

Militarization and Political Crisis in Mexico

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One of Mexico's most respected military officers, Gen. Tomás Ángeles Dauahare, was recently released from prison after being falsely accused of having drug cartel connections. He warned that Mexico was heading for chaos and cited as one harbinger of the upheaval that was to come an obscure leftist guerrilla front operating in the southern state of Oaxaca.

But the threat does not come from guerrilla bands or even from the political left, which is supine at the moment, but rather from the political class and its various subdivisions known as parties. It was not guerrillas or radical leftists who jailed and tortured Ángeles Dauahare and a number of other high-ranking military officers on trumped up, politically motivated charges; it was President Felipe Calderon (2006-2012).

There is indeed a widespread feeling in Mexico that the country is living in a disaster. The southwestern state of Michoacán, for example, is becoming ungovernable as cartels fight for territory. Police abandon whole towns to their fate, military forces are unable or unwilling to restore order and townspeople arm themselves to defend against violence, extortion and the inoperational institutions of the state.

President Enrique Peña Nieto has not changed his predecessor's militarized anti-drug strategy that led to an estimated 122,000 <u>deaths</u> in six years. (There are much higher <u>estimates</u>.) Policy inertia is visible in many other areas such as the government's lassitude in the face of perpetual and increasing poverty.

The electoral void

While members of the political class are aware of the deterioration in the country's institutional and social fabric — they talk about it incessantly — the electoral process is incapable of addressing it.

The last two elections, the presidential one in July 2012 and the state and local elections in July 2013, give one the feeling that Mexico has drifted into a electionless, partyless, political fog in which nothing is going to be decided that has not already been decided.

Two of the major parties, Peña Nieto's Partido Revolucionario Institucional (PRI) and the compliant, conservative Partido Acción Nacional (PAN), reflexively united long ago to suppress anything that looks like a challenge from even the mildest reformers on the left.

All progressive structural remedies are rejected. That may seem like an extravagant statement since Peña Nieto ran on a reform platform and, following his inauguration in December 2012, he has been aggressively pressing a 95-point plan for financial, labor, education, energy and other reforms, most of them aimed at making Mexico look good to foreign investors.

The reforms cover just about everything that needs fixing, but those most likely to be enacted as intended are little more than the almost-everywhere-else discredited IMF/World Bank disaster recipe of privatization, starved public programs, regressive taxation, labor "flexibility" and upward transfers of wealth.

Almost by definition, labor reform for the benefit of laborers is impossible since the context is Peña Nieto's ambition to take advantage of Mexico's cheap labor – now on a par with China's – to make Mexico the preferred offshoring destination of US manufacturing and capital.

If the labor reform rescinds some important labor guarantees and reduces business costs, it's considered a plus for Mexican global competitiveness. If the education reform disciplines teacher demands and adopts a no-Mexican-child-left-behind system that closes schools based on the standardized testing fetish, it helps to justify the government's habitual underfunding of public schools.

But Peña Nieto is going to be judged finally by whether he can privatize the state oil monopoly Petróleos Mexicanos (Pemex) where others have failed. Though despised for its corruption, Pemex has been the symbol of Mexican sovereignty since President Lázaro Cárdenas (1934-1940) expropriated Mexico's oil in 1938. It is the third rail of Mexican politics.

The political class and what Mexican analysts call poderes fácticos (de facto powers like the television duopoly that branded and packaged Peña Nieto for popular consumption) are furiously pushing for the Ninety-five Theses of Peña Nieto. If he is successful, the country will be locked by law and constitution into the neoliberal model that has dominated the economy and failed for more than 30 years.

The economic miracles promised since the 1980s by legions of technocrats have failed to materialize, but beneficiaries from that model have profited. Ports, airports, toll roads, mines, railroads and banks have been auctioned off creating great family fortunes and a monopoly-dominated economy.

The model has not created much economic growth – just 1.8% on average in the period 2006-2012 and the numbers are expected to be about the same or lower this year. If population increase is taken into consideration, there has been little or no growth since the 1980s.

Every new president tell us that Mexico's growing middle class is about to catapult the country into national prosperity. However, a report by the government's statistical office shows that so far in Peña Nieto's first year in office the largest class (59.1%) is still the <u>poor</u>.

Amidst all the discouraging economic numbers, perhaps the most alarming one comes from another government <u>report</u> announcing that 80% of Mexicans are either living in poverty or precariously close to it.

The taxation system seems to be modeled on that of Louis XIV as it leans heavily on every kind of regressive tax to offset generous exemptions for the wealthy and favored businesses. One of the 95 reforms would apply the 16% value-added tax to food and medicine. That's in addition to the hidden tax behind the ongoing 43 monthly increases in

gasoline prices.

To make up for revenues lost through skewed tax policy, Pemex pays a major part of its oil income to help run what is surely one of the most expensive per-capita governments in the world. (Peña Nieto will soon be flying in his new presidential Boeing 787 Dreamliner.)

A pact fills the void

Whereas presidents of the old PRI, which ruled from 1929 to 2000, simply made phone calls and laws were passed or inconvenient governors defenestrated, Peña Nieto inherited an office whose powers had leeched out to the Congress, state governors and poderes fácticos.

Even with colossal vote buying, Peña Nieto took only 38% of the popular vote in 2012 aided by a tiny green party. His coalition is short of a majority in both houses of Congress.

