
The United States and Mexico: Anatomy of Domination

by David Nova

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The U.S.-Mexican border is unique in the world. Here we find two vast and populous countries, one the world's most economically advanced and powerful and the other one of the poorest in the world, sharing a 2,000-mile border. It amounts to a monumental clash of universes. Yet as shockingly different as are the conditions of life on the two sides of the border, Mexico and the United States are bound to each other in profound ways. Historically, the development of each of these two countries has very much involved the other. Economically, the linkages are extensive: U.S. agriculture and industrial investments in Mexico are a major component of the U.S. overseas portfolio, American banks are the major foreign players in the recurring Mexican debt crises of the past decade, and the flow of legal and illegal labor from Mexico to the United States has not only assumed enormous dimensions but has also been of vital importance to the functioning of both economies. Geopolitically, developments in Mexico, along with Mexico's position vis-à-vis the rest of Central America, loom large in the strategic thinking of U.S. policy planners. And the stability of the border itself, the potential spillover of what happens on either side, is a source of concern and alarm in Mexico City and Washington.

The everyday reality of Mexico is an outrageous picture of oppression and misery. Some 60 percent of the population suffers from some degree of malnutrition, and some, particularly but not only in the countryside, are literally on the verge of starvation.¹ Due mainly to malnutrition, only one in five children born in the rural areas is of normal weight and height.² The minimum wage is currently about \$3 a day, and different estimates indicate that 48 to 60 percent of the employed population earn less than this miserable amount.³ While official estimates of open unemployment continue to be ridiculously low — especially considering that the official trade union central, the Con-

greso de Trabajo, estimates that 10 percent of the working population lost their jobs in 1985 alone⁴ — estimates of total unemployment and subemployment generally run at about 50 percent of the labor force.⁵ As many as 26 million people lack even basic medical care.⁶ This everyday pattern of misery is periodically punctuated by disasters fundamentally due to the distorted character of the economy, like the explosion of the PEMEX plant in San Juanico in 1984,⁷ or natural disasters immensely aggravated and magnified by the structure of imperialist domination, like the 1985 earthquakes.⁸

Few will deny that there is great suffering in Mexico, and it is hard to overlook the close connections, ties, and linkages between the U.S. and Mexico. But what is the essential character of the relations between the United States and Mexico? Is it fundamentally a relationship between two political entities that control their own destinies? Is Mexico, despite whatever economic dependence, U.S. pressure, or interference that may exist, essentially a sovereign and independent nation? Or is it rather, despite its political independence, at bottom a semicolony, a state formally independent but in fact controlled politically as well as economically by imperialism? Is the U.S., consequently, not simply a meddling great power but an imperialist oppressor of the Mexican people and nation that dominates Mexican society economically, socially, and politically? And is the domination of the U.S. over Mexico at the root of the oppression of the Mexican people?

Various spokesmen for the U.S. government in their more cynical — and honest — declarations, do often include Mexico among their so-called "client" regimes and debate how best to utilize Mexico's dependence on the U.S. to advance U.S. policy aims. But they do fundamentally portray Mexico as independent from the United States, and this serves a very important political and ideological function: whatever may be amiss in Mexico, certainly the U.S. is not to blame. Although this often does not prevent them from taking credit for whatever, according to them, is going right in Mexico. Thus, for instance, we see the repeated spectacle of the Mexican regime being praised each time it follows U.S. "advice" and adopts yet another set of International Monetary Fund directives for the running of the Mexican economy. But when the application of such guidelines is followed by an even more profound and apparent crisis of the Mexican economy, this is of course due to Mexican mismanagement, a rather laughable charge when we consider that the U.S. government deficit for a single year is running at more than double the total accumulated Mexican foreign debt.

The Mexican state and the Partido Revolucionario Institucional (PRI), the official party, do at times complain about economic dependence on the U.S. and U.S. interference. They are also fond of blasting their various domestic opponents as agents of imperialism, identifying the defense of the nation with the defense of the present government. But they too portray Mexico as independent. How could it be otherwise after the rule of some fifty-eight

years of a party — the PRI — that officially refers to its ideology as "revolutionary nationalism"? This pretense of independence is of great use to the regime: in a country where broad strata of the population have a deep and fully justified hatred of U.S. imperialism, the label of "agents of the U.S." must be reserved for the regime's opponents. There are other phenomena and appearances that can be taken — and have been by many — as indications of Mexico's independence. Such things as the existence of sizable concentrations of capital in the hands of the Mexican state and big Mexican capitalists, the rapid postwar industrialization in Mexico, the expansion of capitalist relations in agriculture, Mexico's formal political independence, and both apparent and real conflicts between the Mexican and U.S. governments have all been cited at some point as contradicting this or that notion of what is meant by imperialist domination. These notions are wrong and should be discarded. Despite differences in treating the question, the idea that the Mexican regime is in some important sense independent has broad influence. The purpose of this article is to examine the evolution of U.S.-Mexican relations, the mechanisms by which U.S. imperialism dominates Mexico, and the political and strategic implications of the current crisis gripping Mexico.

On Imperialism and the History of U.S. Domination over Mexico

Mexico is not a sovereign, independent nation. It is an oppressed nation, a neocolony of U.S. imperialism. The reality of Mexican society is not due to Mexico being a certain number of years behind the "advanced countries" in its development, nor to Mexican "mismanagement and corruption," nor even to Mexican economic dependence on the U.S. conceived as an external phenomenon. Rather, it is a product of the thorough imperialist domination of Mexico, of Mexico's semicolonial status within the framework of the world imperialist economy. The different viewpoints on this fundamental issue do not stem so much from differences over the phenomena, the appearances of Mexican society, as they do from differences over how to comprehend the underlying forces that give rise to these appearances. They stem from differences over the nature of imperialism itself. It is therefore necessary to outline briefly what we mean by imperialism.

In speaking of imperialism, we do not mean simply the open aggression or particular policies practiced by the great powers that are often understood as imperialism in the popular mind. Nor do we understand imperialism as simply involving the external relations among distinct economies and nations. Rather, the developing countries are component parts of a unified world economy that derives its cohesion from the internationalization of capital. Raymond Lotta points out in *America in Decline*, "Under imperialism, accumulation proceeds decisively through monopoly.

specifically the dominance of international finance capital, which is the key activating and stimulating factor in the reproductive process. It proceeds on the basis of the *division of the world between oppressor and oppressed nations*. Colonial expansion and superprofits play a crucial role in the overall process of accumulation. And, in the imperialist era, accumulation proceeds through *rivalry* between different national capitals. If national capitals and formations are locked into a single international system, it is also the case that this system, though a coherent whole, is divided inescapably into national capitals and blocs of national capitals. These phenomena are not incidental but part of the form of existence of internationalized capitals.⁹

As noted, the division between oppressor and oppressed nations is one fundamental feature of imperialism. But what is the essential character of this division, what is the essence of the imperialists' domination of the colonial and neocolonial countries like Mexico in the continents of Latin America, Africa and Asia? It is not essentially just a matter of plunder, of the ripping off of natural resources or the theft of economic surplus. Though this obviously occurs, if this were all there were to imperialist domination imperialism would have long ago sucked these countries dry and reached the end of its possibilities for expansion. Nor is it just a matter of unequal trade, unequal market relations. Though such unequal relations are the norm rather than the exception, achieving higher prices for Third World exports and lower prices for imports of goods and technology from the imperialist countries would in no way abolish the profound penetration and domination of the oppressed nations by imperialist capital. Nor is imperialist domination essentially a matter of the enforced stagnation of the dependent economies. While in a broad and fundamental sense imperialist relations do certainly constitute a fetter on the development of the productive forces, this by no means precludes significant imperialist-sponsored transformation and industrial development of the semicolonial economies and in many cases, Mexico itself being one notable example.¹⁰

Such views of imperialist domination are not only wrong — that is, they do not correspond to reality — they are also commonly linked to various schemes for reforming imperialism. It is not uncommon to hear the view that such plunder, unequal trade, and "stagnationist" policies are contrary to the interests of even at least an "enlightened" section of the imperialists themselves, and calls are made for less rapacious plunder, for a "new world economic order," or for policies purportedly designed to promote independent development in the developing countries. But such dreams of reforms, even if they could be implemented — and in many cases they cannot — would still in no way abolish the division of the world into oppressor and oppressed nations. The fact of the matter is that there exists a deeply rooted relation of dependency and subordination between the imperialist and the oppressed countries. This structural dependency flows from the very needs and requirements of the expansion of imperialist capital on a world scale.

At the core of the production relation between imperialism and the oppressed nations is the export of capital, whether in the form of direct investment, loans, or other forms. Some apologists for imperialism have sought to downplay the importance of the export of capital to the oppressed nations with the argument that the bulk of the capital in the advanced nations is reinvested in the advanced nations themselves. However, the essential issue is not the quantitative but rather the qualitative role of such investments. In the first place, the rate of profit on investments in the oppressed nations — having as its essential pedestal the superexploitation of the proletariat in these countries — is typically significantly higher than that on investments in the imperialist home countries. For instance, a U.S. congressional study of U.S. manufacturing companies with operations in Mexico and Brazil revealed an average rate of return on their foreign investments of 20 percent, while the overall rate of return on both foreign and domestic operations for these same manufacturing concerns was about 13 percent.¹¹

Further, such investments are concentrated at the highest levels of the U.S. economy. In terms of direct investment, in 1979 seventy-one of the top 100 U.S. manufacturing firms had investments in Mexico.¹² In terms of loan capital, at the end of 1985 loans to Mexico by ten leading

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U.S. banks totaled between 21 and 39 percent of the total principal capital of these banks.¹³ The high rates of return on investment in various forms in the oppressed countries, rooted in superexploitation, as well as other factors such as the cheap vital inputs into the reproductive process provided by these countries, play a decisive and essential role in stimulating the critical top layers of finance capital in the imperialist countries. This in turn stimulates the core sectors of the imperialist economies, keeping the mass of national capital functioning. Mexico plays a particularly important role for imperialist capital in this regard, and its subordination and integration into the world imperialist economy is particularly highly developed. This is illustrated by the fact that investment in Mexico accounts for about 10 percent of U.S. direct investment in the "developing world"¹⁴ and that some \$100 billion Mexican foreign debt represents about 10 percent of the estimated \$1 trillion foreign debt of Third World countries.

