Despite the glacial rate of transformation in Mexico's political system from 1968 onward, the country has undergone substantial changes, most of which fall into three categories:\(^1\)

- The ruling group's capacity for maintaining its authoritarian relationships of domination has diminished. That is, the old blend of hegemony and coercion is no longer as effective as it once was. Evidence in support of this observation includes the dissolution of the main political police (the DFS) in 1985 and the exhaustion of the economic model inherited from the Mexican Revolution.

- Independent social forces have emerged or become consolidated and now operate across Mexico's entire sociopolitical spectrum. These include opposition parties, independent news media, social movements, and nongovernmental organizations.

- The importance of external factors—particularly the United States—for national affairs has increased. Although Washington's support for the established leadership continues unabated, new constraints on the Mexican state's use of coercion have hastened the regime's decline and the appearance and evolution of alternative forces.

For our examination of the importance of these variables and the interactions among them, rather than continue the analysis by dividing the study period into two main eras, from this point forward information will be organized chronologically by presidential administration, though the same subject areas will be examined: foreign

\(^1\)These categories are adapted from Skocpol 1979.
policy, the economy, and politics. The thread that weaves the analysis together is also the same: U.S. perceptions of Mexico and the United States' importance for Mexico's way of life, and especially for its political system.

The first presidential administration that made a serious effort to correct the inherent flaws in Mexico's political regime—flaws that became painfully apparent in the government's response to the 1968 student movement—was that of Luis Echeverría Álvarez (1970–1976).

Echeverría displayed a tremendous zeal for reform, rarely hesitating to exploit the full force of presidential power to implement his ideas. Although some of the changes he introduced had important positive consequences, the balance on the whole was negative, and he ended his term in the midst of Mexico's first severe financial crisis of the modern era. The United States' support for the Mexican government did not waiver, however, establishing a pattern that would be repeated on numerous occasions in the future.

Once the United States detected weaknesses in the Mexican system in the late 1960s, the U.S. elite began cajoling the Mexican government into a gradual and peaceful process of reform, administered from the top. Successive Mexican presidents often turned this situation to their advantage by portraying themselves as "reformists," thereby establishing their pro-democratic credentials and winning an automatic entitlement to solid support from Washington. Echeverría was the first president to consciously—and successfully—exploit this self-image. In June 1971, Times correspondent Alan Riding stated that Echeverría had, in "a short time, from being an obscure bureaucrat . . . become the brightest political hope for Mexico in generations" because, despite all obstacles, he seemed willing to reform the Mexican system (NYT, June 20, 1971).

A PRESIDENT OF HOPE

An expert on the U.S. intelligence community has suggested that the 1968 student movement and the emergence of guerrilla organizations in many parts of Mexico were deeply disturbing to the American

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Footnotes:

1 Authors such as Whitehead (1980: 845) argue that Echeverría's whole strategy stems from the events of 1968.

2 Of course, the same sentiments were repeated a quarter-century later regarding President Ernesto Zedillo. A Times editorial asserted that President Zedillo "has shown a greater commitment with political reform than any other recent Mexican leader" (NYT 1995). This suggests that with each new Mexican administration, the United States places great faith in the incoming president—and is ultimately proved wrong, over and over again. If democratic change consolidates following the July 1997 elections and if President Zedillo continues to support democratic change at crucial moments, the pattern will be broken.
elite. It was not so much the guerrillas’ military or operational capabilities that caused concern as the fact that these groups had appeared in response to Mexico’s increasingly harsh socioeconomic reality. If not addressed, the country’s problems had the potential to spiral out of control, undermining stability and threatening the interests of the United States.

Both conservatives and liberals in the United States believed that Mexico needed to pursue a thorough-going reform process and recommended that the United States encourage the Mexican government to take steps in this direction—always with the caveat that such an undertaking would have to be conducted with great caution to avoid threatening system stability, still the United States’ number one priority for Mexico. In Echeverría the Americans thought they had found their system reformer, although nothing in his past suggested a passion for democracy. In fact, he had been minister of government in 1968 and in this post had participated in the decision to violently suppress the student demonstrators.

Even so, the United States showered Echeverría with praise during his first three years in office. The Times published 40 positive references, and only 6 negative ones, to Echeverría between 1970 and 1973 (figures 24–25). This response came in reaction to Echeverría’s surprising espousal of a strict reform program to revitalize the system created by the Mexican Revolution. The positive reaction also reflected a number of important parallels between Echeverría and the U.S. elite: although both were convinced that change was the key to the Mexican system’s survival (NYT, Jan. 12, 1975), neither wanted anarchic change. To the contrary, both sought to modernize the existing system “from within” (NYT, June 29, 1971).