Acting on the initiative of the center-left Partido de la Revolución Democrática (PRD), Peña Nieto invited the three major parties to sign a pact (Pacto por México) that commits them in principle to share his view of the future.

In return, they get the semblance of a share in power and greater access to political office through changes they want in the hopelessly dysfunctional electoral system.

The alacrity with which the presidents of the PAN and PRD signed the pact sent signals abroad that Peña Nieto was about to set in motion great engines of macro-economic progress and political efficiency that could turn Mexico into what international financial markets want it to seem to be.

When Peña Nieto had been in office scarcely four months, Time magazine declared him one of the world's most influential people. Business publications, addressing those he was influencing, discussed the coming opening of Pemex. A positive State Department report on Mexico's investment climate referred to a previous failed attempt at privatizing Pemex as a "shortcoming" that Pena Nieto must fix.

But the pact is just a deal between the political class and itself that excluded the parties' militants and the electorate. The importance of this all-party alliance can't be overestimated since it undermines elections, marginalizes the legislature and redefines "opposition party."

Voting for the perceived corrupt

The pact is not a power-sharing device though there may be rewards as we see in the July 7 local and state elections. These were supposed to be the elections to show that the PRI, returned to national power eight months earlier after a 12-year hiatus, could strengthen its grip on the country by achieving the carro completo (full car) with all the PRI candidates on board wining.

But Peña Nieto backed away from challenging the questionable outcome in the important Baja California gubernatorial race after the mysterious collapse of early vote-counting. Instead of loudly demanding a recount, the president graciously recognized the PAN candidate's victory.

Well, why not? A previous president from Peña Nieto's party allowed the PAN to take over the state in 1989 in the first of many alliances with the party that strengthened the PRI's bulwarks against the left.

The perfectly reasonable explanation for Peña Nieto's generosity is that it was worth losing Baja California to keep the PAN from exiting the pact and withholding its votes for the crucial Pemex privatization.

The elections also were notable for a none-of-the-above voter indifference as turnout hovered around 30%-40% in the 14 states that held elections. Indifference is reflected too in the ratings political parties received in the latest report from Transparency International. According to its annual <u>survey</u> of perceived corruption, Mexicans rated their parties near the maximum in corruption scoring 4.4 points out of a possible 5, placing Mexico near the bottom among the 107 countries included in the survey.

Popular disdain for political parties may also account for the fine performance of Morris the Cat, who received over 7,000 votes for mayor of Xalapa, Vera Cruz. Then there was the officially deceased accused rapist who won a mayoral race in San Agustín Amatengo, Oaxaca.

However, the real stealth candidate was the narco industry, which for years has controlled elections in some parts of the country. There were reports of kidnapped election officials and murdered candidates while some candidates in Chihuahua, Michoacán and Sinaloa dropped out due to death threats. No one knows how much narco money has entered the system.

A pact in trouble

The Pemex question is not being decided by the ballot or by open national debate but rather by a pact signed by three men and by the votes of their delegates in Congress. The popular vote on the issue will be confined to an unofficial referendum, which the government opposed because it would represent popular opinion, and mass mobilizations in September.

PRD founder CuauhtémocCárdenas, son of President Lázaro Cárdenas, led a march on September 1 in Mexico City. On September 8, Andrés Manuel López Obrador will conduct a rally in the capital's main square (Zócalo). Coincidentally, CuauhtémocCárdenas lost to a PRI candidate in the fraudulent election of 1988 and López Obrador lost to Peña Nieto in the fraudulent election of 2012.

But the pact has not snuffed out party interests. Just nine months into his six-year term, Peña Nieto's pact shows signs of coming apart. The PAN, heartened by the outcome in Baja California, remains loyal, even advancing its own Pemex privatization plan. But it is hardly united as it goes from handwringing over the stupendous loss suffered in the 2012 presidential election to open warfare between factions fighting for possession of the party's corpse and any crumbs of power and privileges Peña Nieto might toss them.

And there is unrest in the PRD, which lost badly in 2013 after having risen to its highest point since 1988 during López Obrador's 2012 presidential run. López Obrador, the only reform leader with a mass national following, has taken his wing of the PRD with him to form the Movement Regeneración Nacional (Morena).

It is perhaps with these setbacks in mind that some PRD officials have begun finding fault with the pact as though they had just discovered what was in it. The party's secretary general is now <u>saying</u> the pact is "a smoke screen," and that Peña Nieto is only promising

political reforms to get support for privatizing Pemex.

PRD president Jesús Zambrano, who signed the pact, is warning against Pemex privatization, which, of course, is in the pact. Now, he says his own party, which he personally committed to Peña Nieto's ambitions, is not even a real party and most of its organizational structures do not work. They are, he <u>said</u>, "supplanted by factional leaders who are the real structures for making decisions, limiting themselves to negotiating jobs and candidacies."

With the inevitable popular resistance to Pemex privatization and many other toxic reform plans, more PRD loyalists may well find that being a not-party signed into a smoke screen to legitimize the ruling party holds no rewards for them and may migrate to Morena. López Obrador said some of them would not be welcomed.

The reforms emerging from Congress have already created continuous popular protests. Peña Nieto had no accomplishments to report in his state of the nation message September 2. Normally, the ruling party should get all the blame, but the Pacto por México, which is starting to look like a spectacular act of self-immolation, incriminates all of them.

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