Here it is necessary to step back so that we can better understand the historical foundations of the subjugation of Mexico. Almost everyone has heard of the centuries of Spanish colonialism in Mexico and the genocide perpetrated against the indigenous population, whose direct descendants continue as oppressed peoples within Mexico today. The achievement of Mexico's formal independence was followed by the Spanish invasion of Tampico in 1829, the French invasion of Veracruz in 1838, the U.S. annexation of Texas in 1845, the U.S. armed intervention from 1846 to 1848 in which the U.S. stole half of Mexico's territory, and the 1861 invasion by the French, British, and Spanish which led to French colonial rule in Mexico under Maximilian until 1867. But clearly since the last third of the nineteenth century the U.S. has been the key player in Mexico. This prominence is due to a combination of factors that include historical developments in both Mexico and the U.S. that facilitated relatively greater penetration by U.S. capital, Mexico's geographical proximity to the United States and, importantly, Mexico's major strategic importance in the rise and expansion of the U.S. empire. The historical roots of this have to be examined more closely.

After gaining independence, the United States underwent rapid economic development. One important reason for this was the fact that the United States was not fettered by a feudal land system. Another reason was the extensive commercial and financial linkages with Great Britain. But despite these advantages, rising industrial capital would face three major obstacles to expanding and integrating Eastern-based industry and Western-based agriculture: there was the slave system, which after having dramatically spurred on capitalist development in the United States eventually became a brake on it; there were the Indian tribes and nations which had been pushed together into the West; and there were the territories of the Mexican North. It is no exaggeration to say that the internal history of the United States is one vast process of territorial seizure and occupation.

Between 1848 and 1890 America was engaging Mexico in two ways. First, it was economically and politically integrating the territory it had stolen from Mexico's North into what would become the U.S. Southwest. This represented the victory of a more advanced economic system over another, and it was part of the process of the unification of the domestic market of the United States and the completion of the continental railway system. Second, U.S. capital would begin to systematically penetrate Mexico towards the end of the nineteenth century. By 1897 the United States had located about 30 percent of all its foreign direct and indirect investment in Mexico and was importing about 95 percent of its leaded minerals from Mexico.

The incorporation of Mexico's stolen territories and U.S. penetration into Mexico were products of the same expansionary drive of capital. In fact, the same capitalists were often involved. But the outcome was not at all the same. In the American Southwest the basis was being laid for full capitalist development, although this would always be inter-

woven with intense national oppression, a fact related to the region's relative backwardness. On the other hand, a semicolonial relationship was being imposed on Mexico. This involved powerful influence over the Mexican state; for instance, government subsidies and concessions were granted to American industrialists for the construction of railways. It also involved alliance with feudal landowning classes that were benefiting from the government's dispossession of Indian communities and peasant lands. By 1910 almost all the cultivable land in Mexico was concentrated in 840 giant haciendas, and about a quarter of this land was owned by foreigners. (William Randolph Hearst and Harrison Grey Otis owned over a billion acres of the best agricultural and grazing lands.)

During the Mexican Revolution and following, U.S. armed forces seized Veracruz in 1914, converged on Tampico together with British, German, and Spanish war vessels when it was threatened by Villa's forces in the same year, and launched a 12,000-strong "punitive expedition" under General Pershing against Villa in 1916. Following the victory of the counterrevolutionary war waged by the Mexican Constitutionalist forces against the peasant armies of Zapata and Villa, the U.S. gave timely military and political assistance to the postrevolutionary Mexican governments in their times of greatest difficulty.¹⁵

Imperialist penetration was neither uniformly stimulating capitalist development nor was it uniformly promoting unification of the Mexican national economy. True, railway construction revolutionized social relations. Wage laborers were needed to lay the track, and the railways stimulated some industrial development. But the creation of the rail lines also reinforced the extensive cultivation patterns of the already existing semifeudal mode of production by opening up new export markets to it. At the same time the rail network laid by U.S. companies consisted of north-south lines oriented to U.S. markets and ports. This did little to unify the national economy. But it did facilitate vast labor migrations: both internal, in response to what industrial development was stimulated, and northward, on account of the rail network's geographic and economic orientation towards the United States. Beginning in 1900, and especially after World War 1, Mexican immigrant labor would come to play a decisive role in the industrialization of California and the growth of agriculture in the Southwest.¹⁶

Any serious analysis of the relationship between the United States and Mexico must recognize the particularity of that relationship. As is true of other Third World countries, Mexico's subordination and dependent integration into the world economy result from the internationalization of capital and serve the expansion of imperialist capital. But what's different is that this unique geographic attachment of the world's most powerful country and a highly oppressed one has a much more direct impact on *internal* accumulation in the United States. This involves profound trade, investment, energy, agricultural, and labor market interconnections. Over half of the fresh fruits and vegetables consumed in the United States between December and March

come from Mexico; the *maquiladoras** are mainly supplied from U.S. plants and ship most of their output to U.S. plants; undocumented Mexicans account for about a quarter of the workforce in the high-tech Silicon Valley.¹⁷ Indeed, one can venture to states adjoining Mexico City and find impoverished local economies that have reproduced four generations of labor power that migrate 2,000 miles northward to work in Texas agriculture, California manufacturing, or domestic employment. Mexico constitutes a special case of semicolonialism. And what also makes this relationship special is the geopolitical role that Mexico plays in U.S. domination of Latin America.

U.S. imperialism is clearly the greatest exploiter of the Mexican people. Mexico is fundamentally a nation oppressed by U.S. imperialism as a semicolony. But other powers that are no less imperialist than the United States also share in the feast: such imperialist nations as Switzerland, Sweden, Canada, Japan, West Germany, and the United Kingdom also have significant direct investment in Mexico,¹⁸ and holdings of Mexico's foreign debt are even more broadly distributed. Indeed, under the umbrella of U.S. domination, all of the imperialist nations of the Western alliance share, directly or indirectly, in the exploitation of Mexico.†

Imperialist Control: Class Alliances and the Mexican State

The decisive fact of economic life in Mexico is foreign domination in general and U.S. domination in particular. Some apologists for imperialism seek to downplay the neocolonial character of the Mexican economy by observing that imperialist direct investment represents only a fraction of total capital formation in Mexico. But an analysis of the pattern of foreign direct investment is itself highly revealing. A U.S. congressional study revealed that in 1972, 32 percent of the 500 largest nonfinancial firms in Mexico were owned by foreign capital as were 33 percent of the top 100. Foreign ownership is even more concentrated in the key manufacturing sector: 50 percent of the top 300 manufacturing firms and fully 61 percent of the top 100 firms were foreign owned.²⁰ Foreign control is even more prominent in

* *Maquiladoras* are factories in which low-wage, labor-intensive assembly work subcontracted by foreign (usually U.S.) companies is done.

† The role of the imperialist bloc headed by the Soviet Union is somewhat distinct. On a world scale the scope of the nascent Soviet empire continues to be sharply limited by the current structure of the world economy dominated by U.S. imperialism; in Mexico in particular U.S. control is especially tight and direct. In this context even Soviet-bloc economic penetration of Mexico — in such sectors as tractor production, glass, telecommunications, etc., under a continuing agreement signed in 1975¹⁹ — has fundamentally political aims. Mainly barred from the Western imperialist feast in Mexico, the Soviets seek, through various means, a political foothold in the country.

the strategic capital goods sector: another account notes that in 1970 foreign capital received 70 percent of the income of this sector.²¹ Foreign direct investment is, then, concentrated among the largest monopolistic firms and among the most strategic sectors of the national economy. But imperialist economic control is by no means limited to direct ownership.

What of the large firms of majority Mexican ownership, either in private hands or in the state *paraestatal* sector? Are these somehow independent of imperialist capital? By no means. Mixed ownership arrangements have often given imperialist capital a direct ownership role even in many of these firms. The significant expansion of the state sector over the past two decades was essentially financed through an immense influx of imperialist capital in the form of loan capital, with an external public debt growing from less than \$4 billion in 1970 to more than \$72 billion in 1983.²² The dependence on foreign loan capital by large private Mexican enterprises also rose to some \$18 billion by 1983.²³ This immense expansion of foreign indebtedness and the associated debt crises has brought in its wake an even more particular and direct regulation of the Mexican economy as a whole by the imperialist countries over the past decade through the International Monetary Fund. Large Mexican-owned firms, both state and private, are also heavily dependent on the importation of capital goods and other key inputs from the imperialist countries, particularly the United States, and many nominally Mexican firms are tied by various licensing agreements to buy a production package of inputs from the foreign licensing corporation. Indeed, some 80 percent of the technology utilized by "Mexican" industry is of foreign origin — more than half from the U.S.²⁴ A statement by Business International Corporation, an imperialist consulting firm, if somewhat one-sided in downplaying other means of imperialist control, is revealing: "If licensed technology and management contracts can afford sufficient income and control without equity ownership, all the better in terms of economic nationalism."²⁵

Both the *paraestatales* in the state sector and large private capital are bound by a thousand threads to imperialist finance capital. The big Mexican bourgeoisie in no sense represents an independent national bourgeoisie nor is it essentially representative or an expression of the Mexican national market. In fact, it constitutes a certain elite section of the Mexican bourgeoisie whose existence and development depends on a client relationship with foreign capital. Imperialist capital firmly controls, both directly and through associated subordinate bureaucrat-comprador capital, the dominant core and commanding heights of the Mexican economy and through this the economy as a whole.

