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Mexico

# Mexico's Deepening Crises

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**The brutal violence of the Mexican state against its own population, much of it carried out under the cover of the drug war, is inseparably linked to the global capitalist offensive. In Mexico's case, where the assault is especially rapacious and traditions of collectivity and resistance still very strong, the repression is thereby all the more fierce.**

Impunity and state terrorism are not new in Mexico, but their sharp escalation is the other side of the coin of neoliberal restructuring. Popular resistance, which has slowed down Mexico's neoliberal transformation, must be crushed in order to fully implement the massive despoliation, dispossession and destruction of social rights being imposed on Mexico by its capitalist class and political elites as well as by foreign capital (Roman and Velasco, November 2014).

The multiple and intertwined crises of Mexico are producing ongoing and deepening implosions and explosions, combining to produce an ever more violent situation. The economic transition from Mexico's statist capitalist economy to an export-oriented "open" economy has not brought economic benefits for most of the population, but much greater inequality and impoverishment.

The "democratic transition" has brought little democracy and great disappointment. And the "war on drugs" has not diminished the production and export of drugs but increased violence and provided political cover for the government's escalation of repression.

The economic development of the north (based on the maquilas) as an integrated component of continental industrial production has created new jobs but with far fewer rights, lower wages and worse working conditions than even those that existed in the old industrial regions of central Mexico. Factories relocated from central Mexico as well as from the United States and Canada to escape unions, reduce wages, and increase managerial despotism.

Though Mexico's "democratic transition" was fuelled by the democratic aspirations of the middle classes, working class and popular sectors, it has been largely captured by big business seeking more direct control of the Mexican state.

The transformation of the state, from the Bonapartist capitalist state that emerged from the Mexican revolution towards more direct capitalist domination, was well underway in the 1980s and would be intensified in the 1990s and first years of the new century. This transition to electoral competitiveness was a genuine defeat for the ruling Institutional Revolutionary Party (PRI) and opened up a new political scene of constrained party competition in Mexico.

The very real electoral space and democratic dynamics that opened up were subordinated, however, to the dynamic of the neoliberal capitalist offensive. Capitalist domination was deepened while democratic processes were constrained and hollowed out. Conflicts within the dominant bloc of political elites, capitalists, and their respective bases, continue to be fought out with cronyism and corruption that undermine any sense of legitimacy.

Though bourgeois domination of the state has been firmly established, the new ruling bloc of big capital and the political elites have not been able to establish legitimacy through credible elections, as shown by the frauds of 1988 and 2006, the electoral manipulations by the media duopoly in 2012, and the sharp decline of the vote for all three major parties in the June 2015 elections.

As well, all three major parties – the PRI, the rightwing National Action Party (PAN) and Party of Democratic Revolution (PRD) – are undergoing especially sharp internal battles, and the maneuvering over presidential nominations for 2018 already under way.

# Drug War Disaster

The war within the drug gang-state complex over control of routes, production, and profits was intensified by the “war against drugs” of president Calderón (2006-2012) and the growth of new and ambitious drug gangs allying with different sections and levels of a more decentralized state. This drug war, though providing useful cover for state repression, is threatening social stability and foreign investment.

In an assessment of the prospects for Mexico, the former U.S. ambassador to Mexico, Carlos Pascual, stated:

“How long can Mexico sustain the anomaly between increasing FDI [Foreign Direct Investment] and rising insecurity? One investment banker drew this analogy: the relationship of risk to FDI is like a rubber band. You can keep stretching it, but at some point it will snap. Because it has not snapped today may not be a good predictor of what will happen with a bit more strain.” (Pascual 2010)

Despite concern over the impact of insecurity on investments, the investments continue to pour into Mexico. Foreign investment in Mexico increased 25-fold between 1990 and 2014 [\[1\]](#). Investments – in pursuit of cheap labor and mineral riches – by powerful U.S., German, Spanish, Canadian and Asian companies have averaged \$30 billion annually.

