

“STILL DISPUTING  
AFTER ALL THESE YEARS”:  
Recent Work on the Mexican Political Economy

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*MEXICO'S ECONOMIC CRISIS: ITS ORIGINS AND CONSEQUENCES.* By Miguel D. Ramírez. (New York: Praeger Publishers, 1989. Pp. 149. \$37.95.)

*STATE AND CAPITAL IN MEXICO: DEVELOPMENT POLICY SINCE 1940.* By James M. Cypher. (Boulder, Colo.: Westview Press, 1990. Pp. 220. \$32.00 paper.)

*MEXICO'S SEARCH FOR A NEW DEVELOPMENT STRATEGY.* Edited by Dwight Brothers and Adele Wicks. (Boulder, Colo.: Westview Press, 1990. Pp. 378. \$39.95.)

*TESTIMONIOS DE LA CRISIS, Volume 3: AUSTERIDAD Y RECONVERSION.* Edited by Esthela Gutiérrez Garza. (Mexico City: Siglo Veintiuno, 1988. Pp. 235.)

*GOVERNING CAPITAL: INTERNATIONAL FINANCE AND MEXICAN POLITICS.* By Sylvia Maxfield. (Ithaca, N.Y.: Cornell University Press, 1990. Pp. 198. \$24.95.)

*THE POLITICAL ECONOMY OF MEXICAN OIL.* By Laura Randall. (New York: Praeger Publishers, 1989. Pp. 228. \$45.00.)

More than a decade ago, Rolando Cordera and Carlos Tello described a “dispute over the Mexican nation” in which neoliberals who were committed to markets were debating with nationalist-populists who were committed to the welfare state.<sup>1</sup> Since then it would appear that the dispute has been resolved, at least within the Mexican government. Certainly since 1982, the “neoliberals” have been in control of economic policy-making. Thus despite the “revenge of the populists” under Cárdenas in the summer of 1988, “Salinastroika” appears to have triumphed. With Gorbymania declining, Carlos Salinas has become the new poster child of “modernization,” while nationalist populism appears to have been relegated to the proverbial dustbin.

How can such an apparently total victory be explained, especially

1. Rolando Cordera Campos and Carlos Tello, *Disputa por la nación* (Mexico City: Siglo Veintiuno, 1979).

in a country with one of the strongest nationalist traditions in politics and economics? How could it happen in a country where economic restructuring has led to drastic declines in the standard of living for the majority of the population? And perhaps most intriguing, how is it that the Mexican military remains a marginal player while repression, despite recent alarming increases, remains relatively limited? What does this victory imply for Mexico—the beginning of a new “miracle” accompanied by democratic reform or even further suffering for the majority accompanied by an increasingly authoritarian state that borrows its politics as well as its economics from the Southern Cone of the 1970s and early 1980s?

Certainly, the academic dispute surrounding these issues has not been resolved. With renewed interest in Mexico arising from the 1988 elections and the debate on the Free Trade Agreement, one finds no shortage of proposed answers to the questions just raised. Indeed, the list provided by this journal of books recently received on the Mexican political economy ran to two single-spaced pages of titles in three languages. Only some of these recent offerings can be covered in this review essay. Those selected were chosen to provide a sampling of the various perspectives and methodological approaches that have been used to explain recent economic developments in Mexico.

Miguel Ramírez's *Mexico's Economic Crisis: Its Origins and Consequences* is explicitly intended for the general reader and was written in response to what the author calls “Mexico bashing” in the U.S. media. Ramírez asks the obvious question: how could Mexico, with its phenomenal growth during the 1950s and 1960s and the discovery of massive oil reserves in the 1970s, still be so poor in the 1980s? Unfortunately, he never delivers a comprehensive answer.