Today structural dependency in Mexico is expressed through a three-way alliance between imperialist capital, state capital, and private comprador capital, which collaborate with and whose existence and development depend on foreign capital. Much research is being conducted and much more is required to get at the nature of this alliance.

The dominant sector of private Mexican capital is made up of several large national groups or conglomerates which include industrial, commercial, financial, real estate, and other activities and categories of firms linked by common ownership. These compradors tend to have access to foreign capital and technology, they often engage in joint ventures and provide multinational corporations with marketing connections and expertise, they are closely linked with the state financial sector, and they are also linked with export agriculture. The three largest Mexican banks have formal relationships with leading U.S., European, and Japanese banks.

It is appropriate to briefly consider here the Mexican state's role in the economy. The Mexican state has played a significant economic role historically, as in many other neocolonial countries, and this expanded significantly in the post-World War 2 period, particularly in the last decade up through the 1982 crisis. At the outset it can be observed that those sorry socialists that conceive the expansion of the state sector as politically progressive should ponder the fact that the state sector in Brazil experienced its most rapid recent expansion under the rule of the notoriously "progressive" military junta.²⁶

In a broad sense the role of the Mexican state in the economic realm, like that of all states, is a matter of the defense and reproduction of the predominant relations of production, which can only mean, in the case of the contemporary Mexican state, the defense and reproduction of essentially colonial and highly exploitative relations. In a more particular sense, the state sector in Mexico has historically played an essential role in the development and provision of essential infrastructure and basic inputs at subsidized prices for imperialist and bureaucrat-comprador capital, such as the transportation system, electricity, and petroleum. In the postwar period the state also instituted a battery of protectionist trade measures, low tax rates, fiscal and foreign-exchange policies, and direct subsidies to promote import substitution-based industrialization as well as, more recently, a somewhat modified set of policies designed to promote production for export. All of this stimulated and in many cases directly subsidized imperialist capital operating in the country, as well as associated bureaucrat-comprador capital.²⁷

The 1982 nationalization of the Mexican banks is often portrayed as a "progressive" or "nationalistic" measure. It was nothing of the kind. Rather, it sought to guarantee the sizable foreign debt of the ailing banking system as well as to help guarantee the ability of Mexico to pay its overall foreign debt through a tighter control of national financial resources and foreign exchange. Thus, such "Mexican nationalists" as the Bank of America lauded the nationalization, saying that "This is a positive step in that it puts the Mexican government clearly behind the banking system."²⁸

The large bourgeoisie, its state and private comprador fractions, cannot dissociate itself from foreign capital. Foreign participation has always been regarded as a necessity to provide investment capital and modern technology in

agriculture and industry as well as modern organizational methods. This is no mere economic calculation. There is a political dimension as well. The simple fact is that the Mexican ruling class cannot stand by itself against the masses.

The state apparatus itself is penetrated by the agencies of U.S. imperialism. For instance, there was a close connection between the Ford Motor Company and the Ministry of Industry and Commerce at the time when negotiations over the creation of a Mexican auto industry were taking place. The interlocking directorates between private and government banks have long been an economic fact of life; by the 1970s officials of the Banco de Mexico were graduates of the same U.S. universities as the private bankers. Today U.S. imperialism has important ties to the Mexican military and maintains the largest CIA station in the hemisphere in Mexico.²⁹ It is also the only country outside the United States where the FBI officially continues to operate. When the marauding agents of U.S. imperialism encounter contradictions with Mexico's own security forces, the U.S. howls about "human rights abuses," as in the recent case of U.S. DEA agent Victor Cortés. Of course, if the oh-so-democratic

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police forces in the U.S. had encountered a Mexican without identification in a car with false license plates, carrying semi-automatic weapons reserved for military use, and in the company of an accused drug trafficker, as was the case with Cortés, they probably would have just invited him to lunch.

If the postrevolutionary period in Mexico has not been marked by the more open U.S. military aggressions characteristic of many other countries in Latin America, this is by no means an expression of the independence of the Mexican regime but rather a demonstration of how faithfully and effectively it has served its U.S. masters.

The Mexican state, like states generally, is also an organ of the armed dictatorship of one class over another: specifically, an organ of armed dictatorship of the Mexican bureaucrat-comprador bourgeoisie and their U.S. imperialist masters over the broad masses of the Mexican people. To confirm this fact, one need only ask who it is that the Mexican repressive apparatus — both the official and the supposedly "privately" organized repressive apparatus — is used against, whether it be the hundreds of students massacred in Mexico City in 1968 and 1971; the continuous murders, "disappeared," and political prisoners in the countryside, only a small fraction of which were recently documented by Amnesty International;³⁰ or the broader pattern of "selective" assassinations, disappearances, torture,

and political prisoners in society as a whole.

Apologists often note that Mexico has, relative to its size, one of the smaller military establishments in Latin America. This is a product of the fact that, in contrast to various regional gendarmes for U.S. imperialism and regimes with sharp military contradictions with neighboring regimes, Mexico has played a mainly political and economic role for U.S. imperialism in Latin America. Consequently, the role of the Mexican armed forces has tended to be restricted to the repression of the Mexican people, although there has been more recent upgrading of the Mexican military, such as the 1982 purchase of supersonic F-5E combat aircraft, with an eye to the dangers of a spreading Central American conflict. Concerns over domestic stability, both today and in the wake of the 1968 political crisis, incipient guerrilla movements in the same period, dangers arising from the Central American conflict, and broader strategic considerations in light of international preparations for world war fueled an expansion of the regular Mexican armed forces from 71,000 in 1970 to 145,000 in 1982, while the military budget rose from \$166 million in 1966 to some \$1.3 billion in 1982.³¹

The Mexican military has important ties to the United States, with most of Mexico's military hardware either coming from the U.S. and other Western imperialist countries or produced in Mexico under contract from weapons producers in those countries. Some 1,200 Mexican military officers have been trained by the United States.³² Mexico also receives about \$8 million in hidden U.S. military assistance, under the heading of combating narcotics traffic.³³

The 1947 Rio Treaty and the Charter of the Organization of American States commit Mexico and the United States to "mutual defense" in the event of an attack on them or another Latin American signatory. Mexico is still a member of the InterAmerican Defense Council, created in 1942 to coordinate military policy in the Western hemisphere of the U.S. empire during the last world war, and the Mexican-U.S. joint defense commission, also created during World War 2, still exists as well.³⁴

While there is fundamental unity between the Mexican bureaucrat-comprador ruling class and their imperialist masters, secondary contradictions do develop at times, and the Mexican state is utilized by the bureaucrat-comprador bourgeoisie as an instrument for bargaining with imperialism. But it must not be thought that all apparent conflicts between the Mexican and U.S. governments really reflect such contradictions. The broad and just hatred for U.S. imperialist domination in Mexico compels the Mexican government to repeat hollow, never-ending "nationalist" proclamations against the U.S. As past president Díaz Ordaz explained, such declarations are due "above all to reasons of internal consumption. The gringos accept our calling them sons of bitches. They don't like it, but it doesn't go beyond that."³⁵

Further, apparent conflicts often involve conflicts among the imperialists themselves. Thus, for example, the recent controversy over the establishment of an IBM personal com-

puter subsidiary involved the opposition of *other* imperialist computer manufacturers already operating in Mexico who quite naturally opposed this potential increased competition for the domestic Mexican market. When IBM promised to export most of its production, the Mexican government decided this would be beneficial all the way around and ultimately approved the investment. Similarly, in the controversy over Mexico's recent entrance into the General Agreement on Tariffs and Trade, many imperialist-controlled enterprises in Mexico that produce for the domestic market and benefit from high trade barriers lined up in opposition, while other foreign-dominated enterprises producing more for export supported the measure. Anyone who wants to portray such conflicts as being essentially between Mexican nationalists and U.S. imperialists would have to include a number of U.S. imperialist corporations among the "Mexican nationalists."