According to the Times, Echeverría stood for a “type of democracy . . . that accommodates the peculiarities of the system”—in other words, a gradual and peaceful process of reform, guided and controlled from the highest levels of power (NYT, Aug. 1, 1971). The Americans were satisfied because Echeverría, having concluded that it would be impossible to rule “a country of this dimension and complexity through authoritarian means” (NYT, June 23, 1974), appeared committed to maintaining stability without recourse to repression (Financial Times, Oct. 26, 1971; July 14, 1972). The United States welcomed the Mexican president’s promises of democratization and applauded his calls for an open discussion of problems affecting Mexico and for constructive criticism of the government. The Times frequently reported on the fact that the Mexico City newspaper Excélsior, headed by Julio Scherer, encouraged its reporters to “denounce corruption and injustice” and gave its “columnists and editorial writers unlimited freedom to criticize” (NYT, June 23, 1974). This was groundbreaking in a nation where “for decades, dialogue between the gov-
ernment and the people” was “virtually non-existent” (NYT, Aug. 1, 1971). Alan Riding found even more to praise when Echeverría “showed his good faith” by releasing most of the political prisoners taken during the 1968 student uprising (Financial Times, Oct. 26, 1971; July 14, 1972).

The United States resuscitated its old tactic of disassociating a reform-minded president from Mexico’s authoritarian political structure and applied it to Echeverría. In a representative article from 1971, Alan Riding suggested that the PRI had become “a monolithic and corrupt bureaucracy, largely unresponsive to the aspirations of the Mexican people.” He simultaneously described Echeverría as a president “involved in a daring and difficult attempt to modernize his country” (NYT, Oct. 3, 1971). When progressives within the Catholic Church in Mexico published a document criticizing Echeverría’s administration and its policies, Riding sided with the government and wrote that the Right was exploiting the “church controversy as a way of attacking [Echeverría’s] progressive policies” (NYT, Oct. 31, 1971). The same pattern emerged in the Times coverage of events on June 10, 1971, when student marchers were violently attacked by a paramilitary group known as the Halcones. Riding argued that the attack had been orchestrated by the president’s “conservative opponents,” including Mexico City mayor Alfonso Martínez Domínguez, an interpretation supposedly confirmed by anonymous “government sources” (NYT, June 14, 1971). The paper gave little coverage to opposing points of view, although such perspectives did receive visibility through other outlets. For example, NACLA published a long interview with a Mexican guerrilla fighter who pointed out that the leader of the Halcones lived in Los Pinos, the presidential residence (NACLA 1972: 7).

The United States applauded Echeverría’s attempts at liberalization and overlooked the iron fist with which he quelled some sectors of the opposition. They also believed him when he outlined in his fourth State of the Nation Address his government’s policy to contain the guerrilla uprisings: “we shall respond to their provocations, always maintaining the peace, within the procedures and limitations laid down by the law” (Echeverría 1974: 17). There was little desire, at least during the early years of the Echeverría regime, to seek out accurate information on political events in Mexico. The only international organization to carry out an independent investigation was Amnesty International.

The U.S. media’s treatment of the guerrilla movements in Mexico exemplified the United States’ general attitude toward violence in that country. The armed opposition was rarely mentioned, and what few references appeared were usually critical rather than explanatory or analytical (figure 34). An exception was correspondent Richard
Severo, who made an effort to research the underlying causes of the guerrilla uprisings and to listen to a range of opinions. In his first dispatch from Mexico he quoted “observers outside the government” to the effect that “there has been a political basis in the turmoil in Guerrero” (NYT, Nov. 29, 1971). His stance changed, however, after a guerrilla group kidnapped the U.S. consul in Guadalajara in 1973, at which point he, too, accepted the official view of the guerrillas as “bank robbers and political terrorists” (NYT, May 7-8, 1973).

At the time, Riding was well into his crusade in support of Echeverría. The guerrillas, he suggested, were playing into the hands of “conservatives and the army,” who were using this “adventurism of the extreme left” as an excuse to derail Echeverría’s “experiment in democracy” (NYT, Oct. 3, 1971). Riding also suggested that the Left was resorting to violence out of fear that Echeverría’s efforts “to democratize Mexico may win popular support for his administration” (NYT, Aug. 7, 1971). These portrayals enabled Echeverría to ignore both the causes for the guerrillas’ appearance and the tactics his administration was using to suppress them.

A closely parallel attitude prevailed among U.S. experts on Mexico. In 1975, Susan Kaufman Purcell concluded that the Mexican regime was an example of “an inclusive and essentially non-repressive political authoritarianism” (Purcell 1975: 8). The most interesting aspect about this statement is that there is no evidence substantiating Purcell’s appraisal of the Mexican government as “non-repressive.” In fact, her article was published during a peak in violent repression. The U.S. government, media, and intellectuals were clearly predisposed to accept official versions of events in Mexico, and the Mexican government encouraged this tendency by deliberately cultivating its image among foreign journalists and academics. Echeverría was the first Mexican president to implement a systematic policy to this end; his success can be measured in the rising numbers of Mexican government officials quoted in the Times (figure 10).