First of all, the historical introduction is not well integrated into the text. The reader is never told why the economy of the Porfiriato is relevant to contemporary Mexico yet the revolution and the Cárdenas reforms do not merit the same kind of attention. A problem recurring throughout the book is the author's extremely limited use of available sources. One of the few works Ramírez cites is Michael Meyer's and William Sherman's *The Course of Mexican History*. It may be an excellent textbook, but one would still expect an economic history to provide more extensive bibliographic references.<sup>2</sup> Moreover, Ramírez evidently could not decide whether he wanted his study to be a political or an economic history, and this uncertainty leads to generally inconclusive and vague analyses of political and economic developments alike. The sections covering the rise and fall of “stabilizing development” summarize and confirm what has become the standard interpretation of this period: the Mexican state played a much

2. Michael Meyer and William Sherman, *The Course of Mexican History*, 3d ed. (New York: Oxford University Press, 1987).

larger direct role than has been assumed, and the transition from “easy” import-substituting industrialization began the systematic indebtedness that characterized the 1970s. Although these sections could serve as an introductory reading on this era, they lack any systematic explanations for why the Mexican government made the decisions it did. Ramírez also seems to be unaware of the battles that raged within the Mexican state over such decisions. Major examples are the debates during the *sexenio* of José López Portillo over the role of the public sector, the appropriate speed for oil exploration, and increasing financial dependency.<sup>3</sup> When Ramírez attempts an explanation, he fails to provide the necessary supporting evidence.

These problems also mar the final chapter on Miguel de la Madrid’s programs and possible remedies. Ramírez’s reading of the situation in Mexico in 1986 (the last year covered by the book) focuses on the importance of balancing economic policy against social and political costs and the need to give breathing room through debt-service relief. Regarding the International Monetary Fund, he claims that “the negative financial flows of the IMF plan are politically unacceptable and economically unsustainable” (p. 113). But the alternatives Ramírez offers (like a more equitable tax system) do not seem to take into account the same structural, historical, and institutional obstacles that his book supposedly explains. If the question asked by the study is, “Why does the Mexican economy look the way it does?” then this volume offers no original contribution. The reader never quite understands what the dispute was about, much less how or why one side won it.

While Ramírez’s study explains too little, James Cypher’s *State and Capital in Mexico: Development Policy since 1940* is burdened with an over-ambitious theoretical scheme. Cypher’s study largely focuses on the importance of the state in industrial growth of Mexico. A central contention is that the focus on dependency and the international environment has led to neglect in studying state effects on economic development. This interpretation is a somewhat dated reading of the dependency literature, which has explicitly analyzed the role of the state at least since Peter Evans’s work (if not that of Cardoso and Faletto).<sup>4</sup> Certainly, more contemporary research in this tradition already has abandoned simple deterministic perspectives that assumed that “internal policymaking is an instrument of external forces” (p. 25).

Overall, *State and Capital in Mexico* suffers from obfuscating and

3. See Judith Teichman’s *Policymaking in Mexico* (Boston, Mass.: Allen and Unwin, 1988), which was reviewed previously in *LARR*. See also José López Portillo, *Mis tiempos* (Mexico City: Fernández, 1988).

4. See Peter Evans, *Dependent Development* (Princeton, N.J.: Princeton University Press, 1979); and Fernando Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley and Los Angeles: University of California Press, 1979).

often dogmatic theoretical language and perspectives that might lead some readers to ignore its critical contributions. Descriptions such as “the state now constituted an embodied contradiction” (p. 12) may limit the book’s audience. Stylistic problems are also evident. In his enthusiasm for creating new paradigms or categories, Cypher seems to italicize every other word, a distracting practice. His view of the state as having to deal with the contradictory concepts of general interests and particular constituencies is better served without the theoretical baggage.

Readers who survive the first chapter, however, will find that Cypher has done an excellent job of employing often-neglected Mexican secondary sources to analyze the changes in economic policy-making.<sup>5</sup> Whenever he sets aside his theoretical preoccupations and concentrates on using these sources to explain the challenges faced by the Mexican state, Cypher’s argument becomes persuasive. The findings are not new, however. Agriculture fueled the Mexican boom, which makes this reader wonder whether there is a single case of industrialization not supported by an exploited agricultural sector. The private-sector threat of “exit” forced creation of indirect Mexican state subsidies beginning in the 1950s. Stabilizing development faced structural constraints because it could never develop an accompanying strong domestic market to absorb production. But while Cypher’s findings may no longer be surprising, he marshals fascinating new data to confirm them and offers a fine introduction to the Mexican perspective on these events.