Nevertheless, secondary contradictions do exist. They stem in important measure from the fact that while the imperialists obey a more global logic, shifting their capital here and there in accord with a strategy of global empire, their Mexican compradors have a somewhat more restricted perspective and are particularly concerned to keep imperialist capital flowing into Mexico. Such were the roots of the conflicts over "Mexicanization" during the Echeverría administration. The government sought a more stable presence of imperialist capital through various forms of joint, sometimes majority Mexican, ownership. The imperialists did not like such restrictions on their ability to freely shift capital into and out of the country. That the intention of the Mexican government was not at all to limit foreign investment but rather to stabilize it and prevent disruptive shifts out of the economy is illustrated by the fact that foreign investment *doubled* during the Echeverría administration, while foreign debt more than quadrupled.³⁶

The Mexican state has been an instrument for the penetration of imperialist capital, notably in the form of loan capital, and has sought to subsidize and guarantee the profitable accumulation of imperialist capital in Mexico as part of the expanded reproduction of the semicolonial economy as a whole. It has also historically served as an important avenue for the creation of new strata of the bureaucrat bourgeoisie through such avenues as government contracts and outright corruption, from Obregón's famous "bombshells of 50,000 pesos" to restrain the political ambitions of his generals and his own family's emergence as powerful capitalists up through the present day.³⁷ All of these factors, as well as the enlargement of the repressive apparatus and other measures oriented toward containing social unrest, account for the "bloated" character of the state relative to the economic base, which is one aspect of the distorted character of semicolonial development. The present Mexican state has not been, is not, and cannot be a force for independent national development. Rather, it is an essential part of the structure of imperialist domination and neocolonial development.

Periodizing Mexican Economic Development

It is possible to identify four relatively distinct phases of Mexican economic development: an early raw materials-export economy, import-substitution industrialization, attempts at industrial export promotion, and the so-called petroleum boom. Imperialist penetration and transformation of the Mexican economy first becomes evident toward the end of the nineteenth and beginning of the twentieth centuries with the rapid growth of foreign investment in mining, petroleum extraction, and agriculture, along with the associated necessary railroad infrastructure. This imperialist-sponsored and controlled capitalist development existed within a sea of semifeudal agriculture and represented but links in a process of internationalized accumulation: the raw materials extracted by the imperialist corporations were exported to the advanced countries, entering in various ways into the productive process there.

The superprofits garnered from such investment, as well as the cheapening of raw materials inputs, played a key and necessary role in the overall profitable reproduction of finance capital — predominantly British and North American — in the broader context of their global empires. But while such imperialist capital penetration did tend to spur capitalist development and the spread of market relations to a limited extent within Mexico, the economy did not and could not develop on an independent basis with an integrated national market and productive apparatus. The imperialist-controlled extraction of raw materials — and of surplus value, profits — was geared to or articulated with the needs of the imperialist economies. Imperialist control of the leading sectors of the economy was the basis upon which imperialist capital dominated the economy as a whole and upon which it interacted with and transformed other modes of production within Mexico. The momentum of economic development was predicated on the size and character of imperialist investments and the demand for Mexican raw materials in the imperialist countries. These characteristics — the disarticulated and distorted character of the economy, its fundamental dependence on infusions of imperialist capital, its subordinate integration into the world economy — were to be essential characteristics of subsequent Mexican economic development, just as they are characteristic of semicolonial development generally. This dependent raw materials export economy persisted in its broad outlines up until 1929. The Great Depression signaled the sharp emergence of barriers to continued capital accumulation in the structure of capital, both internationally and within Mexico itself, as a result of the development of the contradictions in the foregoing process of imperialist accumulation.

While some initial bases for the transformation of the structure of the Mexican economy were laid in the prewar period, notably in the expansion of the internal market and the state sector, the most fundamental changes came about through the redivision of the world effected through World War 2. Through the war, U.S. imperialism came out

decisively on top of a restructured world economy. U.S. capital began a renewed flood into Mexico. U.S. direct investment almost quadrupled between 1940 and 1967 and more than doubled again by 1976. Imperialist capital etched out new international circuits of capital manifested in Mexico as import-substitution industrialization: the stuff of which the so-called postwar "Mexican miracle" was made. Imperialist capital turned its attention from traditional raw materials-extraction sectors to manufacturing. In 1940 a mere 2.8 percent of U.S. direct investment in Mexico was in manufacturing; the portion rose to 66.3 percent by 1967 and 74.5 percent by 1976.³⁸

Import-substitution industrialization is a process by which previously imported industrial manufactures begin to be produced domestically, generally beginning with consumer goods and advancing through intermediate and capital goods. At first glance it would appear to have the effect of reducing the level of imports. Nothing could be further from the truth. Not only was the process dependent on massive infusions of imperialist capital in the form of direct investment, it was also predicated on huge imports of capital in the material form as capital goods and other inputs as well as technology from the imperialist countries, particularly the United States. Thus it only led to a shift in the structure of imports, with a decline in previously imported consumer goods that were now produced domestically and with notable increases in the importation of the intermediate and capital goods (and technology) required to produce these consumer goods. Even as some intermediate and capital goods begin to be produced domestically, this itself is contingent on rising imports of yet other producer goods and technology required to produce them. The result is a heightened dependence on industrial imports and technology from the imperialist countries, particularly the United States, which accounts for 62 percent of Mexico's imports.³⁹ Not only have imports increased rapidly, they have in fact increased more rapidly than exports, leading to a consistently negative balance of trade throughout the post-war period up to 1982.⁴⁰

The earlier raw materials-export phase of Mexican development did not greatly stimulate an internal base of accumulation. During the postwar import-substitution phase, however, investment capital, producer goods, technology, and other inputs from the imperialist countries entered into a growing and increasingly complex Mexican industrial sector whose products are sold on the "captive" domestic Mexican market protected by high protectionist trade barriers for these domestic products. For those who are mesmerized by the prospects of Third World industrialization, it should be noted that the imperialists have industrialized Mexico, though on an imperialist basis.

This imperialist-sponsored industrialization has, of necessity, been highly unbalanced and disarticulated, even judged within the confines of the industrial sector itself. As noted, the whole process is fundamentally dependent on industrial inputs, technology, and capital export from the imperialist countries. Secondly, the previously imported

consumer goods that are now produced domestically involve mainly "luxury goods," relatively speaking, destined for the more affluent sections of Mexican society: roughly the top 20 percent of the population that received 58 percent of the national income in 1968.⁴¹ Thus, much of the production effort is not augmenting the profitability of the national capital; that is, it is furthering neither the more efficient production of goods that enter into the costs of reproduction of the working class nor the more efficient production of the necessary raw materials and capital goods.

Thirdly, problems in maintaining the overall profitability of capital are exacerbated by the capital-intensive nature of the industrialization process, itself a product of the imperialist-sponsored character of industrialization. As the import-substitution process passed through relatively less capital-intensive consumer goods production, moving increasingly in the late '60s and during the '70s into intermediate and capital goods, this required both increasingly capital-intensive investment as well as larger, more expensive investments. This in turn required increasingly large infusions of imperialist capital to sustain the whole process. And due to the capital-intensive character of Mexican industrialization, which does not generate a high volume of new jobs, the economy needs to sustain high rates of growth — at least 7.5 percent a year — just to absorb new people entering into the work force.⁴²

Finally, the chronic trade deficit — due to dependence on imported industrial inputs and compounded by foreign-exchange outflows due to technology payments, repatriated profits on foreign direct investment, and service payments on foreign loans — has generated consistent imbalances in the balance of payments. Such imbalances have essentially been compensated for — in better times — by the growing influx of foreign direct investment and loan capital. Ever-greater injections of imperialist capital are thus essential not only as the immediate stimulus for the industrialization process but also in order to maintain some equilibrium in the balance of payments. When, due to emerging barriers to accumulation both within Mexico and in the world economy as a whole, the level of injections of foreign capital does not grow rapidly enough to offset the progressive tendency toward the loss of foreign exchange for the reasons noted, then external financial balances become a concentration point and focal point of crisis, a crisis which tends to spread through the Mexican economy as a whole. This was the case in the initial 1970-71 difficulties, in the 1976 crisis, and again in 1982.

The period of relatively crisis-free import-substitution industrialization — ironically often referred to as "*desarrollo estabilizador*" or "stabilizing development" — draws to a close by 1968. A period of greater economic difficulties is accompanied by a political crisis with roots in the 1968 Tlatelolco massacre. The development of the contradictions of import-substitution industrialization sketched here, along with a deepening agricultural crisis, interpenetrated with growing difficulties for imperialist capital on a world scale and led to a search for new development strategies.

During the 1968-76 period, one part of the significant expansion of the state sector seems to be geared toward unclogging some of the bottlenecks of imperialist-sponsored import-substitution industrialization. An attempt was also made to graft an export-oriented constellation of industrial activities on to the previous economic structure. This was in fact part and parcel of a developing imperialist strategy of "worldwide sourcing" in which the production of various parts, components, and other inputs was "subcontracted" out through a far-flung international network of suppliers. For instance, the 1982 Ford Escort, a U.S. car model, got its doorlift assemblies from Mexico, its rear brake assembly from Brazil, its shock absorber struts from Spain, the hub and bearing clutch from France, and other parts from five other countries.⁴³

From an earlier overwhelming predominance of agricultural and raw materials exports, by 1974 industrial exports accounted for nearly 65 percent of total exports.⁴⁴ The new industrial production oriented toward the export market that developed alongside production for the domestic market was also dominated and fueled by imperialist capital. An early study revealed that 85 percent of the developing manufacturing exports were concentrated in the sectors of transportation equipment, electrical and nonelectrical machinery, and chemicals — all among the key industries of previous imperialist-dominated and controlled industrialization.⁴⁵ In addition to dependence on infusions of foreign capital, this export-oriented industrial production also relies heavily on imported inputs from the United States and other imperialist countries. The most extreme form of this is the *maquiladoras*, which have expanded at an explosive rate, with their aggregate value produced increasing nearly eight times from 1970 to 1981.⁴⁶ Parts are shipped by the U.S. parent company to their Mexican subsidiary — generally on the border but increasingly in the interior of Mexico as well — where they are assembled and then returned to the U.S. The *maquiladoras* use virtually no inputs from the Mexican economy except for the most essential one: cheap, superexploited Mexican labor.

