



Democracy in Mexico

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PART I. IS MEXICO FINALLY A DEMOCRACY?

Democracy is a primordial value of the United States, a value that we prize in our relationships with other countries around the world. The 1997 midterm elections were a landmark event in the democratization of Mexico, and a landmark in the shared values of our two countries. The elections provide a definitive answer to the question, "Is Mexico capable of holding clean elections?" The answer is a resounding, "Yes!"

Our image of Mexico was formed during the 1980s, when elections were plagued by ballot box stuffing, padded registration rolls, and the computer "crash" of the election of Carlos Salinas in 1988. This image lingered in spite of the many reforms which improved the process since 1991.¹ Critics argued that a *free* vote was not necessarily a *fair* vote. What distinguished the 1997 elections is that they were held under a 1996 reform designed to level the playing field by reducing PRI advantages in campaign finance, guaranteeing access to the media, and

removing the Federal Electoral Institute (IFE) from the authority of the Interior Ministry to ensure autonomy.

In fact, no matter how many reforms were passed, the PRI had to lose in some significant fashion before people would believe that the process was clean. In 1997, the PRI lost its absolute majority nationwide and lost control of the Congress, winning 39.1 percent of the popular vote and 48 percent of seats in Congress. The leftist Democratic Revolutionary Party (PRD) candidate, Cuauhtémoc Cárdenas, won the first direct elections for Mayor in Mexico City, making an impressive political comeback that positions him for a third presidential run in the year 2000. The conservative National Action Party (PAN) added 2 gubernatorial wins (Nuevo León and Querétaro) to its 4 existing governorships. These results do not inevitably mean the end of the PRI, but they do mark the end of the PRI as we have known it-- as a single party, PRI-State. The PRI is now just another political party.

What should U.S. policy be vis-a-vis Mexico's new democracy? Some still question whether Mexico's democratic transition is complete. They will argue that free and fair elections are not enough, that Mexico is not a democracy until the opposition wins the presidency. Some will urge the U.S. to intervene to achieve that end. Others argue that electoral democracy is meaningless so long as deep social inequalities exist. But these are Mexican partisan battles from which the U.S. should steer clear. The U.S. should support the process of free elections, not promote partisan agendas.

PART II. THE CHALLENGES OF DEMOCRATIC GOVERNANCE

In fact, Mexico's democratic transition is not complete-- it is just beginning. The most difficult part of that transition, establishing a culture of compromise and smoothly functioning democratic institutions, is yet to come. The Mexican issue agenda has shifted away from the *process* of running clean elections to the *practice* of democratic governance. Five challenges will dominate this new agenda.

1. Democratization, Drugs and Corruption

There is no greater challenge to the peace, integrity and stability of Mexico's new democracy than the violent and corrupting threat of drug trafficking. My diagnosis is grim. I assume that Mexican institutions are most vulnerable on the operational front, where the drug war is fought. Logical targets for drug corruption are the federal police, military, highway and airport officials, customs, the court and prison systems. I assume, furthermore, that the operational capabilities of Mexican law enforcement are severely compromised. This should not surprise us. This is an uneven contest in which the traffickers can marshal staggering financial, communications and military assets to out-spend and out-gun, and out-intimidate the authorities of a struggling developing country.

The state of affairs in Mexican law enforcement should not be attributed to a lack of will or to some congenital moral weakness peculiar to Mexican political authorities. Mexicans never have been more concerned about the breakdown in public security than they are today. The drug trade is rapidly degrading the quality of daily life in Mexico. Never have I seen so many armored cars, so many private bodyguards, and so much fear. Never have I heard so much resentment about the high price that our drug habits are having on our much poorer neighbor. Mexicans feel that they are trying to push the ocean back with a teaspoon.