Cypher’s chapter-length analysis of the parastatal sector uses sources rarely seen in English-language accounts to demonstrate that the parastatals were not merely a drain on the treasury but contributed significant amounts of revenue (three times as much as taxes). He also challenges the view that parastatals were demonstrably less efficient than private firms or that their privatization would “strengthen the state.” Cypher’s chapters on developments since 1970 also challenge the myth of Luis Echeverría’s assault on private capital and even his commitment to economic statism. According to Cypher, Echeverría and many in the “Cambridge Group” suffered from a “crisis of conceptualization” that prevented them from realizing the extent to which the state had to confront domestic capital. Cypher also analyzes adeptly the private sector’s reactions to Echeverría. He claims that these responses were based not so much on actual monetary losses or sacrifices but on fears and expectations of greater future encroachment on their position.

5. For an excellent anthology containing the work of prominent Mexican political scientists, see *Mexico, el reclamo democrático: homenaje a Carlos Pereyra*, edited by Rolando Cordera Campos, Raúl Trejo Delarbre, and Juan Enrique Vega (Mexico City: Siglo Veintiuno, 1988). Another excellent collection is *La vida política mexicana en la crisis*, edited by Soledad Loaeza and Rafael Segovia (Mexico City: Colegio de México, 1987).

The importance of political considerations and ideological perspectives is also highlighted in Cypher's discussion of de la Madrid and the new austerity. The author again excels at summarizing and criticizing standard explanations of the crisis. His account of interactions among the World Bank, the IMF, the Reagan administration, the Mexican private sector, and the Mexican state in creating a "new idea" of development through restructuring provides first-rate insight into the process of policy-making in Mexico after 1982. According to Cypher, this new perspective has been consistently applied since mid-1985 and has led to destruction of large parts of the population. The dispute was won thanks to the inability of the "populists" to understand the challenges facing them and the intricate web of support enjoyed by the "neoliberals." In Cypher's view, Mexico has paid dearly for this resolution.

The collection edited by Dwight Brothers and Adele Wicks, *Mexico's Search for a New Development Strategy*, resulted from a conference held at Yale in April 1989. It provides an introduction to the policy perspectives that Cypher and Ramírez believe have dominated Mexico since 1982. Although the editors' claim that the conference was held in a "politically neutral" setting is somewhat disingenuous, it is precisely the relative homogeneity of the analyses and proposals that makes the volume worthwhile reading.

Most of the contributions are quite good, perhaps the best being Enrique Cárdenas's historical analysis of the economy. This lucidly written piece analyzes concisely the structural problems facing Mexico as a result of trade imbalances and public deficits dating back to the 1940s and 1950s. Cárdenas is one of the few authors to note accurately that government success in controlling inflation after 1988 had less to do with its heterodoxy or orthodoxy than with the special political circumstances that allowed the state to pursue a shock program with the agreement of labor and capital.

This collection's greatest value is that it offers an unusual opportunity to observe the thinking within the Mexican economic elite.<sup>6</sup> Contrary to popular opinion, for example, many of those associated with the restructuring are very aware of the social costs of recent policies. Leopoldo Solís (the academic "godfather" of many of those in power) is quite critical in his account of the social costs of the "lost decade." Treasury Secretary Pedro Aspe also recognizes the significant costs exacted by these policies and the substantial declines in standard of living. Jaime Zabudovsky of the Commerce Ministry notes the distributional problems associated with stabilizing development. The manner in which the con-

6. A similar opportunity is afforded by the conference papers published as *Cambio estructural en México y en el mundo*, edited by the Secretaría de Programación y Presupuesto (Mexico City: Fondo de Cultura Económica, 1987).

cern over social costs is articulated may provide a more sophisticated understanding of the policy perspectives of these decision makers than those afforded by simple ideological categories. For example, Solís claims that the middle class has suffered the most from the crisis due to the drastic declines in wage incomes. As Robert Pastor points out in his comment, however, these findings seem to reflect more the availability of statistical data on wages than the relative pain suffered by various classes. Because the economic activity of the lowest rung of the population (or lack thereof) is usually neglected in these accounts, the degree of suffering endured by this portion of the population is more readily apparent from the figures provided by the Health Ministry than from those gathered by Programming and Budget.<sup>7</sup>

*Mexico's Search for a New Development Strategy* also contains examples of the doctrinaire "economism" of the stereotypical neoliberal technocrats. The essay by Pedro Noyola and Jaime Serra of Commerce claims that the government's program has had a single objective: "sustained and balanced growth" that can be achieved only through "stability" and "market guidance." Thanks to the "fiscal correction" and the correction of "fundamentals," all the Mexican government has to do is to "maintain efficiency." It is interesting to note, however, that divisions exist within the supposedly monolithic "inner circle." While representatives from the Commerce and Finance ministries appear committed unquestioningly to free trade, Juan Enríquez of the Department of the Federal District (a member of Manuel Camacho's economic team) commented that the "Mexican government can be neither totally in charge nor totally laissez faire" and that the benefits of trade liberalization may not be so evenly divided among nations.