**Failed Attempts at Economic Reform under Echeverría**

For Echeverría, economic reform was the most pressing priority. Convinced that the Mexican Revolution had “brought nothing but poverty and unemployment to most Mexicans” and that its legacy now posed a threat to the viability of the political system (NYT, June 20, 1971), Echeverría proposed fiscal reform to prevent social revolution. He announced his chosen procedure—taxing the most affluent

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4 The seven references to repression published during 1971 concerned the Halcones’ attack on student marchers on June 10 of that year.
5 Miguel Alemán’s prior efforts were more spontaneous and sporadic.
sctors of society to achieve a "greater equality of income"—in his inaugural address (NYT, Dec. 2, 1970). His plan to impose a 10 percent luxury tax and a new capital gains tax, and to implement additional fiscal reforms in the future in order to increase resources for social spending without steeping the nation in debt, did much to establish Echeverría’s image as a fiscally responsible reformer. 6

Echeverría’s projects for income redistribution accorded with the liberal prescriptions for development prevailing among academics and journalists at the time. In 1970, a Times editorial suggested that “what is critically needed [in Mexico] is a better distribution of the country’s expanding wealth.” 7 U.S. media attention shifted to other variables such as “marginalization,” which was mentioned on 12 occasions between 1946 and 1969 and 47 times between 1970 and 1979 (figure 89). During the 1970s, both Severo and Riding produced extensive and detailed articles on urban poverty in Mexico. Their attention was drawn to the intersection of poverty and consumerism, which combined “the worst aspects of overindustrialization and underdevelopment.” 8 They also collected abundant information on rural poverty in Mexico, for which they largely blamed the traditional ejido system of collective land ownership (NYT, Dec. 13, 1977).

In certain issue areas, Echeverría embraced U.S. priorities. For example, although candidate Echeverría had favored a vigorous and expanding Mexican population, he later reversed himself to line up with Washington in viewing “the population explosion” as “Mexico’s basic long-term problem” (NYT 1976a; see also Hansen 1971: 209; NYT, May 13, 1973; Reston 1975a; Sulzberger 1973), a problem that resulted in increased migration to the United States (figures 63–64) (Reston 1975b). By 1972, Echeverría was suggesting that “many of the nation’s problems stem from an increase in population” (NYT, June 22, 1972), and the Times was describing some of his policies as a “valuable example of techniques for limiting the population explosion” (NYT 1972).

The private sector, meanwhile, was resisting “government efforts to reform the antiquated tax system” (NYT, Aug. 2, 1974). Characteristically, the Times sided with Echeverría in his struggle against Mexico’s business sector which, the Times noted, enjoyed one of the “lowest tax rates in the world” (NYT, Jan. 28, 1972). In a surprising and unique, though short lived, turn of events, the Times even began underscoring the gross inefficiencies and widespread corruption within Mexico’s private sector (this sector received 43 negative refer-

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ences between 1946 and 1986, 13 of them published between 1970 and 1974; figure 74).

According to Alan Riding, Mexico’s business and landowning communities—accustomed to “privileged status”—were the “groups feeling most threatened by the reformist zeal of Echeverría” (NYT, June 20, 1971). However, such opinions did not extend to foreign business interests in Mexico (primarily because of limits to consciousness), and only 5 references critical of foreign business interests appeared between 1946 and 1979, out of a total of 140 (figures 72, 76). This explains the U.S. elite’s reaction to Echeverría’s efforts to control foreign investment in Mexico. When, in September 1972, Echeverría drafted a number of legislative initiatives to regulate transfers of foreign technology and investment and to encourage domestic investment, U.S. Ambassador to Mexico Robert McBride queried publicly whether “the rules of the game had changed” for American companies (NYT, Oct. 13, 1971). American businessmen saw this as a threat not only to themselves but also to their Mexican partners and clients, whom they firmly believed were benefited by U.S. investments.

The business community’s fears were soon allayed. Echeverría reversed his position, reflecting the fact (amply noted by the Times correspondent) that he was not a “doctrinaire left-winger but rather a pragmatic politician who does what he must to maintain his country” (NYT, Jan. 28, 1973). The private sector had flexed its muscle, in the process proving that it was able to halt reforms and defend its privileges. Nevertheless, Echeverría was not deflected from his determination to right a broad series of what he saw as blatant national injustices. He consequently increased the state’s role in various economic activities, including the banking sector which, he argued, was plagued by “conservative” loans policies (NYT, Sept. 20, 1971; Feb. 15, 1976). One direct result of his activities was a sharp rise in federal deficit spending and public foreign debt.