Blaming this predicament on the men of goodwill who are our allies in this war undermines their support at home and feeds anti-Americanism. *The unreliability of Mexican law enforcement is no reason to cease cooperation. The more serious the problem, the greater the need to redouble our efforts and creativity.*

Will democracy bring greater vigor to Mexico's war on drugs? Clearly, oversight from an opposition congress will help in the long run. Corruption

flourishes in single party states with an absence of accountability, as it has in South Korea, Japan, and Italy. Still, we should not harbor excessive expectations about the power of democracy to clean up corruption and fight drugs. We need only look to Colombia to realize that democracies are equally vulnerable to the drug trade. Also, we should prepare to see Mexico's new Congress express nationalist frustrations with bilateral cooperation-- much as Congress does in the U.S. If both countries are unable to adopt a more constructive tone, political conflict may undermine bilateral drug cooperation. Mexico is poised to consolidate its new democracy and market economy, so it would be tragic were bilateral relations to sour over what is truly a common threat.

2. The Challenge of Divided Government

Mexico's 1997 midterm elections are a watershed because they left opposition parties in control of Congress for the first time in this century, inaugurating a new reality of divided government. Mexico has experienced divided government before at the state and local level, and all signs point to smooth transfers of power to Cárdenas in Mexico City and easy transitions to the new Panista governors in Querétaro and Nuevo León.

But the transition has been more problematic in the national Congress. The PRI lacks 12 votes to form a simple majority. Mexico's opposition parties set aside ideological differences to ally on behalf of the higher principle-- an independent Congress, accountability, checks and balances. It was an exhilarating moment of singular audacity-- a democratic transition via congressional insurrection. Mexico's independent Congress has become the main expression of the democratic transition.

The crisis prior to inauguration of the new Congress and President Zedillo's State of the Nation address offers clues as to whether pragmatism and a culture of compromise will prevail. Prior to the

installation of the new Congress, the PRI resorted to dangerous tactics to resist the opposition takeover, bringing the nation perilously close to a constitutional precipice. The opposition displayed a passionate intransigence in defense of what they viewed as high principle. It is encouraging that all parties rose to the occasion at the last minute, suggesting that the players are aware of the danger of destabilizing their nascent democracy. But it is worrisome that all sides flirted with a constitutional abyss before coming to agreement. This hints at a possible future of near miss collisions and 11th hour solutions.

The crisis prior to Zedillo's State of the Nation address sent politicians scurrying to the law books, which suggests an emerging rules-based culture. But Mexican law was vague on vital matters such as deciding congressional leadership in conditions of plurality. We may see additional legal vacuums as the new Congress defines its powers on foreign policy, oversight, confirmation, presidential vetoes, override rules, and impasse rules.

How permanent is the opposition alliance and does it augur permanent gridlock? The opposition alliance was formed to establish the independent governance of Congress, but no commitment was made to vote in bloc on economic or social policy. Opposition parties may unite on issues like lowering taxes or eliminating the president's secret discretionary fund from the budget, but divide and vote more pragmatically on issues like privatization. Clearly, the PAN and the PRD have deep ideological differences on economic and social policy.

Still, the opposition has lived under PRI rule for 68 years and, now, they sense an historic opportunity to win the presidency in the year 2000. The incentive to keep the partisan heat on is enormous. Congressional oversight may turn into a tool of vengeance and economic policy

differences into partisan point scoring. Habits of negotiation and compromise will come hard to a PRI that is used to ruling exclusively and to an opposition that is combat hardened. A downward spiral of mutual intransigence cannot be ruled out, with unforeseeable consequences should it be prolonged. No one knows where Mexico's tolerance for messy democratic politics ends and where the authoritarian temptation begins. Nor is it clear how much democratic disorder the financial markets will absorb before imposing an economic cost. The U.S. is well versed in the slowly turning wheels of divided government, so we ought to be understanding of the trying times ahead for our neighbor.

3. **The Future of Free Market Reform under Democracy**

Mexico's perestroika, which thrilled the U.S. policy community over the last decade, is now about to face the test of glasnost. President Zedillo has exhorted the new opposition controlled Congress to treat economic reform as a "policy of State" above party politics. The challenge is to build a multi-party, democratic consensus to support free market reform and the principles of macroeconomic discipline.

