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PETROLEUM AND POLITICAL CHANGE IN MEXICO, (U)
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(6) Petroleum and Political Change in Mexico

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(10) Edward J. Williams
Professor of Political Science
University of Arizona
Tucson, AZ 85721

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Petroleum and Political Change in Mexico

INTRODUCTION

The intimate interconnection and reciprocal influences of the polity and the economy is a long-standing theme in the study of political change. Aristotle discussed the role of economic transformation and imbalance in his analysis of revolution. Karl Marx had it that "the mode of production of material life conditions the social, political and intellectual life process in general." More recently, a seminal work on development reflects the same point in declaring that "there are many possible sources of system change. But one of the most powerful and predictable of these is radical change in the socio-economic environment of the political system." [1] The evolution of the nexus is familiar. As new economic modes of production or industrial departures ramify onto the polity, they shake up existing political patterns, contribute to the creation of additional power contenders, and compel decision makers to formulate and implement untried strategies and tactics.

The rebirth of the Mexican petroleum industry and its implications for Mexican political change illustrates the point. A Mexican commentator has it correctly that "one theme polarizes Mexican public attention--the petroleum question." [2] Since the new finds were announced in 1974, the nation's politics have fastened upon petroleum. In the

process, an unfamiliar context has begun to take form. Novel policy disputes have crystallized and older policy questions have assumed different dimensions. The transition to major petroleum power is chock full of potential for more of the same in the 1980s as the polity continues to respond to challenges evolving from economic change.

More specifically, two major policy decisions and one key concomitant form the crux of public attention, policy dispute and political discourse. The decision to push for ever-increasing hydrocarbons production is the first of those casual factors. It is the basic plank of Mexican petroleum policy and has sparked ongoing controversy from the outset. Flowing from that decision, Mexico has evolved export policy and practice featuring relatively large amounts of sales to the United States, catalyzing a second focus of disputation. In the process, finally, Petróleos Mexicanos (PEMEX, the state-owned oil monopoly) has grown by leaps and bounds and emerged as a third contribution to the context of political change created by Mexico's newly found petroleum riches.

Singularly or in tandem, those three facts have wrought the beginnings of significant forces for change in the Mexican polity. Novel patterns of formal and informal authority are evolving. New political actors are emerging and some previous ones are waxing and waning in influence. Dramatic issues are sparking heated debate and intense political controversy leading to frequent challenges to

Mexico's secretive, authoritarian system, and sometimes exploding into flamboyant opposition to official policies and postures. Some of those catalysts for political disputation are directly related to the petroleum industry and strike all three of the defining characteristics of the nation's new petroleum reality. At least one of the factors is always present in matters relating directly to petroleum policy and practice.

In another gradation of issues, the rebirth of Mexico's petroleum industry is less directly related, but the nation's putative oil wealth has added additional nuance to their consideration and imposed new conditions for their resolution. The weakness of Mexico's agricultural sector, the nation's unemployment problems, ongoing deficiencies in the export sector, and a possible reorientation of basic developmental strategy exemplify areas where petroleum is indirectly related. In matters both directly tied to the exploitation and exportation of hydrocarbons and in areas more removed, in sum, Mexico's recent oil finds have created a new dynamic in the Mexican polity.

This paper describes and analyzes those conditions of and forces for change. After a brief description of production and export policy and practice and the growth of Petr6leos Mexicanos, the effort looks to contributions to institutional change and to policy controversy directly tied to the petroleum industry. The discussion then evolves to other foci of policy disputation indirectly related to the

new milieu created by anticipated petroleum earnings.

Finally, in a more speculative vein, the paper gauges the significance of the new oil for political change by examining the profundity of the issues at controversy, the scope and intensity of the challenges to governmental authority, and the sectors and individuals involved in the several disputes and departures.

PRODUCTION, EXPORTS, AND PETROLEOS MEXICANOS

The policy debates over production, exports, and Petróleos Mexicanos are set out below, but some brief description and some few data on the three elements of the petroleum scene are necessary by way of grasping the essential facts of the scenario. The evolution of the 1970s featured moves to increasing production, expanding exports to the United States, and an ever larger and ever richer national oil company.

In the first instance, Mexico's hydrocarbon reserves burgeoned during the late 1970s. Proved reserves multiplied about eight-fold from 6.3 to over 50 billion barrels from 1975 to 1980. Petroleum experts are near unanimity in predicting significant additional proved reserves to come on line in the 1980s and Petróleos Mexicanos' conservative estimate of total reserves (proved, probable, and potential) in 1980 declared 200 billion barrels.[3]

Across the line, production figures have grown almost as rapidly as reserve quotations. In 1974, Petróleos Mexicanos was producing about 650,000 barrels of crude per day (b/d); the magic 1 million figure was attained in 1976; and by early 1980 production reached 2 million b/d. Production targets for 1981 were set at 2.7 million b/d. A level of 4 million b/d by 1983 can be readily achieved. Increases in refining production and capacity tell the same story. In 1973, daily output of refined products stood at about 500,000 b/d and by 1979 exceeded a million b/d. Projections for refining capacity in 1982 are set at 1.5 million b/d. Predictions for Petróleos Mexicanos' petrochemical sector are even more ambitious. In 1975, the oil monopoly confected 3.6 million tons of petrochemicals and output grew to 6.3 million by 1979. Projections for 1982 look to a yearly output of 18 million tons with even further increases to 24 million tons by 1985.[4]

The second nexus of the politically volatile scenario created by Mexico's new hydrocarbons involves increasing exports to the United States. It reflects the same upward trends as production, although new export initiatives launched in 1980 may moderate the situation in the future. Some small amounts of crude were actually imported in the early 1970s, but by late 1974 the balance had shifted and PEMEX averaged about 55,000 b/d in exports during the last months of that year. Exports then increased rapidly. In 1978 Mexico sent off about 450,000 b/d in exports. By early

1980, exports were totalling about 1.1 million b/d.

