

Mexico and Neo-liberalism: how Social Movements in Mexico have done little to change the Neo-liberal policies.

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Introduction

The concept of social movements and grassroots organizations has expanded rapidly in the past few decades. According to O'Brien et al. the changes in the global political system have shifted from multilateralism to what is known as complex- multilateralism.¹ That is to say that global politics are no longer determined solely by states, but also increasingly by inter-governmental institutions and global social movements. The effects of the decisions made by global financial institutions such as the International Monetary Fund (IMF) and World Bank have generated strong grassroots opposition. In Latin America for instance there has been heavy involvement by these two institutions, and an increasing organization against them. Mexico is a good example of the people organizing at the grassroots level in order to combat the policies of the IMF and World Bank. This paper will argue that social movements in Mexico have generated response from the government, but that they have not been able to make any substantial changes to the neo-liberal economic policies implemented in the country. This will be shown by exploring the effectiveness of social movements in Mexico, by analyzing of the necessity of neo-liberal economic policies and how the government made it difficult for groups to organize, and finally by showing that neo-liberal policies and agreements like NAFTA (North American Free Trade Agreement) still exist. For the purposes of this essay Social Movements will be defined as non-violent organizations that challenge government policies, but not the government itself. This

definition will not be able to include the Chiapas Uprising as violence was used to get the Mexican government's attention.

Mexico was the first country in Latin America to default on its loans and require assistance from the IMF and World Bank. This defaulting led to a period of Structural Adjustment and neo-liberal economics being implemented all over the country. Analyzing neo-liberal policies from aftermath of the economic crisis it is easy to see where they went wrong, but at the time neo-liberal economics were seen as the best way for a country to develop. They were based on principles of: free-trade, reduction of public sector, deregulation of markets, and reduced state intervention.² The idea was that if corporations within a state could generate enough wealth then they would automatically create more jobs and improve the overall standard of living throughout a country. On paper these practises seemed to make the most sense for countries who were struggling to make ends meet during the 1980s OPEC oil crisis. However in reality these policies really only served to make the lives of big business owners and politicians better.³ The rural and working class found that their overall standard of living decreased as they were suddenly expected to pay for newly privatized amenities such as health care and education.⁴ The adverse effects of neo-liberalism on the rural and working class caused an increase in grassroots social movements that challenged the government on their policies. These movements were hampered by the government polices and thus too weak to organize on an effective level.⁵

Structural Adjustments in Mexico: 1982-Present

This section will be reviewing the changes made in Mexico during this period of Structural Adjustment and

how these changes affected the rural and working class. The second part of this section will go through the various responses from the rural and working class to the neo-liberal changes made. Finally the last part will evaluate how effective these movements were at getting the governments attention.

1982 saw the beginning of the changes to the Mexican economy. Triggered by the global oil crisis Mexico under President Miguel de la Madrid moved to stabilize the economy. Under de la Madrid the *tecinos* (highly trained specialists) were a majority, and with their economic training developed plans to bring Mexico into the world market.⁶ Claudio Holzner states that “the technocratic nature of reforms in Mexico and other Latin American countries...[insulated] the policymaking elite from popular pressures...”⁷ The World Bank and the IMF put pressure on the Mexican government to deepen the austerity measures in the country’s social and economic programs to become consistent with neo-liberal economics. The effects of these measures included: decline in wages to half of what they were in the 1980’s, the undermining of unions and workers’ organizations, and the shift of labour mainly into from formal to informal primarily through the *maquila* (*maquiladoras* are assembly plants created along the Mexico/US boarder right after the implementation of NAFTA) sector.⁸

