Wilkie has shown, that “[a]lthough the private sector was furious about the nationalization of the banks and the loss of easy peso convertibility into dollars, JLP’s program saved it from bankruptcy- the private sector could not have paid its debts.”¹⁵⁴ López Portillo then wept before the Congress, pounded the podium and thundered “the Revolution marches on! Viva Mexico!”¹⁵⁵

After presiding over one of the greatest surges in Mexican economic history, Mexico was now bankrupt. It would fall to his successor, Miguel de la Madrid, and his economic advisors to begin shifting the Mexican economy away from decades of statism.

Oil and Foreign Policy: Mexico and the World, 1976-1982

¹⁵² López Portillo, *Mis Tiempos*, 1232.

¹⁵³ López Portillo, *Mexico, From Boom to Bust: 1940-1982*.

¹⁵⁴ Wilkie, “The Six Ideological Phases of Mexico’s “Permanent Revolution” since 1910,” 24.

¹⁵⁵ López Portillo, *Mexico, From Boom to Bust: 1940-1982*.

At his inauguration on December 1, 1976, JLP laid out his vision for Mexico in world affairs, one which stressed sovereignty and equality among nations and one which sought to make common cause with the developing world:

[Mexico's] foreign relations will be guided by policies in which Mexico has distinguished itself in the context of international law. Preserve our sovereignty, solidify our independence abroad, practice . . . international solidarity and resolutely support . . . the Charter of the Economic Rights and Duties of States which provides a global dimension and general validity to our supreme policy, the Constitution of 1917. . . . We have learned from the pain of our history that only if there is order among the powerful can there be opportunities for justice for the weak, with whom we will join in solidarity to become stronger. . . . we reject all forms of hegemonic or imperial submission, regardless of its intentions.¹⁵⁶

By 1977, Mexico had discovered massive new oil deposits and in the same way that the discovery of Mexico's new oil deposits emboldened López Portillo to deepen Echeverría's state-led economic policies and bring Mexico to the height of statism, it also emboldened JLP to wield Mexico's newfound economic clout to strengthen Mexico's presence on the world stage as a leader of the developing world. With the discovery of Mexico's new oil deposits, JLP would bring this trend that LEA had started to new heights. Mexico's new oil money contributed greatly to Mexico's perceptions of its role

¹⁵⁶ José López Portillo, inaugural address, December 1, 1976. Reproduced in Secretaría de Relaciones Exteriores, *20 años de política exterior a través de los informes presidenciales, 1970-1990* (México D.F.: Secretaría de Relaciones Exteriores, 1990), 73.

in world affairs¹⁵⁷ and as a result JLP launched Mexico's last round of activism internationally.

Given the increased attention on Mexico because of its new status as a major oil producer, JLP sought to diversify Mexico's foreign relations away from the United States, emphasizing multilateralism in international affairs as LEA had done. Spain, France, West Germany and Sweden were all eager to purchase Mexican oil and JLP used Mexico's oil card to try to expand the country's relations with Western Europe in the hopes of diversifying its economic relationships away from the United States. JLP also took a fifteen-day tour of Eastern Europe in May of 1978 to try to increase contacts with the Communist countries. On the Soviet Union leg of that trip, López Portillo signed the Treaty of Tlatelolco, which prohibited nuclear arms in Latin America. Highlighting Mexico's ties with Communist nations, López Portillo visited China in October of 1978 to "strengthen relations and trade" between the two countries.¹⁵⁸ There were also increased high-level contacts between Mexico and the Council of Mutual of Economic Assistance (COMECON) and visits to Mexico from high-level dignitaries from Poland, Hungary, Bulgaria and Romania to purchase Mexican oil and forge closer economic relationships.

The real test as to whether Mexico would truly diversify its economic relationships occurred when Mexico initiated discussions about joining the General Agreement on Tariffs and Trade (GATT) in 1979. This debate also illustrated the

¹⁵⁷ Commenting on the impact of Mexico's new oil reserves on Mexico's self-perception and the perception of Mexico abroad, López Portillo wrote in his diary on February 9, 1979: "The change in attitude as a result of our new [oil] reserves is curious. It's palpable.... We still have not become accustomed to the real significance of our petroleum." López Portillo, *Mis Tiempos*, 809.

¹⁵⁸ López Portillo, *Mis Tiempos*, 775.

tensions within Mexico about its development program, as well as the role that Mexico would play in international organizations. Public opinion, nationalist intellectuals, the small parties on the left, those advocating *Tercermundismo*, *El Colegio Nacional de Economistas* (National College of Economists), and the National Chamber of Manufacturing Industry, or CANACINTRA, an organization of small and medium sized businesses, argued for a continuation of Mexican protectionism and lined up firmly against joining GATT. Because small and medium sized businesses benefited from protectionism, and the Official Party had made protectionism a centerpiece of its economic strategy since the 1940s, CANACINTRA was closely allied with the Official Party and was always against opening the Mexican economy.

On the other side of the debate, those arguing for the economic liberalization of Mexico, were the National Action Party (PAN), and the large business organizations such as the Employers Federation of the Mexican Republic, or COPARMEX, and the Confederation of Chambers of Industry, or CONCAMIN. The CONCAMIN consisted of large foreign and domestic businesses that had not always supported Mexico's nationalist economic strategy because of the challenges it presented to their efforts to take advantage of the international market. They had traditionally rejected the Official Party's equating protectionism with nationalism.

Within the Official Party, JLP instructed his Commerce Secretary to begin negotiations to enter GATT in January of 1979. The United States pressured Mexico to join, as did the PAN and Mexico's large business organizations, but ultimately JLP decided against it because, he argued, it would mean the loss of sovereignty in the

formulation of Mexico's trade policy and a greater competition brought about by increased imports to Mexico,¹⁵⁹ a position much opposed by Mexico's labor unions.

At the end of the day, those advocating continued protectionism won out and Mexico would have to wait until the de la Madrid administration to become a member of GATT. JLP's attempts to diversify Mexico's economic relationships away from the US did not significantly alter Mexico's trading relationships. Consistent with his emphasis on statist policies, JLP saw Mexico's oil as a more powerful weapon. The Western European share of Mexican trade never wavered from 15 to 20 percent, compared to 60 to 65 percent of Mexico's international trade with the United States.¹⁶⁰ In fact, Mexico's petroleum wealth intensified its already close relationship with the United States.

JLP, like LEA had, saw Mexico as a leader of the developing world and stressed the need for developing nations to put up a united front to gain greater leverage against the developed countries. Emboldened by the increased attention that oil had brought, Mexico was elected to the UN Security Council in 1980 for the first time since 1946, a move that increased Mexico's activism at the United Nations. In past decades, Mexico had avoided the Security Council because of the responsibility that being on it entailed and the potential conflicts that it might bring between Mexico and the United States. Jorge Castañeda, JLP's Foreign Minister who replaced Santiago Roel in 1979, encapsulated the shift in Mexico's foreign policy in a speech on March of 1980:

The country must change its traditional purely defensive attitude toward the

¹⁵⁹ Aldo R. Flores Quiroga, *Proteccionismo versus librecambio: La economía política de la protección comercial en México, 1970-1994* (México D.F.: Fondo de Cultura Económica, 1998), 237-250.

¹⁶⁰ Domínguez and Fernández de Castro, *The United States and Mexico*, 19.

world. The outside world is no longer, as we thought in the past, only a source of unmentionable ills which we cannot remedy.... Leaving home naturally involves risks. But to lock ourselves passively inside our house not only prevents us from defending it properly, but also will asphyxiate us. The modern world presents dangers but it also offers better instruments for defense.... In this new historical-political context, Mexico can act with confidence. It must coldly evaluate its interests, acting with a sense of responsibility, soberly measuring its possibilities and strengths with neither false illusions nor unjustified and paralyzing fears.¹⁶¹

In order to demonstrate Mexico's leadership among developing countries, as he had promised to do at his inaugural address and in subsequent state of the union addresses, JLP tried to breathe new life into the North-South dialogue that had begun a few years earlier in Paris and that had gained little traction since. López Portillo would eventually convene and host the North-South summit at the resort city of Cancún in October of 1981. Officially called the Cancún Summit on International Cooperation, Mexico brought together the heads of state of twenty-two developed and developing countries. The United States also attended. In an interview with Jorge G. Castañeda, JLP explained that it was imperative for Mexico and the developing countries to unite with each other in order to increase their bargaining power against "the monsters of the North"

¹⁶¹ Cited in Riding, *Distant Neighbors*, 349.

and extract higher prices for their raw materials.¹⁶² This was the sort of language JLP would employ regularly to burnish his nationalist credentials at home. When the summit was being planned in 1979, the Carter administration had expressed support for it, but by the time it was held in 1981, the Reagan administration was in office and Reagan and his advisors never seriously contemplated anything other than private investment and free trade as the key to development for developing countries. Though there were no breakthroughs on development issues, the summit did bring increased visibility to Mexico and to President López Portillo, especially among developing countries.

In an effort to project Mexico as a regional power, JLP took a lead role in creating, with Venezuela, the San José Accord in 1980. Under this pact, Mexico and Venezuela agreed to sell oil to Guatemala, El Salvador, Nicaragua, Panama, Barbados, Costa Rica, the Dominican Republic and Jamaica at subsidized prices to soften the impact of the rise in oil prices and to promote stability in the region. The San José Accord also allowed Mexico to project itself as a regional force and an interlocutor in Central America, a region where some of its countries like El Salvador, Nicaragua and Guatemala were engulfed in civil war. These oil sales with subsidized financing, preferential commercial agreements and direct aid were signs of Mexico's growing influence in the region.

López Portillo saw Central America, specifically the Nicaraguan revolution, as an opportunity to display Mexico's independence from the United States, to reinforce Mexico's own revolutionary tradition and to shore up domestic support at home. Writing

¹⁶² Jorge G. Castañeda, *La Herencia: Arqueología de la sucesión presidencial* (México D.F.: Alfaguara, 1999), 127.

about the domestic component of foreign policy, Jorge G. Castañeda, son of JLP's Foreign Minister Jorge Castañeda and one of Mexico's premier intellectuals who advised the Mexican government on international affairs during the late 1970s and early 1980s,¹⁶³ argued that "Mexico took the positions it did on hemispheric ideological and political issues largely because internal political opinion wanted it that way and because the workings of the political system required it."¹⁶⁴ Addressing the issue of why a progressive foreign policy was a key component of the political system up to this time period, Castañeda wrote:

Organized and articulate public opinion in Mexico is, and has been since the Revolution, essentially leftist and nationalist on foreign affairs. It is undoubtedly difficult, if not impossible to ascertain the true sympathies of the Mexican masses with respect to such issues. Yet there is no question as to where the opinion of the politically active sectors of society lies. Intellectuals, the press, labor unions, many government officials, students, and artists are on the left in Mexico and have been since the 1930s.¹⁶⁵

With regard to Mexican foreign policy in Central America, JLP would back revolutionary groups in Nicaragua and in El Salvador to strengthen Mexico's role as a regional power and establish a position of independence and equality in the face of U.S. penetration there. He also did so to reinforce Mexico's revolutionary tradition and

¹⁶³ Jorge G. Castañeda went on to serve as Minister of Foreign Relations under President Fox from 2000 to January of 2003.

¹⁶⁴ Robert A. Pastor and Jorge G. Castañeda, *Limits to Friendship: the United States and Mexico* (New York: Alfred A. Knopf, 1988), 174.

¹⁶⁵ *Ibid.*

enhance his own political standing at home. For most of the twentieth century, Mexico's only interest in Central America had been stability. By the late 1970's the Sandinista National Liberation Front (FSLN) and a number of other groups were waging guerrilla warfare in Nicaragua and close to overthrowing the dictatorship of the U.S.-backed Anastasio Somoza Debayle. When prominent journalist Pedro Joaquín Chamorro was assassinated in early 1978, prompting liberal intellectuals, journalists and members of the clergy in Nicaragua to back revolution as a way to bring down the Somoza regime, JLP moved to back the Nicaraguan revolution, hoping to strengthen Mexico's role as a regional power and hoping to establish a position of independence and equality in the face of U.S. penetration in the region. That year, the López Portillo administration developed links to the Sandinista rebels through the Ministry of *Gobernación* and through the PRI. The Mexican embassy in Nicaragua, wrote Jorge G. Castañeda, soon "became a haven for Sandinista militants and leaders. Money, messages, people, and other goods entered and left the embassy, and traveled to and from Nicaragua on Mexican government aircraft."¹⁶⁶ Believing that it would bolster his political standing at home, López Portillo broke diplomatic relations with Somoza on May 20, 1979 without even consulting his Foreign Minister Jorge Castañeda, and encouraged other nations to do the same. When the FSLN toppled Somoza on July 19, 1979, the Sandinista leadership flew into Managua from Costa Rica on board the Mexican presidential jet, the *Quetzalcoatl I*. Mexico then became a key ally of the revolutionary Sandinista government though JLP's support of the Sandinistas would draw the ire of Washington

¹⁶⁶ Pastor and Castañeda, *Limits to Friendship*, 179.

during the Reagan administration. On a visit to Managua on June 24, 1980, JLP condemned the “satanic ambitions of imperial interests”¹⁶⁷ and held up the Nicaraguan revolution as a model for other Latin American countries to follow. This language was typical of JLP’s rhetorically confrontational foreign policy designed to appeal to Mexico’s left and to the developing world, which JLP too aspired to lead. Until Mexico’s deep economic crisis of 1982, the JLP administration would provide the Sandinistas with diplomatic support, loans, medicines, medical supplies, technical assistance to the country’s communications industry, and food.

In an effort to broaden Mexico’s foreign policy in Central America and exercising what JLP called “el derecho a disentir” (the right to dissent) in the face of US influence in the region, JLP also supported El Salvador’s Marxist guerrillas, the FMLN (Farabundo Martí National Liberation Front). By the summer of 1980, there was official contact between JLP’s Foreign Minister Jorge Castañeda and the president of the PRI Gustavo Carvajal. JLP believed that by supporting the Sandinistas and the FMLN in Central America, Mexico could serve as a moderating force in the region and that this would increase Mexico’s negotiating position vis-à-vis the United States. The left in Latin America had always turned to Cuba for support before, but JLP, seeing Mexico as an emerging middle power, sought to cultivate the support of the Sandinistas and the FMLN so that they would not end up in the Soviet camp. In August of 1981, JLP withdrew Mexico’s ambassador in San Salvador and, together with France, issued the Franco-Mexican declaration, in which both countries recognized El Salvador’s Marxist

¹⁶⁷ Cited in Grayson, *The Politics of Mexican Oil*, 180.

guerrillas, as a “representative political force,” that is, a state in formation whose members would participate in any negotiated settlement of El Salvador’s civil war. But the United States under Reagan was not interested in negotiating with leftist insurgents. In fact, the Reagan administration, seeing the rise of the left in Central America as the work of Soviet expansionism, increased its support for the Salvadoran junta and organized and funded the counterrevolutionary force that would be called the “contras” to topple the Sandinistas in Nicaragua. In contrast to the United States, JLP argued that the revolutions in Central America were not due to Soviet expansionism, but to the inequalities in those nations and efforts by oppressed peoples there to live a better life. In a speech in Managua in February of 1982, JLP explained his rationale for his support for revolutionary movements in Central America:

Who would dare characterize as expansionism by one or another superpower the immense wave of national liberation revolutions that shook the Third World in the last thirty years? This is why we reiterate what we have said in public and in private: the Central American and Caribbean revolutions are, after all, struggles by poor and oppressed peoples to live a better life and to be free. To say that they are otherwise and to act as if they were is counterproductive: one ends up achieving that which one wanted to avoid. We must not cancel a nation’s hopes nor neglect their rights.¹⁶⁸

¹⁶⁸ Address by José López Portillo in Managua, Nicaragua on February 21, 1982. Reproduced in Secretaría de Relaciones Exteriores, *Política Exterior de México: 175 Años de Historia* (México D.F., 1985), 324.

At the behest of the United States, several Latin American countries denounced the Franco-Mexican declaration as “interventionist,”¹⁶⁹ and Mexico became increasingly isolated in Latin America.

In Central America, JLP was reaffirming a commitment to Mexico’s revolutionary tradition, as well as projecting an image of Mexico as a protector of the Central American nations like Nicaragua. He was stressing Mexico’s own, and by extension the Official Party’s, revolutionary tradition. Defending Mexico’s support for the Sandinistas, López Portillo declared: “(o)ur support for the Nicaraguan people’s struggle against the Somoza tyranny was not last minute.... Today, with the passage of time, I can state with force and pride: I am certain, with the support of all Mexicans, our solidarity with the Nicaraguan revolution is a source of great pride for Mexico.”¹⁷⁰

Like LEA had done, López Portillo would also publicly pursue a close relationship with Cuba during his *sexenio* in order to assert Mexico’s independence from the U.S. and shore up support from the Mexican left while at the same time pursuing a pragmatic and less public relationship with the United States. To this end, López Portillo solidified Mexico’s links with Cuba, increasing the number of state visits as well as cultural exchanges between the two countries. Mexico and Cuba also provided joint assistance to the FSLN in Nicaragua. As the newly installed Reagan administration, which took office in January of 1981, moved to draw the line and prevent the region from moving further to the left, JLP, asserting Mexico’s independent foreign policy in the face

¹⁶⁹ Riding, *Distant Neighbors*, 355.

¹⁷⁰ Address by José López Portillo in Managua, Nicaragua on February 21, 1982. Reproduced in Secretaría de Relaciones Exteriores, *Política Exterior de México: 175 Años de Historia* (México D.F., 1985), 324-325.

of U.S. pressure, told a visiting Cuban delegation in February of 1981 “without a doubt, the Latin American country most dear to us is our Cuba. Please send an embrace to the Comandante [Castro].”¹⁷¹

Yet by 1982, with Mexico in trouble economically, López Portillo’s popularity plummeting in Mexico, and the Reagan administration committed to overthrowing the Sandinistas and increasing aid to El Salvador’s military dictatorship, López Portillo softened his activism in Central America and began to offer Mexico’s services as a mediator between Washington and Cuba and between Washington and Nicaragua and between the warring parties in El Salvador. With Mexico’s growing economic crisis severely undermining JLP’s domestic standing within Mexico, the United States, the PAN and the private sector were applying more pressure on JLP to back away from JLP’s strident support for the FMLN in El Salvador and the Sandinistas in Nicaragua. JLP wrote in his diary that on February 15th, 1982, he received the U.S. ambassador to Mexico, John Gavin, who expressed reservations about JLP’s upcoming trip to Managua.¹⁷² JLP replied with a defense of Mexico’s sovereignty and pointed to the importance of Mexico in maintaining an open line of communication with the Sandinistas. Otherwise, wrote JLP, Managua “feeling cornered, [might] act in desperation.”¹⁷³ JLP then wrote that “coincidentally,” he received a visit by Manuel Clouthier¹⁷⁴, president of Mexico’s *Consejo Coordinador Empresarial* (CCE, or Coordinating Council of Businessmen) on the same day to complain about JLP’s

¹⁷¹ Cited in Riding, *Distant Neighbors*, 353.

¹⁷² López Portillo, *Mis Tiempos*, 1173.

¹⁷³ *Ibid.*

¹⁷⁴ Manuel Clouthier, representing the PAN, would go on to run for president in 1988.

upcoming trip to Managua.¹⁷⁵ JLP wrote that Clouthier “came to express to me the preoccupation by Mexico’s businessmen and their [American] partners for my friendship with the “communists” and the risks that that implied: distrust, capital flight, hostility, disinvestment, and destabilization.”¹⁷⁶ JLP concluded this entry by writing that this visit “seems like a threat. I answered him what I should have, but there is arrogance... in that social class... I find the coincidence between [Gavin’s and Clouthier’s] visits alarming and disagreeable.”¹⁷⁷

At his address in Managua on February 21, 1982, López Portillo addressed Mexico’s support for the Sandinistas in Nicaragua and the FMLN in El Salvador by citing Mexico’s longstanding support for sovereignty and the self-determination of nations:

I can assure my good friends from the United States that what is happening in Nicaragua, and what is occurring in El Salvador and the winds that blow throughout the zone, does not represent an intolerable danger to the fundamental interests and national security of the United States, but does, on the other hand, risk historical condemnation for violently infringing on the rights that peoples, including those that the United States demands for itself: self-determination in its independence; dignity; and the exercise of its sovereignty.¹⁷⁸

¹⁷⁵ López Portillo, *Mis Tiempos*, 1173.

¹⁷⁶ *Ibid.*, 1174.

¹⁷⁷ *Ibid.*

¹⁷⁸ Address by José López Portillo in Managua, Nicaragua on February 21, 1982. Reproduced in Secretaría de Relaciones Exteriores, *Política Exterior de México: 175 Años de Historia* (México D.F., 1985), 325.