Although reports are sometimes a trifle confusing, the consensus appears to be that the United States received more than 80 percent of Mexico's exports through 1979. Data for 1978, for example, indicate that Petróleos Mexicanos exported \$1.8 billion worth of crude of which \$1.57 billion (or 87 percent) was sold in the United States' market. By late 1979, PEMEX was also selling the U.S. 300 million cubic feet of gas per day. The initial price for the gas was set at \$3.625, but was raised to \$4.47 per 1000 cubic feet in mid-1980.[5]

Beginning in 1980, Mexico's export diversification program came on line and future petroleum commerce with the United States was in transition. Although the U.S. continued to be assured of the lion's share of the nation's hydrocarbons exports, the exact percentages became increasingly difficult to predict. For 1980, Petróleos Mexicanos contracted for additional sales of as much as 400,000 b/d to go to Brazil, France, Japan and Spain with further projections of even more exports to Canada and Sweden in 1981. At the same time, however, production schedules were revised upward from 2.25 million b/d to 2.7 million b/d. Although some of that increase appeared to be destined for the internal market, a sizable piece of it would probably go to the United States market. The U.S., in that eventuality, would continue to receive ever larger absolute amounts of hydrocarbons (oil and natural gas) from

Mexico, although its relative percentage of Mexico's total exports might fall off a trifle.[6]

As production and exports have burgeoned in Mexico, Petróleos Mexicanos has prospered and emerged as a third focus of controversy within the new scenario created by the oil boom. The national oil monopoly grows more rich and powerful every year. Data on its piece of overall budgetary allocations in Mexico illustrate the point. In absolute terms, Petróleos Mexicanos' budget grew from \$4.3 billion in 1977 to \$17.5 billion in 1980. Comparative data from 1977 and 1980 exemplify that PEMEX is also gaining a larger relative piece of Mexican outlays in addition to receiving more in absolute terms. In 1977, Petróleos Mexicanos claimed 19 percent of all monies spent by the public sector and 36 percent of actual expenditures of the decentralized organizations and state enterprises. In the draft budget from 1980, the comparable figures had grown to 23 percent and 47 percent. Indeed, the 1980 data may underestimate the impact of PEMEX because the oil monopoly usually overspends its budget.[7]

Beyond 1980, the figures are difficult to predict, but the Mexican government's Plan Global de Desarrollo, 1980-1982 appears to promise the continuation of substantial financing to Petróleos Mexicanos (while also appearing to deny such intentions). In one section, the Plan makes much of lower increases (not less total money) in financing directed to the petroleum monopoly for 1980 through 1982.

Conversely, when the Plan gets to a discussion of the distribution of "the total petroleum earnings susceptible for utilization in fomenting investment and the development of the country," PEMEX is scheduled for 32 percent of the total. Agriculture and rural development, in second place, is programmed to receive 17 percent.[8]

In sum, Mexico's increasing hydrocarbons production, its growing exports of petroleum to the United States, and the burgeoning significance of Petróleos Mexicanos form the foci for the nation's new oil politics. Policy disputes flow from those three elements of the nation's new role as a petroleum power; direct political controversy reflects the Mexican government's several strategies in pursuit of those achievements; and other controversies are indirectly extrapolated from and tied to the potential earnings to be gained in the near future by Mexico's booming petroleum industry.

PETROLEUM POLITICS AND CHANGE: THE DIRECT DIMENSION

Revision of institutional lines of authority combine with ongoing policy disputes and political controversy to illustrate the forces for change evolving from Mexico's new petroleum politics. In some instances, the novel designs are already firmly etched, but in others they are more in the form of pressures and proclivities than clearly defined renderings. In the first gradation, the 1980s should be

expected to firmly entrench the initiatives. In the second extrapolation of forces for change, the present decade will present a context for their sorting and filing, or relegation to the trashheaps of aborted reforms so characteristic of recent Mexican history.

Institutional Lines of Authority

Looking first to institutional or semi-regularized changes in the Mexican system catalyzed by petroleum politics, Petróleos Mexicanos plays a featured role. Supervision of its wealth and power has triggered several well-defined revisions of the lines of authority and other manifestations of continuing flux as the new relationships are worked out.

By way of reservation and preface to this discussion, it should be emphasized that institutional, constitutional, and legalistic analyses are not quite appropriate for the Mexican scene (nor practically anywhere else), given the continuing patterns of personalismo, caciquismo and camarillas that weigh heavily in the nation's politics. In this particular instance, furthermore, the analysis is made even more difficult by an accident deriving from constitutional provisions which prohibit at least one of the major potential actors from aspiring to the presidency, thereby reducing his political clout. Nonetheless, institutional arrangements count in Mexico and petroleum's

influence upon them is useful in documenting its contribution to real and potential change.[9]

Beginning from the top of the institutional pyramid, Mexico's new petroleum has crystallized increasing presidential attention to and authority in the area of hydrocarbons policy and, in effect, defined him as Mexico's first oil man. President José López Portillo, the present incumbent, frames and articulates petroleum policy. He has often intervened in Petróleos Mexicanos and even more frequently entered the fray of political controversy to defend the government's policies and programs in the hydrocarbons arena. As speculation evolves concerning the successor to López Portillo, moreover, it has become a truism that the nation's next president should be conversant with the intricacies of the petroleum industry. That qualification has never before been defined as a significant characteristic of a pre-candidate.

At the next formal level of the constitutional hierarchy--the ministries--institutional analysis is not quite so clean, but it continues to have some value, both for its partial utility and its shortcomings. Logical deduction points to growing political influence for the Minister of National Patrimony and Industrial Development, but that pattern failed to emerge in the 1970s. The Ministry counts formal competence for Petróleos Mexicanos, but the actual lines of authority have run from the President to the Director General of PEMEX, bypassing the

Patrimonio Minister. Several factors may explain the interruption of institutional lines of authority. Strong ties of personal friendship bind the President to the Director General of PEMEX, who also enjoys the reputation of being an able person with a commanding presence. The Patrimonio Minister, moreover, is unable to aspire to the Presidency because of foreign parentage and, therefore, his political influence is diminished.[10]

As petroleum earnings have grown and combined with other measures designed to increase taxation and tighten its administration, the relative influence of the Minister of the Treasury (Hacienda y Crédito Público) has also expanded in Mexico, as it has in other systems around the globe. Increased petroleum monies in the 1980s should contribute even further to the Ministry's role in the framing of policies and programs financed by the oil bonanza. The same pattern may well hold for the Ministry of Budget and Planning (Presupuesto y Programación), but the department was founded only in 1977 and has yet to consolidate its position. Three ministers headed the institution in its first four years. Indeed, the two financial ministries are competitive and the rising influence of one signals the relative decline of the other. Both, however, are potentially influential and both, to the theme of this discussion, owe their potential in large part to the significant new financial resources being created by the rebirth of the Mexican petroleum industry.