These corporations and their governments maintain a pact of silence on the role of the Mexican government and armed forces in the killings, disappearances and the massive violations of human rights, thus containing international pressures on Mexico.

The limited international pressure put on Mexico has led to the occasional and selective capture of drug gang bosses. But politicians and military officials continue with almost complete impunity for their links to the drug trade and organized crime as well as their involvement in state terrorism.

While in Colombia international pressure and street protests led to the dismissal of 11,000 police and criminal proceedings being brought against 63% of members of Congress for their relations to organized crime, in Mexico only a handful of politicians or senior military officials have been indicted for their relations to the criminal gangs.

Attempts to hold Mexico responsible for human rights abuses in front of the UN are silenced by Mexican lobbying and the support of powerful companies and their governments. Impunity is sustained not only by Mexico’s elites but by a tacit international accord of support for regimes that play by the neoliberal rules of the game.

While international capital colludes by its silence, the U.S. government plays a direct role in its involvement with the Mexican intelligence services and the Mexican army in repression through, among other programs, Plan Mérida. (These two paragraphs are based on Edgardo Buscaglia, Nov. 2014.)

The response of the Mexican regime to the dramatically increasing problems of public insecurity has been to move towards greater central control of police forces and to promote a re-concentration of the traditional drug cartels,

attempting both to both decrease general public insecurity and reverse the partial balkanization that Mexico has gone through recently.

Unified state police forces have been created that now encompass 27 of Mexico's 32 states, 73% of the population. As well an elite military group, the national gendarmerie, has been formed within the national police force. Over the last three years, there is a greater involvement of these unified state forces and of the federal forces in the fight for control of the most potent and profitable narcotics.

In clashes in the states of Jalisco and Michoacan in 2015, federal forces participated in direct combat with cartel forces armed with increasingly sophisticated and more powerful weaponry. [2]. The view of U.S. government officials, according to the journal *Proceso*, is that the new war scenario in certain regions, in particular Tamaulipas, is not a turf war between drug gangs but an alliance of more traditional Sinaloa, Juarez and Gulf cartels, to get rid of the latecomers in the business, latecomers that boomed during the PAN administrations (2000-2012).

This process of centralization of drug cartels would be tolerated by the Navy and the Army. [3]

## Structural Crisis, Economic Volatility

These crises of legitimacy and public security take place amidst long-term structural problems in the economy as well as volatile conjunctural economic problems.

The Mexican economy suffers from two major structural obstacles: the fragility of public finances, and the increasingly unequal distribution of wealth between workers and companies. Both elements inhibit any consistent growth of the domestic market and of the endogenous productivity of Mexico, leading to very mediocre rates of economic growth.

During the first three years of the government of Enrique Peñ̄a Nieto, the average rate of GDP growth has only been 2%, as compared to expectations that the structural reforms would propel the economy to grow at three times that rate. The growth of the economy during the Peñ̄a Nieto presidency has been below the already meager 2.3% average rate of the previous administration of Felipe Calderón between 2006 and 2012.

The dramatic fall in oil prices has led to a dramatic reduction in oil export revenues for Mexico – estimated at more than 50% by 2015, i.e. about 20 billion dollars [4].

As a result of reduced production – the daily production of PEMEX, the state-owned oil company, fell from 3.4 million barrels in 2004 to 2.4 million in 2014 – and the fall in oil prices, the weight of PEMEX revenues in the GDP has fallen from 9.4% in 2003 to only 5.8% in 2014. [5]

This sharp decline in oil revenues – especially given their great weight accounting for one-third of public spending – is having a tremendous impact on the state's room for financial maneuver. The tensions and conflicts within the dominant bloc, as well as between it and the mass of the population, are being sharpened by the resulting fiscal crisis.