No longer actively supporting the FMLN, JLP then went on to press for a negotiated settlement of the Salvadoran conflict, with Mexico as an interlocutor, while taking special note of the United States' concerns:

It is evident that with the intensification of the war, the violence and the tragedy have reached extreme levels. Mexico, which for some time has pressed for a negotiated settlement to the Salvadoran conflict, sees with great concern the everyday more limited possibilities that negotiation will put an end to the bloodletting that that nation suffers... there exists without a doubt a solution of compromise... that solution can be formulated and submitted to discussion to all parties. In this way, that the United States' main concerns about the possible consequences of a negotiated settlement of the Salvadoran crisis can be satisfied.¹⁷⁹

By the middle of 1982, with Mexico's economic crisis worsening and JLP becoming increasingly unpopular at home, JLP had backed away from his activism in Central America for good and had shifted Mexico's role in the region to one of mediator. In August of 1982, together with Venezuela's Luis Herrera Campins, López Portillo issued a call for negotiations between Nicaragua, Honduras and the United States. This emphasis on dialogue and negotiation would be given renewed expression six months after that when in January of 1983, Mexico's new president Miguel de la Madrid joined in creating the Contadora Group, named after the island where the Foreign Ministers of

¹⁷⁹ Address by José López Portillo in Managua, Nicaragua on February 21, 1982. Reproduced in Secretaría de Relaciones Exteriores, *Política Exterior de México: 175 Años de Historia* (México D.F., 1985), 326.

Mexico, Venezuela, Colombia and Panama. Despite efforts by the United States to undermine it, the Contadora Group would stress the promotion of peace in Central America through the promotion of dialogue and negotiation; opposition to viewing the conflict through an East-West prism; and respect for sovereignty and self-determination.

Though couched in the defense of self-determination and sovereignty, two principles that had historically guided Mexican foreign policy and that underpinned Mexico's sacred Estrada Doctrine, JLP's interventions in El Salvador and particularly those in Nicaragua had actually been a violation of the Estrada Doctrine. Like Echeverría had, JLP rhetorically embraced the Estrada Doctrine and Mexico's sacred principle of non-intervention, arguing that Mexico would not interfere in the internal affairs of other nations, but like Echeverría's foreign policy, JLP's interventionist policy in Central America undermined it. It took Mexico's growing economic crisis and JLP's increasing unpopularity at home to convince JLP to back away from Mexico's support for revolutionaries in the region and to stress the role of mediator for Mexico.

In another contradiction in the conduct of his foreign policy, while López Portillo had supported El Salvador's leftist guerrillas, the FMLN, but he never backed neighboring Guatemala's leftist guerrillas, though they too were trying to bring down a U.S.-backed right-wing military dictatorship. In fact, JLP ignored the massive repression by the Guatemalan military. In Guatemala, JLP said, "Mexico will take no sides.... It is an internal problem and we view internal affairs in the context of nonintervention. We have no reason to take sides."¹⁸⁰ It was a complete contradiction and a selective

¹⁸⁰ Cited in Riding, *Distant Neighbors*, 357.

application of the principles of sovereignty and non-intervention, but the key difference here was Mexico's proximity to Guatemala. Mexico had always been concerned with having stability on Mexico's southern border and JLP was concerned that aiding the guerrillas in this neighboring country might bring about a U.S. military intervention in Guatemala and send greater numbers of refugees into Mexico. Thus, JLP did not back any of Guatemala's guerrilla groups and his *Gobernación* Ministry would in fact take a hard line against refugees fleeing Guatemala's military regime. After the United Nations High Commissioner for Refugees (UNHCR) raised the issue of human rights abuses on Mexico's southern border, the Foreign Ministry persuaded JLP to accept Guatemalan refugees in keeping with Mexico's tradition of giving asylum to those fleeing dictatorships. The Foreign Ministry also argued that Mexico's entire Central American policy was at stake. But because refugees technically came under the jurisdiction of the Ministry of *Gobernación*, the views of this ministry, with its emphasis on national security, would prevail. In July of 1980 JLP created a new interdepartmental office called the Mexican Committee for Refugee Assistance (COMAR) to represent and coordinate the interests of the Ministries of Foreign Relations, *Gobernación*, Labor and Social Welfare in consultation with the Ministry of Defense. But "in practice... each of these secretariats had its own agenda and maintained contradictory policies that were impossible to coordinate."¹⁸¹ Predictably, as the number of Central American refugees to Mexico increased in 1981 and 1982, the Ministry of *Gobernación*, in charge of migration issues and concerned with Mexico's national security, and the Ministry of

¹⁸¹ María Cristina García, *Seeking Refuge: Central American Migration to Mexico, the United States and Canada* (Berkeley: University of California Press, 2006), 49.

Defense, in charge of securing Mexico's border, both took a hard line and treated the refugees with hostility, providing them with inadequate aid while they were in Mexico, and eventually organizing their repatriation.¹⁸² In 1981 for example, Mexico expelled two thousand refugees, and in 1982 another three thousand five hundred.¹⁸³ In addition, "refugees suspected of being guerrillas were routinely handed over to Guatemalan authorities."¹⁸⁴ Here was yet another example of the Official Party rhetorically embracing revolutionaries abroad, albeit selectively, for domestic political purposes and also contradicting Mexico's historic welcoming of refugees from right-wing dictatorships.

Like LEA, JLP selectively clung to the principles of non-intervention in order to use them as a shield to deflect attention from the authoritarian nature of the Official Party and its own human rights violations. JLP was trying to convince critics at home of the "revolutionary" nature of his regime, drawing parallels between revolutionaries in Central America aspiring to freedom and Mexico's own revolution, while crushing domestic critics at home. While praising leftist groups abroad who were waging war against dictatorships, JLP continued Mexico's "dirty war" that GDO and LEA had been waging against leftists at home. The Special Prosecutor's report under the Fox administration uncovered evidence of massive human rights abuses and a relentless "dirty war" under the JLP administration.¹⁸⁵ Embracing revolutionaries like the FSLN allowed

¹⁸² See García, *Seeking Refuge*, 44-83.

¹⁸³ *Ibid.*, 49.

¹⁸⁴ *Ibid.*, 50.

¹⁸⁵ "Informe Histórico a la Sociedad Mexicana-2006," by the *Fiscalía Especial para Movimientos Sociales y Políticos del Pasado*, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB209/informe/tema10.pdf>.

Mexico to be seen as progressive at home and abroad while the Official Party continued its authoritarian practices.

Conclusion

López Portillo brought Mexico to the height of statism from 1976 to 1982. The discovery of massive oil deposits early in his administration allowed JLP to solidify his statist economic policies. Buoyed by Mexico's new oil clout, JLP launched one of the most interventionist policies the country had ever seen. Seeing Central America as an opportunity to display Mexico's independence from the United States, to establish Mexico as a regional power, to reinforce Mexico's own revolutionary tradition and to shore up domestic support at home, JLP together with Venezuela, launched the San Jose Accord to provide subsidized oil to several Central American countries; he supported the Sandinistas in Nicaragua; and he supported the FMLN in El Salvador. As LEA had, JLP also employed a rhetorically confrontational foreign policy and sought to carve out a role for Mexico as a leader of the developing countries, seeking to revive (without much success ultimately) the North-South Dialogue.

In keeping with JLP's statist policies, Mexico also considered joining GATT during his administration, but there was much resistance to it because the most powerful business groups depended on continuing the protection of JLP's statist model of development. Mexico's labor groups were also adamantly against it and JLP continued to stress the "revolutionary" nature of his regime. JLP also believed it would mean a loss of sovereignty for Mexico in the formulation of trade policy and in the end, Mexico

would have to wait until the Miguel de la Madrid administration to become a member of GATT.

When Mexico went bankrupt in 1982, it signaled the end of Mexico's statist policies and also the beginning of the end of Mexico's interventionist foreign policy in Central America. By the middle of 1982, with Mexico's economic crisis worsening and JLP becoming increasingly unpopular at home, JLP had backed away from his activism in Central America for good and shifted Mexico's role in the region to one of mediator, no longer supporting revolutionaries but stressing dialogue and negotiation. Mexico's next president, Miguel de la Madrid, would continue this trend of backing away from supporting revolutionaries and stressing negotiation through the Contadora Group.

With Mexico's worst economic crisis since the Great Depression, JLP's statist policies and statist policymakers were discredited and during the de la Madrid administration, a new generation of policymakers would consolidate their power. Led by Carlos Salinas de Gortari, MMH's powerful Minister of Programming and Budget, this new generation of leaders would turn away from LEA and JLP's statist economic policies and interventionist foreign policy, gradually open the Mexican economy and reorient Mexican foreign policy away from LEA and JLP's *tercermundista* perspective that stressed North-South issues, and move Mexico toward a free trading, market opening set of policies that sought to elevate Mexico to first world status, rather than being a leader of the Third World.

Table 3

Real GDP Growth, 1976-1982 (percentages)

1976	4.2
1977	3.4
1978	8.2
1979	9.2
1980	8.3
1981	8.8
1982	-0.6

Source: James W. Wilkie, "The Six Ideological Phases of Mexico's "I
Revolution Since 1910," in *Society and Economy in Mexico*,
ed. James W. Wilkie (Los Angeles: UCLA Latin American Center
Publications, 1990), 4.

Table 4

Mexico Public and Private Foreign Debt, 1976-1982

Year	Total	Public	Private
1976	25.9	19.6	6.3
1977	29.3	22.9	6.4
1978	33.4	26.3	7.2
1979	40.3	29.8	10.5
1980	50.7	33.8	16.9
1981	74.9	53.0	21.9
1982	87.6	58.9	28.7

Source: James W. Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution Since 1910," in *Society and Economy in Mexico*, ed. James W. Wilkie (Los Angeles: UCLA Latin American Center Publications, 1990), 25.

Table 5

Petroleum and the Mexican Economy, 1976-1982

	1976	1977	1978	1979	1980	1981	1982
Crude production average millions B/day	0.8	1.0	1.3	1.5	1.9	2.3	2.8
Crude oil exports 1000's B/day	94	202	365	533	828	1098	1492.1
Petroleum & products % total value exports	16.8	22.4	29.7	43.8	67.4	74.4	73.6
% of total taxes paid by PEMEX	5.0	8.3	9.6	13.8	24	24.9	47.3
Food as % of value of all exports	35.8	33.7	24.8	20.2	10.1	10.4	9.6
Manufactures as % of all exports	35.9	34.0	42.0	32.3	19.3	14.4	15.9

Source: Judith A. Teichman, *Policymaking in Mexico: From Boom to Crisis* (Boston: Allen & Unwin, 1988), 152.

Chapter Four

The Transition from Nationalism to Free Markets: Mexican Foreign Policy under Miguel de la Madrid, 1982-1988

Introduction

President López Portillo's attempt to finance another "shared development" model using petroleum collapsed spectacularly in 1982 amidst the drop in oil prices and the rise in world interest rates. President Miguel de la Madrid Hurtado (MMH) inherited a bankrupt nation with roaring inflation and the largest debt burden in Mexico's history. Relying on oil revenue and debt had proven unsustainable as a source of financing for Mexico's development strategy and MMH needed to generate more dollars to meet Mexico's international obligations. The solution that MMH and his economic team devised was to wean Mexico away from oil revenue and debt, and gradually put into place an export-led model of development that they hoped would be self-sustaining over the long term. It fell to MMH during his *sexenio* (1982-1988) to begin this long and drawn-out process of restructuring the economy from the statist model that was at its height during the JLP administration to the outward oriented, export-led model that it would become under President Carlos Salinas de Gortari (CSG), who would occupy the presidency in the following *sexenio* from 1988-1994.

These economic transformations led to a gradual shift in foreign policy that would become more pronounced in the next *sexenio*. As a result of Mexico's new economic

limitations, MMH began to pull back from his predecessor's assertive and interventionist foreign policy in Central America, stressing diplomacy instead through the Contadora Group. In order to begin solidifying Mexico's new export-led model, Mexico began to leave behind its previous reluctance to join international economic institutions such as GATT, which Mexico finally joined in 1986 and begin opening itself to the world. Joining GATT would be instrumental in transforming Mexico's links to the world economy. Lastly, Mexico began to forge a closer relationship with the United States, Mexico's largest creditor and market. This relationship that would solidify in the following *sexenio*, bringing about a deep economic integration that would culminate with passage of the North American Free Trade Agreement. To shed light on this critically important transitional period from 1982 to 1988, I have organized the following chapter into the following sections: Economic Restructuring and the Mexican Political System under Miguel de la Madrid, 1982-1988; Recomposition of the Official Party; The Official Party Ruptures Before the 1988 Elections; Restructuring the Economy and its Effects on Foreign Policy; Mexico Reverses Course on International Organizations and Joins GATT; The Beginning of Lobbying as a Foreign Policy Tool; Mexico Reverses Course on International Organizations and Joins GATT

Economic Restructuring and the Changing Mexican Political System under Miguel de la Madrid, 1982-1988

Mexico's bankruptcy in 1982 under the JLP administration signaled the beginning of the end of the country's state-led, nationalist model of development. The decline in

the price of oil which had begun in 1981 drastically reduced Mexico's main export revenue and tight monetary policies in the United States had forced that country into a recession while interest rates skyrocketed, reducing the demand for Mexico's export commodities while Mexico's own external debt ballooned. The peso collapsed when Mexico's foreign exchange reserves evaporated in August of 1982 and the country announced that it would not be able to meet its international obligations. To keep Mexico's crisis from becoming a truly global economic crisis, the U.S. Treasury Secretary, U.S. banks and the IMF agreed to a bail-out of Mexico in the last months of the JLP administration, restructuring Mexico's debt in exchange for massive cuts in Mexico's state spending. The collapse of Mexico's oil bonanza, corruption, and the rise in interest rates on the country's massive foreign debt meant that Mexico could no longer afford to keep in place its state-led, deficit spending strategy nor to keep protecting the country's uncompetitive industrial structure.

Inheriting a bankrupt nation from the López Portillo administration, the first and most pressing task of the de la Madrid administration was to bring Mexico's economic house in order and begin the long and arduous process of taming inflation, reducing spending even further, mending fences with the private sector, and begin to attract domestic and foreign investment to reignite economic growth. To combat inflation, MMH brought together government, business and the labor sector to hammer out a series of renewable *pactos*, or pacts, to impose controls on prices and wages. As part of a broader austerity program, wages were frozen, subsidies were cut and Mexicans had to accept what economists called "bitter medicine."

Recomposition of the Official Party

In addition to the structural constraints that the bankruptcy imposed upon Mexico, the de la Madrid *sexenio* witnessed the beginning of what would be a profound shift in the economic philosophy of policymakers of the Official Party. President de la Madrid, presided over the ascendance of a different wing of the Official Party than policymakers of decades past who had advocated the state-led, deficit spending strategies and who had dominated Mexican economic policymaking during the LEA and JLP administrations. Though a protégé of JLP, MMH, who had a Master's Degree in Public Administration from Harvard University, was much more inclined to follow the orthodox economic policies as set forth by the IMF: controlling inflation, "getting prices right," balancing budgets and eliminating government subsidies, privatizing state-owned firms and in general, moving away from public sector employment and letting the private sector spearhead economic growth.¹⁸⁶

To help him deal with Mexico's massive crisis, President de la Madrid chose Carlos Salinas de Gortari (CSG), a brilliant economic strategist, as his chief economic advisor. CSG would serve as Minister of Planning and Budget (the ministry is called the *Secretaría de Programación y Presupuesto*, or SPP) and become the architect of MMH's economic policies. Salinas took programming out of the hands of the presidency and

¹⁸⁶ For a detailed analysis of the educational backgrounds of this new group, often referred to as the "technocrats," see Roderic A. Camp, *Mexico's Mandarins: Crafting a Power Elite for the Twenty-First Century* (Berkeley: University of California Press, 2002), especially pages 167-207. Miguel Angel Centeno calls them *tecnócratas* because, in addition to their control over economic decision-making "they were able to transfer their control over technical areas to overall command of the state through access to dominant positions in the [political] hierarchy." Centeno, *Democracy Within Reason*, 1994, 106.

consolidated the power of this major ministry that would then be in charge of global economic planning, as well as being responsible for the control of all federal public expenditures.¹⁸⁷ As MMH's most powerful economic minister who was entrusted with formulating MMH's economic policies, CSG would also consolidate his own power in the process, making himself the obvious choice when it came time for MMH to choose his successor in 1988, setting the stage for even further market-opening policies when CSG assumed the presidency in the following *sexenio*.

The economic crisis of 1982 and the subsequent collapse of the nationalist model allowed the internationalist wing of the Official Party, those advocating the economic opening of Mexico to the world, to assert its dominance and to completely marginalize the nationalist policymakers, those pursuing statist policies, from Mexico's policymaking circle. As we have seen earlier, in economic policy, two competing camps had coexisted within the Mexican federal bureaucracy in the post-revolutionary period: one more internationalist and classically liberal (led by the Finance Ministry and the Central Bank) and the other favoring greater state participation and leadership in development (led by the ministries that controlled natural resources and those in charge of state owned enterprises).¹⁸⁸ During the late seventies the debate between these two competing views was seen as "the struggle for the nation" over the direction of the development strategy.¹⁸⁹ At other moments in Mexico's history, the two camps had coexisted within the state, with one normally dominant and the other exerting what influence it could

¹⁸⁷ See Teichman, *Privatization and Political Change in Mexico*, 43.

¹⁸⁸ Maxfield examines the coalitions formed between the two camps within the state and their societal counterparts. She calls the nationalists, the "Cardenista coalition" and the internationalists, "the bankers coalition." See Maxfield, *Governing Capital*, 78-134.

¹⁸⁹ See Cordera and Tello, *México: La disputa por la nación*.

while it waited in the wings. The nationalist economists had had a lock on power during the LEA and JLP administrations, especially as Mexico was awash in oil, championing import substitution and pushing for greater role for the state in development as a legacy of Mexico's revolution.

When Mexico went bankrupt in 1982, privatization, the elimination of tariff barriers, and the elimination of public sector subsidies meant the permanent removal of government officials who had pushed for nationalist economic policies and the elimination of the institutions responsible for their socialization into the statist mold.¹⁹⁰ Miguel Angel Centeno has called this radical shift a "technocratic revolution" because though bloodless, it signaled a radical reorientation of Mexico's economy.¹⁹¹

De la Madrid's powerful Programming and Budget Minister and chief architect of Mexico's economic policies, Carlos Salinas de Gortari, who had a Ph.D. in Political Economy from Harvard University, consolidated leadership of this group and led this "technocratic revolution." Centeno calls them *tecnócratas* because with Salinas' political ascendance, they came to dominate the entire political sphere and not just economic policymaking.¹⁹² During the de la Madrid administration, Salinas became so powerful that by 1986 he served as the effective president of Mexico.¹⁹³ As Mexico's official president in the next *sexenio*, Salinas would solidify the trend of Mexico's top

¹⁹⁰ See also Maxfield, *Governing Capital*.

¹⁹¹ See Centeno, *Democracy Within Reason*, and Babb, *Managing Mexico*.

¹⁹² Centeno, *Democracy Within Reason*, 106.

¹⁹³ James W. Wilkie at UCLA argues that Salinas was a de-facto two-term president. Miguel Angel Centeno echoes the sentiment and writes that "observers, both inside and outside the bureaucracy, considered de la Madrid a relatively weak president who merely oversaw the decisions made within his inner circle." He goes on to say that most observers of the de la Madrid administration agreed that "Salinas was the effective president after 1986." See Centeno, *Democracy Within Reason*, 95.

policymakers having earned advanced degrees, mainly in economics, from U.S. universities.¹⁹⁴

In addition to Salinas, several other cabinet members in the MMH administration had Ph.D.'s and Master's degrees, mainly in economics, from prestigious U.S. universities. Jesús Silva Herzog, who served as MMH's Treasury Minister from 1982 to 1986, had a Ph.D. in Economics from Yale University. His successor at Treasury from 1986 to 1988, Gustavo Petricioli, also had a Ph.D. in Economics from Yale. When Salinas was selected by MMH to become the Official Party's nominee for the presidency in 1987, he left the reigns of the Programming and Budget Ministry in the hands of another financial guru, Pedro Aspe, who had a Ph.D. in Economics from MIT. The influential head of Mexico's Central Bank, the Bank of Mexico, was Miguel Mancera, who had a Master's Degree in Economics from Yale. Mancera served as head of the Bank of Mexico for the duration of the MMH and CSG administrations and half of the Zedillo's administration, stepping down from this position in 1997. In a sign of the permanence of this trend of U.S. educated economists occupying Mexico's top economic positions, Mancera was replaced by Guillermo Ortiz Martínez, who held a Ph.D. in Economics from Stanford University.