Although a bold prediction is certainly not merited, the oil wealth may also imply a relative diminution in influence for the traditional positions of political power within the administrative hierarchy--the Ministry of Government (Gobernación) and the Presidency of the official party, the PRI. As President López Portillo consolidated his position during the first part of his regime, strong incumbents in both posts were replaced by less formidable persons. In turn, it appears that the two loci of political power have less influence in the system than in times past. The importance of politics in the Mexican system is not to be eclipsed by the economic challenges of the new oil, to be sure, but a relative decline in the significance of the two political positions could certainly evolve in the 1980s.

The role of the Director General of Petróleos Mexicanos definitively dramatizes the impact of petroleum on institutionalized lines of authority in the Mexican system. The present Director General, Jorge Díaz Serrano, has become the second most important public figure in the nation. He travels hither and yon like the foreign minister, he negotiates trade arrangements as if he were the commerce minister, he bargains for loans as a surrogate treasury minister, and he is deeply involved in decisions that impinge upon the competence of the minister of budget and planning. Although he has denied such ambitions, early analyses depict him as a presidential pre-candidate for the 1982-88 sexenio.[11]

Beyond that possibility, projections look to the creation of a new Ministry of Energy early in the next administration. Díaz Serrano has been defined as the logical candidate to head the agency. No matter who the minister, the initiative bodes to redefine institutional power relations in the Mexican government. If the department were to include only Petróleos Mexicanos and the Comisión Federal de Electricidad (CFE, the second largest of the decentralized agencies), it would control fully 34 percent of the Mexican budget (based on the 1980 draft) and obviously be a mighty force in the nation. Concomitantly, the creation of a Ministry of Energy would seal the fate of the Patrimonio Ministry by robbing it of its most salient component.

Comparative analysis lends credence to petroleum's impact on lines of institutional authority. In early 1979, the new Venezuelan Minister of Energy and Mines was described as having launched a campaign "to reassert the role of the energy and mines ministry in oil policy." Reflecting the same points made in this analysis of the Mexican context, the discussion continued:

Since 1976, Petróleos de Venezuela has become a separate authority, negotiating directly with foreign companies; its president, General Rafael Alfonzo Ravard, has been allowed direct access to the Miraflores presidential palace. Calderón gave notice that on issues such as production

policy, for example, the ministry would impose its authority.[12]

From another perspective, the petroleum boom in Mexico has spelled increasing power for the oil workers' sindicato. In a paradoxical way, it has also contributed to the strength of the Mexican left and the influence of its major spokesman on petroleum issues, Heberto Castillo. As a subcontractor and a hiring agent for PEMEX, the petroleros union has control over growing resources and its political influence has increased proportionately, particularly at the state and local level in selected areas. Castillo, finally, has become famous in Mexico as he has battled PEMEX and the government. In the process, he has been invited to official conclaves for the discussion of petroleum-related policies. It may be that the official cognizance of Castillo is informed by more (or less) than respect for his policy positions, but that possibility is a bit beside the point. The message contained in Castillo's rise to fame and power is the same as that implied in the emergence of Diaz Serrano and the other alterations of the hierarchy of authority described above. Mexico's petroleum has begun to change the fact of the nation's polity and it promises to affect more such changes in the 1980s.

Implications from Policy Formulation

In a rather different way, the same point is crystallized by a description and analysis of policymaking controversies and the political battles waged over programs to implement petroleum policies in Mexico. In both policymaking and politics, the 1970s catalyzed drawn out and intense dispute characterized by ongoing agony, much backing and filling, frequent explosions of vituperative recrimination, and even occasional examples of the decision makers acknowledging and responding to the charges of their opponents. To reiterate a frequent theme of this paper, the events of the 1970s are bound to foreshadow more of the same for the 1980s.

At the level of policymaking, the decision makers' stance on production illustrates the agony of the process. From the outset it has been beclouded by a vacillation and indecision, shifting from posture to posture. Official policy has reflected the vicissitudes of the moment, the novelty of the situation, and the interplay of forces on both the international and domestic scene. Early on, the conservationists appeared to dominate official rhetoric; in midstream, the expansionistic forces gained the upper hand; by 1978, the government's policy had once again assumed a more cautious tone with the promulgation of a "production platform"; and in 1980, the expansionists won a minor victory when the platform was raised from 2.25 million b/d

to 2.7 million b/d.

Still, the matter was far from settled in 1980. The official definition of the original production platform by no means implied an unalterable decision to shut off further increases in hydrocarbons production and exportation. Rather, it conjured a reflective policy review which might preclude further growth in the industry, but might also result in a decision to push ahead with increasing production and exportation. The Director General set out the policy in his annual report of 1978:

After the production platform of 1980 is attained, Mexico can decide if the same pace of production is to continue, or if it is convenient to increase or reduce it, with the tremendous advantage of having, by then, enough income and ease to project the execution of a master development plan . . . [13]

At the time, the postulation of the production platform was interpreted as a victory for a more restrictive policy, but subsequent events proved otherwise. In 1980, the President announced an increase in production after such a move had been denied only a short time before. It is certainly reasonable to expect that another such round of politicking will evolve with good chances for elevations in the future. In short, the polity will continue to reverberate with the clash of forces pro and con as they press their respective positions.[14]