A DIPLOMATIC FRENZY

Echeverría’s early ambitions did not extend beyond Mexico’s domestic sphere. But around 1972, when it became clear that he was either unable or unwilling to solve Mexico’s internal problems, he turned to the international stage, embarking upon a meteoric (but pointless) career as a champion against imperialism—especially Yankee imperialism—and international injustice. He never managed to cure the

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*Only certain leftist sectors, whose influence was very circumscribed, condemned the activities of multinational corporations from within the United States (see Baird and McCaughan 1975; McCaughan and Baird 1976).
world’s ills but he did succeed in currying left-wing favor both in Mexico and around the world (NYT, Dec. 1, 1976).

Echeverría shook up Mexico’s foreign policy. An active reformism placed Mexico in the lead among progressive Third World nations. In 1972, he began drumming up support for “the position of developing countries on such matters as natural resources and control over multinational corporations” (NYT, Oct. 20, 1974). He fought for a 200-mile limit for Mexico’s territorial waters (NYT, July 1, 1976). And in conjunction with his Venezuelan counterpart, Carlos Andrés Pérez, he promoted initiatives such as the creation of the Latin American Economic System (SELA) “to defend the price of raw materials and strengthen Latin America’s hand with the United States” (NYT, Apr. 21, 1975).

Adding insult to injury, Washington’s least favorite Latin American nation (Cuba) was invited to join SELA, and in 1974 Echeverría visited seven nations in the region in an effort to convince their governments to lift their economic blockade against Cuba (NYT, Aug. 30, 1975). A year later he visited that country, praising the “success” of the Cuban Revolution and its triumphs over “threats and pressures from abroad,” a less-than-subtle dig at the United States (NYT, Aug. 18, 1975).

Echeverría also expressed support for the socialist government in Chile and “frequently reminded Washington of its role in the overthrow of the late President Salvador Allende.” On Panama, Echeverría declared that “Latin America was impatient” for the United States to recognize Panamanian sovereignty over the canal (NYT, June 6, 1975). He also used political asylum policies as an “active instrument of foreign policy,” enabling the Mexican government to cast its progressive and liberal stance against the contrasting backdrop of the brutal authoritarianism of many South American regimes (NYT, Apr. 28, 1976).

Ultimately, Latin America proved too small a stage for Echeverría, and he began traveling around the world, signing agreements and promoting initiatives, including the “new international economic order,” which he saw both as an alternative to war and as a useful instrument for denouncing the unethical practices of multinational corporations (NYT, Jan. 25, 1976).

We should note that Echeverría’s ideas coincided generally with prevailing liberal viewpoints. During the 1970s, the call for greater economic justice at the international level was widespread. In 1974, the Club of Rome reported that a global catastrophe could only be

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10 This provoked extremely interesting reactions from the United States. Mexican diplomacy received more criticism than ever before: over 50 percent of the negative references to Mexico’s foreign policy that appeared in the Times after 1946 appeared over the 1975–1976 period (figure 46).
avoided by “narrowing the gap between rich and poor lands” (NYT, Oct. 17, 1974). Suggestions for tighter controls over multinational corporations were aired in many nations, and Echeverría’s proposals were not viewed as radical or extravagant despite the frivolous and headlong, hence costly and inefficient, manner in which they were advanced.

ENTHUSIASM COOLS

Sentiments regarding Echeverría’s policies suffered a downturn between 1975 and 1977, with 49 negative and 6 positive references in the Times during this period (figures 24–25). Even Alan Riding participated in this shift from praise to condemnation. His articles for the London Financial Times11 show him gradually cooling toward Echeverría’s administration. His disenchantment arose from Echeverría’s incongruities and the fact that “the government’s economic policy” was riddled with contradictions (author interview with Riding, 1983). In an article that was deeply upsetting for the regime, Riding stated that although the president’s “public declarations point in one direction, his actions are oriented towards another” and that Echeverría “must take much of the blame for the present uncertainty.”12 As the regime’s six-year term wore on, Riding’s disenchantment grew.

Riding was not the only observer to disagree with Echeverría’s policies. James Reston suggested that the Charter for Economic Rights and Duties being promoted by Mexico was unbalanced and that the United States correctly “opposed its terms on expropriation and commodity prices and its support of the producer cartels.” Reston added that Echeverría’s proposals were “one-sided in favor of the Soviet Union and the Third World” and that, should they be implemented, they would lead to an “economic revolution” (Reston 1975c). He also suggested that the president was less than candid about his motives, and that his role as a “traveling missionary” out to change the world was nothing but a thinly disguised campaign to position himself as a viable candidate for secretary general of the United Nations (Reston 1975a, 1975b).