Export-oriented manufacturing more generally is not only heavily dependent on growing imports of industrial inputs, it is even more immediately dependent on economic conditions in the imperialist countries and the overall profitability of the imperialist capital involved. In three of the four major exporting industries mentioned earlier, intra-company sales within the multinational corporation involved accounted for 80 percent of their exports; in the fourth, chemicals, the figure was about 60 percent. This multinational corporation-led export promotion in key industries is thus largely dependent on the willingness of the parent company to buy or allocate production from its Mexican subsidiary.⁴⁷ More generally, the export dependence on markets in the imperialist countries is illustrated by the fact that the U.S. alone buys over half of Mexico's exports.⁴⁸

This 1968-76 bid to overcome the barriers to imperialist-sponsored industrialization led to new and higher barriers. The immense expansion of the state sector, due to attempts

to resolve economic difficulties as well as to significant increases in expenditure for the repressive apparatus and social services in an attempt to manage the political crisis, led to growing deficits financed through foreign loans. Service payments on these loans exacerbated balance of payments and other difficulties. Swelling imports for import-dependent industry, together with softening exports and stagnating foreign capital injections due to the world 1974-75 recession, combined and came to a head in the sharp Mexican balance-of-payments and economic crisis of 1976.

The program of petroleum-based growth embarked on in the 1976-82 period was financed through an immense expansion of foreign indebtedness and relied on massive imports of imperialist machinery, technology, and technical expertise. It was part of a broader phenomenon in which debt has been used as a chief means by which the imperialists have squeezed profits out of the semicolonial countries in a climate of narrowing investment possibilities and increasing long-term risks. It was also part of imperialist attempts to raise world oil production in the context of tight petroleum markets — the anarchic character of which underlay the recent collapse of the world petroleum market. Finally, the petroleum boom had a very important strategic determinant in the calculations of U.S. imperialism: that of developing relatively more secure oil reserves in the face of growing contention between the U.S.- and Soviet-led blocs. It is no accident that a major portion of Mexico's oil exports has gone to fill the U.S. Strategic Petroleum Reserve.

That the petroleum boom was very much a question of *squeezing* out profits, as well as an indication of the perverse character of this boom, is shown by the fact that it rested upon increasingly intense superexploitation of large sectors of the proletariat in Mexico. While real (inflation-adjusted) incomes of some sectors of society did rise in this period, the average minimum wage measured in 1970 pesos fell from about 31 pesos a day in 1976 to about 25 in 1981.⁴⁹

The particularly distorted character of the petroleum boom ultimately only exacerbated, added new elements to, and raised to a yet higher level the difficulties besetting accumulation in Mexico, in tandem with a deepening crisis of the world imperialist economy. This all came to a head in Mexico in the profound crisis of 1982.

The Third World debt crisis heralded by the Mexican 1982 near-default threatened — and continues to threaten today — the entire international financial system. But the imperialists have no fundamental solution to the problem. The short-term solution adopted in 1982 was essentially to bleed the Mexican people white. Foreign-capital flows into Mexico, particularly in the form of loan capital, basically dried up. Instead of foreign-capital injections powering development and covering chronic trade deficits and other shortfalls of foreign exchange, an unprecedented trade surplus was to cover mammoth service payments on the foreign debt. This could only be sustained for a period through the radical impoverishment of large sections of the Mexican people. Real earnings plunged by as much as 40

percent.⁵⁰

The policies dictated by the imperialists through the International Monetary Fund in the wake of the 1982 crisis were inherently unsustainable. The outlines of a new outbreak of the balance-of-payments crisis in Mexico were already evident in 1985 before the collapse of the world oil market, which obviously exacerbated the situation enormously. There are renewed attempts today to effect a more pronounced shift toward an imperialist-sponsored export economy. And some profitable investment opportunities still exist, most notably in the still-expanding *maquiladora* sector of the economy. But the fact that the imperialists and their Mexican compradors could come up with nothing better in their 1986 debt negotiations than to "deal with" the problem of an unpayable debt by adding an additional \$12 billion to that debt illustrates that they are simply buying time.

We have summarized briefly the course of Mexican economic development. What this summary illustrates is that direct foreign ownership and control is but one important aspect of the imperialist domination of Mexico, which is most fundamentally rooted in a whole structure of Mexico's subordinate integration into the world imperialist economy. International capital has been the principal motor and shaper of the Mexican economy. It is not simply that imperialist capital is concentrated in the advanced, more dynamic sectors of Mexico's economy: these *are* the advanced, more dynamic sectors *because* of the predominance of imperialist capital. Imperialism has developed the Mexican economy, but on an imperialist basis that fundamentally responds to the requirements of the centers of accumulation located in the imperialist countries. In this context it is of secondary importance whether this or that firm is nominally owned by foreign nationals or by Mexicans, whether in a state or private form. The international circuits of capital are controlled by imperialist finance capital; their Mexican segments are also controlled by imperialist capital through myriad means and relations. The Mexican big bourgeoisie, that is, the bureaucrat-comprador bourgeoisie, and the Mexican state are but subordinate representatives, participants in, and defenders of this international process of imperialist accumulation.

However, the entire Mexican economy is not evenly integrated into the core processes and channels of international capitalist production that work their way through the Mexican economy. There exists national capital and a national bourgeoisie. And while this strata has grown as a result of imperialist-led growth, it is also ultimately restricted by imperialist capital and generally is confined to either producing with more backward and labor-intensive techniques in the more marginal sectors of the economy or operating as a marginal producer in the more dynamic sectors. There exists a more "traditional" and largely impoverished section of the petty bourgeoisie associated with petty commodity production and exchange. And there persist partially transformed noncapitalist relations and forms of production. All of these phenomena are one measure of

the distorted and disarticulated character of imperialist-sponsored development. But they do not represent mere shards of an unrelated and "forgotten" economy. Such forms are in fact dominated and subsumed by — and, in the case of noncapitalist forms, forcibly articulated to — the international process of reproduction of imperialist capital.

Agriculture, Agrarian Relations, and Superexploitation

Imperialism dominates, utilizes, and partially transforms precapitalist modes of production, and it siphons value through a complex network of linkages with the Mexican economy as a whole. Perhaps nowhere is all this more stark than in the case of Mexican agriculture, which played a key role in undergirding the entire process of postwar imperialist-sponsored development and whose crisis constitutes an essential barrier to renewed accumulation in Mexico. While the postrevolutionary agrarian reform, carried out particularly during the '30s, did provide part of the specific institutional context within which the postwar transformation of agriculture took place, the agrarian reform never completely abolished semifeudal relations in the countryside. The full implementation of the slogan "land to the tiller" was indeed never its intention. The imperialist-sponsored development of agriculture, interacting with the structure of agriculture inherited from the pre-World War 2 period, did lead both to important further partial transformations in semifeudal relations and the expansion of capitalist relations in the countryside. It also led to the even more highly disarticulated and polarized structure of Mexican agriculture that we find today.

An essential part of this agricultural development was the introduction of "green revolution" technology beginning with the formation of the Oficina de Estudios Especiales sponsored by the Rockefeller Foundation in 1943. This was accompanied by massive state investments in irrigation and other agricultural infrastructure and a flood of imperialist capital into a newly emerging food-processing industry and broader agro-industrial complex. After having been successfully tested and developed in Mexico, this "green revolution" strategy of imperialist-sponsored agricultural development was then spread, beginning in 1963, to other key dependent economies such as Iran, India, and some other Latin American countries.

What emerged in Mexico was a more advanced sector of agriculture including firms that, unlike the typical semifeudal *haciendas* of the Porfirian epoch at the turn of the century, are essentially capitalist in their internal relations. This modern capitalist agricultural sector is largely concentrated in the north and some more central regions, notably the Bajío.

This development of mainly larger-scale agriculture and cattle raising has been largely oriented toward the U.S. export market, the food processing and agro-industrial firms,

and the domestic luxury market — though some products like wheat have also entered in part into the consumption of some sections of the urban working class. Imperialist control of more developed agriculture has not mainly taken the form of direct land ownership, which is supposedly illegal under the 1917 Mexican Constitution, although Mexican frontmen or *prestadores* — literally "name-lenders" — undoubtedly continue to play some role here. Rather, it involves, in part, the predominance of imperialist capital among food-processing and agro-industrial concerns. For example, today 97 percent of the market for evaporated and powdered milk is controlled by Nestle and Carnation; 60 percent of the market for balanced animal feed falls to Anderson Clayton, Purina, and International Multifoods; and foreign corporations control half of the production devoted to preparing, conserving, and packing fruits and vegetables and dominate the spheres of soft drink production, improved seeds, plaguecides, agricultural machinery, etc.⁵¹

This is but part of a broader structure of imperialist domination. As a recent study of Mexican agriculture indicates, "Agriculture has shown a new face in agroindustry, which has internationalized its production. . . . Such integration has spawned a whole new mode of industrial integration through production contracting, technological 'packaging' for whole industries, and nonequity forms of international control over agricultural production. It has also meant that the distinction between national and transnational agribusiness processors has begun to give way to the homogenization of production and technology. . . . Transnationals invest in all phases from farm to market. The locus of control is through contracts, technological 'packages,' and financial aid, not through equity ownership of the land."⁵²

Imperialist-sponsored agricultural development was a key underpinning of Mexico's postwar industrialization. Agricultural exports covered almost 50 percent of necessary industrial imports by 1965.⁵³ From 1940 to 1960 agriculture grew rapidly and contributed in important measure to the overall growth of the economy.⁵⁴ But the transformation and development of more modern capitalist agriculture, as well as, in important part, the overall development of the economy, had as an essential foundation the intense oppression and exploitation of a partially transformed peasantry. Historically and throughout the Third World today, imperialism has the effect of both dissolving and reinforcing precapitalist relations, particularly in the countryside. And this has concrete expression in Mexico.