The record of export policy and practice reflects the same pattern and similar results. Indecision has mixed with contradiction, sparking ongoing debate and disputation in the polity.[15] The articulated export policy of the Mexican government has stated differing goals at various times. At the most basic level of desirable quantities, the long and the short of the alternative proposals revolve about two contradictory policy recommendations. On the one hand, many counsel that Mexico minimize its exports in order to husband its resources for future generations and avoid economic indigestion. Conversely, others advise that the imperatives of serious economic problems and plentiful reserves compel the nation to a policy of increased export earnings. During the Luis Echeverria years (1970-76), nationalistic sensitivities and domestic political discretion weighed heavily in favor of conservationist rhetoric, but, even then, evolving practice hinted at a less restrictive policy. After 1976, the official stance changed to emphasize increasing exports, but the critics continued a rearguard action designed to convince the policymakers of their folly. The production platform announcement of 1978 also affected export quantities, of course, and the conservative position appeared to have triumphed. As noted above, however, the 1978 policy statement could not be interpreted as establishing a ceiling on production or exports. It gave way in 1980 and can be expected to be raised again before much time passes.

Mirroring the same sort of ambiguity, both official policy and unofficial domestic advice has frequently emphasized foreign sales concentration on refined products and, eventually, petrochemicals rather than crude. As the oil monopoly began to feel the economic crunch in mid-1977, it seemed to back off from at least part of that policy, but official statements persisted to talk about exports of product, despite contradictory evidence.

Policy and practice on the recipient nations of Mexico's petroleum and gas also illustrates contradictions arising from political pressure and/or policy indecision. As in other areas, the trends are in transition and definite patterns difficult to ascertain. Similar to other aspects of petroleum policy, furthermore, ambition tends to befog practice. During the Echeverria years, policy statements talked much of exporting to the Third World nations. Several early policy statements also reflected the endemic anti-Yankee posture that frequently worms its way into Mexican foreign policy stances. At the very outset, Echeverria was quick to declare that the United States could expect no special treatment in oil deals. Indeed, he argued against increased sales of any degree because they would strengthen Mexican dependence on the United States. At about the same time, the minister for natural resources announced that Cuba was to be offered the first opportunity to purchase Mexican oil.[16]

The posture of the subsequent López Portillo government evolved a less antagonistic stance toward the United States and pronounced export policy followed suit in declaring the United States as a "natural market" for Mexico's hydrocarbons sales. Even then, however, export diversification continued to be a major plank, but the focus changed to Brazil, Western Europe and Japan. By 1980, those ambitions achieved realization with significant percentages of exports projected for nations other than the U.S. In still another turn, however, overall production schedules were raised resulting in a trend of increasing shipments to the United States.

As with the case of production, the twists and turns of Mexico's export posture both reflected and caused ongoing perturbation in the polity. Within official circles and without, petroleum had again raised new challenges for the decision makers, and, in the process, incited groups and individuals within the polity to petition for, urge and demand varying courses of planning and action. A Los Angeles Times survey of Mexican opinion offers some glimpse of popular division on the matter. When asked if Mexico "should sell its oil to foreign countries," the respondents were close to evenly divided with 56 percent in the affirmative and 43 percent voting against foreign exports.[17]

Petróleos Mexicanos forms the third focus of ongoing political discourse and controversy touched off by Mexico's

petroleum bonanza. Differing from the agony and ambiguity of production and export policy, the debate over PEMEX is more clearly defined. No doubt beclouds the fact that PEMEX has grown by leaps and bounds, nor do any facts belie its crucial significance for the Mexican economy. In the same vein, no question exists that public attention has become riveted upon the giant company. Fears have evolved that it has poorly managed the nation's patrimony, ill-spent the nation's money, and grown far too powerful for the nation's good.

Those specific charges will be documented anon in the discussion and analysis of several political disputes, but some flavor demands presentation here by way of outlining the essentials of the political controversy. Charges of inefficiency and corruption within Petróleos Mexicanos continuously appear. About as frequently, PEMEX or one of its officials is accused of collusion with North American owned transnational companies. Misrepresentation of the facts on production, exportation, borrowing, and spending is constantly being charged by the national oil monopoly's critics. The petroleum company is also damned for its manic commitment to its own growth and power and to its callous treatment of the nation's environment and its citizens who reside in exploited areas. A Mexican commentator offers a sense of the passion involved in the critique in setting out a litany of the sins of PEMEX--"none of them corrected or resolved." They include "arrogance, ineptitude,

authoritarianism, collusion with private companies, and depredation . . ." Further on, he writes of the "immense clamour" calling for the Director General to resign his post. Heberto Castillo is less eloquent, but more dramatic, in charging that "the director of PEMEX, Jorge Diaz Serrano, lies." [18]

It is significant, furthermore, that the nation's right opposition is about as vitriolic as the left in its damnation of PEMEX. In a book that elicited the printing of 60,000 copies in less than four months, Luis Pazos issued a vituperative series of charges. They focused on corruption in the company and the sindicato, the theft of material and gasoline, the government's subsidy to PEMEX, the company's debt, and other blasts. Near the end of the book, he proposed a position and the solution representing the thoughts of many conservative Mexicans.

The Mexican government ought to justify its actions on the basis of concrete results, and not as it has almost always done, with nationalistic positions which serve only to justify inefficiency and the benefit of certain sectors which traditionally have amassed great fortunes in the shadow of the petroleum nationalization.

If they really want the company to belong to the people, they ought to sell its shares to Mexicans and compose an administrative council of those who risk their money, and not of functionaries who,

like migratory birds, are only interested in taking as much profit as possible, even at the cost of destroying the financial stability of the company and of the country.[19]

In each of those three areas of policy formulation, in sum, the Mexican oil bonanza has injected new foci of disputation into the nation's polity. Production policy has jumped hither and yon and evoked spirited controversy at each turn. In its train, export policy has been bothered by questions of volume and recipient nations and catalyzed political advocates and opponents pressuring for more or less export to the United States or other nations. In combination, both production and export gains have implied the growth of Petr leos Mexicanos and evoked from the polity a series of charges anent the oil monopoly's functioning and its very right to exist. In every case, the issues are new, the disputes are novel, and the initiatives different from those which have composed the nation's policy debates in the past. They imply policy innovations and political activity connoting change in the definition of the Mexican polity.