When in 1975 General Franco of Spain executed five members of the Republican opposition, Echeverría urged the United Nations to impose a “political, diplomatic, economic, and communications boycott on Spain” (NYT, Sept. 30, 1975). The UN Security Council refused even to discuss his petition. This, according to the Times, was the right decision because Echeverría’s radicalism was, in fact, only a thin ve-

11Riding only published two articles in the Times during 1972 and 1973 (figure 6).
neer on his maneuverings to succeed UN Secretary General Kurt Waldheim (NYT 1975a). Incidentally, the Times also revisited Echeverría’s role as minister of government during the 1968 Tlatelolco massacre, in effect admitting that it had always known about the Mexican government’s human rights violations.

In 1975 as well, Echeverría ordered the Mexican delegation to the United Nations to support a General Assembly resolution defining Zionism as “a form of racism and racial discrimination” (NYT, Nov. 11, 1975). The Times described the resolution as a “defection from morality which dishonored the UN, reducing the General Assembly’s authority to zero” (NYT 1975b). Mexico’s support for it clearly angered the U.S. elite.

Alan Riding noted that Washington was incensed by Echeverría’s “demagoguery” and irritated by his constant travels, on which he was surrounded “by sycophantic party officials” (NYT, Sept. 6, Oct. 6, Nov. 21, 1976). Another irritant was Echeverría’s rhetoric, in which the United States was “the implicit target of the many . . . attacks on industrialized nations” (NYT, June 14, 1976; also, June 20, 1976). According to U.S. diplomats, Echeverría was stirring up “antagonisms toward the United States” (Nov. 20, 1975).

As on previous occasions, however, these criticisms of the Mexican president reflected annoyance but no real worry. The U.S. elite did not take either Echeverría or Mexico’s official nationalism all that seriously. A 1976 Times editorial contains a very revealing phrase: Echeverría “rode the stormy waves of Mexican political life by appropriating as his own the symbols of radicalism” (NYT 1976a).

The shallowness of Echeverría’s radicalism was evident on a number of occasions. Richard Nixon’s memoirs briefly describe a visit by Echeverría in June 1972: “we had a long chat on the water-salinity problems, ending with an intense though friendly discussion on the treatment received by American companies in Latin America. He ended by stating that he believed that my reelection was of vital importance for the planet” (Nixon 1978: 624; emphasis added). There was Echeverría, radical reformer, heaping praise on a conservative. In 1976, Alan Riding recalled that in private conversations with correspondents, Echeverría sometimes suggested that they should interpret his radicalism as a “political necessity, exclusively for domestic consumption” (NYT, Sept. 6, 1976).

The facts continued to belie Mexico’s “official” nationalism. Policies toward foreign investment, which had given Ambassador McBride pause, had been resolved satisfactorily by December 1974, and Mexico was once again wooing foreign investors. Riding noted that legislation on foreign direct investment had turned out to be “less hostile than was foreseen” and that, in practice, the Mexican government seemed “more willing to make exceptions” to the rule which, in
theory, limited foreign holders to a ceiling of 49 percent ownership in a Mexican company. Of 103 requests for exemptions, 74 had been approved (figures 78–79) (NYT, Dec. 26, 1974).

Mexico's support for the UN resolution denouncing Zionism as racism provoked a boycott by Jewish organizations, which called on travelers to cancel trips to Mexico (NYT, Nov. 23, 1975). Echeverría, in the pose of "I'd rather die than apologize" (NYT, Dec. 1, 1975), never did retract his statements personally. Instead, he deputed a member of his cabinet. Minister of Foreign Affairs Emilio Rabasa, upon arriving in Israel, referred to the "land of Zion... created for a people who deserve our respect and admiration." Just so there could be no doubt about the purpose of his visit, he laid a wreath on "the tomb in Jerusalem of Dr. Theodore Herzl, the founder of the Zionist movement" (NYT, Dec. 6, 1975). Ten days after Rabasa's trip, Mexico declared in the United Nations that "Zionism and racism" were not comparable (NYT, Dec. 16, 1975). Rabasa resigned at the end of December 1975. A few months later Echeverría altered his Middle East policies 180 degrees and joined "the United States and its traditional allies" in opposing a General Assembly resolution that charged Israel, the United States, and other powers with collaborating with South Africa (NYT, Nov. 10, 1976).

COOPERATION IN THE WAR ON DRUGS

Drug-related issues took an unexpected turn during the 1970s. As U.S.–Mexico collaboration on the drug front become more routinized, Washington began to press Mexico on two related items: the arrest of U.S. citizens on drug-linked charges and their detention in Mexican jails, and the use of the herbicide paraquat on marijuana plantings, which was affecting the health of people who smoked marijuana.