According to Nora Hamilton “accelerated changes in Mexico’s economic trajectory...have led to the creation of new social groups.”⁹ The measures created new tensions mainly through alienating large segments of society and by widening the gap between classes. One of the groups to gain momentum during this period was the Women’s Movement. Women’s organizations had existed prior to the new austerity measures, but were able to grow and increase

their activism as more women were forced to enter into the work place.¹⁰ Women's movements in Mexico have been centered on the gender biases and differences that have dominated Mexican society for decades.¹¹ With the opening up of the economy and the increase in transnational trade, Women have been able to take advantage of the new networks available to them. Joe Bandy and Jennifer Mendez chronicled how women in the *maquiladoras* along the US Mexican border were able to organize support.¹² In this case it seems that the opening up of the economy was able to give women the avenue needed to gain international support. One example given by Bandy and Mendez is the case of how the *Support Committee for Maquiladora Workers* (SCMW) and the *Asociación Nacional de Abogados Democráticos* (ANAD) were actually able to use US laws of sexual harassment in the work place against an American company and win.¹³ This was only made possible under the North American Free Trade Agreement (NAFTA) which allowed them to go to US courts because Mexico does not have such laws. Daniel Mato states that "Even though these networks exist and are sustained through the participants' mutual interests, at their core there are power relations and conflicts of interests."¹⁴ Despite the success of women's worker organizations under NAFTA and neo-liberalism Bandy and Mendez still acknowledge the increasing marginalization of women under these agreements.¹⁵ Men predominantly organize at the worker level; as men's organizations become stronger women's ability to organize is effectively undermined.¹⁶ Even though women in this case were able to use open markets and globalization to their advantage, it is not the case with all other social movements.

The poor in Mexico have also been adversely affected by changes in Mexico. Despite the growing number of social movements immediately following the

implementation of neo-liberal economic reforms the number of people participating in politics has dropped.¹⁷ Holzner argues that despite an increase in democratic practices, such as multi-party politics, in Mexico the actual ability of the poor to participate in politics has been constrained by the neo-liberal economic changes.¹⁸ In fact, the political participation of the high income bracket of society has increased while the low income participation has stagnated or decreased.¹⁹ Holzner outlines three reasons why the political participation of the poor has decreased since the implementation of neo-liberal reforms. Firstly, since poverty has increased the poor are finding it significantly harder to obtain the materials they need to organize in an effective manner.²⁰ Secondly, liberal market reforms eroded the poor's ability to organize by fragmenting their membership.²¹ Lastly and most significantly for Holzner, is the lessening of the state in the economy sends the message that the state and the elites do not care about the poor and their interests.²² This increases the gap between the rich and poor, and puts the poor in a bad position to do anything. Given that the poor have attempted to organize, but that their level of participation has gone down suggests that the neo-liberal reforms have had a negative effect on the poor's ability to organize.²³ This can affect the overall perception of democracy in the Mexican government, as Holzner suggests, which in turn can de-legitimize those in power.²⁴

The neo-liberal reforms that were implemented in Mexico and other parts of Latin America have opened the flood gates for an increasing number of social movements and grassroots organizations. However many of these movements have had difficulty organizing at a strong enough level in order to generate changes in policy from the government. As will be explored in the next section the Mexican government has responded to some of these

protests, but the level of change that has actually occurred has not been enough to actually change the adverse affects on people in Mexico.

The Mexican governments' response to social movements

It can be argued that since the Mexican government did respond to the growing unrest over the neo-liberal policies that the social movements were successful. However they were not successful in the goal of reversing the policies. The response by the Mexican government of Salinas was to appease the Social Movements and distract them from the real issue of reversing the policies. This section will evaluate the various half- hearted attempts to appease the people of Mexico, but these attempts were just that: appeasement and half-hearted. Firstly, it is important to evaluate the various poverty alleviation programs that were implemented and how they changed with the various presidents. Secondly, it is important to evaluate how effective these programs were at achieving their goals. It is important to keep in mind that during the economic crisis Mexico was at a loss as to what to do. They had exhausted all other options and turned to neo-liberal economics as a last resort, as did many nations in Latin America and the developing world during this time period.²⁵