Implications from Politics

The same conclusion is implicit in more proximate questions of political dispute impinging upon the nation's polity. As the several major petroleum policies have been

implemented, they have lead to a series of programs impacting upon varying segments of the population and upon the nation's political prejudices and sensitivities. In the process, they have unleashed a wrath of opposition and, in turn, sparked the defense of the decision makers. A number of cases in point exemplify the argument. They include the scandalous blowout of Ixtoc 1, the construction of the gas line (the gasoducto) to the United States, amendment of Article 27 of the nation's constitution, turmoil and dislocation in the southern oil states, and an undercurrent of private sector activity designed to expand its influence and competence in petroleum production.

Significantly, these several cases in point imply opposition from sources covering the spectrum of the nation's constitutional and political system. Hardly a single element of Mexico's polity has failed to join the fray at one time or another. The Mexican left has badgered and harassed the administration, seriously embarrassing the government; state governors have challenged Mexico City; the official party has been touched by a break in discipline; and the private sector has constantly nipped at the decision makers as it maneuvers for increased advantage. In each case, furthermore, at least one of the basic foci of disputation has played a major role in the controversy as the opposition has driven to the basic planks of the Mexican petroleum scenario--production, exports and the question of Petróleos Mexicanos.

It is quite impossible to offer in this paper comprehensive case studies of each of the episodes, but a flavor of them merits description and analysis by way of indicating the turmoil of the Mexican polity deriving from the petroleum bonanza. The blowout of Ixtoc 1 in the Bay of Campeche triggered the most serious damnation of the nation's petroleum policy and touched off a crisis that called into question the wisdom and integrity of the policymakers from top to bottom. As the well spewed forth for almost nine months from June 1979 through March 1980, the polity was racked with charges, countercharges and a mixture of poignant and heated apologies from the decision makers.

The critique hit every nuance of the petroleum program. It accused PEMEX of ineptitude and its officials of malfeasance. It extrapolated the basic cause of the catastrophe to the government's crash program for rapidly expanding production and exportation. It raised the bugaboo of foreign intervention in the industry owing to contractual arrangements with United States' firms. In the first instance, the fiasco was depicted as another example of the endemic inefficiency that supposedly racks PEMEX. Beyond inefficiency the charges spread to scandalous proportions in accusing PEMEX of a cover-up that reportedly involved the Director General's collusion with petroleum contracting firms in Mexico and the United States. An investigation was launched by the nation's Attorney General, but most of the

critics remained unsatisfied.[20]

More than reflecting distrust of PEMEX, the critique also got to the basic policy directions that had created the context for the debacle. The inefficiency of Petróleos Mexicanos, in this sense, flowed in part from the nation's headlong dash to expand production. The several factors contributing to the Ixtoc 1 blowout, charged a union official, "were the result of the phenomenal expansion of Petróleos Mexicanos." Another source focused on the same general argument and tied it with exports to the United States. In describing a critique launched by Heberto Castillo, the report noted that Castillo charged that "the accident is characteristic of a wrong-headed policy to produce as much oil as possible as quickly as possible, which is in U.S. rather than Mexican interests." [21]

At one level, the decision makers response was characteristic of the authoritarian, secretive Mexican system, but viewed from another perspective, it lends itself to a more optimistic interpretation hinting at movement and change in the polity. The first vista is exemplified by a governmental response at one time inadequate and at another time threatening. The Director General denied any wrongdoing and typified the blowout as almost inevitable; "a common accident in the world of oil activities . . ." Indeed, he ingenuously had it that its main significance was to verify evidence of large reserves in the Bay of Campeche, "an encouraging signal." In another ploy, the decision

makers evolved a nasty turn. The president of the official party conjured a scenario in which "the government of Mexico is a victim of a wave of internal and external pressures, which are trying to destabilize the petroleum industry and encourage the people to lose faith in the national destiny . . ." President López Portillo assumed the same tack in his 1979 message on the State of the Nation and later warned the press of its obligation to report accurate information, sparking concern that the government's "right to information" legislation might imply restrictions.[22]

That dimension of the decision makers' rejoinders may be cause for dismay, but another interpretation is less negative. The government was shaken and felt compelled to respond. The very heat of the apology reflects the seriousness of the threat. The opposition does not win battles in Mexico, of course, but it can work its influence. In addition to the profundity of dispute, the point is also exemplified by the formal apology of the Director General. Following his previous appearance before the Chamber of Deputies anent the gasoducto controversy, Díaz Serrano offered a lengthy defense before the Chamber and responded to 90 questions raised by his interrogators. A report of the episode had it that "the galleries were jammed with PEMEX union members, who whistled questions from the opposition deputies and earned themselves a reprimand from the chair." Without exaggerating the significance of the opposition or the influences for change in the system, the

Ixtoc experience suggests measurable forces in the polity vying for attention and compelling the decision makers to some degree of responsiveness.[23]

The second most important national debate to rack the Mexican polity in recent years revolved about the construction of the gasline to the United States (the "gasoducto"). The implications of the gasoducto controversy parallel those of the Ixtoc 1 fiasco.[24] The decision to construct the gasoducto was announced in early 1977. The line was to run some 800 miles from the southern fields and hook up with the United States' distribution system. The tone of the original statement carried a matter-of-fact, businesslike quality and appeared to reflect a certain complacency in Petróleos Mexicanos. The policymakers clearly misjudged the intensity of the latent opposition to the gasline and were caught off guard when the critics began to emerge in significant numbers.

A series of exchanges between the opposition and the policymakers evolved several cogent arguments and counter-arguments.[25] One nexus of controversy fastened onto the cost and financing of the project and conjured omnipresent distrust of PEMEX. The company alternated between cost estimates of \$1 billion and \$1.5 billion. The critics doubted their word, or at least their perspicacity. They pointed to the huge over-runs on the Alaska construction. In a reported exchange with PEMEX officials, indeed, Castillo supposedly embarrassed some contractors

present by asking if any would accept an iron-bound contract at that price. They all refused on the grounds that there are "always unforeseen circumstances." [26] The issue of financing also challenged the integrity of Petróleos Mexicanos. The debate was complex, intriguing and significant. In a series of overlapping and sometimes contradictory advances and withdrawals, the possibility of official money from the United States Export-Import Bank was categorically denied; the word went out that financing could be arranged from numerous other foreign sources; and, finally, after more than two months of desultory backfilling, it was proclaimed that more than half of the money was to come from domestic sources.