As well, the relative slowdown in U.S. manufacturing industries has had an immediate negative impact on Mexican industrial production given the strong intra-industry ties between the two economies. [6] Mexico's industrial slowdown has also been influenced by the impact on U.S. exports of the rise in the value of the dollar against currencies of other industrialized nations, declining growth rates of the economies of the Pacific, and the gloomy expectations

pending the end of the expansionary policy of the Federal Reserve.

This incipient economic crisis (falling oil prices, falling peso, inflation) will increase discontent and migration in the coming period and will likely lead to even deeper cutbacks.

## Fragmented Resistance

Resistance to the neoliberal offensive is characterized by fragmentations that have deep historical roots but are also linked to the uneven development of Mexico today, with some areas undergoing brutal processes of primitive accumulation and others undergoing processes of modern industrial development and expansion.

The constantly increasing precarization of the labor force is based both on the expulsion of people from the countryside and the deliberate downgrading of the labor market. The displacement of campesinos from their rural areas and semi-proletarianized livelihoods often propels them to new loci of capitalist development – the factories of the north or the agro-industrial complexes as in San Quintin, Baja California – but also into many parts of the United States as service, agricultural and industrial workers.

Mexico's fragmented resistance has taken many forms. Its tempo of development has been uneven and there are significant tactical, strategic and political differences around many issues, including the role of elections.

The various movements have coalesced fleetingly at times, as in the protests in the fall and winter of 2014-2015, over the missing 43 teachers' college students of Ayotzinapa as well as state violence more generally. But these movements have not produced a common set of demands, tactics, and strategy.

This failure to develop a national strategy of resistance and transformation is linked both to the uneven regional patterns of exploitation and resistance, and differing approaches to the difficult relationship between the fight for desperately needed reforms and long-term transformational goals.

As well, there are significant political differences within the Left around the place of electoral politics in class struggle, the role of armed versus nonviolent forms of struggle, and orientation to state power among others. These divergences and complexities make durable coalescence both much harder and much more necessary. But the weakness and fragmentation of the Left itself has rendered it largely incapable of providing the leadership for the convergence of protests around a common set of demands, tactics and strategy.

The main resistance in Mexico in the recent period, aside from the major urban-based student protests between 2012 and 2015, has come from rural and semi-rural areas fighting the new dispossessions and despoliation of land by mega-projects and by mining and oil companies – actions given a green light to escalate by the blitzkrieg of constitutional reforms carried out by the Peña Nieto government in 2013-2014.

There continues to be important resistance from miners and more recently the agro-industrial workers in San Quintin, Baja California, whose courageous and ongoing struggle has been supported by U.S. and Canadian unions. But the urban working class has been largely absent from recent struggles, except as citizen members of popular movements but not through working-class formations.

But Mexico is an urban and working-class country; 75% of Mexicans live in urban areas and most sell their labor power. The working class character of Mexico is growing as more and more industry locates there. Mexico is now the fourth leading world exporter of autos. The challenge to capitalist depredation has started in the countryside, but

victory depends on the entry of the urban working class into the struggle. The sleeping giant in Mexico is the working class, so far contained by state repression and the remnants of the old state-linked union organizations but also disarticulated by the massive relocation of industry from the center to the north. (Roman and Velasco, Spring 2014)

The long-term perspective must include a strategy of engaging and mobilizing the working class in ways that both link up to struggles in the rural and semi-rural areas, especially the explosive poor and indigenous states of southern Mexico, and also include immediate demands melded with transformational strategies. The urban working class has to play a key role in the struggles if they are to succeed.

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[1] <http://www.economia.gob.mx/files/co...>

[2] Osorio, <http://www.proceso.com.mx/?p=405101...>

[3] Jesús Esquivel, "Tamaulipas: limpia del Narcos tolerada por el Gobierno," Proceso, #1962, June 8, 2014, 6-10

[4] Quarterly Report of the Bank of Mexico, First Quarter 2015, page 25

[5] Reforma, May 22, 2015

[6] <http://www.jornada.unam.mx/2015/05/...>