In a few areas, like one studied in northern Chiapas, the semifeudal oppression of the peasantry persists in a form almost unchanged since the days of the Porfiriato, right down to the landlord's "right of the first night" in which a newly married peasant woman has to go to bed first with the *patron*.⁵⁵ More generally, semifeudal relations and their reflections in the superstructure have been partially transformed, though not abolished. Such things as sharecropping, unpaid labor, usury, and even, in some areas, *peones*

acasillados — peasants that live and work on the landlord's land — are still broadly encountered, particularly in the south and parts of the center of the country.

The heart of persisting, partially transformed semifeudal relations is the enforced reproduction of an oppressed peasantry, and the land question remains at the heart of the oppression of this peasantry. Much of the best land is privately held and highly concentrated. Only 2 percent of all agricultural producers own 44 percent of the land, even according to grossly distorted official government statistics.⁵⁶ The reproduction of an oppressed peasantry no longer takes place mainly on the lands of private landlords; the state now plays the principal role through the *ejido* sector, state-controlled lands to which the peasants are given use rights but not ownership. *Ejido* and communal lands theoretically represented roughly half of agricultural land in 1970,⁵⁷ but the majority of the best *ejido* land is rented, under contract, or simply stolen by large agricultural interests.⁵⁸

The peasant access to the land — largely, but not only marginal lands — that does exist is at the mercy of the state agrarian bureaucracy, the frequently corrupt *ejido* authorities, and private landowners with their own bands of armed gunmen. There is a huge mass of landless rural inhabitants: in 1970 the number of working people in the countryside

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without their own land — although many participate in family agricultural labor or in sharecropping — surpassed the number of peasants with a parcel by 400,000.⁵⁹ Additionally, the peasantry is surrounded by an oppressive web of private and state commercial intermediaries, restricted and frequently onerous credit, low state-regulated prices for basic crops, etc. At the local or regional level the network of domination by private landlords, the state bureaucracy, *ejido* and official peasant organization authorities, and commercial middlemen is woven together by *caciques* — perhaps loosely rendered as rural strongmen. The entire structure of oppression and exploitation is brutally enforced at the point of a gun, whether it be held by private *pistoleros*, the police, or the military, as such events as the May 1986 massacre of fifteen peasants by the police in two communities in Chiapas illustrate.

The oppressed character of the different strata of peasants, and of the wage laborers that are not entirely dif-

ferentiated from the peasantry, plays a pivotal role in the Mexican economy. Value is extracted by multiple means from peasant production and is ultimately siphoned off by the circuits of capital dominated by imperialist capital. In general, the peasant household faces not only the compulsion of market forces but also extra-economic pressures from above, principally state-connected. The peasantry produces relatively cheap food for the workers, helping to underwrite the structure of superexploitation of the proletariat as a whole. And the vast majority of the mainly migrant workers in such areas as construction supplement their earnings with their own or their family's peasant production, thus making it possible to pay such workers what are literally starvation wages. We will return to this question of superexploitation in a moment.

We have, then, the emergence, in the north and parts of the center, of a more advanced modern sector of agriculture that is essentially capitalist in its internal relations, producing largely for export, industry, and the domestic luxury market. On the other hand, particularly in the south and center, there persists a sea of oppressed peasants, suffering partially transformed forms of semifeudal oppression and supplying cheap basic foods, some export crops, and, most importantly, an extensive, superexploited migratory labor force. Peasant economy is forcibly articulated to and serves both more advanced agriculture and the economy more generally. This structure is highly disarticulated and distorted. It is an essential basis for the north/south polarization of the country. Advanced agriculture involves the often irrational use of the most advanced techniques while wooden plows and even digging sticks persist elsewhere. As far back as 1969 Mexico supplied the United States with 50 to 60 percent of its fresh winter vegetables, while over half the Mexican population could not afford even a minimal diet.⁶⁰ Recent press reports suggest that meat and cattle exports to the U.S. are rising while meat consumption even in the urban areas has dropped catastrophically. Meanwhile, Mexican government figures reveal that a third of the rural population never eat meat and 90 percent suffer from some caloric or protein deficiency.⁶¹ Those who produce the food cannot eat.

Mexican agriculture began to enter into crisis in the mid-sixties. The mass of landless peasants almost doubled from 1950 to 1970.⁶² Millions fled to the cities only to populate immense urban *cinturones de miseria*, or "belts of misery." By 1970 production of corn and beans, the basic crops associated with much of peasant production, had basically stagnated. The harvested area in corn fell 20 percent in a mere four years (1971-74), while beans fell 31 percent.⁶³ Once self-sufficient, Mexico began to import large quantities of basic grains. The peasantry had been sucked dry to underwrite the imperialist-sponsored development process. While cheap peasant production has served as a subsidy to capital by lowering the cost of the wage goods required by urban workers, this has given rise to the situation in which the extremely low incomes received by these peasant producers now jeopardize the very ability of the peasant house-

hold to reproduce itself. Crisis enveloped more advanced agriculture as well. Previous rates of growth as high as 8 percent had fallen toward zero in the first half of the '70s.⁶⁴ The stagnation of agricultural production, combined with the necessity to import food to feed a nation once self-sufficient in food, led to a net deficit in the agricultural balance of trade in 1974-75 and again for 1979-83, with the exception of 1982 when imports were severely restricted due to the balance-of-payments crisis.⁶⁵ Once a particularly dynamic aspect of postwar imperialist-sponsored development, the distorted and disarticulated structure of agriculture constitutes a major element of crisis in the Mexican economy.

Superexploitation — the paying of workers below the value of their labor power — is one of the most essential features, not only of agriculture, but of the economy as a whole. The superprofits garnered by imperialist capital rest on the pedestal of superexploitation. While there is a section of the proletariat that is better off, and while there exist significant differences and stratification within the Mexican working class, the proletariat as a whole is superexploited. Some idea of what we're talking about here is given by the

results of one study that showed that California farmworkers earn 7 times what agricultural workers in Mexico do, even after allowing for cost-of-living differences. In industry the spread is 11.5 times.⁶⁶ How is this possible? To begin with, living standards for many Mexican workers are driven down to an absolute physical minimum — but even this does not suffice. Contrary to chauvinist stereotypes of "lazy Mexicans," vast sections of the Mexican population can only eke out a precarious existence by combining income from many sources. It is not at all uncommon for workers to hold down more than one job and for all family members, including children, to be put to work in one form or another. Among those linked to the peasantry, wage income is combined with peasant agricultural or artisan production, which serves as an essential foundation for superexploitation of wage labor. In the cities, on the one hand living costs are driven down by such means as the self-construction of minimal housing, often "illegally" on invaded land without even the most basic services, giving rise to the immense shantytowns that ring Mexico's bloated cities. On the other hand wages received by various family

TABLE
RECENT ECONOMIC STATISTICS
(in billions of U.S. dollars)*

	1979	1980	1981	1982	1983	1984	1985
1. Exports	9.3	16.1	19.9	21.1	22.2	24.2	21.9
2. Imports	12.1	18.9	24.0	14.4	7.7	11.3	13.5
3. Trade Balance (1-2)	-2.8	-2.8	-4.1	7.6	14.5	12.9	8.4
4. Current Account	-5.4	-8.2	-13.9	-5.7	5.2	4.2	.5
5. Capital Account	5.1	12.9	23.2	9.2	-7	-1.0	-1.8
6. Net Errors and Omissions	.6	-3.8	-8.6	-7.5	-2.5	-1.0	-1.4
7. Performance Balance (4+5+6)†	.3	1.0	.7	-4.0	2.0	2.2	-2.7
8. % Growth Real GDP	9.2	8.3	7.9	-.6	-5.3	3.5	2.7
9. Total External Debt		50.7	74.9	87.6	93.8	96.9	97.3
10. Total Service (Interest Plus Principal) on Line (9)		9.2	13.2	23.4	17.3	16.1	14.7
11. Monthly Minimum Wage (in 1982 Pesos)	12,777		11,413	10,920	7,860	7,759 (May)	

*Except lines 8 and 11.

†Figures may not tally exactly due to rounding.

Sources

Lines 1-8: International Monetary Fund, *International Financial Statistics Yearbook 1985*; *International Financial Statistics*, November 1986 for 1984 & 1985 figures.

Lines 9 & 10: Banco de México, *Indicadores económicos*, and SHCP, *Data Book*, cited in *El Cotidiano*, July-August 1986, p. 8.

Line 11: figures from Banco de México and Comisión Nacional de Salarios Mínimos, cited in *Punto Crítico*, July 1984.

members are combined with income from various sources — a mass of petty commerce, household production, shoe shining, windshield washing, etc. — in the "informal" economy. So that while categorized as "underemployed," many of the Mexican proletarians and semiproletarians are in fact overworked, pooling multiple scant resources merely to stay alive.