The cost and financing arguments gained points for the left opposition, but the trump cards centered on the fear of exporting the gas to the United States. The critics' position focused on several anti-Yankee bugaboos, including economic dependency, pressure from the United States, and, beyond pressure, the specter of United States' occupation of Mexico to protect its strategically crucial source of gas.

Once again after the fact, PEMEX officials and governmental policymakers were moved to acknowledge the weight of the critique. The President joined the debate in responding to the opponents. He offered a reasoned, rather lengthy apology for the gas line in his annual State of the Nation address in 1977, and later waxed passionate in damning the critics. In response to the export dependency

argument, López Portillo saw it exactly the opposite; the gas line signified United States' dependence on Mexico. Furthermore, he continued, Mexico could not make policy informed by the hurts of old perpetrated by the imperialistic activities of the United States; times had changed, he said, and Mexico had nothing to fear. Finally, he put the matter to rest by declaring against those motivated by "an itching that I do not understand" or by "xenophobic criteria." "If we are able to compensate our commerce with gas, we are going to do it," the President declared.[27]

Equally telling testimony of the opposition's strength was exemplified in the televised airing of a formal debate on the gasoducto and the Director General's appearance before the combined houses of the nation's legislature. In the first instance, the government acquiesced to a rare two-part, two-hour discussion of the issue on prime-time television. The televised presentation was not quite a wide-open Lincoln-Douglas debate; it was loaded with PEMEX officials and offered the opposition only a weak voice. Still, it presented some discussion of the policy; it raised several potentially embarrassing questions; and, to the point, it was available to literally millions of Mexicans to hear, analyze, and digest.

In a second concession, the Director General of Petróleos Mexicanos appeared before the Congress to respond to its directive that "the public may be properly and

truthfully informed with regard to the construction of the gas-pipeline in question." He spent nine hours over two days offering testimony and responding to questions. The first session, moreover, was televised--again providing diffusion of the issue for millions of Mexicans.[28]

The Mexican left-wing opponents to the gasoducto may count all of that a Pyrrhic victory, admittedly, but the analyst interprets it as an indicator of the political impact of issues flowing from the nation's new oil. Probably not since the debate over the nation's Cuban policy in the early 1960s was a foreign policy decision so successful in agitating serious public debate.[29]

At about the same time that the gasoducto imbroglio was buffeting the government and Petróleos Mexicanos, petroleum policy initiatives added further stresses and strains to the Mexican polity by triggering the opposition of a loyal deputy. In angry response to a presidentially-sponsored amendment to Article 27 of the Federal Constitution, Victor Manzanilla Schaffer cast a negative vote in the Chamber of Deputies. He was the only member of the official party to break ranks.

The amendment formed part of the administration's program for the rapid exploitation and exportation of Mexico's oil and gas. In the words of a spokesman for the government, it facilitated the "rational exploitation" of the petroleum by permitting the Secretary of National

Patrimony and Industrial Development the right to expropriate lands, without previous judicial proceeding or indemnity. The opposition to the amendment was less charitable in its opinion and depicted it as a transgression of the campesino's property rights. The move was also seen as another indication of PEMEX's accumulating vast power, deriving from the government's single-minded commitment to rapid development of the nation's petroleum. The legislation's tie to the export issue derived from its utilization to expedite the gasoline, then in its initial stages of construction.[30]

While some opposition to the measure was probably expected, the apostasy of a loyal deputy was certainly not a routine matter and a scandal developed characterized by a confused series of charges and counter-charges. Manzanilla offered some comment on the substance of the amendment, but his case rested more on the procedures. He charged that the legislation was ram-rodged through the Chamber without the usual opportunities for discussion and criticism during the committee stage of the process. Most of the story then revolved about disciplinary action. The events reflected significant perturbation and, probably, some backsliding on the part of the government. The first reports indicated that Rodolfo González Guevara, chief of the PRIista party in the Chamber, had demanded that Manzanilla resign his committee posts. González denied that he had done so, and, in turn, Manzanilla held fast in reiterating his original

charge. As the controversy wound down, he reassumed his functions and discouraged further speculation and scandal in guarding his silence. In perspective, furthermore, he never openly challenged the President by name, and, indeed, in a postscript to the affair, paid homage to the "democratic, revolutionary, progressive and patriotic thought of President López Portillo." [31]

The harm was done, however, and another example of political protest and dissidence had evolved from the government's petroleum policies and programs, and the economic change and social dislocation flowing from them. Beyond the immediate effects, furthermore, the longer-range potential of the deputy's opposition for contributing to political change is the most intriguing aspect of the episode.

One nuance of the imbroglio's significance is illustrated by the supportive commentary emanating from the media. Excelsior editorialized at the time that "it would be commendable if this dissidence were not the last. There exist many problems in the country that need debate." An analysis of the scandal offered a more profound implication, striking at the crux of the argument.