With the de la Madrid administration stacked with economists who saw the role of the state in Mexico's development in starkly different terms than their predecessors, MMH began the most important part of Mexico's new economic strategy, the systematic

¹⁹⁴ See Babb, *Managing Mexico*, especially pages 171-199; and Centeno, *Democracy Within Reason*, especially pages 101-144.

privatization of Mexico's state-owned firms.¹⁹⁵ Because of their training in orthodox economics and because they had just witnessed their own country go bankrupt because of the massive role the state had come to play in Mexico's development in the 1970s,¹⁹⁶ the new leaders of the Official Party, the U.S. educated *tecnócratas* did not see the state as a solution to Mexico's economic development. Rather, they saw the state as part of the problem.¹⁹⁷ As a result, they proceeded to rid the Mexican economy of its statist character in order to allow the private sector to spearhead export-led growth. This would be one of the most important components of Mexico's new economic strategy. With Carlos Salinas de Gortari at the helm of economic policy, the Mexican government began to sell back to the private sector the parastate firms that the Official Party had spent decades accumulating, especially during the 1970s. During the MMH administration, the Mexican government privatized over five hundred state-owned companies (see table 7). Most of the firms that were privatized during the MMH administration were small firms in peripheral sectors of the economy while CSG as president in the next *sexenio* would launch "a frontal assault on the heart of the parastate sector by selling large firms that operated in "priority" and "strategic" sectors of the economy".¹⁹⁸ Though the MMH administration no longer saw public sector employment as neither a source of economic growth nor stability, employment in the parastate sector did not drop significantly from 1982-1988 mainly because it was smaller and marginal parastate firms that were being

¹⁹⁵ See MacLeod, *Downsizing the State*, for a systematic analysis of the privatization process.

¹⁹⁶ By the time López Portillo nationalized Mexico's banking industry, the Mexican state was in control of about three quarters of the Mexican economy. See Camp, *Mexico's Mandarins*, 185-186.

¹⁹⁷ Camp, *Mexico's Mandarins*, 185.

¹⁹⁸ MacLeod, *Downsizing the State*, 71.

privatized during this *sexenio* (see table 8). Employment in the parastate sector during CSG's *sexenio*, however, would drop dramatically (see table 8).

As part of MMH's and CSG's efforts to gradually transform the Mexican economy away from decades of statism and open Mexico to the world, they moved to integrate Mexico into international financial organizations such as GATT. Accession to GATT would also be an integral part of Mexico's economic liberalization during the MMH and CSG administrations. The new leadership of the Official Party believed in a greater engagement with the world economy and argued that Mexico should no longer hide behind high tariff walls and protect inefficient industries.¹⁹⁹ Because the emphasis would now be on exports and generating sustained economic growth through foreign investment instead of foreign loans, this administration began the process of binding Mexico to international financial organizations and opening Mexico to the world economically.

Joining GATT in 1986 was the catalyst for Mexico to redefine its links to international organizations and to begin to redefine Mexico's relationship to the rest of the world. Under the de la Madrid administration, Mexico began to significantly liberalize its foreign investment rules, a process that CSG as president would solidify. This trend would culminate in 1994, the last year of the CSG administration, when Mexico became part of NAFTA and joined the "rich countries club," the Paris-based Organization for Economic Cooperation and Development, (OECD).

¹⁹⁹ Camp, *Mexico's Mandarins*, 186-190.

The economic crisis of 1982, and the austerity measures that Mexico put into place in order to cope with the crisis, such as slashing state spending, freezing wages, and privatizing parastate firms, had inevitable social costs. From the onset of Mexico's economic crisis to the day of MMH's inauguration, inflation had reached 100%, eating away at the purchasing power of Mexicans. Workers suffered as their real wages dropped, peasants suffered as their agricultural subsidies were cut, and the middle classes suffered as their purchasing power declined during this period as the economy either shrank or experienced anemic growth (see table 6). As subway rates and the price of gasoline and tortillas went up, real wages of workers dropped. When peasants could no longer eke out a living in the countryside, they migrated to Mexico's cities. In fact the social costs were so jarring to Mexican society and to all of the Latin American countries that were putting these structural adjustment policies into place, that the United Nation's Economic Commission for Latin America and the Caribbean (ECLAC) dubbed the 1980's "the lost decade."

The rise of the informal economy and the tight grip that Mexico's Official Party had over labor and the peasant sector kept Mexican society from exploding. Because the Official Party controlled Mexico's labor confederation, the historically privileged *Confederación de Trabajadores Mexicanos* (Confederation of Mexican Workers, or CTM), the Mexican workers that belonged to it had no choice but to settle for less. Similarly in the countryside, the Official Party also controlled Mexico's National Peasant Confederation, the *Confederación Nacional Campesina* (or CNC) and used it to manage discontent out in the countryside.

Though the Official Party still had a tight grip on Mexican society through the labor and peasant sectors, Mexico's economic crisis and the "bitter medicine" that Mexicans had to swallow in order for the nation to remain financially solvent increased discontent throughout Mexico and would inevitably have political consequences. The crisis, combined with the Official Party's tightening grip on power, fueled the rise of the opposition in Mexico. Many of the working classes and people out in the countryside whose real incomes were dropping as a result of the crisis and the austerity measures designed to bring Mexico out of that crisis, manifested their discontent by eventually abandoning the Official Party in droves during the presidential elections of 1988. Cuauhtémoc Cardenas would ride this wave of discontent and almost attain the presidency when he coalesced the left and brought together those hardest hit by the crisis after the Official Party kicked him out of the PRI before the elections of 1988.

The PAN, a party that had always been uncomfortable with Mexico's statist and nationalist policies and that had always pushed for the opening of Mexico's political system, became stronger during this sexenio, especially in Mexico's north. In fact, the PAN had been founded in 1939 by Manuel Gomez Morín and a group of conservative businessmen who were opposed to Lázaro Cárdenas' nationalist policies as early as the late 1930s. Capitalizing on Mexico's bankruptcy, the 1980s would be a boon for the PAN politically. In 1983, the PAN was gaining momentum and won the mayorship of Chihuahua and Ciudad Juárez, the two most important cities in Chihuahua, one of Mexico's largest states. When the Official Party marshaled all of its resources to deny the PAN any further significant electoral victories, especially the gubernatorial elections

of Chihuahua in 1986, the political discontent grew even further and the demands for clean elections and a greater democratization of Mexico increased throughout the nation.

Then on September 19, 1985, the worst earthquake in the history of the nation struck Mexico, revealing massive corruption, government mismanagement, and a general incompetence on behalf of government officials. This massive earthquake killed over 50,000 people and left about 180,000 homeless. At first, Mexico's Ministry of Foreign Affairs announced that "under absolutely no conditions" would Mexico request international aid, much less from the United States.²⁰⁰ Then the Army and the government agencies that were sent in to conduct rescue operations and provide aid to those left homeless showed their ineptitude, often doing more harm than good. The government's bumbling and inadequate response to the catastrophe led to ordinary citizens taking the lead, rescuing those trapped under the rubble, and establishing makeshift homeless shelters.

The rise of spontaneous groups of ordinary citizens who had banded together to rescue and aid their fellow Mexicans would play an increasingly visible role in doing away with the top-down approach to governing preferred by the Official Party, and usher in a new era of bottom-up activism by non-governmental organizations that would lead to a flowering of Mexican civil society in the coming years. The rise of citizen movements and non-governmental organizations would gradually chip away at the power of the Official Party throughout the rest of the 1980s and the 1990s.

²⁰⁰ Cited in Krauze, *Mexico: Biography of Power*, 765.

The gubernatorial elections of Chihuahua in 1986, were also a watershed political event during MMH's *sexenio*, galvanizing the opposition in ways that continued to reverberate until the elections of 2000 when the PRI lost hegemonic control of the country. Evidence of widespread fraud by the Official Party led to massive protests and civil disobedience. The Ministry of *Gobernación*'s hard line response against the PAN made the issue of clean elections into a truly national issue. It led to the Catholic Church taking an increasingly active role in criticizing the Official Party's use of fraud. The Church in Chihuahua went so far as to condemn voter fraud as sin. Intellectuals also began to come out in public against the fraud being perpetrated by the Official Party. Some of Mexico's most prominent intellectuals such as Octavio Paz, Carlos Monsiváis, Elena Poniatowska, Gabriel Zaid, Lorenzo Meyer and Enrique Krauze signed a statement that appeared as a full-page advertisement in several newspapers, as well as in *Proceso*. The statement said:

The Official results of the recent balloting in Chihuahua showed victories for the PRI in 98 percent of the posts up for election. From a distance, we who have no ties to any of the parties think these figures demonstrate a dangerous obsession for unanimity.... Citizens as well as the national and international press have documented sufficient irregularities to sow reasonable doubts about the legality of the entire process. To clear away these doubts, which touch the very fiber of the credibility of politics in Mexico, we think the authorities, acting in good faith,

should reestablish public harmony and annul the Chihuahua elections.²⁰¹

The importance of clean elections increasingly became a national issue in Mexico, as did the issue of establishing a freedom of information act. When intellectuals and members of the opposition were refused access to the election documents by the *Gobernación* Ministry under Manuel Bartlett, there was no legal way at the time to press for the release of public documents such as those. Bartlett finally released those election documents to Hector Aguilar Camín, but only because he believed that no one would be able to make sense of the reams of data he eventually released. Aguilar Camín recruited political science professor Juan Molinar Horcasitas, who after a systematic comparison of the elections data with Mexico's census data, showed that the PRI systematically inflated the number of registered voters in areas it controlled completely, causing a huge "population growth" in PRI strongholds. Not until 2002, after the PRI no longer held the presidency, would Mexico establish its first Freedom of Information Act under the Fox administration (2000-2006). Called the *Instituto Federal de Acceso a la Información* (Federal Institute for Access to Information, or IFAI), it would, for the first time, allow Mexicans to have access to public documents that the Official Party had only released selectively in decades past.

Another major issue that emerged after the fraudulent elections in Chihuahua, was the need to remove the electoral apparatus away from the Official Party's Ministry of *Gobernación* and make it an independent entity. This issue would loom even larger after

²⁰¹ Cited in Julia Preston and Samuel Dillon, *Opening Mexico: The Making of a Democracy* (New York: Farrar, Straus and Giroux, 2004), 142.

the fraudulent 1988 elections. The opposition would continue pressing for an independent electoral institute until Mexico finally codified into law the *Instituto Federal Electoral*, or IFE (Federal Electoral Institute) in 1994, right after the *Zapatista* uprising. The IFE would become completely free of the Official Party's grip in 1996, during the administration of President Ernesto Zedillo (1994-2000), the last president of the Official Party.

Even criticism from the United States intensified, both from the media and from U.S. policy-makers such as Senator Jesse Helms. In June, one month before the Chihuahua elections, Senator Jesse Helms had held his notorious "Mexico bashing" hearings, where he had criticized almost every aspect of Mexico's leadership. He had accused the Mexican government of promoting communism in Central America for supporting the Sandinistas and even went so far as to call on Mexicans to impeach President de la Madrid.²⁰² The evidence of fraud in elections of Chihuahua only increased the criticism of Mexico in the United States.

This criticism of Mexico in the United States, especially in the halls of the U.S. government would, as we will see below, finally lead to Mexico embracing the idea of lobbying as a foreign policy tool in order to enhance the image of Mexico in the United States. Salinas, as president in the next *sexenio*, would make ample use of lobbying as a tool of Mexican foreign policy, especially as he sought to secure the passage of NAFTA.

²⁰² Todd A. Eisenstadt, "The Rise of the Mexico Lobby in Washington: Even Further from God, and Even Closer to the United States," in *Bridging the Border: Transforming Mexico-U.S. Relations*, eds. Rodolfo O. de la Garza and Jesús Velasco (Lanham, MD: Rowman & Littlefield Publishers, 1997), 95.

The 1986 elections also led to the rise of Mexican businessmen, especially in Mexico's north, to take a more active role in politics, sometimes pushing the Official Party to open the political system and the Mexican economy and other times on the side of the PAN, a party that had always pushed for both. Soon, Manuel Clouthier, a businessman from Sinaloa who had been president of the business group the *Consejo Coordinador Empresarial* (CCE) would become more active in politics, win the governorship of Sinaloa, and become the PAN's candidate for president in the critical presidential elections of 1988. Vicente Fox from Guanajuato would also become more active in politics, running for the governorship of his home state, being cheated out of it by the Official Party, becoming a congressman in 1988, then governor of Guanajuato, and eventually running for and winning the 2000 presidential elections. As we will see below, business and business groups would also take an increasingly active role in pressuring the Official Party away from its activism in Central America.

In order to guarantee the continuity of Mexico's market-opening policies, MMH chose his most powerful economic advisor, his minister of Programming and Budget, Carlos Salinas de Gortari, to be the Official Party's candidate for the presidency in the 1988 elections. CSG had been responsible for taming inflation and pushing forward the process of privatizing Mexico's parastate firms and MMH saw him as the best candidate to consolidate those policies. By 1987 the intellectual shift within the Official Party was so complete, with the internationalist wing, the *tecnócratas*, so fully in control of the party and its nationalist wing was so marginalized that the left wing of the party broke away in the most serious rupture in the history of the Official Party.

The Official Party Ruptures Before the 1988 Elections

As we have seen, by 1987, Salinas and the *tecnócratas* had consolidated their power within the Official Party, marginalizing the nationalist policymakers who had advocated Mexico's state-led economic strategy.²⁰³ They had taken advantage of the collapse of the nationalist and state-led model in 1982 to establish their own market-oriented economic project. After an intense power struggle, Salinas and his team took full control of policy-making in Mexico.²⁰⁴

Critical of MMH's market-opening policies and chafing under the stranglehold on power that the internationalists had come to wield by 1987, Cuauhtémoc Cárdenas and Porfirio Muñoz Ledo formed the *Corriente Democrática*, a dissident current within the PRI to try to influence policy away from the market-oriented strategy being put into place by Salinas and his team. Cárdenas had been Senator and governor of the state of Michoacán and was the son of former president Lázaro Cárdenas, who had nationalized U.S. and English oil companies in 1938 and had become one of the most important nationalist heroes of the Official Party. Porfirio Muñoz Ledo had been president of the PRI, Education Secretary under Echeverría, Labor Secretary under López Portillo and Mexico's ambassador to the United Nations, where he had presided over the Group of 77. Cárdenas spoke out against the Official Party's nomination procedures and against the

²⁰³ See Centeno *Democracy Within Reason*; Babb, *Managing Mexico*; and Teichman, *Policymaking in Mexico*.

²⁰⁴ For a detailed analysis of the way Carlos Salinas de Gortari consolidated his own power within the MMH administration and outmaneuvered the other leading contender, Finance Minister Jesús Silva Herzóg, for the Official Party's nomination for president in 1988, see Jorge G. Castañeda, *Perpetuating Power: How Mexican Presidents Were Chosen* (New York: The New Press, 2000), 64-75.

austerity measures that had hit Mexico's poor the hardest. He wanted the PRI to nominate a "democratic nationalist" for the elections of 1988, someone who would not lead Mexico down the market-opening direction that Salinas, as MMH's most powerful economic advisor, was leading the country. When the PRI "nominated"²⁰⁵ Carlos Salinas de Gortari as the next presidential candidate on October 4, 1987, Cárdenas immediately accepted the nomination of the *Partido Auténtico de la Revolución Mexicana* (the Authentic Party of the Mexican Revolution, or PARM) for the presidency of Mexico on October 14, 1987. The PARM was a small party that had been founded in the 1950s by a group of retired Army officers and that since its founding had been controlled by the Official Party, specifically the Ministry of *Gobernación*. When Cárdenas accepted the PARM's nomination, the PRI promptly expelled him and Muñoz Ledo.

Cuauhtémoc Cárdenas then led the biggest challenge to the Official Party in Mexican history. He soon coalesced a number of small parties on the left including the *Partido Popular Socialista* (Popular Socialist Party, or PPS) and the *Partido del Frente Cardenista Para la Reconstrucción Nacional* (Cardenista Front for National Reconstruction, or PFCRN) to form the *Frente Democrático Nacional* (National Democratic Front, or FDN) and ran on a platform that included greater democracy and an opposition to the market-opening policies ("neoliberal policies") that MMH and his Programming and Budget Minister, Carlos Salinas de Gortari had been putting into place. Heberto Castillo, head of the *Partido Mexicano de los Trabajadores* (Mexican Workers

²⁰⁵ Jorge G. Castañeda interviewed all of Mexico's ex-presidents and most of the contenders for the presidency since 1970 and describes in detail the "informal rules of the game" and how presidents were hand picked by their predecessors and rubber-stamped by the Official Party. Castañeda, *Perpetuating Power*.

Party, orPMT) soon withdrew from the race in favor of Cárdenas so that the left could provide a unified front.

During the campaign, Cárdenas challenged the entire direction MMH had taken Mexico and that CSG was about to solidify. He called MMH's neo-liberal policies an attack on Mexico's sovereignty. He and Muñoz Ledo challenged Salinas' continuation of those market-opening policies as "*entreguista*" policies (in essence, "selling Mexico out to foreigners"). Cárdenas said that those economic policies "may be rational, but they hurt the majority of the Mexican people."²⁰⁶

The 1988 elections were the most contested elections in Mexico in the post-revolutionary era, and though they were marked by widespread fraud, Salinas rode the power of the Official Party to victory and would go on to serve as president from 1988 to 1994. The official results were: 17% for the PAN's Manuel "Maquío" Clouthier; 31% for Cárdenas (the highest figure ever for the opposition); and 50.7% for the PRI. After the election, Cárdenas would take that coalition of small parties that supported him and found the *Partido de la Revolución Democrática* (Party of the Democratic Revolution, or PRD). The PRD would become Mexico's major political force on the left, incorporating many of the nationalist policymakers that had been marginalized by the rise of Salinas and the *tecnócratas*. Though taking office amidst scandal as a result of the marred elections, CSG would solidify these market-oriented policies during his *sexenio*, further transforming the Mexican economy and further altering Mexico's relationship with the world, as we will see in the next chapter.

²⁰⁶ Cited in "Mexico: the End of an Era, 1982-1988," third program of a three part series broadcast by WGBH (Boston) Nov. 23, 1988.

Restructuring the Mexican Economy and its Effects on Foreign Policy

Mexico's profound economic crisis in 1982 and the consolidation of the *tecnócratas* within the Official Party would lead to a broad shift in Mexican foreign policy. Mexico's severe economic crisis of 1982 had already forced López Portillo to begin backing away from his interventionist policies in Central America and Mexico's new president, Miguel de la Madrid and his new team of U.S. educated economists would solidify that trend. The de la Madrid administration would gradually reorient Mexico's foreign policy away from López Portillo's previous interventionist policies in Central America. Instead, the foreign policy goals of MMH would be threefold: back away from JLP's assertive foreign policy in Central America and begin stressing diplomacy even more; emphasize Mexico's debt renegotiation and economic diplomacy and avoid Mexico's economic crisis from getting worse; and reorient Mexico's economic diplomacy to support the country's new export-led strategy which sought to open up Mexico to the world.²⁰⁷

At his inaugural address on December 1, 1982, MMH acknowledged the difficulties that Mexico's severe economic crisis augured for Mexico and Mexico's relationship with the rest of the world:

We are encountering difficulties but we are not a defeated nation without

²⁰⁷ For an analysis of the new foreign policy instruments that President de la Madrid would employ, see Jorge Chabat, "Los instrumentos de la política exterior de Miguel de la Madrid," *Foro Internacional* 119, no. 3 (1990): 406-418.

resources. [Mexico's] crisis is situated in an international context of uncertainty and fear.... High interest rates, the collapse in the price of raw materials and the rise in price of industrial products have forced many countries into insolvency. To the international economic disorder, we can add political instability, the arms race and the struggle by large powers to expand their spheres of influence. Never in recent times have we been so far from international harmony.

Mexico's foreign policy is a synthesis and an instrument of our revolutionary nationalism.... our values of independence, liberty, democracy and justice are projected abroad in our respect for ideological pluralism and the demand for a new world order.

We will maintain... a foreign policy based on principles, our principles, conscious of its limitations in a world of exasperating and selfish interests, of paralyzing economic insecurity, but conscious too that its permanent reiteration, with firm and negotiating diplomacy, will act in our defense of our values and objectives and those of other nations that seek their development in independence and liberty. We will consolidate the link between our domestic and our foreign policies, because we seek greater access to the benefits of international cooperation and to serve, above all, our supreme national interest.²⁰⁸

²⁰⁸ Miguel de la Madrid Hurtado, Inaugural Address, December 1, 1982. Reproduced in Secretaría de Relaciones Exteriores, *20 años de política exterior a través de los informes presidenciales, 1970-1990*, 101.