In July 1970, correspondent Juan de Onís published the first in a series of articles on the fate of Americans in Mexican jails. He expressed indignation at the fact that U.S. citizens were forced to share with "Mexican criminals the personal insecurity, sexual abuse and corruption that characterize prison life here" (NYT, July 19, 1970). The Mexican government was predictably displeased with the criticism of their prison system, in which growing numbers of foreigners

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13It should be noted that Riding did not concur. In December 1977 he stated that conditions inside a prison in Hermosillo, Sonora, were "relatively good, and infinitely better than those experienced in state and county jails in the United States" (NYT, Dec. 4, 1977). However, few correspondents or analysts shared Riding's viewpoint. For opposing viewpoints, see NYT, Jan. 25, 1972; July 12, Oct. 21, 1974; Nov. 18, 1975; May 23, 1976.
were being incarcerated as a direct result of the anti-drug policies being imposed by Washington (NYT, July 19, 1970).

The altercation over the Mexican justice system climaxed when Dr. Sterling Blake Davis, a wealthy Texan, bankrolled a group of mercenaries to free fourteen U.S. citizens being held in a jail in northern Mexico, after "he had exhausted all other options of the Mexican extortion system." Despite Mexico's protests, U.S. authorities in Texas freed the fugitives, and State Department officials declared that "extradition in such a case is unlikely" (NYT, May 10, 1976). To avoid future incidents of this kind, Mexico and the United States explored the possibility of prisoner exchanges; they signed an accord on November 5, 1976, whose "almost exclusive objective was to address the problem posed by the Americans" (NYT, Nov. 3, 6, 1976). The following year, Mexico extradited sixty-one U.S. citizens, who arrived in San Diego to "banners, balloons, and cheers" (NYT, Dec. 10, 1977). The U.S. government contributed by "decking out the convicts in new uniforms of red, white and blue" (NYT, Dec. 11, 1977). The Times supported the prisoner exchanges, calling this a "humane treaty that allows this country to repatriate imprisoned" U.S. citizens and allow them to serve their sentences in their own country (NYT 1979a). In fact, very few exchanged prisoners served their full sentences; by 1979 the vast majority had been paroled (NYT, Nov. 11, 1979). This prisoner exchange issue would fade into the background until 1985, when it reemerged with unprecedented vigor.

**TOWARD ECONOMIC CATASTROPHE**

Echeverría's last two years in power proved to be extremely difficult for his administration, for the nation, for Mexico's relationship with the United States, and for Echeverría's own image. By 1975, Riding was reporting that Mexico's rural areas were rife with "repression as well as a steady loss of communal lands," that ejidatarios had no access to "credit, seeds, fertilizer and machinery," and that farmers and peasants were being repressed. He asserted that the Ministry of Agrarian Reform controlled the rural sector by means of a "strategy of rhetoric and repression" implemented by "a corrupt and confusing bureaucracy" that was a "monument to the [peasants'] patience." Their lot continued to be one of hopeless poverty, despite "the verbal commitments undertaken by successive governments." Riding added that "the assassination of peasants [was] routine" (NYT, Dec. 26, 1975; Dec. 13, 1977; Dec. 1, 1975, respectively). This was not a new situation in Mexico; what was new was the willingness of the media to report on it, after having ignored it since the 1960s.
As coverage of Mexican affairs become more independent and more critical of the government, Riding began to explore hitherto untouched subjects, such as what had motivated the emergence of guerrilla movements. After the death of Lucio Cabañas, Riding noted that the armed movement Cabañas had headed had been "an outgrowth of the extreme poverty and repression that have long existed in Guerrero, the most backward state in Mexico." The urban guerrillas, Riding wrote, arose from "the frustration and resentment bred among the middle class youth by the army’s annihilation of anti-government protests in 1968" (NYT, Dec. 16, Dec. 4, 1974, respectively).14 This was the first time that anyone had attempted to explain these movements, and the attempt at explanation hints at the manner in which liberal America would cover the upcoming wars in Central America (the Nicaraguan insurrection broke out in 1977).

And overshadowing even these severe social concerns was a growing uneasiness about Mexico's economic situation, which by the latter years of Echeverría's term had deteriorated to a level that would have been unimaginable in 1970. Although the factors underlying the crisis were multiple and complex, Americans held that the president bore the heaviest responsibility. He had seriously miscalculated when he ignored building pressures to devalue the currency and instead kept to the prevailing peso/dollar exchange rate. In 1973, Richard Severo reported that many Mexican government officials acknowledged privately that the peso was "overvalued in relation to the dollar" but that Echeverría had decided not to devalue (NYT, Nov. 20, 1973).

By August 1975 the question no longer was whether, but when, a devaluation would occur. Some analysts predicted that it would come before the July 1976 presidential elections (NYT, Aug. 23, 1975), and Riding wrote about the "persistent speculation" regarding the likelihood of a devaluation "during the next 12 to 18 months" (NYT, Jan. 25, 1976; Aug. 23, 1975). Throughout 1976, Echeverría doggedly sustained the peso at its old level, while the Times continued to assert that "a devaluation may be inevitable" (NYT, June 20, 1976).