The unusual nature of the case has attracted attention and stimulated speculation and expectation. Lucio Mendieta y Nuñez, a doctor in law, not only concedes that the opposing deputy

(Manzanilla) was correct, but considers that his action "is going to give place, sooner or later, to a radical transformation in the functioning of the parties." For his part, Ramón Garcilita Partida, a Panista deputy, points out that "the deed is unusual because it treats of an exceptional case in which the unity of the majority was broken, and it merits analysis because it may signify the initiation of a parliamentary and democratic progress." [32]

Still a fourth context and catalyst for change touched off by Mexico's new petroleum derives from migration to the southern oil fields. Its ultimate significance for socio-economic and political change demands more time to unfold, but the initial facts and some of the proximate impacts are clear. They include burgeoning population and equally rapid increases in wealth leading to run-away inflation in the southern states of Campeche, Chiapas, Oaxaca and Tabasco. Consequently, domestic migration in tandem with the new money precipitated by the oil boom has implied serious socio-economic dislocation and instability in those states. In turn, the problems have given birth to complaints, protests and confrontations. The scenario connotes a socio-economic and political nexus pregnant with potential for increased social mobilization in the longer run. [33]

It should be emphasized that all of those changes—what one commentator called "The Drama" of the region's oil boom—are taking place in areas amongst the least developed and most poverty stricken in Mexico. The point is illustrated by examining the several areas ranking in a hierarchy of development postulated in 1973 by a study of Mexican regionalism. Utilizing a universe of 111 districts formulated by the National Minimum Wage Commission, the study created an index characterized by developmental criteria such as levels of urbanization, wealth, employment in varying economic sectors, women economically active, etc. Of the 111 districts, seven in the south were being directly affected by the oil boom. Five of the seven districts were in the lower half of the developmental hierarchy and three in the lower third. Of those last three, two were amongst the least developed in the entire country, ranking 104 and 106 respectively.[34]

Generalized protest and specific challenges to Petróleos Mexicanos and governmental petroleum policy have evolved in response to the problems in the South. In Tabasco, peasants met PEMEX workers with machetes and shotguns for days on end. In another episode, Tabascan oystermen marched on Villahermosa threatening "to kill those PEMEX guys if they come back." In Salina Cruz, an explosive situation developed in mid-1976 when campesinos armed with "machetes, rifles and pistols" blocked construction of a new refinery. A headline in Excelsior noted still another

protest in which "Hundreds of Veracruz Campesinos Impede Work on the Gasoducto." [35]

Protests, petitions and interventions by pressure groups and local governmental officials also reflected discontent. Organizations of ranchers and fishing interests in Chiapas, Tabasco and Vera Cruz launched official protests with governmental agencies and Petróleos Mexicanos. State representatives of the Canacintra (Cámaras de la Industria de Transformación) from the six southern states called for a system of internal preferences. Municipal presidents and councils joined the outcry in criticizing PEMEX and demanding relief programs. As reported by one investigator after reviewing the situation in Tabasco, disenchantment was the order of the day.

In recent visits there that included conversations with public officials, interest group leaders, economists, and ordinary Tabasqueños, I found a consistent pattern of criticism of PEMEX for siphoning off resources without developing the state. [36]

Capping all of those loci of protest, finally, the governors of Chiapas and Tabasco also entered the fray in the 1970s. Jorge de la Vega, the Chiapan chief executive, issued a rather measured critique, but his Tabascan counterpart, Leandro Rovirosa Wade, was more vitriolic. His posture ranged from petition through scathing criticism to

open defiance. A flavor of the passionate opposition is exemplified by his charge that the Tabasqueños felt that they were "simply victims of an indiscriminate sack on the part of Petróleos Mexicanos."

The most dramatic challenge exploded when the governor declared that he

would not permit a single investment or any exploitation by Petróleos Mexicanos unless (the company) presented, beforehand, plans for integral development that guaranteed the future of the (state's) population.

He soon backed off from that defiant posture, but the point was made. The severity of the challenge was captured by a Mexico City columnist who charged the governor with having "declared himself in open opposition to the President's energy policy" and conjured the image of "bloody incidences between Tabasqueños manipulated against the petroleum workers . . . "[37]

In some respects, the regional dissidence in the South has thrown up the most significant signals for impending change in the polity. The opposition to the gas line was predominantly from the anti-government left; the Ixtoc 1 critics were more varied, but still dominated by the left; the Manzanilla scandal was short-lived. The southern troubles, however, have continued for years and have emanated from supposedly loyal sources--the campesinos,

local officials and state governors. In a couple of wonderful instances, even the submissive official peasant league, the Confederación Nacional Campesina (CNC), has offered some degree of opposition. Almost all individuals are members of the official party and the southern governors, of course, are both constitutionally and politically subservient to the President.

In another way, furthermore, the southern protests are more serious in that they have encompassed both popular demonstrations and occasional examples of the threat and use of force. The armed peasantry confronted Petróleos Mexicanos and government forces. In episodes in the city of Salina Cruz and in the state of Veracruz, the Mexican military countered by driving the peasants from their positions. The potential for more of the same must have seemed threatening to the elites in Mexico City. As noted previously, one commentator in Excelsior berated Governor Rovirosa Wade for inciting the local campesinos to "bloody incidences." In an even more horrifying scenario, he also suggested the existence of a possible coalition between the left opposition and the governor of Tabasco. PEMEX officials utilized a similar scapegoating ploy the following year by charging that the peasantry was being inflamed by professional agitators.[38]

The issue of the Mexican private sector participation in the petroleum industry is a variation on the several themes so far discussed, but it also suggests new movement

in an area of policy that has not disturbed the Mexican polity for decades. Some private sector initiative surfaced immediately following the nationalization of the industry in 1938, but the socialistic and statist inclinations of the Cárdenas regime soon discouraged the movement. Another round of probing and speculation evolved a little later under the Miguel Alemán regime (1946-1952), but no substantial private sector successes were achieved. In 1959, new legislation redefined and expanded the authority of PEMEX and the issue faded from the public forum for almost 20 years.

As the oil boom progressed and new opportunities took form during the late 1970s, however, the Mexican private sector resurrected a mini-campaign to test the official policy defining the monopoly of Petróleos Mexicanos in the hydrocarbons area. The political strategy framed by private sector spokesmen played on the ongoing current of disenchantment with PEMEX and with the endemic nub of anti-gringoism which informs the Mexican polity. As noted previously, an extreme manifestation of the position went so far as to call for the dissolution of the state petroleum monopoly. Although that ploy was completely unrealistic, its proposition does reflect a bold departure precipitated by increasing sensitivity to the activities of Petróleos Mexicanos and the growing concern that it was mismanaging the nation's petroleum resources.[39]

In another episode, the fear of foreign influence in the petroleum sector highlighted the political strategy of the nation's private sector. As the oil boom dovetailed with the coming of serious economic problems in Mexico, the nation's private sector initiated several feelers designed to expand private activity to the petroleum industry. Articulated by a legal representative of Mexico's private sector, the proposal played on the fear of foreign influence. "So that the nation does not fall into dangerous debt from the exterior," he said, "[the nation] ought to admit the participation of Mexican investors in the exploration and exploitation of our petroleum resources." The argument continued that "private entrepreneurs are disposed to work in this area under the control of the State, respecting the rules that it imposes."^[40] Not much later, the private sector again tried to inch its way into the scenario by offering to lend financial and other assistance on the gasoducto project. In response to those several initiatives, the government and PEMEX has taken a clear and firm stance. In truth, little possibility exists that the comprehensive competence of the oil monopoly will be eroded in any way, but that fact is not quite the point.