The other contributors help make the list of participants a veritable "who's who" of those associated with Mexican economy and its best-known observers, including Raymond Vernon, Víctor Urquidi, Hugo Margain, Rudiger Dornbusch, Angel Gurria, and Francisco Suárez, as well as representatives of international institutions and private-sector think tanks. The conclusions reached by such a group will not surprise students of this subject. While they acknowledge that the debt remains a problem (and the Mexican representatives tended to emphasize it more than those from the United States), these contributors focus on the need to increase the efficiency of the state and the economy. Aside from some isolated words of caution (Urquidi's call for a new definition of development and Sylvia Maxfield's comment on the neglect of political factors), the conference answers Koichi Hamada's question as to whether "we live

7. The results from the wage and price survey by INEGI/SPP in 1989 may also give a better indication of the costs of austerity. The publication of this data, however, has been "mysteriously" delayed.

in a world resembling a neoclassical economic environment" (p. 201) with a resounding yes. Simply put, these contributors believe that the dispute has been won by those who have the right answers.

If Yale University is more closely associated with the regime of the Partido Revolucionario Institucional (PRI) than with the opposition, then the Universidad Nacional Autónoma de México (UNAM) is more closely linked with the Partido de la Revolución Democrática (PRD) and the left in general, at least in recent years. This contrast in academic styles and perspectives becomes particularly clear on comparing the volume edited by Brothers and Wick with the series edited by Esthela Gutiérrez Garza. The four-volume collection titled *Testimonios de la crisis* resulted from a series of conferences held at UNAM with some of the most prominent members of the social science faculty of that university. Although I have chosen to review only the third volume, *Austeridad y crisis*, the others include pertinent discussions of the welfare state in Mexico, the fate of the working class during these years, and the history of the de la Madrid sexenio.

The first sentence of *Austeridad y crisis* indicates the collection's theoretical perspective: "[E]xternal debt has become the most efficient political mechanism to advance towards a transnational state." While the contributors to the Brothers and Wick collection speak of the new efficiency and economic logic of recent government policies, Gutiérrez Garza describes monetarism as the strategy through which the bourgeoisie overcomes the two crises of production and working-class resistance. These authors have no doubts regarding the nature of the dispute: neoliberalism represents international capital and has won because of its support, which seeks to funnel its "overliquidity" to the developing countries by transforming them into secondary exporters. If the Yale conferees perceived worsening income distribution as an unfortunate consequence of restructuring, the contributors to *Austeridad y crisis* view this process as inherently connected to the pursuit of such policies.

The first chapter by Héctor Guillén Romo is perhaps the best in the collection.<sup>8</sup> He questions why de la Madrid continued to enjoy the support of major segments of private capital given his absolute failure to control inflation and reinitiate growth (at least until the Pact for Stability and Economic Growth at the very end of his administration). According to Guillén Romo, the austerity packages failed because they assumed that investment is a function of reduced consumption, a definition that neglects the key role of future expectations of purchasing the production from that investment. "Socialization of the debt" has brought not significant in

8. See Héctor Guillén Romo, *Orígenes de la crisis in México, 1940-1982* (Mexico City: Era, 1984).

creases in investment but a massive redistribution of wealth away from salaried workers and toward capital.

The contributions by Alejandro Dávila Flores and José Carlos Valenzuela Feijóo similarly analyze the failures of the austerity programs to accomplish their explicit goals. Dávila Flores rejects monetarist arguments about the cause of inflation and suggests that price increases were actually the product of an "intensification of exploitation" that enlarged the gap between wages and prices for the benefit of a few. In his view, "the failure of the neo-liberal policy demonstrates the insufficiency of the market as a privileged instrument of economic regulation" (p. 99). Similarly, Valenzuela Feijóo describes the Mexican private sector as consisting of "a lot of lucre and little efficiency," which is helping create a new mode of production in Mexico (p. 156). It has been accompanied by increasing concentration of wealth without resulting improvements in productivity.

