

Mexico's Leapfrog Into The 21st Century

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After the fifty year “Mexican Miracle” of unprecedented economic growth and low inflation, the country struggled for a couple decades before leapfrogging into the 21st century as a relatively modern democracy with a stable economy. Plunging oil prices contributed to the “lost decade” of the 1980s evidenced by 500% peso devaluation, suspended debt payments, nationalized banks, and annual inflation over 100%.

The image of the *Partido Revolucionario Institucional* (PRI), the hegemonic controlling political party, was seriously damaged by economic stagnation, its weak response to the 1985 Mexico

City earthquake (which took up to 10,000 lives) and its blatant theft of the 1988 Presidential Election from PRI defector Cuauhtémoc Cárdenas.

To curb inflation in the early 1990's President Salinas introduced strict price controls and borrowed heavily at high interest rates to support a fixed exchange rate. Mexico used up almost half its foreign exchange reserves buying pesos to prop up its currency.

The peso soon became severely overvalued. The January 1994 Zapatistas rebellion in Chiapas was brutally put down, infuriating many Mexicans and leading to giant protest demonstrations against PRI. Liberation Theology was gaining strength and blaming PRI for human rights abuses as well as the impoverishment of the Mexican people.

Many Mexicans believe that members of PRI were involved in the March 1994 assassination of PRI Presidential candidate, Donaldo Colosio. To improve PRI's corrupt image, Salinas bypassed old-line PRI political hacks and selected a "clean" replacement - Ernesto Zedillo, Colosio's campaign manager, a Yale PhD technocrat with working class roots, who had never held elected office.

After teaching economics for a few years, Zedillo joined the Bank of Mexico where he quickly gained recognition as a rising star and staunch free trade advocate. In 1988 he joined the PRI administration as Minister of Planning and Budget; four years later he became Minister of Education. Zedillo had a reputation as a rather dull bureaucrat, but proved to be an effective campaigner. He easily won the August 1994 election.

Upon assuming office in December 1994 Zedillo faced a severe economic crisis characterized by loss of investor confidence, a deep recession, hyperinflation and soaring interest rates. He floated the peso, which crashed to almost half its previous value; this alienated domestic and foreign investors.

The crisis was eased by a very controversial \$48 billion bailout loan orchestrated behind closed doors by President Bill Clinton and Commerce Secretary Robert Rubin. Unable to gain Congressional approval, Clinton came up with \$20 billion within his emergency authority and wrangled another \$28 billion from the IMF and international bodies. The bailout required very onerous austerity measures - 50% income tax hike, reduced public spending, and privatizing

some state-owned enterprises.

President Zedillo effectively implemented these reforms knowing they were the best for Mexico, though they seriously hurt his public popularity. The bailout reforms succeeded; the economy stabilized and growth accelerated. Mexico repaid the bail-out loan before its due date.

In addition Zedillo signed free trade agreements with thirty-two countries, making Mexico a clear world leader in economic globalization. He also initiated several social reforms such as the very successful national *Progresas- Oportunidades* poverty program.

Political reform and rooting out corruption were high priorities. Zedillo appointed an opposition PAN party Attorney General and instructed him to aggressively prosecute PRI corruption. He replaced the entire Supreme Court which became another anti-corruption force. Zedillo also terminated the practice of using government agencies and revenues to support PRI priorities.

Zedillo initiated multiparty talks on political reform. He transferred power away from his own office, the Presidency, and toward Mexico's legislature, the judiciary and the 32 states. He reformed the election process to increase transparency and to have voters, instead of the President, select PRI Presidential candidates and the Mayor of Mexico City. He also loosened the PRI government's grip on the media opening the door to more objective political reporting.

The reforms brought dramatic change to national, state and local elections in July 1997. Opposition party candidates swept several state governorships and the important mayorship of Mexico City. PRI lost control of the Chamber of Deputies for the first time in over 65 years. In short, Zedillo's reforms drove a powerful wedge between PRI and the Government of Mexico; the two were perceived as almost synonymous in preceding decades.

The Zedillo reforms contributed to the election of PAN's Vicente Fox as President in July 2000. Finally, after 70 years of PRI hegemony¹, Mexicans celebrated their real democracy. Presidents Fox and Calderon of PAN have not been able to continue Zedillo's reform agenda because PAN does not control Congress, demonstrating Mexico's real separation of governmental powers. The Zedillo Administration reforms leapfrogged Mexico from an economically unstable, single party state to a relatively modern 21st century multiparty democracy².

President Zedillo is distinguished from his predecessors by his integrity, vision, and for doing what was best for Mexico, not for himself, his cronies, or his political party. He was and is an inspiration to his country and the world. We all owe him a great debt of gratitude for making Mexico a far better place. Ernesto Zedillo deserves to be a serious candidate for Secretary General of the United Nations³.

(Endnotes)

1 See chapter 12 of Geo-Mexico: the Geography and Dynamics of Modern Mexico, Richard Rhoda and Tony Burton, 2010, Ladysmith, B.C. Canada. <http://geo-mexico.com>. For sale in Ajijic, Guadalajara, Puerto Vallarta and San Miguel de Allende.

2 A century earlier, the industrialization and modernization reforms of controversial dictator Porfirio Diaz leapfrogged Mexico into the 20th century.

3 After leaving office, Zedillo held a senior UN position, is Director of the [Yale Center for the Study of Globalization](#) and services on the Board of Directors for many multinational corporations.