Unlike JLP's previous steadfast support for the Sandinistas, Miguel de la Madrid and the *tecnócratas* he brought into his cabinet would shift Mexican foreign policy away from JLP's interventionist policies in Central America. As we have seen earlier, the U.S. educated economists who took control of the Official Party would force deep changes Mexico's foreign policy arena that would become ever more pronounced in the next *sexenio*.

Ideologically, this group of U.S. educated economists, the *tecnócratas* who consolidated their power within the Official Party, had much less in common with JLP and his advisors who had stressed assertive *tercermundismo*. Having been educated in the United States, with advanced degrees from some of the most prestigious universities such as Harvard, Yale and MIT, this group had a markedly different worldview and was much less inclined to see the United States and other industrialized countries as the "monsters of the North," as José López Portillo had called them in the 1970s. Rather, this new U.S. educated power elite in Mexico would be much more likely to seek a rapprochement with the United States. Miguel de la Madrid titled his memoir "*Cambio de Rumbo*," (Change in Direction) which is very fitting in terms of the direction that Mexico would take economically, but even he could not have anticipated the depth of the transformations that his hand picked successor would bring about for Mexico by the mid-1990s.

The *tecnócratas* occupied the most powerful positions in the MMH administration, especially at the Ministries of the Treasury, Commerce and Planning and Budget, and as a result, asserted themselves in ways that had profound changes for

Mexico's foreign policy. With the Treasury Ministry renegotiating Mexico's debt, the Commerce Ministry (*Secretaría de Comercio y Fomento Industrial*, or SECOFI) negotiating Mexico's eventual entry into GATT, and the Programming and Budget in charge of Mexico's expenditures and overseeing Mexico's economic strategy, they all wanted closer relations with the United States and pushed MMH away from JLP's policy in Central America that had led to confrontations with Washington. Though the formulation of Mexican foreign policy has always been in the hands of Mexico's presidents, Mexico's Foreign Ministry, which had developed Mexico's policy toward Central America, was marginalized during the MMH administration, a trend that would continue into the next *sexenio*.

At the powerful Ministry of Programming and Budget, CSG and his team argued that Mexico could no longer afford the spendthrift foreign aid program that they had inherited. One of the immediate consequences was that they began to cut back on aid to Nicaragua's Sandinistas. Writing about Mexico's financial weakness and how this was conditioning Mexico's foreign policy in Central America, Miguel de la Madrid wrote in January of 1983:

Now Mexico's position consists in recognizing that it is a country that is economically weak, that it cannot continue supporting Central America in such a broad manner. We have helped Nicaragua a great deal, we have loaned it a great deal of money. The Nicaraguans owe Mexico approximately \$500 million dollars. In addition, we have supplied them with a great deal of petroleum, and

they ask for more. Now Mexico is letting them know that it is not in the position to continue that sort of support.²⁰⁹

By early 1985, MMH stopped Mexico's heavily subsidized oil shipments to Nicaragua and demanded payment cash up-front for its oil. With the loss of heavily subsidized oil shipments, Nicaragua would increasingly turn to the Soviet Union for its oil.

The Reagan administration, for its part, would step up its efforts to bring down the Sandinistas and pressure Mexico and other countries to fall in line. So even though Mexico by 1985 was pulling back from its support for the Sandinistas, the fact that it was not supporting the U.S. position did not diminish Mexico's conflicts with the United States.

Because Mexico after the economic crisis would need fresh financing from the United States and U.S. dominated international economic institutions such as the IMF, Mexico under MMH would back away from Mexico's previous support of the Sandinistas in Nicaragua and the FMLN in El Salvador and instead, stress diplomacy and attempt to bring a negotiated settlement to the Central American conflicts through the Contadora Initiative. The shift away from JLP's assertive foreign policy in Central America was especially important for Mexico because of the increasing conflicts that it brought with the United States and because of the possibility that full-scale civil wars on Mexico's border. To this end, MMH would bring in the rest of Latin America into the negotiations through the Contadora group.

²⁰⁹ Miguel de la Madrid Hurtado, *Cambio de Rumbo: Testimonio de una Presidencia, 1982-1988* (México D.F.: Fondo de Cultura Económica, 2004), 53.

In January of 1983, Miguel de la Madrid joined in creating the Contadora Group, along with Venezuela, Colombia and Panama. By bringing Latin America together and focusing on the socio-economic roots of the conflicts in Central America, the Contadora Group would stress the promotion of peace in Central America through the promotion of dialogue and negotiation; opposition to viewing the conflict through an East-West prism; and respect for sovereignty and self-determination. At his first state of the Union address on September 1, 1983, MMH argued that Contadora's goals of the promotion of peace through dialogue, the elimination of foreign military advisors, the eradication of arms trafficking in the region and the elimination of all forms of foreign aggression in the region were perfectly consistent Mexico's historic goals of self-determination, non-intervention, the juridical equality of states and the application of peaceful solutions to global conflicts.²¹⁰

While the Reagan Administration saw the Central American conflicts as the work of Soviet expansionism and Cuban and Nicaraguan subversion, the Contadora Initiative focused on socio-economic roots of the problems in Central America. The economic crisis in Mexico had imposed severe limitations on the country, and as a result, Mexico needed continuous U.S. support on refinancing Mexico's debt and access to new capital.

At his second State of the Nation Address on September 1, 1984, Miguel de la Madrid continued stressing Mexico's role of an impartial participant in the peace process,

²¹⁰ Miguel de la Madrid Hurtado, First State of the Nation Address, September 1, 1983. Secretaría de Relaciones Exteriores, *20 años de política exterior a través de los informes presidenciales, 1970-1990*, 103-104.

especially because of the national security threat that the Central American conflict entailed for Mexico:

Mexico has also committed itself to a peaceful and diplomatic solution to the regional conflicts [in Central America].... We Mexicans are vitally concerned with the Central American conflict. The violence that has emerged there is a threat to our national security. Because of that, we participate actively in the work to bring about peace by the Contadora Group- together with Colombia, Panama, and Venezuela.... We have avoided, up to now, that the conflict there become a more generalized war in the region, and we have accomplished also a dialogue that had not existed between the governments of the region.... For us it is indispensable that the peaceful solution be grounded in strict respect for the right of self-determination of states and the principle of non-intervention by all of the countries of the area and outside of the area, without any exceptions.²¹¹

At the same time that Mexico was trying to play an important role in Central America as a mediator, MMH was also anxious to avoid public disputes with the United States in order to attract foreign investment to Mexico. He had met with Reagan in La Paz in 1983 and had traveled to the United States the following year in 1984. Given the pressure that the Mexican business community was placing on MMH to not antagonize

²¹¹ Miguel de la Madrid Hurtado, Second State of the Nation Address, September 1, 1984. Secretaría de Relaciones Exteriores, *20 años de política exterior a través de los informes presidenciales, 1970-1990*, 106-107.

the United States, MMH also wanted shake the perception that Mexico's nagging economic and political problems were a result of Mexico's close ties to Nicaragua.

The Contadora Initiative allowed Mexico to continue stressing its traditional foreign policy principles and at the same time to tone down its support for the Sandinistas and the Marxist rebels in El Salvador. Continuing those efforts, the Contadora group was expanded in 1985 when Brazil, Argentina, Peru and Uruguay, the so-called Friends of Contadora, joined the original members.²¹² The group continued pressing for a negotiated peace and pushed for the elimination of foreign military forces in the region as well as speeding up the disarmament of the Central American countries themselves. But by that time it was clear that the Reagan administration would never accept a deal that left the Sandinistas in power, so they never came close to brokering a deal.²¹³

Wanting to avoid conflicts with the United States, Mexico's business community and the sectors of the Official Party most closely in touch with the private sector, were increasingly lobbying MMH to not antagonize the United States. Indeed, given the depth of Mexico's economic crisis and the limitations it imposed on Mexico, Mexico needed continuous U.S. support in order to obtain financing and to continue rescheduling Mexico's debt. They argued that "Central America was not worth fighting over with the United States, and that Mexico could get a far better deal with the United States on bilateral matters if it simply gave in on Central America, or in any case, stopped

²¹² Miguel de la Madrid Hurtado, Third State of the Nation Address, September 1, 1985. Secretaría de Relaciones Exteriores, *20 años de política exterior a través de los informes presidenciales, 1970-1990*, 110-111.

²¹³ Pastor and Castañeda, *Limits to Friendship*, 185.

meddling in the region.”²¹⁴ As early as January of 1983, MMH wrote: [i]n spite of my efforts, [Mexico’s] businessmen launched a campaign of aggression against my government... The business sector has transferred to me the hate they had for the previous regime.”²¹⁵ In his memoir, he complains repeatedly about how Mexico’s business community continued to blame “all of Mexico problems” on the excessive intervention of the state in the Mexican economy as well as the ways they pressure him to change direction in terms of Mexico’s relations with the United States.²¹⁶

Ricardo Pascoe Pierce, who represented the *Partido Revolucionario de los Trabajadores* (Revolutionary Workers Party, or PRT, a small party on the left) in Mexico’s Chamber of Deputies from 1985 to 1988 stated that Mexican business pressured MMH to retreat from Nicaragua and to leave Central America alone because Mexico’s stance there was affecting Mexico’s ability to attract foreign investment from the United States.²¹⁷

With the Mexican business community pressuring MMH to back away from Central America altogether, combined with the Reagan administrations hard line in Central America, MMH eventually backed away from Contadora and the mantle of leadership there shifted to Oscar Arias Sanchez, president of Costa Rica.

The Beginning of Lobbying as a Foreign Policy Tool

²¹⁴ Pastor and Castañeda, *Limits to Friendship*, 183.

²¹⁵ De la Madrid, *Cambio de Rumbo*, 58.

²¹⁶ *Ibid.*, 528-531.

²¹⁷ Interview with Ricardo Pascoe Pierce in Mexico City, October 27, 1997. Pascoe Pierce was one of the founding members of the PRD (*Partido de la Revolución Democrática*) and served as Secretary for International Relations for this party. He went on to serve as President Fox’s ambassador to Cuba from 2000 to 2002.

Mexico gradually began to employ lobbying as a foreign policy tool during the de la Madrid administration as a way of countering the increased criticism of Mexico in the United States in the 1980s. Mexico's severe economic crisis had increased attention in the United States about Mexico's precarious economic situation. In addition, the U.S. press focused on news about corruption in Mexico especially after the outrageous behavior of JLP's childhood friend, "El Negro" Durazo in the late 1970s.²¹⁸ When de la Madrid flew to Washington to meet with President Reagan in May of 1984, Jack Anderson had published a column in *The Washington Post*, in which he alleged that it was a Mexican tradition to become wealthy while in office and that, according to CIA sources, de la Madrid had funneled money to secret bank accounts in Switzerland.²¹⁹ The article created a firestorm in both countries and de la Madrid was able to obtain a cautious denial from the U.S. State Department which read: "Information available to all U.S. government agencies leads us to the firm conclusion that President de la Madrid has set both a high personal and official standard in keeping with his commitment... to addressing the issue of honesty in government."²²⁰

As noted earlier, in June of 1986, Senator Jesse Helms had held his notorious "Mexico bashing" hearings, where he had severely criticized the de la Madrid administration. At those same hearings, high-level Reagan administration officials also accused the de la Madrid administration of corruption.²²¹

²¹⁸ Durazo was finally arrested on June 29, 1984.

²¹⁹ De la Madrid, *Cambio de Rumbo*, 277.

²²⁰ Cited in Riding, *Distant Neighbors*, 132.

²²¹ Eisenstadt, "The Rise of the Mexico Lobby in Washington," 95.

Despite the criticism of Mexico that was coming out of the United States, the MMH administration clung to the principle of non-intervention and did not press the issue of lobbying in the United States to counter the barrage of negative criticism too hard. Though not as strident as under Echeverría, Mexico's official discourse was still fashioned after the old foreign policy, geared toward protecting Mexico from outside forces, rather than the globalizing and increasingly interrelated world of the 1980s. As a result, there was a certain naïveté about how to counter negative criticism abroad with public relations and lobbying.

As the criticism of Mexico increased between 1984 and 1986, MMH slowly began to use a foreign policy instrument that Mexico had previously viewed as interventionist, namely, lobbying in the United States. In an unprecedented move for Mexico, in August of 1986, de la Madrid's Office of the Presidency signed a lobbying contract with Peter D. Hannaford for \$419, 643 to "contact administration officials, members and staff of Congress, and journalists to discuss the visit of the President of Mexico to the United States, Mexican efforts against illegal drugs, Mexican elections and other issues."²²²

The fallout from a smaller lobbying contract that Mexico signed with Michael K. Deaver, the ex-White House Deputy Chief of Staff who was later indicted on charges of lying to Congress on behalf of his foreign clients, caused a backlash and the MMH administration did not pursue lobbying as a foreign policy tool too vigorously for the rest of the *sexenio*. Deaver had been a former Hannaford associate who had become a

²²² Ibid., 96.

Washington “super-lobbyist,” as they were called during his highly publicized trial. Mexico had given Deaver a new contract for \$62,500 to monitor Mexico’s accession to GATT.²²³ The Deaver incident soured the MMH administration from stressing lobbying as a foreign policy tool. Lobbying would not become a major component of Mexico’s foreign policy until the next *sexenio*.

Salinas, as president in the next *sexenio*, would make ample use of lobbying as a foreign policy tool. Hiring lobbying firms in the United States would be a crucial component of his foreign policy as he sought to secure the passage of NAFTA in the United States, as we will see in the next chapter.

Mexico Reverses Course on International Organizations and Joins GATT

As part of Mexico’s efforts to reverse decades of protectionist economic policies that were at their height under LEA and JLP, Mexico began to shift course with respect to international economic organizations and its international trading relationships. As part of the shift in the economic philosophy of the Official Party, MMH, CSG and rest of the *técnicos* argued for a much greater engagement with the world economy. They argued that Mexico should leave behind decades of protectionism and adhere to international economic organizations to open Mexico to the world. CSG, from the Ministry of Programming and Budget, would push for Mexico’s accession to GATT (General Agreement on Tariffs and Trade, the precursor of today’s World Trade Organization, or WTO).

²²³ *Ibid.*, 97.

In discussing José López Portillo's missed opportunity and his decision to not enter GATT in the previous *sexenio*, de la Madrid told Jorge G. Castañeda that after having all of his economic ministers vote on whether or not to have Mexico join GATT, JLP had resolved to postpone the negotiations with GATT, accepting the argument that Mexico's new oil wealth would increase Mexico's negotiating capacity in its bilateral commercial relations.²²⁴

By 1985 and 1986, Mexico's economic circumstances were very different and MMH pushed to have Mexico join GATT. Explaining his decision to have Mexico finally join GATT and become a full member of the world economic community, De la Madrid stated in an interview with Jorge G. Castañeda:

I took the decision to approve... Mexico's accession into GATT. I was convinced [as early as the López Portillo administration] that Mexico could no longer be marginalized from it. We were participating in the International Monetary Fund, which was the financing fund, and in the World Bank; on the other hand, in the commercial forum [GATT], we were only observers. The United States and Europe signaled their lack of satisfaction at Mexico not belonging to GATT, and when we proposed bilateral commercial negotiations with the United States and with Europe they told us that as long as we were not in GATT [as full participants] they could not advance much in commercial negotiations.²²⁵

²²⁴ Ibid., 171.

²²⁵ Miguel de la Madrid interviewed by Jorge G. Castañeda in Castañeda, *La Herencia*, 1999, 170.

Mexico's accession to GATT would begin the process of institutionalizing the market-opening policies that would culminate with the passage of NAFTA under President Salinas. During the de la Madrid administration however, there was great reluctance to enter into a free trade zone with the United States. He told *The Economist* in 1987 that a free trade zone with the United States would not be possible because "Mexicans were not prepared to surrender their economy and society to U.S. hegemony."²²⁶ Negotiating this free trade zone with the United States would become one of Salinas' priorities, as we will see in the next chapter.

Conclusion

Mexico's bankruptcy in 1982 forced a shift in Mexican economic policy that had profound consequences for Mexican politics and for Mexican foreign policy. With the collapse in the price of oil and the rise in world interest rates, Mexico's previous statist and deficit-spending strategy, which relied on oil and loans, was no longer feasible. Miguel de la Madrid titled his memoir *Cambio de Rumbo* (Change in Direction) in an attempt to capture the essence of the change in Mexico's direction, economically and politically from 1982 to 1988. MMH presided over the gradual recomposition within the Official Party and the consolidation of the internationalist wing, led by Carlos Salinas de Gortari at the Ministry of Programming and Budget. This group of policymakers is usually also referred to as the *tecnócratas* because of their economic expertise and

²²⁶ Cited in Jorge Chabat, "Mexico's Foreign Policy After NAFTA: the Tools of Interdependence," in *Bridging the Border: Transforming Mexico-U.S. Relations*, eds. Rodolfo O. de la Garza and Jesús Velasco (Lanham, MD: Rowman & Littlefield Publishers, 1997), 44.

because they came to dominate Mexican politics completely by the next *sexenio*. Economists mainly, the new leaders of the Official Party had been educated at prestigious U.S. universities and brought to Mexico their market-based ideas to solve Mexico's structural problems. They rejected the statism that had characterized the Mexican economy for decades and, they argued, was responsible for Mexico's bankruptcy. This group then proceeded to dismantle decades of Mexican statism, privatizing hundreds of state-owned firms and gradually opening Mexico to the world. Having Mexico join GATT in 1986 was a watershed event that would mark the beginning of the eventual consolidation of these market-opening policies.

These structural changes, as well as the shift in leadership within the Official Party had profound changes for Mexican foreign policy and would lead to the gradual abandonment of Mexico's old foreign policy consensus which was at its height in the 1970s. Under MMH, Mexico retreated from the assertive and interventionist foreign policy of the Echeverría and López Portillo administrations. The collapse in the price of oil meant that JLP's "oil diplomacy" was no longer feasible so they backed away from JLP's previous commitment to provide the Sandinistas with subsidized oil, for example. Mexican businessmen, particularly those in the north with closer ties to the United States, became more active politically, increasingly pressing the Official Party to open up the political system, open up the Mexican economy and to withdraw from Central America in order to not cause any friction with the United States, the largest source of financing and investment for Mexico. The worldview of the new leaders of the Official Party was also very different from their counterparts in the 1970s. Rather than backing leftist guerrillas,

MMH and his advisors now stressed diplomacy through the Contadora Initiative. Mexico even began to leave behind its previous reluctance to engage in lobbying in the United States. Mexico had previously not employed lobbying in the United States as a foreign policy tool, citing non-intervention and fearing that other nations would do the same in Mexico. The Jack Anderson articles alleging corruption at the highest levels in Mexico and the “Mexico-bashing” hearings by Senator Jesse Helms spurred the MMH administration to take the unprecedented step of hiring U.S. lobbyists to counter the increasing criticism of Mexico in the United States. Salinas would make extensive use of lobbying as he sought to secure the passage of the North American Free Trade Agreement in the United States in the next *sexenio*.

Cambio de Rumbo captured the essence of Mexico’s gradual transformation away from decades of statism and toward an eventual opening of Mexico to the world, but even President de la Madrid, could not have anticipated the deep transformations that were in store for Mexico in the next *sexenio*. CSG would solidify Mexico’s market-oriented policies during his *sexenio*, further transforming the Mexican economy and further altering Mexico’s relationship with the world and employing a host new foreign policy tools, as we will see in the next chapter.

Table 6

Real GDP Growth, 1982-1988 (percentages)

1982	-0.6
1983	-4.2
1984	3.5
1985	2.5
1986	-3.8
1987	1.5
1988	1.1

Source: James W. Wilkie, "The Six Ideological Phases of Mexico's "Permanent Revolution Since 1910," in *Society and Economy in Mexico*, ed. James W. Wilkie (Los Angeles: UCLA Latin American Center Publications, 1990), 4.

Table 7

Number of Parastate Firms, 1980-2000

Year	Number of firms
1980	905
1981	872
1982	1155
1983	1058
1984	1037
1985	932
1986	732
1987	612
1988	618
1989	549
1990	418
1991	328
1992	270
1993	258
1994	252
1995	239
1996	229
1997	232
1998	261
1999	236
2000	202

Source: Data from *Informes Presidenciales*. Adopted from Dag MacLeod, *Downsizing the State: Privatization and the Limits of Neoliberal Reform in Mexico* (University Park, PA: Pennsylvania State University Press, 2004), 72.