By 1988 Carlos Salinas was elected to office and began what is known as the National Solidarity Program (PRONASOL). At this time Mexico was still operating under a virtual one party democracy which was dominated by the Institutional Revolutionary Party (PRI). Other parties were allowed to run, but elections were dominated by the PRI. According to Marcus Kurtz, PRONASOL was designed to combat poverty, but still be compatible with neo-liberalism.²⁶ The plan was one of the most ambitious

poverty alleviation strategies to date in Mexico. The program included providing subsidized food and water to poorer neighborhoods and funding the building of infrastructure. One of the most interesting aspects of PRONASOL was the fact that under Salinas it was meant to work closely with social organizations to help keep the corporatist and clientelistic elements of other poverty relief programs out.²⁷ PRONASOL was most effective under Salinas as it provided some innovative strategies that combined social growth programs with market oriented strategies to provide subsidized food, water, and other infrastructure projects for both the urban and rural poor.²⁸ However, PRONASOL was not as neutral as Salinas sold it to be. Both Hamilton²⁹ and Kurtz³⁰ point out that it was targeted at areas where the Democratic Revolutionary Party (PRD), the main opposition to the PRI, was strong. The program seems to have been politically motivated rather than a genuine response to grievances.³¹ The strategy initially worked for Salinas as it boosted his level of support to almost 61 percent of the vote.³² This was however short-lived as in the early 1990's there was yet another economic crisis in Mexico and the program was passed into the Presidency of Ernesto Zedillo.

Zedillo was not the original choice to succeed Salinas. Luis Donaldo Colosio was the chosen candidate; however on March 23, 1994 he was assassinated. It was not clear who was responsible for his assassination, but it created a tense atmosphere for Zedillo as he entered the campaign. Under Zedillo the PRONASOL program took a turn for the worse. When Zedillo took office the thought of social security was at the bottom of his list.³³ Shortly after his election the Central Bank announced that it had used up all of its foreign reserves and the peso was allowed to float, and soon it had dropped below 40 percent of its original value.³⁴ This forced Zedillo to completely re-orient his

political agenda. The PRONASOL program became the PROGRESSA and as it changed its name it became less and less effective.³⁵ Up until 1992 it had been administered out of the Presidential office, and under Zedillo most of the organizational features of the program ceased to function.³⁶ Kurtz attributes the lack of sustained poverty alleviation to the weakness of the rural civil society and their inability to put adequate amounts of pressure on the government. The Mexican government did not see the need to have a sustainable poverty alleviation program because there was no strong opposition to the government.³⁷ Where there was strong opposition to the party, the government implemented programs to gain support, but allowed them to fail as soon as the support was directed back to the PRI.³⁸

When the Mexican government undertook PRONASOL it became a political strategy to take support away from the PRD and the National Action Party (PAN), this strategy worked as support grew for the Salinas administration.³⁹ Since the program was never autonomous it never really lost the clientele nature of many other programs.⁴⁰ It was tied to the government and directly administered by the Presidential office which meant that only people who were willing to turn their support to the PRI would receive the benefits.⁴¹ Even though grassroots movements and civil society were able to organize it did not really cause the government to make changes to the economic system. This is still evident by the neo-liberal economic policies that are still in existence today.

Neo-liberal policies still in existence

Given the attempts made by the government to appease the people of Mexico it is worth evaluating where the neo-liberal policies still exist and how they are being implemented. Since most of the neo-liberal policies are still

in effect it means for the most part that the social movements failed.⁴² This section will evaluate the government's policies and how they have not changed very much since the debt crisis of the 1980's. This section will first evaluate the 1994 signing of the NAFTA agreement which was seen as a high point of neo-liberalism. Secondly, this section will evaluate what Mexico's position has been regarding the international arena. Even though Mexico has begun to consolidate its democracy it is still questionable as to what extent civil society has a voice and a say in government policies.