The possibilities of maintaining and reproducing the superexploitation of the proletariat as a whole are determined by the essential role of the peasant and the urban "informal" economy. The progressive partial destruction and disintegration of peasant production has released an immense mass of surplus labor that has migrated to the cities but cannot be absorbed as workers by the capital-intensive imperialist-dominated industrialization process. This mass of surplus labor is a great weight dragging down the wages of the proletariat as a whole. Nor does it represent a reserve army of labor simply in the Mexican context — this reserve army, like other features of imperialist world economy, has become internationalized. In particular it has served as an immense labor pool for the domestic economy of U.S. imperialism. Millions migrate to work in the United States, and while they may earn better wages than in Mexico, they are still superexploited proletarians within the U.S. context, face the most outrageous oppression, and are hunted down like animals by the INS. The expanding U.S. domestic use of superexploited Mexican and other immigrant labor has been an essential part of the means used to manage the crisis in the U.S. economy.

Advanced agricultural techniques and millions on the edge of starvation; Coca-Cola signs in nearly every village and millions of so-called "illegal" immigrants to the U.S.; the largest city in the world populated in important part by people that lack even the most basic services; an immense, distorted petroleum industry and *tragafuegos* that blow flaming gasoline from their mouths at intersections for spare change; advanced industry and masses of peasants still suffering forms of semifeudal oppression; modern skyscrapers and children selling gum in the street: such is the picture of Mexico's uneven, distorted, and disarticulated imperialist-dominated development; such is the structure that control by imperialist capital has wrought.

Crisis and Beyond

The depth of the problems facing the Mexican economy can be usefully gauged by examining the latest round of the debt crisis. The Mexican balance of payments underwent a startling inversion with the 1982 crisis. Throughout previous postwar Mexican experience, positive foreign-capital inflows on the capital account served to offset consistent trade and current-account deficits. Beginning with the 1982 crisis the influx of imperialist capital, as measured on the capital account, takes an even deeper plunge than that following the 1976 crisis. The capital account is actually

negative (net outflows) in 1983-85, largely due to the principal payments on the foreign debt exceeding capital inflows. Although service (interest plus principal) payments on the foreign debt decline somewhat due to the restructuring of the debt in the wake of the 1982 crisis and the easing of world interest rates, new loans contract sharply. The growing excess of debt-service payments over new loans is now covered by trade *surpluses*, something without precedent in the postwar Mexican economy.

Exports grow only moderately. The trade surplus is essentially the product of a profound contraction of imports, itself a consequence of the drastic austerity measures applied in the wake of the 1982 crisis. Continued payment of debt service was fundamentally predicated on this atypical trade surplus. The trade surplus itself was contingent not only on a profound contraction of import-dependent production but also on reductions in real wages evident in the figures given for real wages in this period. It is not an exaggeration to say that continued debt payments have been coined out of the blood and misery of the Mexican people.

Due to the inherent nature of the present structure of Mexico's economy, the anomalous large trade surpluses used to pay the debt service could not be sustained. The sharp restriction of imports and the drying up of foreign capital flows were accompanied by the abrupt contraction of the economy, with the real GDP plunging 5.3 percent in 1983. However, even the weak growth in 1984-85, encouraged by some loosening of the government austerity measures in 1984 (with real GDP growth rates still below the lowest figure following the 1976 crisis), inevitably led to a growth of imports for the import-dependent industrial sector in Mexico. Apart from a brief upswing in 1984, exports remained near their 1982 level. Newly rising imports eroded the trade surplus. This, together with continuing high debt-service payments and disappearing new foreign loan funds, resulted by 1985 in the worst overall performance balance of the balance of payments since the 1982 crisis (see Table).

The economy was thus on the verge of yet another balance-of-payments crisis *before* the collapse of the world oil market in the last weeks of 1985 and the beginning of 1986. This collapse obviously exacerbated the 1986 balance-of-payments crisis and accompanying sharp contraction of the economy. But the plunge in world oil prices was not, in itself, the only cause of the renewed balance-of-payments crisis. The squeezing of large debt payments out of the Mexican economy far in excess of diminishing inflows of foreign capital was *inherently unsustainable and would have led to a renewed open intensification of the crisis in any event*. The collapse of the world petroleum market, itself an expression of the essential anarchy and instability of the world imperialist economy, only accelerated and intensified the process.

The so-called "solution" to the Mexican debt crisis that emerged out of the 1986 negotiations was essentially to lend Mexico \$12 billion more to meet interest payments during 1987 and the first part of 1988, combined with *yet another* rescheduling of principal payments. The \$12 billion may or may not be sufficient to meet interest payments, achieve the

announced goal of 2 to 3 percent "growth" in GDP over 1987-88 (which, if achieved, would only return real GDP to its 1981 level), and stimulate limited expansion of export-oriented production. In any event, the same basic difficulties — if not worse — will confront the economy at the end of the "rescue package" in 1988... and the already unpayable foreign debt will be \$12 billion larger, with interest payments correspondingly greater.

As the conservative British publication *The Latin American Times* observed before the 1986 debt agreement: "Indeed, it is apparent that, as these rescheduling agreements become more and more complex, and increasingly nebulous, all that remains holding the banking system together is a fantastic network of tentative agreements, concerning which minimal publicity is nowadays given, in

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order to sustain precarious confidence as long as possible."⁶⁷ The 1986 rescue package has but added yet another unstable link to this "fantastic network."

The devaluation of the peso is an integral part of this "rescue package." The stated purpose is to both attract foreign capital (by lowering production costs) and to stimulate exports (the earnings from which are supposed to cover a substantial portion of Mexico's debt overhang). While the medium-term prospects are highly dubious, the immediate effects of devaluation combined with austerity are brutally in evidence: growing immiseration of the laboring population due to the declining purchasing power of wages, increases in the rates of infant mortality, spreading malnutrition in the context of the growing inability of Mexican agriculture to feed the population, and widespread social dislocation. The urban middle classes are under greater pressure than ever before in the postwar period.

The extraordinary buildup of debt throughout the Third World is a defining feature of the world economic crisis. And the magnitude and global dimensions of this debt are matters of intense concern for imperialism. But Mexico

(along with Brazil) is a special case. So much investment and loan capital has been sunk into Mexico and Brazil, and so important are they to the world economy, that a collapse of either one of them could trigger a major upheaval in the world economy.

U.S. imperialism has no substantive program for resolving the economic crisis of Mexico. The reasons for this have to do with the enormity of global economic crisis — which shows up in the slowdown in growth and investment, rising protectionist pressures, and grave financial difficulties — and the intensity of the rivalry between the United States and the Soviet Union. What the U.S. is striving to do, therefore, is to tighten and deepen its domination of Mexico while playing for time on the economic front (this includes episodic austerity/bailout measures, especially aimed at the state sector, along with pressures to further open up the economy to foreign capital). U.S. imperialism is operating according to a strategic calculus: desperately trying to postpone the looming dangers of economic collapse and/or social explosion in Mexico — in the context of an approaching global showdown with the Soviet Union.

With this in mind, we can begin to get a better handle on the nature of the current conflicts within the Mexican ruling class and between the ruling classes of Mexico and the United States. The fundamental context for such infighting among reactionaries is the strategic context of preparations for world war with the Soviet bloc. In particular, the enormous damage to U.S. imperialism's world strategic position that would result from an international financial collapse due to the Third World debt crisis and even more so from the destabilization of the Mexican neocolonial regime, to say nothing of a revolutionary popular war — the specter of all this has made Mexico U.S. imperialism's announced second most important foreign policy concern after the Soviet Union. Any destabilization of Mexico, the soft underbelly of the U.S. imperialist motherland, would have incalculable ramifications within the U.S. itself, where the revolutionary potential of Mexican immigrants is already a major worry. This is the context in which U.S. economic moves, the militarization of the border, the persecution of immigrants, the "drug war," the encouragement of Partido de Acción Nacional (PAN), etc., must all be placed.

Economic policy is the realm within which the fundamental unity of the U.S. imperialists and their Mexican compradors is most obvious. Mexico's government continues to dutifully follow the orders of the U.S.-dominated International Monetary Fund and to continue paying the foreign debt, no matter how many Mexicans may die of starvation in the process. In this regard, as in others, Mexico has played an important political role for U.S. imperialism in Latin America as a "model debtor" that continues to oppose even joint action by the Latin American governments on the debt question.

Policy differences between the current U.S. and Mexican administrations do exist on the war in Central America. The Mexican government — like many circles in the U.S. ruling class whose preferred policy is currently out of favor —

favors an attempted negotiated containment of the situation, while the current U.S. administration is pursuing a more openly aggressive course. But it must be stressed that Mexico's differences are essentially over how best to defend the U.S. empire in the region. As Mexican president Miguel de la Madrid expressed it during his last trip to Washington, "We believe that reason will finally have to impose itself; that the violence in Central America implies, as well, the risk of political agitation in the rest of Latin America and that relations between the United States and the Latin American countries could be injured. Mexico wants to avoid this because it is convinced that we should have a climate of harmony and cooperation on the continent. . . . [O]ur countries have differences over the means to achieve the ends, [but] the ends of having a peaceful Central American region, where violence is avoided, where we can promote economic and social development, are shared ends."⁶⁸ Leaving aside the "peaceful" rhetoric — which the U.S. imperialists are also fond of using to justify their most brutal military adventures — what self-respecting U.S. imperialist could really disagree with de la Madrid's fear — horrors! — that there be "political agitation" in Latin America, or that U.S.-Latin American relations be injured, or even with the proposal that the United States and Mexico "promote economic and social development" in Central America — imperialist-dominated development, to be sure. As de la Madrid says, essential ends are shared, disagreements involve the best means to the end.