Table 8

Public Sector Employment, 1980-2000

Year	Employment in Parastate Firms	Total Federal Government Employment
1980	723,200	3,151,900
1981	805,700	3,457,000
1982	885,200	3,668,600
1983	1,000,200	3,943,500
1984	1,042,000	4,186,600
1985	1,057,100	4,292,400
1986	1,028,000	4,344,400
1987	1,027,300	4,373,700
1988	1,055,538	4,652,753
1989	1,013,194	4,660,202
1990	949,588	4,683,129
1991	850,092	4,711,853
1992	626,319	4,533,410
1993	539,737	4,477,065
1994	526,719	4,557,432
1995	518,515	4,595,218
1996	517,430	4,626,535
1997	510,181	4,727,178
1998	497,908	4,804,973
1999	479,045	4,808,949
2000	476,471	4,814,116

Source: Data from Informes Presidenciales and *INEGI*. Adopted from Dag MacLeod, *Downsizing the State: Privatization and the Limits of Neoliberal Reform in Mexico* (University Park, PA: Pennsylvania State University Press, 2004), 77.

Chapter Five

Carlos Salinas de Gortari's Market-Opening Policies and the Transformation of Mexican Foreign Policy, 1988-1994

Introduction

The 1988 elections were a watershed event in modern Mexican history. Though the elections were tainted by massive fraud, Salinas went on to deepen Mexico's market-opening policies that he had begun to put into place as de la Madrid's powerful Minister of Programming and Budget from 1982 to 1988. From 1988 to 1994, Salinas would privatize the rest of Mexico's parastate firms and focus on reigniting economic growth, a growth that would be spearheaded by the private sector, not the state, and fueled by opening Mexico to world flows of trade and investment. To lock in these market-opening policies and complete the transformation of opening Mexico to the world, Salinas would make passage of the North American Free Trade Agreement (NAFTA) the cornerstone of his administration's economic and foreign policy.

Salinas' foreign policy rejected entirely the notion that Mexico should lead the Third World to gain more leverage against the First World, as Echeverría had argued in the 1970s. Instead Salinas proposed a paradigm shift and argued that Mexico should open itself up to world flows of trade and investment and join the First World. Mexican foreign policy under CSG would be reoriented and geared toward consolidating Mexico's export-led industrial model, attracting foreign investment and catapulting Mexico onto

the ranks of the First World. While LEA had passed strict laws on foreign investment in the 1970s in an effort to limit the foreign role in Mexico's economy, Salinas would completely reverse those policies, eliminating those limits to attract as much foreign investment as possible.

By the Salinas administration, Mexico's rhetorically confrontational foreign policy, which was at its height during the LEA and JLP administrations of the 1970s was gone. Salinas also sought to change the very definition of Mexican nationalism and sovereignty, replacing them with more "modern" definitions and bringing them in line with Mexico's globalizing reality. To this end, CSG and his Education Secretary, Ernesto Zedillo²²⁷ would take a lead role in revising the nation's textbooks. To shed light on these profound transformations, I have organized this chapter into the following sections: The Recomposition of the Official Party Transforms Mexican Politics and Mexico's Economic Model of Development; Privatizations and the Opening of the Mexican Economy to the World; The Recomposition of the Official Party and its Consequences for Mexican Foreign Policy; NAFTA Becomes the Cornerstone of Mexico's New Foreign Policy; CSG Employs New Foreign Policy Tools to Secure NAFTA: Lobbying and Public Relations; Reorienting Mexico's Diplomatic Corps; To Open Mexico to the World: Redefine Sovereignty and Nationalism; Using Sovereignty and Self-Determination to Deflect Criticism of the Official Party; Mexico and Cuba under CSG; Mexico Joins the OECD and lays the Groundwork for Consolidating Mexico's Opening to the World

²²⁷ Ernesto Zedillo would be president of Mexico from 1994-2000.

The Recomposition of the Official Party Transforms Mexican Politics and Mexico's Economic Model of Development

The 1988 elections marked a clear turning point in terms of the direction that Mexico would take. With opposition members waving half-burned ballots in the halls of Congress and alleging massive fraud, Salinas took office in December of 1988 determined to live down the most contested elections in the Official Party's history.²²⁸ Having been MMH's most powerful cabinet minister and having served as effective president since 1986, Salinas moved rapidly to consolidate his power and bring the power of the presidency to new heights during his *sexenio*.

With the left wing of the Official Party having ripped away during the 1988 elections to form what would become the PRD, Salinas consolidated himself as the undisputed leader of the Official Party and brought about a dramatic shift in leadership that would have profound consequences for Mexican politics as well as for the way Mexico interacted with the outside world. As we saw during the MMH administration, Mexico's severe economic crisis had discredited Mexico's previous model of state-led development and the policymakers who had espoused them. With the "technocratic

²²⁸ For a discussion of the electoral fraud, an analysis of the elections results, and the Official Party's steamrolling of the opposition to give Salinas over fifty percent of the vote in order to give him a "mandate," see Wilkie, "Mexico's "Permanent" Revolution Since 1910," 49-57; and Castañeda, *La Herencia*, 527-538.

revolution,²²⁹ now complete, the Official Party witnessed the consolidation of a new group of leaders with a markedly different worldview from their predecessors.

Salinas, who had a Ph.D. in Political Economy from Harvard University, stacked his cabinet with similarly educated *tecnócratas* who had graduate degrees from prestigious U.S. universities, deepening a trend that had begun under de la Madrid and completely altering the Mexican political landscape. His powerful Treasury Minister was Pedro Aspe Armella, who had a Ph.D. in Economics from MIT. Aspe had briefly headed the Programming and Budget Ministry while Salinas campaigned for the presidency in late 1987 and 1988. At Programming and Budget, Salinas named Ernesto Zedillo, who had a Ph.D. in Economics from Yale. In 1992 Salinas would merge the Programming and Budget Ministry into Treasury, creating a super economic ministry under Aspe.²³⁰ To balance that major economic ministry, Salinas would create the new Ministry of Social Development (SEDESOC), to which he would entrust Luis Donaldo Colosio²³¹, who had a Master's degree from the University of Pennsylvania. At Commerce and Industrial Development (*Secretaría de Comercio y Fomento Industrial*, or SECOFI), Salinas chose Jaime Serra Puche, who had a Ph.D. in Economics from Yale.²³² SECOFI under Serra would be in charge of negotiating the crown jewel of CSG's economic and foreign policy, the North American Free Trade Agreement. Herminio Blanco, Serra's

²²⁹ See Centeno, *Democracy Within Reason*.

²³⁰ When Salinas merged SPP into Treasury, he moved Zedillo to the helm of the Education Ministry. Zedillo would become the "accidental" PRI presidential candidate after the assassination of Luis Donaldo Colosio in 1994.

²³¹ Salinas would choose Colosio to be the PRI's presidential candidate in November of 1993. When Colosio was assassinated on March 23, 1994, Salinas chose Zedillo to be the PRI's presidential candidate. Salinas' first choice to replace Colosio, Pedro Aspe, was constitutionally barred from running at the time because he was still a cabinet member. See Castañeda, *La Herencia*, 499-523.

²³² For a full analysis of their educational backgrounds see Centeno, *Democracy Within Reason*, and Camp, *Mexico's Mandarins*, 167-207.

chief NAFTA negotiator had a Ph.D. in Economics from the University of Chicago. Miguel Mancera, with a Master's Degree in Economics from Yale, continued to serve as head of the Bank of Mexico. Guillermo Ortiz, who had a Ph.D. in Economics from Stanford, was Mexico's representative before the IMF in Washington. He appointed a close collaborator, Manuel Camacho Solís, who had done graduate work at Princeton, as mayor of Mexico City. Salinas' chief of staff, most trusted advisor and, according to Castañeda, alter-ego and covert operator,²³³ was José Córdoba, who had done his graduate studies in economics at Stanford. Having been roommates at Stanford, Guillermo Ortíz' brought José Córdoba to Mexico, where he would become so close to Salinas that he became the second most powerful man in Mexico.

Working with the *tecnócratas* and to ensure the preservation of the Official Party's hegemony, Salinas chose as his powerful Minister of *Gobernación* the shrewd political operative Francisco Gutiérrez Barrios, who had come up through the ranks as head of Mexico's feared *Dirección Federal de Seguridad* (DFS). In fact, Gutiérrez Barrios had been in charge of the DFS agents whose task was to capture the striking student leaders at Tlatelolco in 1968. To advise him on political matters also, Salinas brought in Carlos "Hank" González, an old-style PRI politician with decades of political experience, first as Tourism Minister then two years later as Agriculture Minister. Salinas' cabinet was so neatly divided between the *tecnócratas* who dominated economic policymaking and the old-style PRI political operators (political observers increasingly referred to them as the *dinosaurios*, or dinosaurs, during this *sexenio*, to distinguish them

²³³ Castañeda, *Perpetuating Power*, 70.

from the “modernizing” *tecnócratas*) that Mexican journalists often referred to his cabinet as a *Janus* cabinet. Miguel Angel Centeno would call this combination of policymakers the marriage of “finance and order.”²³⁴

CSG immediately sought to solidify his power and enhance his image as a modernizer, both at home and abroad. To show the nation and the world that he was serious about modernizing Mexico, Salinas ordered the arrest of the head of the oil workers union, Joaquín Hernández Galicia, also known as *La Quina*, in January of 1989. *La Quina* was head of the 200,000 petroleum workers union, traditionally a bastion of PRI support, but during the 1988 elections he had lauded Cuauhtémoc Cárdenas for his nationalistic views. *La Quina* had also not ordered the petroleum workers to vote for Salinas, a practice that had been perfectly commonplace in the history of the Official Party, and an act for which *La Quina* earned Salinas’ enmity. Salinas, as Programming and Budget Minister under MMH, had butted heads with *La Quina* over the no-bid construction contracts that the government routinely handed the powerful union in the past. Salinas, as Programming and Budget Minister under MMH, had set in motion the first round of the privatization of Mexico’s state-owned firms and now that he was president and had signaled his intentions to continue reducing the size of the Mexican state. Expressing his concern about the possibility of having to allow the participation of foreign investment in PEMEX, *La Quina* said: “I believe the property of the nation should be for the people, not for the President. My papa taught me that the oil should

²³⁴ Centeno, *Democracy Within Reason*, 143-144.

always be in the hands of Mex-i-cans.”²³⁵ The spectacular arrest of such a high profile figure, complete with a cache of 200 Uzis and thirty thousand rounds of ammunition allegedly found at his home, immediately made national and international news. Guillermo González Calderoni, the commander from the Federal Judicial Police Force that interrogated *La Quina* and had orders to coerce a confession from him, later told Julia Preston of the New York Times that they were trumped up charges designed to enhance Salinas’ prestige. González Calderoni told her “What I can tell you is this: That guy committed a lot of crimes. But he didn’t commit the ones that Salinas put him in jail for.”²³⁶

Unlike his predecessor, President de la Madrid, who was more of an administrator, Salinas would go on to wield presidential power with relish, going on whirlwind tours of the nation, recognizing electoral victories when the PAN won them, containing the PRD at all costs, removing PRI governors when they clashed with his plans and in general, centralizing power in the hands of the presidency like few other presidents of the Official Party had. When Ernesto Ruffo of the PAN won the governorship of Baja California Norte in July of 1989, Salinas was quick to recognize the PAN’s victory and to congratulate Ruffo. Baja California then became the first state governed by the opposition since the inception of the Official Party. In 1992 the PAN’s Francisco Barrio, who had been the victim of massive fraud by the Official Party in 1986,

²³⁵ Cited in Julia Preston and Samuel Dillon, *Opening Mexico: The Making of a Democracy* (New York: Farrar, Straus and Giroux, 2004), 193.

²³⁶ Cited in Preston and Dillon, *Opening Mexico*, 197.

won the Chihuahua gubernatorial elections and was immediately congratulated by Salinas.

Over the course of his *sexenio* Salinas developed a rapprochement with the PAN that became central to his plans to further open Mexico to the world. In order to project the image of a modernizing Mexico, Salinas needed an active opposition, albeit one that recognized his legitimacy and was willing to wheel and deal with Salinas to enhance its own political position on the Mexican political scene. Salinas recognized the electoral victories of Ruffo and Barrio outright, but other PAN victories such as the Guanajuato governor's election in 1991 were "negotiated victories," or *concertaciones*. In Guanajuato, for example, the PRI's Ramón Aguirre faced off against the PAN's Vicente Fox and the PRD's Porfirio Muñoz Ledo. The PRI declared victory despite numerous irregularities and the PAN proceeded to mobilize massive street protests. Salinas convened the PAN leadership, Luis H. Alvarez and Diego Fernandez de Cevallos among others, in Mexico City and informed them that he would prevent his own party's standard-bearer, Ramón Aguirre, from taking office, provided that Fox never again ran for public office.²³⁷ After editorials around the globe called on Salinas to annul the Guanajuato elections, Salinas, keenly aware of the danger of negative international press for his modernization program, prevented Aguirre from taking office. Instead the PAN's Carlos Medina Plascencia, a compromise candidate, was eventually inaugurated as interim governor. The PAN had won another, albeit, "negotiated" victory. The PAN's

²³⁷ Vicente Fox would then run in the special gubernatorial election of 1995 and win. He would then be the PAN's standard-bearer for president in 2000. His dislodging of the PRI from the presidency that year marked the end of the Official Party, with the PRI becoming an opposition party.

leader, Luis H. Alvarez, would call these negotiated victories “*gradualismo*,” or gradualism.

This marriage of convenience benefited both Salinas and the PAN. Salinas benefited because recognizing PAN victories brought him the legitimacy at home and abroad that he would use to advance his plans to open Mexico to the world. The PAN benefited because negotiating with Salinas increased the number of PAN governors, increased its electoral influence, and had three of its key issues- the reduction in the size of the Mexican state, free trade, and a rapprochement with the Church- advanced by Salinas. Critics of this convergence of interests between the PRI and the PAN, such as Porfirio Muñoz Ledo from the PRD, labeled the PRI, “the PRI *empanizado*.”²³⁸

At the same time, Salinas engaged in a ruthless campaign to limit and contain the PRD, the opposition party led by Cuauhtémoc Cárdenas which bitterly opposed Salinas’ plans to open the economy and to push through NAFTA. Cárdenas’ strongest support came from rural states such as Michoacán, Oaxaca, Morelos and Guerrero, traditionally PRI bastions, where small farmers had been devastated during Mexico’s “lost decade” of the 1980’s. At the end of 1989, for example, the PRD occupied seventy-five municipal governments in Guerrero the protest the massive fraud during the elections that December. Gutierrez Barrios at the *Gobernación* Ministry summoned the PRD leaders to a meeting in Mexico City to come to a negotiated settlement. As the *perredistas* (as PRD militants call themselves) started leaving for Mexico City to meet with Gutierrez Barrios, the governor of Guerrero, José Francisco Ruiz Massieu dispatched over 800 state

²³⁸ *Empanizado* translates literally as “breaded.” Muñoz Ledo’s double entendre evokes the idea of the PRI “breaded,” or coated, with the PAN’s issues.

police to violently evict the remaining *perredistas* from the municipalities they had occupied. Mexican critics called this selective political opening a “selective democracy.”

By the end of his *sexenio*, Salinas had removed seventeen governors, centralized power to the presidency and also alienated various sectors of the PRI who would turn on him with a vengeance in the next *sexenio*.

Privatizations and the Opening of the Mexican Economy to the World

Remaking the Mexican economy and privatizing the rest of Mexico’s state-owned firms became inextricably bound with Salinas’ plans to open Mexico to the world flows of trade and investment, and by 1990, NAFTA would become the cornerstone of his economic, domestic and foreign policy. As part of Salinas’s efforts to redefine Mexico’s relationship with the rest of the world, secure NAFTA and ensure greater foreign investment in Mexico, Salinas embarked on a massive program to dramatically trim the size of the state and privatize the rest of the state-owned firms that the nation had come to own by the 1980s.

In declaring his intentions to modernize the Mexican economy, Salinas declared at his first State of the Nation Address: “[a]s a strategy for change, I have proposed the modernization of Mexico.”²³⁹ He then praised the achievements of the Mexican Revolution, pointed to its insufficiencies, and then articulated his vision of what Mexico needed to do not only modernize the nation, but to modernize Mexico’s conception of the Mexican Revolution:

²³⁹ Carlos Salinas de Gortari, *Primer Informe de Gobierno*, November 1, 1989, 5. <http://lanic.utexas.edu/larrp/pm/sample2/mexican/gortari/1/8900003t.html>

Before the transformation of the community of nations, Mexico has chosen the path of a nationalist and popular modernization.... A social revolution gave us our social origins and a solid institutional configuration that has permitted us to meet our most difficult challenges.... Nothing is more removed from the ideals of the Mexican Revolution than remaining immobile before what we must accomplish. Modernization is the means to achieve that end: we change because we want [our] Revolution a reality. There is nothing more revolutionary than making Mexico stronger and more respected in the world.²⁴⁰

Salinas wanted to reduce the size of the Mexican state even more, and to rely on the private sector, not the state, to generate economic growth. He also publicly argued that Mexicans needed to begin changing the way they viewed the state. In that same speech Salinas went on to declare: “a bigger state is not necessarily a more effective state, a property-owning state is not necessarily a more just one. The reality is that in Mexico, more government has resulted in less capacity to respond to the social needs of our people.”²⁴¹

While CSG as MMH’s Program and Budget Minister had presided over the privatization of the smaller parastate firms, now as president, he engaged in a massive effort to go beyond those and sell firms that operated in “priority” and “strategic”

²⁴⁰ Ibid., 10.

²⁴¹ Ibid., 14-16.

sectors.²⁴² (see table 7) He presided over the privatization of TELMEX, Mexico's telephone monopoly as well as *Mexicana*, one of Mexico's state-owned airlines. He also put Mexico's steel mills up for sale. And by 1991 and 1992, Salinas had also privatized the nation's banks that JLP had nationalized in 1982.²⁴³

As we have seen in the previous chapter, Salinas and his team no longer saw public sector employment as a source of economic growth for Mexico, nor did they see public sector employment as a source of stability. Unlike the National Development Plans of his predecessors, which stressed the role of the Mexican Revolution and the role of the state in the development of the Mexican economy, Salinas' 1989 National Development Plan separated the state and the economy. His plan insisted upon not "confusing public firms properly understood with entities of institutional service... whose efficiency and productivity are not always measurable in terms of financial profitability."²⁴⁴ While the MMH administration privatized the marginal parastate firms, making only a small dent in employment in the parastate sector, CSG privatized larger and strategic firms. As a result, employment in the parastate sector during this *sexenio* dropped precipitously from 1,055, 538 in 1988 to 526,719 (see table 8).

As part of Salinas' overall strategy to open Mexico to the world, he paved the way for the gradual opening of Mexico's financial sector as well. Whereas by 1990, foreign investors owned only 1 of Mexico's twenty banks, by 2000, foreign investors owned

²⁴² See MacLeod, *Downsizing the State*, 71-108.

²⁴³ Carlos Salinas de Gortari, *Mexico: the Policy and Politics of Modernization* (Barcelona: Plaza & Janés Editores, 2002), 53; and MacLeod, *Downsizing the State*, 79-84.

²⁴⁴ MacLeod, *Downsizing the State*, 79.

twenty of thirty-four banks operating in Mexico.²⁴⁵ He laid the foundation for Mexico to welcoming portfolio investment in the stock market and the bond market and continued to solidify international financial ties between the Mexican government and international financial institutions.

The Recomposition of the Official Party and its Consequences for Mexican Foreign Policy

Salinas' worldview, as well as those of his close advisors, was markedly different from the worldview of policymakers in the 1970s, and this would have dramatic consequences for the formulation of Mexican foreign policy. Having acquired their advanced degrees at universities such as Yale, Harvard and MIT, this new generation of policymakers had developed an economic philosophy that was much more in tune with orthodox economic policies and they came back to Mexico convinced of the power of markets, not the state, in the development of the nation.²⁴⁶ Furthermore, because they had lived in the United States for extended periods of time, they were very comfortable with the language and culture of the United States. While in the United States, they had also acquired contacts that they would use throughout Salinas' *sexenio* to consolidate Mexico's economic opening.

All of these factors converged with the end of the Cold war and the deepening of globalization in the 1990s to produce a policymaking elite whose overriding policy

²⁴⁵ Ibid., 104.

²⁴⁶ See Babb, *Managing Mexico*, 171-198; and Camp, *Mexico's Mandarins*, 167-207.

objective became to open Mexico to the world economically and to institutionalize the free-market policies they had begun under de la Madrid.

In terms of foreign policy, Salinas and his team argued that they had to shift Mexico's foreign policy to make it more congruent with the new economic project they were putting into place in Mexico. They argued that what was needed was a total transformation of Mexico's foreign policy into one which would support and solidify Mexico's new economic strategy. About Mexico's new foreign policy, Salinas wrote: "there would have to be a new international relations strategy. The new world reality demanded these new initiatives."²⁴⁷

And in an indication of how closely his foreign policy was bound with his domestic policy, he said: "As a complement and in order to face domestic social challenges, now we would have to reduce internal public with the income from the sale of public assets, in other words, we would have to accelerate privatizations."²⁴⁸ For Salinas, everything revolved around his efforts to solidify his export-led model: privatizing over \$24 billion in state owned assets; integrating Mexico to the United States; liberalizing trade;²⁴⁹ deregulating Mexico's rules concerning foreign investment;²⁵⁰ privatizing Mexico's *ejidos* in the countryside; and even bringing the whole Mexican population in line with his own economic philosophy.