In July 1976, in the midst of this economic upheaval, the government orchestrated a campaign to oust Julio Scherer García, editor of the Mexico City daily Excélsior, in an action that demonstrated the fragile nature of the regime's aspirations to democracy and elicited a response from the U.S. elite that is representative of their opinion of Echeverría and the Mexican political system (NYT, July 9, 1976). The Times noted that "the bully boys of Lenin in 1917 or of Hitler in 1933

14Despite such criticisms, the U.S. elite continued to support the cause of Mexican stability. In 1975 Riding himself acknowledged that Echeverría's reformism was the key to the survival of a system that, despite some flaws, preserved a reasonable level of political stability and encouraged economic development (NYT, Jan. 12, 1975).
could not have done a more efficient job of enslaving a once proud and free newspaper.” It added that such an “act of totalitarian repression discredits those who now boast of Mexico’s stability and democracy” (NYT 1976b).

During Echeverría’s final weeks as president, there was no sympathy or respect for him in the United States. It was undeniably clear that he had stalled Mexico’s democratization, failed to redistribute income or wealth, reduced the margins for national independence, and floundered in his efforts to bring about a new international economic order. The legacy of his administration was massive economic and political crisis, which could only be reversed by reestablishing a “climate for business expansion and capital investment.” Mexico also now found herself at the mercy of the “willingness of the International Monetary Fund and the foreign bankers to continue making unconditional loans to sustain the Mexican economy” (NYT 1976c).

This outcome is not Echeverría’s responsibility alone. Washington was clearly aware of his administration’s rampant corruption, authoritarianism, and hypocrisy, yet it raised no outcry. In fact, the United States protected and nurtured the Mexican regime; as long as there was stability in Mexico, the United States would reap the associated benefits. Even so, Americans seem to have looked forward to the transfer of power. The Times ran an editorial welcoming José López Portillo to the Mexican presidency and urging him to reflect on the following: “I can defend myself against my enemies, but God protect me from my friends” (NYT 1976c). John Oakes noted that Echeverría had done “everything possible with his frenetic activity and Third World rhetoric to increase the traditional American mistrust of our southern neighbor as a turbulent land of revolution” (Oakes 1977).

The economic crisis that befell Mexico during Echeverría’s presidency altered U.S. perceptions of corruption in that country. In prior Mexican administrations, U.S. references to corruption increased during the first year, as incoming presidents announced their respective anti-corruption campaigns, and in the last year, as their programs’ failures became apparent, immediately prior to the next campaign (figure 93). But at the end of Echeverría’s term the Times suggested that corruption was “ingrained . . . in Mexican life” (NYT, June 20, 1976). This was an important shift; corruption was now viewed as a way of life in Mexico, which would be almost impossible to eradicate (NYT, Dec. 22, 1974). This raised the corruption issue to a new level, as Americans became increasingly aware of its potentially negative effects on stability in Mexico and on the expanding illegal drug trade, with its concomitant and direct impacts on the United States.
A View From Within

The devaluation of the peso in 1976 by outgoing President Echeverría marked the Mexican economy’s most difficult moment in decades. The United States, in an effort to protect U.S. investments in Mexico and to restore that country’s economic and political stability, began firming up its support for its neighbor.\textsuperscript{15} One of the central reasons for increased support from the U.S. Treasury and Federal Reserve was to demonstrate the United States’ political interest in Mexico.\textsuperscript{16} That is, the United States anticipated that the Mexican government would soon come under “intense internal political pressure,” and aid would help maintain stability by calming the Mexican markets (ST 1976).

In a Federal Reserve Executive Council meeting on November 16, 1976, Federal Reserve chairman Arthur Burns laid out a number of additional reasons.\textsuperscript{17} He began by acknowledging that a previous loan of U.S.$360 million to Mexico was not issued “with all due care and deliberation. We acted somewhat mechanically. . . . They asked for the money, we asked a few questions, grunted a little and accepted. . . . Mexico was close to bankruptcy, which could have entailed a moratorium. . . . This would have been extremely unfortunate, because our banks are heavily involved in Mexico and because, of course, this could unleash a global moratorium” (Mexico’s debt to the U.S. private banking sector stood at $9 billion in November 1976). Burns added that the Federal Reserve did not wish to be held responsible for a default of such magnitude. He believed that the problem could be handled, although he did accept that his “faith in the operations of the Banco de México was somewhat limited” (FR 1976a: 1, 3, 17).

These were the motivations behind the United States’ decision to increase the flow of funds sustaining the Mexican government, a decision necessarily premised on agreement with the International Monetary Fund. (Such an agreement was a prerequisite for all loans to Mexico from the Treasury, the Federal Reserve, or U.S. private banks.) The agreement with the IMF stipulated a number of financial and commercial constraints to which Mexico had to adhere (such as maintaining a minimum amount in reserves and limiting public-sector external debt and deficit spending). The IMF displayed extraordinary flexibility in working with Mexico. For example, although

\textsuperscript{15}As recorded in classified information from the document collection of Arthur Burns. This collection is exceptional because the documents have not been as heavily censored as others from the same year (criteria on what to expunge appear to be influenced by individual librarians). The documents were provided by Kate Doyle, of the National Security Archives in Washington, D.C., who obtained them from the Gerald R. Ford Library.