As indicated earlier, the Mexican state is the essential instrument for the administration of the dependent role of Mexico in the process of global accumulation. At the same time, this state, principally through the PRI political apparatus and through its occasional anti-imperialist posturing, has helped to legitimize collaboration between imperialist capital and bureaucrat-comprador capital. Furthermore, the institutional integration of the labor unions and peasant associations into a highly centralized corporatist political structure has provided a certain degree of stability that has aided the expansion of capital. While continuing to rely primarily on the PRI to defend and maintain its domination of Mexico, U.S. imperialism has begun to give some encouragement to the PAN. The aim is to prepare an alternative bureaucrat-comprador party to replace the PRI in the event of the destabilization of the regime. There is no essential difference in the fundamentally pro-imperialist character of both parties, although the PRI is understandably upset about any encouragement given to the PAN. The PAN attended the 1984 Republican Convention, the PRI attended

the Democratic Convention. The PAN is painted favorably by much of the U.S. press and some congressional figures, while Reagan and top administration officials reassure the PRI government of their fundamental support. While the PAN may indeed receive U.S. funds as the PRI charges, the PRI government is to receive \$12 billion to temporarily soften the debt crisis and bolster its vulnerable neocolonial regime. It can be said of both parties, in Mario Benedetti's phrase: tell me what company you keep and I'll tell you *yanqui go home*. These maneuvers and stratagems are part of a more general political and ideological offensive, in which the two parties play somewhat distinct but complementary roles designed to tighten up U.S. domination of Mexico, both for fear of an explosion among the masses of Mexican people in the current crisis and to "batten down the

Oppression has never ceased giving rise to resistance. But the situation today holds out unique historical possibility.

hatches" in preparation for world war. And the corruption that goes with all this is just further evidence of how utterly antagonistic these parties are to the interests of the broad masses.

This essay has attempted to show that there is a concrete and interlinked history, structure, and logic of U.S. domination over Mexico. To put it differently, the anatomy of domination is at one and the same time the anatomy of oppression. And this oppression has never ceased giving rise to resistance. But the situation today holds out unique historical possibility. There is unsustainable debt throughout Latin America, conflict in Central America, the prospect of economic collapse and social upheaval in Mexico, and the specter of fierce clashes and major dislocations on the U.S.-Mexican border. At a time of great international tension, the United States faces its greatest regional crisis of the twentieth century. This situation presents enormous opportunities and challenges. Whether they are decisively seized upon and met has everything to do with whether the possibility of uprooting the structure of imperialist domination in Mexico becomes a reality. []

Notes

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2. Alain De Janvry, *The Agrarian Question and Reformism in Latin America* (Baltimore: Johns Hopkins University Press, 1981), p. 92.
3. González Salazar, *Aspectos Recientes...*, p. 271; James D. Cockcroft, *Mexico: Class Formation, Capital Accumulation and the State* (New York: Monthly Review Press, 1983), p. 189.
4. Cited in *Proceso*, 5 August 1985, p. 6.
5. Cockcroft, *Mexico*, p. 223; González Salazar, *Aspectos Recientes...*, p. 240.
6. Philip Russell, *Mexico in Transition* (Austin, Texas: Colorado River Press, 1977), p. 121; the statistic is from the early 1970s.
7. See *Revolutionary Worker*, No. 282 (23 November 1984) and No. 283 (30 November 1984).
8. See *Revolutionary Worker*, No. 323 (23 September 1985) and No. 324 (1 October 1985) for an analysis of the crimes of U.S. imperialism in this regard.
9. Raymond Lotta with Frank Shannon, *America in Decline: An Analysis of the Developments Toward War and Revolution, in the U.S. and Worldwide, in the 1980s*, Volume 1 (Chicago: Banner Press, 1984), p. 81.
10. For a deeper analysis of this question of "fettlers" see Raymond Lotta, "On the Dynamism of Imperialism and the Fettering of Social Development," *A World to Win*, No. 2, 1985, pp. 68-76.
11. Richard Newfarmer and Willard Mueller, "Multinational Corporations in Brazil and Mexico: Structural Sources of Economic and Noneconomic Power" (Report to the Subcommittee on Multinational Corporations of the Committee on Foreign Relations), 94th Congress, 1st Session, p. 41.
12. *Revolutionary Worker*, No. 109 (12 June 1981).
13. *New York Times*, 11 June 1986, Sec. D, p. 5.
14. U.S. Department of Commerce, *Survey of Current Business* (August 1985), p. 35.
15. See, for example, Garrido, *El Partido de la Revolución Institucionalizada*, pp. 60, 119.
16. For further discussion see Rosalinda Méndez González, *Capital Accumulation and Mexican Immigration to the United States* (Ann Arbor: University Microfilms, 1981), chapters 6 and 9.
17. Peter H. Smith, "Uneasy Neighbors: Mexico and the United States," *Current History*, March 1987, p. 130.
18. Russell, *Mexico in Transition*, p. 66.
19. *El Nacional*, 24 April 1984.
20. Newfarmer, "Multinational Corporations..." pp. 53-54.
21. Cockcroft, *Mexico*, p. 179.
22. Interamerican Development Bank, *Economic and Social Progress in Latin America: 1985*, statistical tables.
23. Economist Intelligence Unit, *Quarterly Economic Review of Mexico*, No. 2, 1985, p. 19.
24. Figures from CANACINTRA, cited in *Uno Más Uno*, May 25, 1984.
25. Cockcroft, *Mexico*, p. 163.
26. Douglas H. Graham, "Mexican and Brazilian Economic Development: Legacies, Patterns and Performance," in Sylvia Ann Hewlett and Richard S. Weinert, eds., *Brazil and Mexico: Patterns in Late Development* (Philadelphia: Institute for the Study of Human Issues, 1982), pp. 34-35.
27. See Leopoldo Solís, *La Realidad Económica Mexicana: Retrospección y Perspectivas* (DF: Siglo XXI, 1983), pp. 173-81, 197.
28. *New York Times*, 2 September 1982, Sec. D, p. 6.
29. For a description of CIA activity in Mexico, see Philip Agee, *Inside the Company* (New York: Stoughton, 1975); Manuel Buendía, *La CIA en México* (DF: Ediciones Oceano, 1985).
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33. U.S. Agency for International Development, *U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations 1 July 1945-30 June 1983*; the figure is for 1983.
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35. Cited in Julio Scherer García, *Los Presidentes* (DF: Grijalbo, 1986), p. 16 [author's translation].
36. Américo Saldivar, *Ideología y Política del Estado Mexicano (1970-1976)* (DF: Siglo XXI, 1986), pp. 110-11.
37. For a few examples of this phenomenon, see Miguel Basañez, *La Lucha por la Hegemonía en México 1968-1980* (DF: Siglo XXI, 1985), p. 39; Luis Javier Garrido, *El Partido de la Revolución Institucionalizada* (DF: SEP/Siglo XXI, 1986), p. 65; Abraham Nuncio, *El PAN* (DF: Nueva Imagen, 1986), p. 77.
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42. Solís, *La Realidad Económica Mexicana*, p. 105.
43. Lenny Wolff, *The Science of Revolution* (Chicago: RCP Publications, Chicago, 1983), p. 133.
44. Instituto Nacional de Estadística, Geografía e Informática, *10 Años de Indicadores Económicos y Sociales de México* (DF: Instituto Nacional de Estadística, Geografía e Informática, 1984), p. 184, Cuadro VI.70.
45. Evans, "Foreign Investment..." p. 147.
46. BANAMEX, *Review of the Economic Situation in Mexico*, January/February 1985, pp. 39-40.
47. Evans, "Foreign Investment..." p. 147.
48. Business International Corporation, "Mexico..."
49. *10 Años de Indicadores Económicos...*, p. 79.
50. Economist Intelligence Unit, *Quarterly Economic Review of Mexico*, No. 3, 1985, charts following p. 7, p. 10.
51. *Proceso*, 14 April 1985.
52. Steven E. Sanderson, *The Transformation of Mexican Agriculture* (Princeton, NJ: Princeton University Press, 1986), p. 25.
53. Armando Bartra, *Los Herederos de Zapata* (DF: ERA, 1985), p. 94.
54. See Solís, *La Realidad Económica Mexicana*, pp. 95-97.

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55. Report in *Uno Más Uno*, 23 April 1984 about a study by Hubert Carton de Grammont of the Instituto de Investigaciones Sociales de la UNAM.
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 58. CIOAC, a peasant organization, estimates that 80 percent of irrigated *ejido* lands and 60 percent of the nonirrigated *ejido* lands are rented out (cited in *Proceso*, 10 March 1986); see also Roger Burbach and Patricia Flynn, *Agribusiness in the Americas* (New York: Monthly Review Press/NACLA, 1980), pp. 100-102.
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 60. *Revolutionary Worker*, No. 109 (12 June 1981).
 61. Sanderson, *The Transformation of Mexican Agriculture*, pp. 8-10.
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 63. *Ibid.*, pp. 95-96, 100.
 64. *Ibid.*, p. 96.
 65. *10 Años de Indicadores Económicos* . . . p. 184; Instituto Nacional de Estadística, Geografía e Informática, *Anuario Estadístico de los Estados Unidos Mexicanos 1983* (DF: Instituto Nacional de Estadística, Geografía e Informática, 1984), pp. 437, 441.
 66. Cockcroft, *Mexico*, p. 173.
 67. *The Latin American Times*, No. 68, p. 24.
 68. Cited in *La Jornada*, 15 August 1986 (author's translation).