Arnulfo Arteaga García's essay is an excellent case study of the conversion of the Mexican automobile industry. Most interesting here is the apparent contradiction between a 48 percent decline in the automobile domestic market from 1981 to 1983 (followed by some improvement and then another drop in 1986) and a massive increase in investment in the new factories oriented toward the international market. The "maquila-dorization" of the auto industry has meant less reliance on Mexican intermediate producers (thereby reducing the benefits of backward linkages) but also a work force reduction of 19 percent. It would appear, then, that while improvements in trade figures may please creditors and the "powers that be" at the IMF, they actually may imply a decline in the economic life of many Mexicans.

These contradictions are analyzed in contributions by Adrián Sotela Valencia and Esthela Gutiérrez Garza. The imposition of new economic rationales and imperatives has weakened (if not sundered) the contract between state and society. The resulting opposition (whose origins at UNAM Gutiérrez Garza explains in an informative summary) presents the state with two alternatives: creating a Mexican variant of bureaucratic authoritarianism or developing a new version of corporatist co-optation, both of which would be directed from above. If the dispute has been resolved at the very top of the pyramid, however, the costs associated with the new policies have generated discontent that might result in a new set of proposals from below.

Most of these analyses provide valuable insights into the nature of the economic crisis in Mexico, but they fail to explain how the state responded to the various challenges it faced in the 1980s. Whether the analysts rely on the power of markets or on class determination, far too much work on the Latin American political economy fails to analyze the interactions between the obviously relevant structures and the actors who find themselves within these constructs. Perhaps the "invisible hands"



invoked by the Yale seminar participants have proven to be less than impartial or effective and their belief in the empirical basis for theories of economic equilibria often rely more on assumptions than on observation. Meanwhile Cypher and the contributors to the Gutiérrez Garza volume often overrely on a rather instrumentalist and determinist model of international class domination that tends to ignore the more complex gyrations of Mexican policy.

Disputes in the academic literature often revolve around which macro-model best explains all the permutations rather than around how these disputes reflect the complex interests and perceptions of a wide variety of social actors. Those who made the decisions described in the works under review were neither perfectly informed rational automatons nor servile representatives of nameless class forces. Rather, they represented specific interests with whom they had established pragmatic relationships; they sought professional advancement in organizations with conflicting goals; and they were political animals who continually shifted priorities and strategies in response to a myriad of signals. It is this set of more complex forms of behaviors that students of the Mexican state should be exploring.

Sylvia Maxfield's *Governing Capital: International Finance and Mexican Politics* represents an excellent start in this direction. She suggests that neither market nor class, neither state- nor society-centered perspectives can explain all the complexities of the Mexican condition. On the one hand, if the state had suffered from such powerful constraints on its autonomy, how can the bank nationalization of 1982 be explained? On the other hand, if the state was such a stifling force, why was it unable for so many years to control the "commanding heights" of domestic capital? According to Maxfield, analysts must focus on what she calls "policy alliances" that cross national, class, and state boundaries. The characteristics and relative power of these alliances are more powerful in explaining policy outcomes.

For Maxfield, the dispute over the nation is occurring between two such alliances: the bankers and the Cardenistas. The interests and proposals of these two groups often parallel divisions such as monetarists versus structuralists or neoliberals versus populists, but they are not necessarily about ideology or even class-specific interests but rather about the benefits accruing to specific sectors of the population. For example, the bankers' alliance has included financiers in the government and in the private sector. The Cardenistas have included some ministries within the state, the corporatist sectors of the PRI, and some elements of domestic industry.

The bankers' alliance has clearly been the dominant player since 1940 because of the autonomy of its institutions within the state and the concentration of resources and linkages among the private banking groups

and international capital. Its autonomy assured that the relevant government institutions would fight against a more equitable tax system while protecting the "exit option" through free convertibility. Concentrated resources and international linkages allowed for efficient coordination of responses to the challenges that did arise. The Cárdenas alliance, in contrast, has had few resources with which to "buy" support or influence. Yet in the early 1970s, it appeared that the "Cardenist" Cambridge group was beginning to encroach on the bankers' control over credit and over fiscal and monetary policy. The resulting "policy gridlock" prevented the government from acting decisively. The bank nationalization represented an attempt to break through these obstacles, but the concentration of resources within the "*grupos*" and the control of state economic institutions by the bankers' alliance prevented any radical change in financial policy. In short, the bankers won the dispute because they had, and still have, more resources. This conclusion might seem obvious, but few have been able to demonstrate how the control of such resources can and does translate into power.