²⁴⁷ Salinas de Gortari, *Mexico: the Policy and Politics of Modernization*, 47.

²⁴⁸ *Ibid.*, 47.

²⁴⁹ For a detailed analysis of Salinas' trade liberalization, see Flores, *Proteccionismo versus librecambio*, 340-387.

²⁵⁰ See Manuel Pastor Jr. and Carol Wise, "Mexican Style Neoliberalism: State Policy and Distributional Stress," in *The Post-NAFTA Political Economy: Mexico and the Western Hemisphere* (University Park: PA, 1998), 42-81.

During his *sexenio*, Salinas would ensure that there would be consensus about the wisdom of opening Mexico to the world economically, pursuing NAFTA and other free trade agreements with other countries of the world. His economic cabinet, Aspe at Treasury, Serra at SECOFI and Zedillo at Programming and Budget, along with close advisors such as José Córdoba and Luis Donaldo Colosio, were completely on board in terms of Salinas' policies. When cabinet members were hesitant, as his Foreign Minister Fernando Solana was at the beginning of the *sexenio*, Salinas quickly convinced them to go along with his program.²⁵¹

Salinas initially sought to pursue a multilateral strategy of reaching out through trade and investment to multiple centers of world economic power, but a trip to Europe in early 1990 made him come to realization that Europe was too preoccupied with reunification and that the world seemed to be forming trade blocs. It was then that Salinas turned his attention to securing a free trade agreement with the United States.²⁵² However, securing a Free Trade Agreement with the United States was not the end game to Salinas. He sought to leverage that agreement into a Free Trade Agreement with the still coalescing European Union. Salinas wrote: "Later Delors [Commissioner of the European Community] would emphasize to me that once we got NAFTA the agreement between Mexico and the EU would come almost automatically."²⁵³

NAFTA Becomes the Cornerstone of Mexico's New Foreign Policy

²⁵¹ Salinas de Gortari, *Mexico: the Policy and Politics of Modernization*, 62.

²⁵² *Ibid.*, 37-59.

²⁵³ *Ibid.*, 46.

Several factors in 1989 and early 1990 converged to convince Salinas to pursue an unprecedented economic integration with the United States. The easing of Cold War tensions had taken away a major source of friction between Mexico and the United States. The U.S. elections in 1988 brought to power George H.W. Bush, a president who was less ideological than Ronald Reagan. The Central American conflicts that had caused Mexico so many problems with the United States were winding down. The Sandinistas were defeated in the Nicaraguan elections of 1990. Globalization was gaining speed. And Salinas had come to the realization that domestic savings would not be enough to sustain high economic growth in Mexico, so the need to tap external capital, ideally from the United States, Europe and Asia, became one of his top priorities. In his memoir, Salinas wrote:

At the beginning of the 1990s, with globalization a reality, Mexico could aspire to a sustained rate of growth only if it participated in the international flows of free trade. There was no possibility of faster economic growth unless we joined the great world movement toward free trade. My predecessor, President Miguel de la Madrid, had taken a brave, essential step in 1985 when he requested Mexico's entry into GATT; with that action, we advanced in our attempt to leave behind the closed economy and its strategy of import substitution.²⁵⁴

Salinas wanted to open Mexico to the world, and from early on, he wanted to intensify Mexico's economic relations with the United States and leverage Mexico's

²⁵⁴ *Ibid.*, 41

proximity to its advantage. He wrote: "it was necessary to turn Mexico's proximity to the world's largest economy into a permanent advantage by modifying the framework of our political relationship and the uncertainties that dominated trade."²⁵⁵

When he met with European leaders on a trip there in early 1990, they all convinced him that, given the global transformations, his best bet was to integrate Mexico to the United States economically. When he told British Prime Minister Margaret Thatcher that he was worried that the industrialized world was totally absorbed with reintegrating Eastern Europe, she replied: "[y]ou are right to be worried.... The changes in Eastern Europe are going to take some time. Nobody there knows how a market economy works."²⁵⁶ He then met with German Chancellor Helmut Kohl who told him: "the prospects for Mexico are clear: either it becomes part of the North American zone,²⁵⁷ or it can be left behind as a country outside any bloc. You are introducing big economic changes into your country. If you join in one of these blocs, I forecast a great future for your nation in the twenty-first century."²⁵⁸

Salinas' solution then was to integrate Mexico with its largest market and trading partner so as not to be left out of the world economic reshuffling. In an interview with Nathan P. Gardels for the Los Angeles Times, Salinas said:

[I]t is nevertheless clear that world trade is concentrating in three huge blocs: the U.S. and Canada; Europe; Japan and the Pacific Asian countries. Either you have

²⁵⁵ Ibid., 42.

²⁵⁶ Ibid., 44.

²⁵⁷ The United States had just completed a Free Trade Agreement with Canada.

²⁵⁸ Salinas de Gortari, *Mexico: the Policy and Politics of Modernization*, 45.

access to the huge trading blocs or you are left out of the dynamics of development and growth. And, for a country of 82 million people- to which 10 million more will be added during my administration- growth is a necessity. So, I decided that it was time for Mexico to recognize this reality and belong to this future by building on the already very strong trade relations we have with the United States. Along with Canada, we can create the biggest free trading area in the world.²⁵⁹

This indeed was a dramatic turnaround in terms of Mexico's relations with the United States. Whereas Echeverría had seen the U.S. as a threat in the 1970s, Salinas saw the U.S. as a potential ally and proceeded to forge an unprecedented rapprochement with the United States. And whereas Echeverría wanted Mexico to lead the Third World, Salinas argued Mexico should join the first. Highlighting the shifting global transformations and Mexico's challenges in the face of a multi-polar and globalizing world, Salinas declared at his second State of the Nation Address:

There is much talk about the end of bipolarity and the beginning of a new multi-polar configuration.... Multi-polarity also offers unprecedented challenges for Mexicans.... We have to struggle with tenacity, with imagination to meet the [global] competition and negotiate our national participation before this new world configuration. How does [Mexico] strengthen its sovereignty in an

²⁵⁹ Carlos Salinas de Gortari interviewed by Nathan P. Gardels in "Carlos Salinas: Pushing Mexico From Third World Into First," *Los Angeles Times*, November 25, 1990, section M.

increasingly interrelated world? How to make sure that globalization recognizes self-determination? ... Sovereignty never meant self-sufficiency or autarky.... We want Mexico to be part of the First World, not the Third.²⁶⁰

In February of 1990 at Davos, Salinas had Serra approach the U.S. Trade Representative, Carla Hills to let the U.S. know that Mexico was interested in forging a Free Trade Agreement with the United States. Knowing that the final answer from the United States would have to come directly from President Bush, Salinas then put his plans for NAFTA into high gear and securing NAFTA would become the cornerstone of both his domestic and foreign policy. Salinas hoped that approval of NAFTA would insure future access to the U.S. market, institutionalize his market-opening policies, and send a signal to world investors about the business opportunities available in Mexico, even beyond NAFTA's passage. Salinas hoped NAFTA would attract investment to Mexico, stimulate employment for the nearly one million persons entering the job market every year, alleviate poverty and reduce social tensions. He also hoped that NAFTA would provide Mexico with diplomatic leverage vis-à-vis the rest of Latin America and the developing world as a whole. By securing NAFTA, Salinas reasoned, Mexico would solidify its links with the industrialized nations. And given Mexico's location, his country could then serve as a "bridge" between the developing world and the developed world, enhancing Mexico's political and diplomatic prestige.

²⁶⁰ Carlos Salinas de Gortari, Second State of the Nation Address, November 1, 1990. *Secretaría de Relaciones Exteriores, 20 años de política exterior a través de los informes presidenciales, 1970-1990*, 130-131.

In Mexico, Salinas dispatched his cabinet as well as then president of the PRI, Senator Luis Donaldo Colosio, to secure the support for NAFTA negotiations from the various business organizations as well as from Mexico's Senate. By March the CANACINTRA (National Chamber of Manufacturers), and the CONCAMIN (Confederation of Industrial Chambers) were both on board. On May 21st, the Mexican Senate gave Salinas its formal approval to negotiate NAFTA with the United States.²⁶¹

Encouraged by Henry Kissinger to personally persuade Bush to enter into formal negotiations, Salinas spoke by phone to Bush on March 8, 1990 and received an enthusiastic response. On June 11, 1990, Salinas and Bush formally announced the formal NAFTA negotiations in Washington D.C. Shortly thereafter, Canadian Prime Minister Brian Mulroney expressed his interest in joining the negotiations, making it a truly North American Free Trade Agreement.²⁶²

CSG Employs New Foreign Policy Tools to Secure NAFTA: Lobbying and Public Relations

In order to ensure the passage of NAFTA, CSG increased Mexico's presence in the United States, reoriented Mexico's consular representation in the United States, and employed a whole host of new foreign policy tools, including the extensive use of lobbying. Overcoming the past apprehension to engage in lobbying in the U.S. for fear that this would give the U.S. a green light to meddle in internal Mexican affairs, the Salinas administration engaged in a massive lobbying campaign to secure the passage of

²⁶¹ Salinas de Gortari, *Mexico: the Policy and Politics of Modernization*, 55-56.

²⁶² *Ibid.*, 66.

NAFTA in the United States. By 1991, as Salinas' efforts to secure NAFTA were moving into high gear in the United States (because it required congressional approval), the Mexican government made lobbying a permanent part of Mexican foreign policy and its relations with the United States.²⁶³ As we saw in the last chapter, Mexico had made its first foray into lobbying as a foreign policy tool to counter the negative press that Mexico was receiving in the summer of 1986. Later that year Mexican officials had hired Michael Deaver, a former close aid to President Reagan, to help Mexico in its accession to GATT. After Deaver was accused of conflict of interest and criminally prosecuted, the Mexican government had ended its lobbying efforts and would not engage in lobbying again until its NAFTA negotiations.²⁶⁴ Now that Salinas making the passage of NAFTA the cornerstone of his foreign and domestic policy, things were different.

CSG established a new Mexican office separate from the embassy and the consulates was set up in Washington for the express purpose of coordinating the lobbying drive. Under the direction of Hermann Von Bertrab, this office tripled the number of lobbying contracts registered with the Department of Justice to 71 by November of 1991.²⁶⁵ In 1991 the Mexican government hired a high-profile team of lobbying firms including Burson-Marsteller, Charles E. Walker and Associates, the Manchester Trade Group, to lobby Democrats and Republicans on Capitol Hill, as well as several prominent

²⁶³ See, for example, Todd A. Eisenstadt, "The Rise of the Mexico Lobby in Washington: Even Further from God, and Even Closer to the United States," in *Bridging the Border: Transforming Mexico-U.S. Relations*, eds. Rodolfo O. de la Garza and Jesús Velasco (New York: Rowman & Littlefield Publishers).

²⁶⁴ Jorge I. Domínguez and Rafael Fernández de Castro, *The United States and Mexico: Between Partnership and Conflict* (New York: Routledge, 2001), 126.

²⁶⁵ See Herman von Bertrab, *Negotiating NAFTA: A Mexican Envoy's Account* (Washington D.C.: The Center for Strategic and International Studies, 1997).

Hispanic consultants to lobby the Hispanic community.²⁶⁶ President Salinas himself writes that his administration spent approximately 35 million dollars on lobbying in the United States from 1989 to 1993 to promote the passage of NAFTA.²⁶⁷ Lobbying by Mexico in the United States would become a permanent part of Mexican foreign policy and its relations with the United States.²⁶⁸

Complementing CSG's official lobbying drive, Salinas's most trusted advisor, Córdoba, played the inside game, using his connections with powerful Washington insiders to help secure the passage of NAFTA in the United States.²⁶⁹ In the months before the final vote on NAFTA, Córdoba spent entire weeks in Washington, lobbying powerful Washington insiders behind closed doors.

In addition to Mexico's intense lobbying efforts in Washington, the Salinas administration undertook a massive public relations campaign aimed at the U.S. business community and society at large.²⁷⁰ It gave foreign correspondents based in Mexico unprecedented access to high-ranking government officials. It reoriented Mexico's press officers in every major city of the United States to tout NAFTA and Mexico's market-oriented policies. It launched ad campaigns in major newspapers of the United States. And it sent government officials throughout the U.S. to plug NAFTA and to tout the virtues of Mexico's investment climate.

²⁶⁶ Salinas de Gortari, *Mexico: the Policy and Politics of Modernization*, 89.

²⁶⁷ *Ibid.*, 90.

²⁶⁸ The Zedillo administration (1994-2000), for example, would hire lobbyists in 1998 to ensure that the U.S. Congress certified Mexico as an ally in the drug war and eventually to have Mexico exempt from this process of certification altogether.

²⁶⁹ See Castañeda, *Perpetuating Power*, 70.

²⁷⁰ See Castañeda, "Salinas's International Relations Gamble," 417; and Dresser, "Exporting Conflict: Transboundary Consequences of Mexican Politics," 90-97.

Reorienting Mexico's Diplomatic Corps

As part of Salinas' efforts to open Mexico to the world and in particular to the United States, Salinas enhanced Mexico's diplomatic representation in the United States and reoriented its consular corps to serve as "regional ambassadors." On his first visit to Washington D.C. President Salinas inaugurated a new, modern and much larger new Mexican embassy on Pennsylvania Ave., just three blocks from the ultimate seat of power, the White House. Whereas Mexican ambassadors rarely ventured to the halls of power in Washington D.C. before, under Salinas, they began to engage with their U.S. counterparts and aggressively promote Mexican interests in the United States. Mexican also ambassadors began to assume a higher profile in Washington D.C. and other major capitals of the developed world.

The Mexican embassy in Washington D.C. saw its influence rise as Salinas made NAFTA the cornerstone of his foreign policy. Ambassador Gustavo Petricioli was the only ambassador to report directly to president Salinas, in addition to the Foreign Relations Minister Fernando Solana. The Mexican embassy in Washington D.C. also became a "node of coordination," coordinating the activity of over 32 agencies, hiring professional lobbyists, as well as lobbying the U.S. Congress.²⁷¹

Very importantly, Mexico's consulates were reoriented from the protection of Mexican migrants to actively promoting NAFTA, foreign investment, and forging new links with the Mexican community and with the Mexican-American community in the

²⁷¹ Domínguez and Fernández de Castro, *The United States and Mexico*, 80-85.

United States. In addition to the professionals from Mexico's diplomatic corps, Salinas was now naming well connected and high ranking public officials as consuls general in major U.S. cities.

In another new development for Mexican foreign policy, the Salinas administration, clearly with the passage of NAFTA in mind, sought to build cross-national bridges with the Mexican community in the U.S. and with Latino politicians and organizations. Obviously influenced by the strong support for Cuauhtémoc Cárdenas in the southwest U.S. after the 1988 elections, the Salinas administration undertook a massive campaign to improve the links with Mexicans living in the U.S.

Salinas' Program for Mexican Communities Abroad was a major initiative designed to building bridges with the Mexican-origin community in the U.S. This new program, which was housed within the Ministry of Foreign Relations, was given the exclusive responsibility to coordinate Mexico's relationship with the Mexican-origin population in the United States.²⁷² Because of the growing number of Mexicans in the United States and because of their increasing economic clout, these initiatives would become institutionalized and continue beyond CSG's *sexenio*.²⁷³ By 1999, Mexicans in the United States sent more dollars via remittances to Mexico than Mexico received from any other source except oil, surpassing even revenue from tourism, traditionally one of Mexico's major generators of dollars. Remittances from Mexicans in the United States

²⁷² Carlos González-Gutierrez, "Decentralized Diplomacy: The Role of Consular Offices in Mexico's Relations with its Diaspora," in *Bridging the Border: Transforming Mexico-U.S. Relations*, eds. Rodolfo O. de la Garza and Jesús Velasco (New York: Rowman & Littlefield Publishers), 56.

²⁷³ The Program for Mexican Communities Abroad would continuously expand as the Mexican-origin population in the United States grew throughout the 1990s. The Fox administration upgraded it and renamed it the *Instituto Para los Mexicanos en el Exterior* (Institute for Mexicans Abroad, or IME).

would become such a significant source of revenue that by 2007 they amounted to over \$20 billion.

To Open Mexico to the World: Redefine Sovereignty and Nationalism

In order to open Mexico to the world economy, Salinas and his team also attempted to discard Mexico's historic nationalist rhetoric and redefine, or "modernize" the very definition of Mexican sovereignty and nationalism, both at home and abroad. In order to shift from a protectionist economy and its corresponding defensive foreign policy to an open economy integrated with the world economy, profound changes indeed, Salinas and his team embarked on a revision of Mexico's perception of the outside world. To Salinas and his team, Mexico's decades old foreign policy discourse that romanticized the Mexican Revolution and focused almost exclusively on defending self-determination and maintaining sovereignty clashed with his administration's efforts to transform the image of Mexico abroad to signal to world investors that Mexico was open for business and a part of the globalizing world.

Faced with a chasm between Mexico's inward-looking nationalism and Salinas' market-opening policies, Salinas' solution was to globalize Mexico and change its nationalist discourse. He and his team launched a concerted effort to "modernize" Mexico's established notions of nationalism, sovereignty, and self-determination. Salinas attempted to redefine nationalism from a term associated with defensive measures aimed at protecting Mexican industry and protecting Mexico from outside forces to one that opened up Mexico to new global economic relationships. He also attempted to discard

the view of Mexican sovereignty as synonymous with territorial integrity and replace it with a “modern” vision that defined sovereignty as an efficacious insertion in international markets.

At his second State of the Nation Address on November 1, 1990, Salinas wrote:

The modern defense of sovereignty requires that a state simultaneously integrate itself with the centers of development and extend justice to its citizens.... Foreign policy is a fundamental instrument of sovereign relations with the rest of the world.... That is why [Mexico’s] response to the global transformation has been to voluntarily diversify our relations and to embark on a rapprochement with the new regional blocks.... With the United States we seek an interaction which recognizes the importance of the bilateral relationship for both countries, highlighting dialogue, respect, and reciprocity.²⁷⁴

Salinas also wanted to redefine economic nationalism from its previous defensive meaning, which included nationalizing national resources and protecting Mexican industries, to a new and “modern” meaning which opened Mexico to new economic relationships and world flows of trade and investment. Criticizing his predecessors’ preferences for a large role for the state, Salinas declared “[t]he excessively proprietary state weakens the health of our economy.”²⁷⁵ In a sense, Salinas and his team were

²⁷⁴ Carlos Salinas de Gortari, Second State of the Nation Address, November 1, 1990. Secretaría de Relaciones Exteriores, *20 años de política exterior a través de los informes presidenciales, 1970-1990*, 133-134.

²⁷⁵ Salinas de Gortari, Second State of the Nation Address, November 1, 1990, 132.

engaging in an effort to re-brand Mexico, transforming the image of Mexico abroad to signal to world investors that Mexico was open for business and a part of the globalizing world.

He also sought to deflect criticism that integrating Mexico with the United States economically would lead to a loss of Mexican sovereignty. He declared in that same speech: “Sovereignty never meant self-sufficiency or autarky.... Interdependence does not necessarily threaten sovereignty.”²⁷⁶

Interestingly, Cuauhtémoc Cardenas, the head of the PRD and Salinas’ main critic argued that it was precisely Salinas’ “neoliberal” policies that were an assault on Mexico’s national sovereignty.²⁷⁷

As part of Salinas’ efforts to redefine nationalism, his powerful Finance Minister, Pedro Aspe even argued that the notion of patriotism needed to be redefined as part of Mexico’s globalizing reality. Aspe argued that the measure of his patriotism was the vigor with which he pursued agreements with creditor nations and international organizations that were of maximum benefit to Mexico’s long run economic prospects.²⁷⁸ Because international confidence building was so important to the success of the new economic reforms, Aspe argued that he and Salinas’ team needed to free themselves of the previous notions of nationalism in which Mexican negotiators had bristled at “playing Washington’s game.”²⁷⁹ Indeed “playing Washington’s game” was at the very heart of Salinas’ effort to promote Mexico in the United States and to secure NAFTA.

²⁷⁶ Ibid., 130-131.

²⁷⁷ Cárdenas, “Misunderstanding Mexico,” 1990.

²⁷⁸ Golob, “Making Possible What is Necessary,” 128.

²⁷⁹ Ibid., 127-129.

Salinas and his team were also attempting to change the way the Mexican population thought about the world and their place in it. Consistent with their efforts at trying to convince the world that Mexico was modernizing and open for business, they also attempted to change the way that Mexicans themselves thought about foreign investment and the United States.