NAFTA is a free trade agreement between Canada, the United States, and Mexico. It was vied by many as a new era for economic development for all three countries, and in particular Mexico was looking forward to receiving the opportunity to develop along with the United States.⁴³ As mentioned in the previous section it seems that NAFTA might have had positive effects on some groups' ability to organize. It is true that neo-liberal policies and globalization do tend to make it easier for groups to organize transnationally, but these policies are also the policies that marginalize the people in the first place.⁴⁴ According to a report on NAFTA, "the policy of free trade has been ruinous" for Mexicans as it pushes them further into a marginalized position.⁴⁵ Instead of just competing in the local or regional economy Mexico is forced to participate in the global economy on an uneven playing field. NAFTA justified the sale of many of the previously state owned enterprises in an effort to increase privatization.⁴⁶ This move included a number of major banks in Mexico. The 1995-6 Banking crisis was an "unintended consequence of the neo-liberal policies and banking privatization."⁴⁷ Many people could see that the deepening of neo-liberal policies would have a negative effect on Mexico.⁴⁸ According to Marios the negative

effects include: by 2007 85% of the banking in Mexico is now foreign owned; small or medium sized enterprises and people have little to know capital; and where privatization was supposed to 'democratize' capital it led to increased class concentration.⁴⁹ NAFTA is still in effect and it does not appear to be going away any time soon. As the current economic crisis is hitting and many countries, including the United States, are moving into to more inward focused economic policies, it will be interesting to see how long NAFTA survives.

Given that social movements in Mexico wanted to see a reversing of the neo-liberal economics they have thus far been unsuccessful. During the 1980s in Latin America Mexico was so far into debt and bad economic planning that the neo-liberal policies were seen as the last and only option for the Mexican government. Even recently the Mexican government, which has seen a transfer of power from the PRI to the PAN, there has not been a shift away from neo-liberalism. Vincent Fox was even elected after promising to remove the policies; however he was faced with no alternatives because all other forms of economic planning were seen as worse than neo-liberalism.⁵⁰ Globalization has been cited as the root cause for the expanding neo-liberal policies, but it is also this same globalization that has allowed social movements and grassroots organizations organize at the global level.⁵¹ This is what has facilitated the creation of the complex-multilateralism that O'Brian et al have argued for.⁵² The transnationalization of free-trade and the opening up of markets has had negative effects on many societies, but it has also facilitated the cross-border organization of social movements.⁵³ The women of the *maquilas* were an example of how organizations are utilizing the newly opened borders to organize and gain support. Many new social movements all around the world have fought neo-

liberalism and free trade, and as in Mexico many leaders around the world respond with sympathy and half-hearted policies that never really change anything.

Conclusion

Neo-liberalism has opened the door for many new social movements around the world. The neo-liberal economic policies of the industrial West have had profound effects on the stability of the developing world. In the case of Mexico there have been reaction to the neo-liberal policies put in place, but they have unfortunately not yielded the desired results. It does however provide a step in the right direction and also opens up dialogue for the possibility of something stronger. Mexico has seen an upsurge in civil society organizations; however, those organizations have been unable to make the Mexican governments change its policies. This is because the organizations were too weak to organize at an effective level, even when they sought cross border support. Also, because the government had no other options during a time of crisis, they did placate the organizations with programs such as PRONASOL to try and steal their attention away. Lastly, because the neo-liberal policies that these organizations were fighting against are still in existence, and even though the current economic crisis suggests that neo-liberalism is failing the Mexican governments is still pursuing neo-liberal policies.

Notes

¹Robert O'Brien et al., *Contesting Global Governance: Multilateral Economic Institution and Global Social Movements* (Cambridge: Cambridge University Press, 2003), 5.

²Carlos Alberto Torres. "The State, Privatization and Educational Policy: A Critique of Neo-liberalism in Latin America and Some

Ethical and Political Implications.” *Comparative Education* 38 (2002), 368.

³Harry E. Vanden, and Gary Prevost. *Politics of Latin America: The Power Game Third Edition*. (Oxford: Oxford University Press, 2009), 169.