In her final chapter, Maxfield provides a not very satisfactory comparative analysis of the Brazilian, Chilean, and Mexican cases. She does not succeed in explaining how Brazil avoided the particular institutional obstacles that allowed that state to establish more independent control over financial policy. This drawback weakens her optimistic argument regarding the potential for greater state regulation of capital. Nevertheless, Maxfield's focus on institutions and the distribution of resources among them represents a major contribution.

*The Political Economy of Mexican Oil* by Laura Randall provides an even more detailed micro-analysis of how complex political and organizational considerations must be taken into account to explain policy outcomes. She begins with a straightforward question: Was PEMEX a motor of development or the cause of distortions in the Mexican economy? Randall proceeds to answer this question through an intricate investigation of the subsidies, backward and forward linkages, use and production of government funds, labor relations, and criteria for regional and national development. In her view, the biggest problem with the oil boom was that it led policymakers to consider Mexico an "oil economy." Yet she demonstrates that from 1973 to 1984, oil actually represented less than 6 percent of the gross national product (GNP).

Perhaps the most original aspect of this study is that Randall challenges traditional notions about how to measure efficiency. For example, in comparison with its Venezuelan counterpart, PEMEX was much less profitable. Judged by normal firm-based standards of efficiency, PEMEX was not very well run. But if one includes in the measures of efficiency such constraints as requirements to purchase local materials, political obligations to contractors and the union, and the needs of a series

of administrations to support the social contract with various parts of the population, PEMEX performance looks much better.

Moreover, Randall successfully penetrates the bookkeeping quagmire used in the oil sector to show how different accounting practices helped determine strategy. She points out that it is irrelevant to compare national and international prices for oil because domestic prices often have more to do with politics than with economics. This tendency is not irrational from the point of view of politicians, who often distribute subsidies and benefits across regions and industries. It might make no economic sense to subsidize the northern region or certain capital goods industries, but from the point of view of a national development policy facing a powerful oil workers' union, such compromises appear quite reasonable. To those who assign so much blame to corruption, Randall demonstrates that solutions meant to resolve such problems often create bureaucratic complications that minimize the savings resulting from more honest practices.

PEMEX was successful in providing Mexico with petroleum products and increasing some limited forms of economic activity. Although the government failed to use oil as the motor for faster development, the petroleum revenues helped maintain welfare payments and also allowed the state to avoid a shift in fiscal policy that would have required more progressive taxation. From the point of view of an ambitious politician or bureaucrat, a policy that simultaneously consolidated the government's legitimacy in the eyes of the working and upper classes would be considered extremely efficient. Randall's *Political Economy of Mexican Oil* provides an excellent (if sometimes dry) exposition of the workings of PEMEX and also suggests a new way of understanding the disputes in policy-making.

Despite the different approaches and perspectives discussed in the books reviewed here, they exhibit substantial agreement in some areas. First, authors from all points along the political spectrum have challenged the myth that "stabilizing development" provided a long-term basis for Mexican growth that was disrupted by the "*docena trágica*" of Echeverría and López Portillo. The "miracle" of the 1950s and 1960s was built on structurally fragile foundations that required indirect government subsidies (through such means as overvaluation of the peso and free convertibility). Moreover, these policies failed to generate enough employment to meet increasing population pressures and helped decimate the agricultural sector, which could have helped pay for such growth and also absorbed some of the new labor force.

Second, regardless of their specific policy proposals, all these experts agree that the debt remains a critical problem for the Mexican economy. Whether because the economic crisis makes investors wary of future returns or because it simply represents an unsustainable drain on Mexican resources, the government and its creditors must come up with a

permanent solution that goes beyond “muddling through” perpetual negotiations.

Finally, all specialists agree that the social costs of the austerity programs cannot be ignored or treated as an abstract and inescapable cost of transforming the economy. More than one participant at the Yale conference wondered how the Mexican government had been able to accomplish such a radical restructuring without a social explosion. Even if one disregards the human costs, the durability of the Mexican political model cannot be assumed. It remains to be seen whether or not the Mexican model will survive such social dislocations. In short, the apparent resolution of the dispute over the nation may not last much longer.