\textsuperscript{16}This was recorded in a memorandum from Secretary of the Treasury William E. Simon to President Gerald Ford.

\textsuperscript{17}This discussion is based on minutes from that meeting.
the IMF signed its accord with Mexico in October 1976, this did not go into full force until January 1, 1977, allowing Echeverría to assume responsibility for the peso devaluation but to avoid blame for the new IMF–imposed austerity policies (see FR 1976b; DOS 1976).

Classified documents from the Federal Reserve and coverage in the *Times* concur generally on the origins of Mexico’s economic problems, the need for a peso devaluation, and the logic behind the accords between the Mexican and U.S. governments. The only relevant differences lie in the naming of sources and in the level of detail about events in Mexico. While the *Times* employed conventions such as “a well-informed source,” the Federal Reserve documents contain frequent references to interviews with Mexico’s president and cabinet ministers and with the director of the Banco de México. And the information the Federal Reserve collected went beyond what was relevant for loan purposes. For example, the source cited in a secret CIA document from October 1976 was “López Portillo’s private secretary, who insisted that his chief had no influence on Echeverría’s economic policies” during the months of rumor, uncertainty, and devaluation (CIA 1976a: 2).

Another CIA cable from the same month gives precise details about López Portillo’s forthcoming government program. Thirty-four days before López Portillo was sworn into office, the U.S. government already knew that his priority would be to “restore trust in the private sector and in the government” and that he was willing to control workers’ demands “with all necessary force.” They also knew that he would redirect the priorities of “Mexican foreign policy toward the United States and Latin America” and that Mexico’s three most important embassies would be “the United States, Guatemala, and Cuba.” The first two were important neighbors; López Portillo wanted to ensure that the third, Cuba, “did not meddle in Mexico” (CIA 1976b: 4–5). Clearly the Americans had all the information they needed to formulate adequate policies, and a great deal of this information came from Mexican government officials.

The contrast with the paucity of information supplied to the Mexican people could not be starker, a fact that did not escape the United States’ attention. In October 1976, a Federal Reserve analyst acknowledged that “the total scope of the program, and the magnitude of the required adjustments, have not yet been explained to the general public” (FR 1976c: 3). Also in October 1976 the CIA’s director of operations predicted that López Portillo’s government would “centralize information, using it most of all for the promotion of its economic objectives” (CIA 1976b: 3). Clearly the Mexican government was providing far better information to a foreign government than to its own people.
None of these documents explicitly acknowledged the regime’s authoritarian nature. Rather, the United States accepted Mexico’s established order and identified as its own foremost priority the need to protect U.S. interests, which, in turn, were inexorably linked to the PRI’s hold on power. The tacit understanding worked, and it established a pattern that would be repeated in the financial crises of 1982, 1985–86, and 1994–95. But although the basic policy remained unchanged over these various economic upheavals, the conditions that the United States imposed on Mexico varied from one crisis to the next.

**FINDING A BALANCE**

In a sense, Echeverría’s frenzied reformism worked. He was able to bring many of the student leaders from 1968 into his government, while he simultaneously used coercion and repression to silence armed opposition to his regime, along with any media (such as Exélsior) that had shaken free of government controls. Although Echeverría did not always see eye to eye with Washington, at critical moments the United States did all in its power to protect the Mexican political system. 18

On the other hand, Echeverría unleashed social forces whose ultimate impacts even he could not have foreseen. For example, he founded the National Council for Science and Technology. CONACYT grants allowed thousands of Mexican students to study abroad, and many of these foreign-educated Mexicans would eventually constitute the new cadres of the Mexican ruling elite, displacing traditional politicians from Echeverría’s era. By the time of Miguel de la Madrid’s administration (1982–1988), 63 percent of Mexico’s cabinet members had studied at foreign universities (Peter Smith 1986: 109). The importance of the government elite’s renovation is even more visible if we consider the following: Carlos Salinas studied at Harvard, Ernesto Zedillo at Yale, Pedro Aspe at MIT, and Manuel Camacho at Princeton. These academic institutions nurtured the neoliberal ideas that would transform Mexico’s history.

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18Despite the importance this support had for the bilateral relationship, it was rarely considered in U.S. analyses. Peter Smith, for example, ignores external influences as a factor in his discussion of Mexico’s crisis. Sketching a general outline of Echeverría’s regime, Smith stated that “in overcoming the problem of Presidential succession, and surviving the peculiar crisis of late 1976, the authoritarian Mexican system has once again proved its ability to adapt and change” (1979: 313). Smith makes no mention of the role played by the United States.