⁴Ibid. 169.

⁵Claudio A. Holzner, “The Poverty of Democracy: Neoliberal Reforms and Political Participation of the Poor in Mexico.” *Latin American Politics and Society* 49 (2007), 117.

⁶Hamilton, Nora. “Mexico.” In *Politics of Latin America: The Power Game Third Edition*, Edited by Harry E. Vanden and Gary Prevost, 305-337. (Oxford: Oxford University Press, 2009), 322, 316.

⁷Claudio A. Holzner, “The Poverty of Democracy: Neoliberal Reforms and Political Participation of the Poor in Mexico.” *Latin American Politics and Society* 49 (2007), 88.

⁸Harry E. Vanden, and Gary Prevost. *Politics of Latin America: The Power Game Third Edition*. (Oxford: Oxford University Press, 2009), 168.

Hamilton, “Mexico.” 322

⁹Ibid. 321

¹⁰Hamilton, “Mexico.” 323

¹¹Joe Bandy, and Jennifer Bickham Mendez, “A Place of their own? Women’s Organizers In the Maquilas of Nicaragua and Mexico.” *Mobilization: An International Journal* 8 (2003): 174.

¹²Ibid. 176.

¹³Ibid. 176

¹⁴Daniel Mato, and Emeshe Juhaz-Mininger (trans). “Transnational relations, culture, Communication and social change.” *Social Identities* 14 (2008): 431.

¹⁵Bandy and Mendez, “A Place of their Own.” 185

¹⁶Ibid. 179

¹⁷Holzner, “The Poverty of Democracy,” 93.

¹⁸Ibid.

¹⁹Ibid, 93

²⁰Ibid. 95

²¹Ibid.

²²Ibid. 95-96

²³Ibid, 117.

²⁴Ibid.

²⁵Vanden and Prevost, “Politics of Latin America.” 169.

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- ²⁶ Marcus J. Kurtz, "Understand the Third World Welfare State and after Neoliberalism: The Politics of Social Provision in Chile and Mexico," *Comparative Politics* 34 (2002), 304
- ²⁷ Ibid. 304
- ²⁸ Hamilton, "Mexico," 327
- ²⁹ Ibid.
- ³⁰ Kurtz, "Understanding the Thrid World," 308
- ³¹ Ibid. 308
- ³² Ibid.
- ³³ Tara A. Schwegler, "Take it from the top (down)?: Rethinking neoliberalism and political Hierarchy in Mexico" *American Ethnologist* 35 (2008), 695
- ³⁴ Ibid 695
- ³⁵ Kurtz, "Understanding the Third World," 308
- ³⁶ Ibid.
- ³⁷ Ibid.
- ³⁸ Ibid.
- ³⁹ Hamilton, "Mexico," 327.
- ⁴⁰ Kurtz, "Understanding the Third World," 308.
- ⁴¹ Ibid.
- ⁴² Holzner, "The Poverty of Democracy." 117
- ⁴³ Ibid. 116
- ⁴⁴ Bandy and Mendez, "A Place of their own," 175-6
- ⁴⁵ NACLA, "NAFTA's Road to Ruin: The Decline of the Mexican Social Compact Part II," *NACLA Report on the Americas* 41 (Sept/Oct. 2008): 11. Retrieved from Academic Search Premier (EBSCO) March 23, 2009.
- ⁴⁶ Thomas Marois, "The 1982 Bank Statization and Unintended Consequences for the Emergence Of Neo-liberalism," *Canadian Journal of Political Science* 41 (2008), 150
- ⁴⁷ Ibid. 161
- ⁴⁸ NACLA, "NAFTA's Road to Ruin," 11.
- ⁴⁹ Marois, "The 1982 Bank Statization," 162.
- ⁵⁰ Hamilton, "Mexico," 331
- ⁵¹ O'brien et al, "Contesting Global Governance,"
- ⁵² Ibid.
- ⁵³ Ibid.