In an effort to redefine Mexican nationalism to future generations of Mexicans and to change the way that Mexicans thought about foreign investment, Salinas also took a lead role in the rewriting of the nations history textbooks for elementary schoolchildren. In terms of content, the history textbooks as of 1991 dated to the Echeverría period and were much closer to the Cardenismo of the 1930s, with its emphasis on state-led growth and national resources being patrimony of the state. By the early 1990s, Mexico had jettisoned those state-led policies, had joined GATT and was in the process of negotiating an unprecedented free trade agreement with the United States. The chasm between the “Revolutionary” rhetoric of those textbooks and Mexico’s globalizing reality of the 1990s was so vast that Salinas and his team felt compelled to close it.²⁸⁰ The newly rewritten textbooks had much more input from president Salinas and his Education Minister, Ernesto Zedillo, than textbooks had had in the past.

The new textbooks placed great emphasis on the economic modernization of Mexico during the Porfirio Diaz regime, rather than the inequalities that had led to Mexico’s Revolution of 1910, which the previous ones had stressed. The new textbooks

²⁸⁰ See Gilbert, “Emiliano Zapata: Textbook Hero,” 152-154.

also portrayed foreign investment during the Diaz regime as “an unqualified good”²⁸¹ and praised the economic integration between Mexico and the United States.²⁸² Foreign investment and an unprecedented economic integration between Mexico and the United States is exactly what Salinas was pursuing so it was only logical that critics of his economic policies would seize on this issue and argue that Salinas and his team were “rewriting” history to suit their political needs.

When they came out in 1992, they were met with a firestorm of criticism from various sectors of Mexican society. Teachers severely criticized the books because of their “demotion” of Emiliano Zapata and the “rehabilitation” of Porfirio Diaz (see the illustration below). The Army criticized the books because the books now included information of the army’s role in the 1968 massacre of students at Tlatelolco.

Intellectuals, labor leaders and ex-presidents also came out against the textbooks. The rewriting of the Mexico’s history textbooks in 1992 and the ensuing controversy crystallized the ideological shift within the Official Party and revealed the huge ideological gap between decades of “Revolutionary” nationalist discourse and Mexico’s globalizing reality by the 1990s. The books created such a firestorm of protest and their criticism was so intense that they were withdrawn and the government was forced to quietly issue new ones in 1993.²⁸³

Zedillo, as Education Secretary bore the brunt of the criticism, and according to Jorge Castañeda in his study of the Mexican successions, the textbook controversy might

²⁸¹ Gilbert, “Rewriting History: Salinas, Zedillo and the 1992 Textbook Controversy,” 276-278.

²⁸² Ibid.

²⁸³ Ibid., 289-293 and Dennis Gilbert, “Emiliano Zapata: Textbook Hero,” *Mexican Studies/Estudios Mexicanos* 19, no. 1 (2003), 152-154. See also Castañeda, *La Herencia*, 486, 513.

have even killed Zedillo's chances at being anointed as the Official Party's candidate for the 1994 elections.²⁸⁴ Only after Salinas' first choice, Luis Donaldo Colosio was assassinated, did Zedillo emerge as the Official Party's candidate for the 1994 elections.

²⁸⁴ Castañeda, *La Herencia*, 486, 513.

Helguera on the textbook revision debate, *La Jornada*, September 3, 1992.



Using Sovereignty and Self-Determination to Deflect Criticism of the Official Party

Like Echeverría, López Portillo, and de la Madrid and de la Madrid had before him, Salinas too used Mexico's sacred foreign policy principles of sovereignty and self-determination for domestic political consideration and as a shield to counter criticism of Mexico's lack of democracy. When international demands impinged on the ruling party's monopoly on power, Salinas too waved the banner of non-intervention. In 1993, for example, Mexico opposed the creation of the United Nations Commissioner for Human Rights along with Cuba, China, Syria, Iraq, and other countries with poor human rights records.²⁸⁵ Similarly, citing non-intervention, Salinas also resisted international proposals to permit foreign observers in Mexican elections and to monitor the status of human rights in Mexico.

Salinas also waved the banner of non-intervention when the Zapatista rebels, who burst onto the Mexican national scene on January 1, 1994, started receiving financial and moral support from international human rights organizations. Under Salinas' watch a group of indigenous rebels from Chiapas calling themselves the Zapatista Army for National Liberation (*Ejercito Zapatista para la Liberación Nacional*, or EZLN) had rebelled against the government on January 1, 1994, the day that NAFTA took effect. When the Zapatista rebels began receiving financial and moral support from international

²⁸⁵ Jorge Chabat, "Mexican Foreign Policy in the 1990's," in *Latin American Nations in World Politics*, edited by Heraldo Muñoz and Joseph S. Tulchin (Boulder, CO: Westview Press), 157.

human rights and religious groups from other countries, Salinas was caught in a rhetorical trap of Mexico's own making.²⁸⁶

Mexico and Cuba under CSG

The case of Mexico's solidarity with its "sister republic", Cuba, from the late 1950's and their gradual break in the 1990s also illustrates the ways that Mexico used the Cuba link to manifest its "revolutionary" rhetoric for domestic political purposes. Cuba and Fidel Castro were an integral part of the Mexican national scene since Castro sailed from Mexico to launch his own revolution. For decades, Mexico's ruling party used the Cuba link in foreign policy to manifest its revolutionary rhetoric, keep its left wing in line and to "balance" its relations with the United States. This was especially apparent during the Echeverría and López Portillo administrations, with their emphasis on *tercermundista* policies and their successive efforts to have Mexico become leader of the Third World. This often meant that Mexico and Cuba offered each other their unconditional support, officially anyway, while agreeing to not criticize each other's authoritarian regimes. That relationship between "sister republics" began to fray as Mexico began to redefine its relationship with international organizations and open itself up to the world economy in the early 1990s.

The Salinas administration, in its quest to pass NAFTA in the United States, abstained on a U.N. vote to censure Cuba on Human Rights in 1991 rather than unconditionally back Cuba as it would have done in years past. Breaking with Mexico's

²⁸⁶ See Moffett, 1996 and Oppenheimer, *Bordering on Chaos*, 47-48 and 256-257.

traditional foreign policy, Salinas then went to Miami in 1992 to meet with the staunchly anti-Castro Cuban American community to seek their support for NAFTA. By the time of the Zedillo was in office in the next *sexenio*, Mexico had broken with decades of unconditional support for Cuba and the principle of noninterference in the affairs of other nations when he urged Havana to embrace democracy.

Mexico Joins the OECD and lays the Groundwork for Consolidating Mexico's Opening to the World

Having Mexico admitted as a full member of the OECD (the Organization for Economic Cooperation and Development) in April of 1994 capped Salinas' efforts to show the world community the depth of his commitment to the economic modernization of Mexico and of Mexico having become a major trading nation. Under Salinas, Mexico had joined forces with the United States and Canada to form the North American Free Trade Agreement and also joined APEC (the Asia-Pacific Economic Cooperation).

Salinas' efforts to lift Mexico to first world status and become a major trading nation was a remarkable turnaround from the days when Echeverría had hoped to see Mexico as a leader of the Third World and designed his foreign policy around *tercermundista* goals. LEA had then then wanted to leverage that prestige to become Secretary General of the United Nations. Salinas, in contrast, hoped to see Mexico firmly

among the ranks of the First World and hoped to head the World Trade Organization upon completing his presidency.²⁸⁷

A series of crises in 1994, a cataclysmic year for the Mexican nation, unraveled Salinas' post-Presidential plans to become head of the WTO. First, indigenous rebels from the southern state of Chiapas rebelled against the Mexican government on January first, 1994, the day that NAFTA went into effect. The Zapatista uprising sent shockwaves throughout the nation and the world and cast doubts about Salinas' the inclusiveness of Salinas' policies. Then, the PRI standard-bearer for the 1994 elections whom Salinas had chosen, Luis Donaldo Colosio, was murdered in Tijuana on March 23, 1994. Soon after the elections, the Secretary General of the PRI, José Francisco Ruiz Massieu, was gunned down in Mexico City, further casting doubt about Mexico's stability.

The nail in the coffin for Salinas' post-presidential plans for leading the WTO was the botched hand-off of power to the incoming Zedillo administration in December of 1994. Mexico had been hemorrhaging money after the tumultuous events of 1994. The peso was overvalued and neither Salinas nor his Treasury Minister Pedro Aspe wanted to devalue on their watch. When Zedillo took office on December 1, he and his new Treasury Secretary Jaime Serra Puche were met a much larger *tesobono* (dollar denominated bonds) debt, and as a result a much larger current account deficit than they had anticipated. When Zapatistas in Chiapas occupied more towns and Serra "widened the band" that had linked the peso to the dollar, foreign investors proceeded to take their

²⁸⁷ José Córdoba, Salinas' most trusted advisor coordinated Salinas' campaign to become the WTO head from Washington D.C. as late as December of 1994. See Castañeda, *La Herencia*, 517.

money out of Mexico even more until it became a stampede. This breakdown in the transfer in power led to a massive economic crisis at the end of 1994 and early 1995, from which Mexico would take two years to recover. Two months later Zedillo had CSG's brother, Raúl, arrested for allegedly masterminding the murder of José Francisco Ruiz Massieu. Salinas blamed Zedillo on television for the massive economic crisis, calling them "the errors of December." He then went on a brief hunger strike to "clear" his name, and shortly thereafter left Mexico. His reputation would never recover.

Conclusion

Salinas' *sexenio* marked a paradigm shift in terms of Mexico's relations with the world. From 1988 to 1994, Salinas solidified the market-opening policies he had spearheaded as Programming and Budget Minister under President de la Madrid. He accelerated the privatization of Mexico's remaining parastate firms. He further tightened Mexico's links to international financial organizations. He sought a greater engagement with the world economy. And he proceeded to forge a much closer relationship with the United States economically and politically, through the North American Free Trade Agreement.

Unlike Echeverría's foreign policy which was geared toward increasing the role of the state, having Mexico become leader of the Third World and keeping the United States at bay, Salinas geared Mexico's foreign policy toward solidifying Mexico's export-led industrial model, attracting foreign investment, integrating Mexico with the

“Colossus of the North” through NAFTA and catapulting Mexico onto the ranks of the First World.

NAFTA then, became for Salinas, the cornerstone Mexico’s foreign and domestic policy and it completely reshaped Mexico’s links to the outside world as well as Mexico’s approach to foreign policy. Salinas dropped Mexico’s reluctance to engage in lobbying in the United States, hiring teams of high-powered lobbyists to lobby Congress and various sectors of U.S. society in order to ensure the passage of NAFTA. He also reoriented Mexico’s diplomatic corps, from the protection of Mexican migrants to actively promoting NAFTA, foreign investment, and forging new links with the Mexican community and with the Mexican-American community in the United States.

Having Mexico admitted as a full member to the Paris-based OECD in 1994 capped Salinas’ efforts to show the world community the depth of Mexico’s commitment to economic modernization of Mexico’s commitment to becoming a major trading nation.

Despite the economic crisis of late 1994 and 1995, Salinas’ successors, both Zedillo and Fox would build on the transformational efforts of the Salinas administration to open Mexico to the world. Under Zedillo’s watch and building on Salinas’ initial efforts, Mexico signed a Free Trade Agreement with the European Union in November of 1999. Under Fox’s watch a Free Trade Agreement between Mexico and Guatemala, Honduras and El Salvador went into effect in March of 2001. Fox also hammered out a Free Trade Agreement with Japan in 2002 and by 2007 Mexico had free trade agreements with 72 countries.

Table 9

Foreign Investment in Mexico, 1970-2000

Administration	Totals (U.S. \$ millions)
1970-1976	1,601.4
1976-1982	5,470.6
1982-1988	13,455.4
1988-1994	60,565.5
1994-2000	74,100.9

Beginning in 1989, investment figures include those in the Mexican stock exchange.

Source: *Informes Presidenciales* and *Instituto Nacional de Estadística y Geografía*. Adopted from Roderic Ai Camp, *Politics in Mexico: The Democratic Consolidation* (New York: Oxford University Press, 2007), 276; and www.inegi.gob.mx.

Table 10

Mexico: Exports and Imports, 1988-1994 (in millions of dollars)

Year	Exports			Imports		
	U.S.	Latin America	Total	U.S.	Latin America	Total
1988	13,454	1,531	20,409	13,043	842	19,557
1989	16,163	1,645	23,046	15,554	1,064	22,792
1990	18,837	1,971	27,167	19,848	1,400	30,014
1991	18,729	1,968	26,939	24,682	1,900	38,072
1992	18,657	2,545	27,166	30,129	2,574	47,945
1993	37,041	2,503	47,123	41,635	2,377	60,240
1994	45,778	2,614	56,951	50,840	2,742	72,039

Source: International Monetary Fund, Direction of Trade Statistics Yearbook. Washington D.C.: 1995, 307-308.

CONCLUSION

A general overview of the ways that globalizing MX (88-94) shifted parameters of Mexican foreign policy since. Recurring threads. Patterns.

Upholding the principles of self-determination and non-intervention, often for domestic consumption. Mexico's sacred Estrada doctrine, which stressed non-intervention was selectively applied and often repeatedly violated. In the 1920s and the 1970s Mexico pursued an assertive and often interventionist foreign policy in Central America. A foreign policy based on non-intervention went hand in hand with an interventionist state. Beneath the rhetoric, which was often employed for domestic consumption, Mexico pursued a close relationship with the United States, which it needed more than any other country in order to pursue its industrialization goals.

Whereas LEA wanted to unite and lead the Third World, CSG wanted Mexico to join the First World. Mexico's adherence into the OECD during the CSG administration is a long way from Mexico's participation in organizations such as the G77. JLP used Mexico's newfound oil clout to continue LEA's emphasis on North-South issues. It was under JLP's watch that Mexico's foreign policy was at its most interventionist, particularly in Central America.

Beginning with the MMH presidency and culminating with the Salinas administration, Mexican foreign policy shifted from the rhetorically confrontational approach that stressed North-South issues employed by LEA and JLP, to one that sought

to integrate Mexico in international financial organizations and to forge a closer relationship with the United States.

Economic crisis imposes severe limitations on Mexico; JLP's "oil diplomacy" no longer feasible. Salinas at SPP argues, successfully that Mexico can no longer afford its spendthrift foreign policy. Back way from Sandinista support and from JLP's interventionist foreign policy.

During the Miguel de la Madrid administration, Mexico also witnessed the rise of the PAN as an important political force, exerting more pressure on MMH to back away from Central America. Business exerting lots of pressure too- Central America is not worth the fight. They pressure him to change direction in terms of Mexico's relations with the United States

Recomposition of the policymaking elite and opening Mexico to the world economically. Their worldview was very different from that of Mexico's policymakers during the 1970s. Wanted to reduce the size and role of the state. Emphasize the private sector, not the state. With the left wing of the Official Party having ripped away during the 1988 elections to form what would become the PRD, Salinas consolidated himself as the undisputed leader of the Official Party and brought about a dramatic shift in leadership that would have profound consequences for Mexican politics as well as for the way Mexico interacted with the outside world.

In a dramatic reversal of decades of protectionist economic policies that began under the de la Madrid administration, Mexico shifted course with respect to international

economic organizations and its international trading relationships. Salinas intensifies those trends

MMH, and especially CSG employed new foreign policy tools. After the criticism of Mexico in the United States in the mid-1980s, especially after the Jack Anderson articles criticizing de la Madrid on a visit to the U.S. in 1984 and the “Mexico bashing” hearings held by Senator Jesse Helms in 1986, Mexico began to employ lobbying as a foreign policy tool to counter the negative criticism of Mexico in the United States. Mexico stopped that practice when Michael Deaver, whom Mexico had hired to monitor Mexico’s progress in its accession to GATT, was indicted on charges of lying to Congress on behalf of his foreign clients. His highly publicized trial soured Mexico on lobbying until Salinas decided to pursue NAFTA.

Salinas set out to remake the Mexican economy and privatize the rest of Mexico’s state-owned firms. Remaking the Mexican economy became inextricably bound with Salinas’ plans to open Mexico to world flows of trade and investment. His solution was to integrate Mexico with its largest market and trading partner, the United States in order to not be left out of the world economic reshuffling. By 1990, NAFTA became the cornerstone of his economic, domestic and foreign policy. CSG, in his quest to secure NAFTA learned how to play “Washington’s game” and intensified lobbying in the United States. Projecting an image of a modernizing Mexico, even attempting to redefine nationalism and sovereignty

With the passage of NAFTA and Mexico being invited to become a full member of the OECD in the last year of the Salinas administration, the paradigm shift in terms of

Mexico's relations with the world was complete. Mexico had come 180 degrees from the 1970s when Mexico aspired to lead the Third World

The last president of the Official Party, Ernesto Zedillo (1994-2000), the first president of the post-PRI era, Vicente Fox of the PAN (2000-2006) and president Felipe Calderón (2006-), also of the PAN, have built on Salinas' market-opening policies and have continued to open Mexico to the world. They have all built on the foundations that NAFTA established, signing free trade agreements with the European Union and a wide range of countries, further opening Mexico to world flows of trade and investment and solidifying Mexico's links to international economic organizations.

The thrust of Mexico's foreign policy for all three presidents has been geared toward institutionalizing Mexico's place in the global economy and further opening MX to world flows of investment. Maintaining Mexico's image of "open for business". By end of Fox's term in 2006, Mexico had signed free trade agreements with the European Union and Japan and had become an associate member of MERCOSUR. By 2007, Mexico had signed free trade agreements with 72 countries.

There are also great continuities in the relationship between Mexico and the Mexican-origin population in the United States. In the 1990s Salinas established the Program for Mexican Communities Abroad. By the early twenty-first century, President Fox had upgraded that program and renamed it the Institute for Mexicans Abroad.

BIBLIOGRAPHY

Libraries and Archives

- Archivo Histórico de la Secretaría de Relaciones Exteriores, Mexico City
Biblioteca de Relaciones Exteriores, Mexico City
Biblioteca Nacional, Universidad Nacional Autónoma de México, Mexico City
Hemeroteca Nacional, Universidad Nacional Autónoma de México, Mexico City
National Security Archive at George Washington University (<http://www.nsarchive.org>)
 CIA Records on the Luis Echeverría administration from the National Security Archive
 Records of the Department of State, Record Group 59 on U.S.-Mexico Relations during the Gustavo Diaz Ordaz, Luis Echeverría and José López Portillo administrations from the National Security Archive

Newspapers and Magazines

Mexico City

- El Universal
- Excélsior
- La Jornada
- Proceso
- Reforma

United States

- The Economist
- The Los Angeles Times
- The New York Times

Official Documents

- International Monetary Fund. *Direction of Trade Statistics Yearbook*. Washington D.C.:

International Monetary Fund, 1995.

Secretaría de Relaciones Exteriores. *Política Exterior de México: 175 Años de Historia*. Mexico, 1985.

-----, 20 años de política exterior a través de los informes presidenciales 1970-1990. Mexico, 1990.

Pellicer, Olga, ed. *Voz de México en la Asamblea General de la ONU, 1946-1993*. Mexico: Secretaría de Relaciones Exteriores and Fondo de Cultura Económica, 1994.

García Robles, Alfonso. *Seis años de política exterior de México, 1970-1976*. Mexico: Secretaría de Relaciones Exteriores, 1976.

Tello, Manuel. *La Política Exterior De México (1970-1974)*. Mexico: Fondo de Cultura Económica, 1975.

-----, *México: una posición internacional*. México, D.F.: Joaquín Mortíz, 1972.

Books, Articles, Memoirs, and Collections of Interviews

Agee, Philip. *Inside the Company: CIA Diary*. New York: Stonehill Publishing Company, 1975.

Aguayo, Sergio. *Myths and [Mis]Perceptions: Changing U.S. Elite Visions of Mexico*. La Jolla: Center for U.S.-Mexican Studies, UCSD, 1998.

Aguilar Camín, Héctor. "La Invención De México: Notas Sobre Nacionalismo E Identidad Nacional." *Estudios Públicos* (1994).

-----. "El contexto de los textos." *La Jornada* 1992.

Babb, Sarah. *Managing Mexico: Economists from Nationalism to Neoliberalism*. Princeton, N.J.: Princeton University Press, 2001.

Baer, M. Delal. "Mexico at an Impasse." *Foreign Affairs* 83, no. 1, Jan./Feb. 2004.

-----. "North American Free Trade." *Foreign Affairs* 70, no. 1, Fall, 1991.

Bailey, John, and Sergio Aguayo Quezada, eds. *Strategy and Security in U.S.-Mexican Relations Beyond the Cold War*. La Jolla: Center for U.S.-Mexican Studies, UCSD, 1996.