Recent history tells us that the challenge will not be easy. Mexican democracy was born, in part, as a reaction against free market reform. When economic reform was imposed under the authoritarian rule of Miguel de la Madrid (1982-1988) and Carlos Salinas (1988-1994), the traditionalist wing of the PRI argued that the party should remain true to its populist roots in Mexico's 1910 revolution. Economic reform was viewed as a heresy imposed by the party technocrats. The nomination of economic reformer Carlos Salinas provoked the defection of prominent *priistas*, Cuauhtémoc Cárdenas and Porfirio Muñoz Ledo in 1987. They formed the Democratic Revolutionary Party (PRD) not only to launch a crusade for democracy, but to fight against "neoliberal economics." Now, moderates in the PRD signal a willingness to move closer to the political

center, acknowledging the new realities of global capital markets. But the rancor that festered in the 1980s and 1990s is hard to erase, as witnessed by the brawl that broke out between PRI and PRD congressmen during the recent testimony of Finance Minister Guillermo Ortiz.

Nor is it likely that the PRI, stunned by its losses at the polls, will follow President Zedillo's lead in lock step. Many resonate to the PRD's message and the PRI may develop a back bench problem or suffer further defections. Many *priistas* never were enthusiastic supporters of free market reform, and they find it more difficult to defend economic reform after the 1995 devaluation and recession. For many, economic reform is associated with Carlos Salinas and is tainted by the scandals of his family.

The future of economic reform may end up in the hands of the PAN. The PAN's free market bent makes it the logical ally of economic reformers. But the PAN is stuck between a rock and a hard place. Voting with the PRI leaves it open to the charge of selling out to the government, whereas allying with the PRD on economic policy implies abandoning its economic principles.

The good news is that clean elections may press all parties to the center. It is hard to imagine that the PRD will risk clinging to views outside the economic mainstream. Similarly, the opposition coalition may not tamper with fiscal balance given that Zedillo's policies have brought a swift recovery, high growth rates and low inflation. If Mexico succeeds in combining democracy with economic reform, its prospects for stable development are truly excellent.

4. NAFTA and Mexican Free Market Reform

The difficulties of developing a democratic consensus for free market reform makes it appropriate to remind the members of this committee that

NAFTA was motivated, in large part, by a desire to erect barriers against future swings toward populism and make free market reforms permanent. This is the least appreciated benefit of NAFTA. After all, Mexico has a long history of swings between populism and the free market. When Mexico experienced its 1982 devaluation and debt crisis, it resorted to exchange rate controls and import controls. During the devaluation and recession of 1995, Mexico did *not* impose foreign exchange controls, *did not* close its borders to U.S. goods, *did not* crank up the printing presses or nationalize industries. This is a triumph of policy to be celebrated in its own right, bringing benefits to both the U.S. and Mexican economy.

5. The Evolution of the Party System

I have been asked to comment on the future evolution of the Mexican political party system. It is too early to predict the trajectory of Mexico's political parties. The electorate is volatile and prone to realignment. It is not clear, for example, that the vote for Cárdenas was an ideological vote (as opposed to a protest vote) that translates automatically into a mandate for a national turn to the left. Nor is it clear that the PAN's weakened showing means that it will continue to lose momentum. It is never wise to rule out a PRI comeback, given its baseline plurality of close to 40 percent. Prospects for the presidential elections in the year 2000 will depend heavily on the attractiveness of individual candidates.

The current party trends point to a flattened configuration of an electorate divided into thirds. Each party has regional bases of support. The PAN is strongest in the north and urban districts. The PRD is strongest in Mexico City and the central highlands, with a strategy to expand into the south and southeastern states. The PRI has evenly distributed support nationwide. Nationally, a 30/30/30 pattern could presage weak pluralities and weak mandates in the year 2000 unless legislation is passed to implement runoff elections.

Every political party is in the throes of an identity crisis. The PRI is divided between reformers, hardliners and traditionalists. The PRD must decide whether it will take the route of Tony Blair or Luis Echeverria. The PAN must reconcile its conservative, social values wing with pragmatism. A frustrated electorate may, at some point, offer opportunities to new parties and political figures who may burst on to the scene. We are witnesses to the creation of a new order, which will surely bring surprises and a new dynamism to Mexican political life.

¹Reforms were implemented in 1991 and 1994 that cleaned up voter registration lists, created new voter ID cards with photos and fingerprints, mandated transparent ballot boxes, and created the Federal Election Institute (IFE), a civil service with a governing board of nonpartisan citizens.