The books reviewed here neglect three critical issues that deserve much greater attention. First, the internal debt is barely mentioned. The fact that estimates of its size range from 25 percent to 50 percent of GNP (not an inconsiderable gap) indicates the need for more research. Determination of the “risk premium” that the government has been paying (which has exceeded 20 percent) also needs to be explored. Is this practice merely the result of a government alliance with the sectors that are able to purchase Mexican domestic paper? Can policymakers with impressive educational pedigrees really be ignorant of the possible consequences of such exponential growth? Perhaps we need a study like Randall’s focusing on the Banco de México or the Secretaría de Hacienda y Crédito Público.<sup>9</sup> Whatever the outcome of the Mexican gamble with the international market (and the bargaining capacity of the Mexican government in negotiations like the Free Trade Agreement leaves much to be desired), how will the state be able to produce the pesos to pay for the domestic debt?

The question of why no popular revolt has occurred in Mexico like the “Caracazo” in Venezuela in the spring of 1989 also deserves much greater attention. Granted it is always difficult to analyze why something has not happened. But it has been far too easy to refer to the PRI’s famous carrot-and-stick system to explain the relative social peace of Mexico in the 1980s. Perhaps the answer lies in the vague but oft-cited notion of the Mexican capacity to endure misery. To my knowledge, no one has continued the pioneering work of Rafael Segovia in analyzing the authoritarian socialization of Mexican children.<sup>10</sup> Perhaps we need more detailed work along the lines of the classic study by Richard Fagen and William

9. Contributions with a similar institutional focus include those of Susan Street on education, Rose Spalding on the Instituto Mexicano de Seguro Social, John Bailey on the SPP, José Antonio Alderete on Infonavit, George Grayson and Gabriel Szekely on oil, Merilee Grindle on CONASUPO, Viviane Brachet-Márquez on health, and David Ronfeldt on the military.

10. Rafael Segovia, *La politización del niño mexicano* (Mexico City: Colegio de México, 1975). See also John Booth and Mitchell Seligson, “The Political Culture of Authoritarianism in Mexico: A Reexamination,” *LARR* 19, no. 1 (1984): 106–24.

Tuohy of how the Mexican state manages its repression apparatus at the local level.<sup>11</sup> Or perhaps the Mexican “peace” is best explained by the safety valve of migration? Ongoing immigration projects at the Center for U.S.-Mexican Studies at the University of California, San Diego, might attempt to ascertain if those more likely to lead opposition movements are also the ones most likely to brave crossing the Rio Grande. The earthquake of 1985 and the elections of 1988 gave rise to a variety of social movements. It is therefore important also to analyze how these groups will force the government to reopen the dispute and will challenge its success in institutionalizing political opposition.<sup>12</sup>

Finally, it is perhaps inevitable that reviewers will propose their own methodological or theoretical hobbyhorse as the answer to all pertinent questions. Certainly, clear policy differences distinguish the “neoliberals” from the “populists” and often reflect divergent interests. But the real divisions may have more to do with conflicting definitions of efficiency, which are grounded in very different concepts of the state.

The famous *técnicos* appear to feel that they do not have to respond to political or social pressures but are free to pursue their notions of fiscal and monetary discipline. It is interesting that such exclusionary attitudes are not the monopoly of the “economic right” but can even be found among the “developmentalists” of the López Portillo years. Conversely, the much maligned *políticos*, whether inside or outside the PRI, seem to worry less about long-term macro-efficiencies and more about the delivery of benefits to a population that will in turn support them. Such pragmatic perspectives are not the sole property of either end of the political spectrum. To assume simply that one group represents the interests of international capital while the other is the anachronistic vestige of corruption and patronage is to neglect much more basic disagreements over the future of Mexico.

The *técnicos* appear to have won by using the support of their fellow alliance members, their control of resources, and the not insignificant approbation of international economic bodies. But can they continue to rule without heeding the *políticos* or, in the worst case, without turning to the *militares*? For now, the neoliberals among the *técnicos* appear to have won the economic dispute. The question is, will they win the political debate?

11. Richard Fagen and William Tuohy, *Politics and Privilege in a Mexican City* (Palo Alto, Calif.: Stanford University Press, 1972).

12. *Popular Movements and Political Change in Mexico*, edited by Joe Foweraker and Ann Craig (Boulder, Colo.: Lynne Rienner, 1990).