Becerra, Ricardo, Pedro Salazar and José Woldenberg. *La mecanica del cambio politico en México: Elecciones, partidos, y reformas*. México D.F.: Cal y Arena, 2000.

Benjamin, Thomas. *La Revolución: Mexico's Great Revolution as Memory, Myth, and History*. Austin: The University of Texas Press, 2000.

Bizberg, Ilán, ed. *México Ante El Fin De La Guerra Fría*. México: El Colégio de México, 1998.

Brandenburg, Frank. *The Making of Modern Mexico*. Englewood Cliffs, N.J: Prentice Hall, Inc., 1964.

Camp, Roderic Ai. *Politics in Mexico: the Democratic Consolidation*. New York: Oxford University Press, 2007.

- . *Mexico's Mandarins: Crafting a Power Elite for the Twenty-First Century*. Berkeley: University of California Press, 2002.
- . "The Time of the Technocrats and Deconstruction of the Revolution." In *The Oxford History of Mexico*, edited by Michael C. Meyer and William H. Beezley. New York: Oxford University Press, 2000.
- . *Entrepreneurs and Politics in Twentieth-Century Mexico*. New York: Oxford University Press, 1989.
- . *Intellectuals and the State in Twentieth-Century Mexico*. Austin: University of Texas Press, 1985.
- Cárdenas, Cuauhtémoc. "Misunderstanding Mexico." *Foreign Policy* No. 78, Spring 1990.
- Cárdenas, Héctor. *Historia De Las Relaciones Entre México Y Rusia*. México D.F.: Fondo de Cultura Económica and Secretaría de Relaciones Exteriores, 1993.
- Castañeda, Jorge. "Revolution and Foreign Policy: Mexico's Experience." *Political Science Quarterly* 78, 1963.
- . *México y el orden internacional*. México D.F.: El Colegio de México, 1956.
- Castañeda, Jorge G. *Perpetuating Power: How Mexican Presidents Were Chosen*. New York: The New Press, 2000.
- . *La Herencia: Arqueología de la sucesión presidencial en México*. México D.F.: Alfaguara, 1999.

- "Can NAFTA Change Mexico?" *Foreign Affairs* 72, no. 4, 1993.
- "Salinas' International Relations Gamble," *Journal of International Affairs* 43, no. 2, Winter 1990.
- "Latin America and the End of the Cold War." *World Policy Journal* 7, no. 3 (1990).
- "a la Puerta de Washington." *Nexos*, September, 1989.
- "Don't Corner Mexico!" *Foreign Policy*, Fall 1985.
- Castañeda, Jorge G. and Robert A. Pastor. *Limits to Friendship: The United States and Mexico*. New York: Alfred A. Knopf, 1988.
- Centeno, Miguel Angel. *Democracy Within Reason: Technocratic Revolution in Mexico*. University Park: Pennsylvania State University Press, 1994.
- Chabat, Jorge. "La nueva agenda internacional y la politica exterior mexicana," in *La politica exterior de Mexico: Enfoques para su analisis*. Mexico: El Colegio de Mexico, 1997.
- "Mexican Foreign Policy in the 1990's: Learning to Live with Interdependence." In *Latin American Nations in World Politics*, edited by Heraldo Muñoz and Joseph S. Tulchin. Boulder, CO: Westview Press, 1996.
- "La política exterior de Miguel de La Madrid: Las paradojas de la modernización en un mundo interdependiente." In *México: Auge, crisis y ajuste*, edited by Carlos Bazdresch, Nisso Bucay and Soledad Loaeza. México D.F.: Fondo de Cultura

Económica, 1992.

----- "Mexico's Foreign Policy in 1990: Electoral Sovereignty and Integration with the United States." *Journal of Interamerican Studies and World Affairs* 33, no. 4, 1991.

----- "Los instrumentos de la política exterior del gobierno de Miguel de la Madrid." *Foro Internacional* 119 (3) 1990.

Chabat, Jorge, ed. *Cuadernos de Política Exterior Mexicana*. México D.F.: CIDE, 1984.

Cline, Howard. *The United States and Mexico*. New York: Atheneum, 1968.

Contreras, Carlos Alberto. "Mexican Economic Policy," in *Encyclopedia of Social Welfare History in North America*. Thousand Oaks, CA: Sage Publications, 2005.

Cordera, Rolando, and Carlos Tello. *México: La disputa por la nación*. México D.F.: Siglo XXI, 1981.

Corominas, Enrique. *México, Cuba, y la O.E.A.* Buenos Aires: Ediciones Política, Económica, Finanzas, 1965.

Cosío Villegas, Daniel. *Cuestiones Internacionales de México*. Mexico: Secretaría de Relaciones Exteriores, 1966.

Crandall, Russell, Guadalupe Paz, and Riordan Roett, eds. *Mexico's Democracy at Work: Political and Economic Dynamics*. Boulder, CO: Lynne Rienner Publishers, 2005.

Davidow, Jeffrey. *El oso y el puercoespín: Testimonio de un embajador de Estados Unidos en México*. México D.F.: Editorial Grijalbo, 2003.

de la Garza, Rodolfo O., and Jesús Velasco, eds. *Bridging the Border: Transforming Mexico-U.S. Relations*. New York: Rowman & Littlefield Publishers, 1997.

de la Garza, Rodolfo O., and Claudio Vargas. "The Mexican-Origin Population of the United States as a Political Force in the Borderlands: From Paisanos to Pochos to Potential Political Allies." In *Changing Boundaries in the Americas: New Perspectives on the U.S.-Mexican, Central American, and South American Borders*, edited by Lawrence A. Herzog. La Jolla, CA: Center for U.S.-Mexican Studies, UCSD, 1992.

de la Madrid Hurtado, Miguel. *Cambio de Rumbo: Testimonio de una Presidencia, 1982-1988*. México D.F.: Fondo de Cultura Económica, 2004.

de Olloqui, José Juan. *Temas selectos de banca y política exterior mexicana (1983-1990)*. Guadalajara: Universidad de Guadalajara, 1991.

Domínguez, Jorge I., and Fernandez de Castro, Rafael. *The United States and Mexico: Between Partnership and Conflict*. New York: Routledge, 2001.

Dresser, Denise. "Mexico from PRI Predominance to Divided Democracy." In *Constructing Democratic Governance in Latin America*, edited by Jorge I. Domínguez and Michael Shifter. Baltimore: Johns Hopkins University Press, 2003.

-----, "Post-Nafta Politics in Mexico: Uneasy, Uncertain, Unpredictable." In *The Post-Nafta Political Economy: Mexico and the Western Hemisphere*, edited by Carol Wise. University Park: Pennsylvania State University Press, 1998.

- , "Exporting Conflict: Transboundary Consequences of Mexican Politics," in Lowenthal, Abraham F. and Burgess, Katrina, eds. *The California-Mexico Connection*. Stanford: Stanford University Press, 1993.
- , "Mexico Leaves Castro's Cuba Behind." *Los Angeles Times*, 2002.
- Eisenstadt, Todd. "The Rise of the Mexico Lobby in Washington: Even Further from God, and Even Closer to the United States." In *Bridging the Border: Transforming Mexico-U.S. Relations*, edited by Rodolfo O. de la Garza and Jesús Velasco. New York: Rowman & Littlefield Publishers, 1997.
- Eschbach, Cheryl L. *Dilemmas of Sovereignty: Mexican Policy Toward Central America Under Presidents Lopez Portillo and De la Madrid*. Ph.D. Dissertation in Political Science, Princeton University, 1989.
- Fabela, Isidro. *Historia Diplomática de la Revolución Mexicana*. 2 Vol's. Mexico: Fondo de Cultura Económica, 1959.
- Flores Quiroga, Aldo. *Proteccionismo versus librecambio: La economía política de la protección comercial en México, 1970-1994*. México D.F.: Fondo de Cultura Económica, 1998.
- Florescano, Enrique. "El historiador, la crítica y los libros de texto." *La Jornada*, 14 and 15 September 1992.
- Florescano, Enrique, and Hector Aguilar Camín. "Los nuevos libros: una crónica desde adentro." *Epoca*, 21 September 1992.
- Fox, Vicente, and Rob Allyn. *Revolution of Hope: the Life, Faith, and Dreams of a*

Mexican President. New York: Penguin Books, 2007.

Franco Hijuelos, Claudia. "El Cabildeo En Washington." *Foro Internacional*, no. 111, 1988.

García, María Cristina. *Seeking Refuge: Central American Migration to Mexico, the United States and Canada*. Berkeley: The University of California Press, 2006.

Gilbert, Dennis. "Emiliano Zapata: Textbook Hero." *Mexican Studies/Estudios Mexicanos* 19, no. 1 (2003): 127-159.

----- "Rewriting History: Salinas, Zedillo and the 1992 Textbook Controversy." *Mexican Studies/Estudios Mexicanos* 13, no. 2 (1997): 271-297.

Golob, Stephanie R., "Making Possible What is Necessary: Pedro Aspe, the Salinas Team and the Next Mexican "Miracle,"" in Jorge I. Domínguez, ed. *Technopols: Freeing Politics and Markets in Latin America in the 1990's*. University Park: Penn State University Press, 1997.

González Gutierrez, Carlos. "Decentralized Diplomacy: The Role of Consular Offices in Mexico's Relations with Its Diaspora." In *Bridging the Border: Transforming Mexico-U.S. Relations*, edited by Rodolfo O. de la Garza and Jesús Velasco. New York: Rowman & Littlefield Publishers, 1997.

----- "The Mexican Diaspora in California: Limits and Possibilities for the Mexican Government." In *The California-Mexico Connection*, edited by Abraham F. Lowenthal and Katrina Burgess. Stanford: Stanford University Press, 1993.

- Gordillo, Elba Esther. "Las razones del SNTE." *La Jornada*, 14 September 1992.
- Grayson, George W. *The Politics of Mexican Oil*. Pittsburgh: University of Pittsburgh Press, 1980.
- Green, Rosario and Smith, Peter H. eds. *Foreign Policy in U.S.-Mexican Relations*. San Diego: UCSD Center for U.S.-Mexican Studies, 1989.
- Hamilton, William H. "Mexico's 'New' Foreign Policy: A Reexamination," *Inter-American Economic Affairs*, 29:3, Winter 1975.
- Jaubert, H. Rodrigo, Gilberto Castañeda, Jesus Hernández, and Pedro Vuskovic. *The Difficult Triangle: Mexico, Central America, and the United States*. Boulder, CO: Westview Press, 1992.
- James, Daniel. "Mexico: America's Newest Problem?" *The Washington Quarterly*, no. 3, 1980.
- Kaufman Purcell, Susan, and Luis Rubio, eds. *Mexico under Zedillo*. Boulder, CO: Lynne Rienner Publishers, 1998.
- Kaye, Harvey J. "How 'New' Is Mexico's Foreign Policy?" in *Inter-American Economic Affairs* 28:4, Spring, 1975.
- Krauze, Enrique. *Mexico: Biography of Power*. New York: HarperCollins Publishers, 1997.
- Knight, Alan. *U.S.-Mexican Relations, 1910-1940: An Interpretation*. San Diego: Center for U.S.-Mexican Studies, UCSD, 1987.

- Langley, Lester D. *Mexico and the United States: The Fragile Relationship*. Boston: Twayne Publishers, 1991.
- Lawson, Chappell H. *Building the Fourth Estate: Democratization and the Rise of the Free Press in Mexico*. Berkeley: University of California Press.
- Leiken, Robert S. "End of an Affair? Immigration, Security and the U.S.-Mexican Relationship." *The National Interest*, No. 70, Winter, 2002/03.
- Loeza, Soledad. "The Changing Face of Mexican Nationalism." In *The Nafta Debate: Grappling with Unconventional Trade Issues*, edited by M. Delal Baer and Sidney Weintraub. Boulder: CO: Lynne Rienner Publishers, 1994.
- López Portillo, José. *Mis Tiempos: Biografía y testimonio político*. 2 vols. México D.F.: Fernández Editores, 1988.
- Lowenthal, Abraham F. and Treverton, Gregory F. *Latin America in a New World*. Boulder: Westview Press, 1994.
- , and Burgess, Katrina, eds. *The California-Mexico Connection*. Stanford, Stanford University Press, 1993.
- Lustig, Nora. *Mexico: The Remaking of an Economy*. Washington D.C.: The Brookings Institution, 1998.
- MacLeod, Dag. *Downsizing the State: Privatization and the Limits of Neoliberal Reform in Mexico*. University Park, PA: Pennsylvania State University Press, 2004.

- Maxfield, Sylvia. *Governing Capital: International Finance and Mexican Politics*. Ithaca: Cornell University Press, 1990.
- Mazza, Jacqueline. *Don't Disturb the Neighbors: The United States and Democracy in Mexico, 1980-1995*. New York: Routledge, 2001.
- Moffett, Matt. "Leftists Find a Home in Mexico, Provided They Aren't Mexican." *The Wall Street Journal*, October 30, 1996.
- Monsiváis, Carlos. "Cultural Relations between the United States and Mexico." In *Common Border, Uncommon Paths: Race, Culture and National Identity in U.S.-Mexican Relations*, edited by Jaime E. Rodríguez O. and Kathryn Vincent. Wilmington, DE: Scholarly Resources, 1997.
- Morris, Stephen D. *Gringolandia: Mexican Identity and Perceptions of the United States*. Lanham, MD: Scholarly Resources, 2005.
- . "Reforming the Nation: Mexican Nationalism in Context." *Journal of Latin American Studies* 31, no. 2, 1999.
- Muñoz Ledo, Porfirio. *Compromisos*. Mexico: Editorial Posada, 1988.
- . "Entrevista con el embajador Porfirio Muñoz Ledo sobre su participación en la Organización de las Naciones Unidas, 1979-1985." In *Testimonios, 40 años de presencia de México en las Naciones Unidas*. Mexico City: Archivo Histórico Diplomático Mexicano, 1985.
- Niblo, Stephen R. *War, Diplomacy, and Development: The United States and Mexico, 1938-1954*. Wilmington, DE: Scholarly Resources, 1995.

- Ojeda, Mario. *Alcances y límites de la política exterior de México*. Mexico: El Colegio de Mexico, 1976.
- . *México: el surgimiento de una política exterior activa*. Mexico: Secretaría de Educación Pública, 1986.
- O'Malley, Ilene V. *The Myth of the Revolution: Hero Cults and the Institutionalization of the Mexican State, 1920-1940*. New York: Greenwood Press, 1986.
- Oppenheimer, Andrés. *Bordering on Chaos: Guerrillas, Stockbrokers, Politicians, and Mexico's Road to Prosperity*. Boston, MA: Little, Brown and Company, 1996.
- Pastor, Robert A. "North America's Second Decade." *Foreign Affairs* 83, no. 1, January/February 2004.
- . "Post-Revolutionary Mexico: The Salinas Opening." *Journal of Interamerican Studies and World Affairs* 32, no. 3, 1990.
- Pellicer, Olga. "Mexico's Position." *Foreign Policy* no. 43, 1981.
- Pellicer de Brody, Olga and Mancilla, Esteban L. "El entendimiento con los Estados Unidos y la gestación del desarrollo estabilizador." Vol. 23. *Historia de la Revolución Mexicana*. Mexico: El Colegio de México, 1978.
- Poitrás, Guy, and Raymond Robinson. "The Politics of Nafta in Mexico." *Journal of Interamerican Studies and World Affairs* 36, no. 1, 1994.
- Poitrás, Guy. "Mexico's Foreign Policy in an Age of Interdependence." In *Latin American*

Foreign Policies: Global and Regional Dimensions, edited by Elizabeth G. Ferris and Jennie K. Lincoln. Boulder, CO: Westview Press, 1981.

-----, "Mexico's 'New' Foreign Policy," *Inter-American Economic Affairs* 28 no. 3, Winter 1974.

Ramirez, Carlos. "Doctrina Estrada: Doctrina Castañeda," *El Financiero*, 28 September 2001.

-----, *Operación Gavin: México en la diplomacia de Reagan*. Mexico: El Día en Libros, 1987.

Reynolds, Clark W. "Mexico's Economic Crisis and the United States: Toward a Rational Response." In *Mexico's Economic Crisis: Challenges and Opportunities*, edited by Donald L. Wyman. Monograph Series 12. La Jolla, CA: University of California, San Diego, 1983.

Riding, Alan. *Distant Neighbors: A Portrait of the Mexicans*. New York: Vintage Books, 1989.

Roett, Riordan, ed. *Mexico and the United States: Managing the Relationship*. Boulder: Westview Press, 1988.

Rubio, Luis, and Susan Kaufman Purcell, eds. *Mexico under Fox*. Boulder, CO: Lynne Rienner Publishers, 2004.

Salinas de Gortari, Carlos. *México: The Policy and Politics of Modernization*. Barcelona: Plaza & Janés, 2002.

- . *Mexico and the Current World Transformation*. México D.F.:
Presidencia de la Republica, 1990.
- Sepúlveda, César, ed. *La política internacional de México en el decenio de los ochenta*.
México: Fondo de Cultura Económica, 1994.
- Schlesinger, Stephen, and Stephen Kinzer. *Bitter Fruit: The Untold Story of the American
Coup in Guatemala*. New York: Anchor Books, 1983.
- Schmidt, Samuel. *The Deterioration of the Mexican Presidency: The Years of Luis
Echeverría*. Tucson: University of Arizona Press, 1991.
- Schmitt, Karl M. *México y Estados Unidos, 1821-1973: Conflict y Coexistencia*.
Mexico: Editorial Limusa, 1978.
- Schmitz, David F. *Thank God They're on Our Side: The United States and Right-Wing
Dictatorships, 1921-1965*. Chapel Hill: The University of North Carolina Press,
1999.
- Schuler, Friedrich E. "Mexico and the Outside World." In *The Oxford History of Mexico*,
edited by Michael C. Meyer and William H. Beezley. New York: Oxford
University Press, 2000.
- . *Mexico Between Hitler and Roosevelt: Mexican Foreign Relations in the Age of
Lázaro Cárdenas, 1934-1940*. Albuquerque: University of New Mexico Press,
1998.
- Smith, Clint E. *México y Estados Unidos: 180 años de relaciones eneludibles*. Los

Angeles and Guadalajara: UCLA Program on Mexico and Universidad de Guadalajara, 2001.

Smith, Peter H. *Labyrinths of Power: Political Recruitment in Twentieth-Century Mexico*. Princeton: Princeton University Press, 1979.

Starr, Pamela K. "U.S.-Mexico Relations." *Hemisphere Focus* XII, no. 2 (2004).

Teichman, Judith. "Neoliberalism and the Transformation of Mexican Authoritarianism," in *Mexican Studies/Estudios Mexicanos* 13:1, Winter 1997.

-----, *Privatization and Political Change in Mexico*. Pittsburgh: University of Pittsburgh Press, 1995.

-----, *Policymaking in Mexico: From Boom to Crisis*. Boston: Allen & Unwin, 1988.

Tello, Manuel. *México: Una posición internacional*. México D.F.: Editorial Joaquín Mortiz, 1972.

Torres, Blanca. "La participación de actores nuevos y tradicionales en las relaciones internacionales de México." In *La Política Exterior De México: Enfoques Para Su Análisis*. Mexico: El Colegio de México, 1997.

Turner, Frederick C. *The Dynamic of Mexican Nationalism*. Chapel Hill: The University of North Carolina Press, 1968.

Vázquez, Josefina Zoraida, and Lorenzo Meyer. *The United States and Mexico*. Chicago: University of Chicago Press, 1985.

- von Bertrab, Hermann. *Negotiating NAFTA: A Mexican Envoy's Account*. Washington D.C.: The Center for Strategic and International Studies, 1997.
- Weintraub, Sidney, ed. *NAFTA's Impact on North America: The First Decade*. Washington D.C.: CSIS Press, 2004.
- , *Financial Decision-Making in Mexico: To Bet a Nation*. Pittsburgh, PA: University of Pittsburgh Press, 2000.
- , "Lobbying by Mexico and Canada." In *The Controversial Pivot: The U.S. Congress and North America*, edited by Robert A. Pastor and Rafael Fernandez de Castro. Washington, D.C.: Brookings Institution Press, 1998.
- , *A Marriage of Convenience: Relations Between Mexico and the United States*. New York: Oxford University Press, 1990.
- White, Christopher M. *Creating a Third World: Mexico, Cuba, and the United States During the Castro Era*. Albuquerque: University of New Mexico Press, 2007.
- Wilkie, James W. "The Six Ideological Phases of Mexico's 'Permanent Revolution' Since 1910." In James W. Wilkie, ed. *Society and Economy in Mexico*. Los Angeles: UCLA Latin American Center Publications, 1990.
- Wyman, Donald. *The U.S. Congress and the Making of U.S. Policy toward Mexico*. La Jolla, CA: UCSD Center for U.S.-Mexican Studies, 1981.