More cogently, the activity of the Mexican private sector attests to an increased aura of agitation within the Mexican polity. It combines with the evidence outlining a redefinition of institutional lines of authority and with the several case studies of this section to suggest an

ambience of movement and fluidity in the national political arena flowing directly from oil politics. In every case, the oil boom has introduced a new quality into the Mexican polity. Novel problems have emerged and new policy initiatives have evolved. In their train, they have directly and unmistakably precipitated differing power relationships at the top and sparked a series of controversies affecting the middle and lower levels of the national political hierarchy. The lines of authority differed in 1980 from those which obtained in 1975 and were still in flux. The political controversies and the political actors catalyzed by them varied from previous times. In many cases, the equation was clearly new; in others, it was a variation or an extrapolation from previous themes. In all situations, additional participants are in evidence. In fine, the context points to the profound influence for political change touched off directly by the redefinition of the Mexican economy wrought by the discovery, exploitation, and exportation of the nation's massive hydrocarbon wealth.

PETROLEUM POLITICS AND CHANGE: THE INDIRECT DIMENSION

The relationship between Mexican oil and politics is obviously quite clear in cases like the Ixtoc 1 debacle, the gasoducto controversy and the rise to political prominence of the Director General of PEMEX. In other areas, the tie is not quite so direct, but evolves from contextual factors

wrought by the nation's newly-found hydrocarbons. As policies have been framed, they have become increasingly intertwined with the reality of the nation's oil and discussed and debated within that framework. Several policy arenas illustrate the point--agriculture, unemployment, trade and the definition of developmental strategies and styles.

In a fit of optimism during a speech before the nation's Chamber of Deputies in 1977, the Director General of Petróleos Mexicanos outlined a sparkling vision. Jorge Diaz Serrano expostulated that Mexico's new oil wealth "makes it possible to see in the future the creation of a new country . . . , permanently prosperous . . . , a rich country where the right to work will be a reality, with a better style and quality of life in general"[41]

A "permanently prosperous" country is a many splendored and bewildering concept, but significant elements of the definition must pertain to several policy arenas identified above. Looking to the problems of agriculture, unemployment, and wealth distribution implicit in competing developmental strategies, two Mexican economists capture the point.

In the same vein, they manifest that the petroleum wealth will mean nothing for the people if the distribution of income continues being unjust, if the countryside continues being unproductive and impoverished, if 44 percent of the economically

active population is unemployed or underemployed, and if 80 percent of the population does not have access to a diet indispensable for its physical and intellectual development.[42]

The analytical context for deciphering the impact of oil wealth on the agricultural sector counts several parts. In the first instance, the situation has tended to increasing seriousness. Beginning in the 1970s, agricultural production fell behind population growth and Mexico began to import ever-growing quantities of foodstuffs.

As the oil boom advanced, the fear of continued inattention to the nation's agriculture gnawed at many in Mexico and catalyzed the issue. Even given a willful governmental policy commitment to resolve the problem, that is, the dynamics of the mania for petroleum production could further delay transfer of substantial resources to attack the maladies of the agricultural sector. An oil boom psychology, if anything, is probably even more captivating than the previous preoccupation with industrial development.[43]

In a rather different way, furthermore, the relatively plentiful foreign exchange to be earned by oil exports might well vitiate attention to the countryside. The nation's decision-makers could well be tempted to import foodstuffs rather than to resolve their agricultural problems. The

lessons of the 1940 to 1970 period encompassing Mexico's industrial revolution are instructive.

Governmental rhetoric denies evolution of those circumstances, but the commitment to the countryside appears to be ambivalent. The agricultural sector, on the one hand, is frequently mentioned as a high priority recipient of additional state investment. Those declarations and prescriptions issue from varying sources including the master development plan for 1980-82, the President, high governmental officials, and influential spokesmen in the private sector. A couple of statements by President López Portillo, however, beclouded the issue. On both occasions, the President denied any conflict between the capital investment demands of the petroleum industry and the agricultural sector. In the second pronouncement, the President had it both ways by declaring in a perplexing (and ingenuous) statement that both were top priorities.[44]

The Plan Global de Desarrollo later seemed to revise the official stance in declaring the agricultural-ranching-rural sector as the major priority for the 1980-82 period, but the context is sufficient to give pause. The Plan Global is insistent in declaring petroleum as only the vehicle for development, but it certainly offers ongoing emphasis to the petroleum sector and it is so all-encompassing as to vitiate its specific significance for the agricultural, or any other, sector. Other programs also seem to impinge upon the emphasis articulated in the Plan

bal. It implies a rather different direction than a ministry of agriculture plan and is inconsistent with the 1979 industrial plan. That program had agriculture growing at only a trifle more than two percent per year, well below increases in population growth.[45]

From the perspective of this paper, however, the facts and projections of governmental agricultural policy are less important than the context of the debate. Like everything else in Mexico, the problem has been linked to petroleum earnings. The debate centers on how those earnings are to be utilized, and the nation's agricultural malaise has evolved as a principal focus for one of the several alternative uses at controversy in the polity.

The same point obtains within the context of Mexico's unemployment problem. At core, the conundrum revolves about decisions to utilize scarce resources and their influence on other aspects in the global economic panorama. Again, the oil boom has crystallized the dilemma as Mexico's population continued to grow at breakneck speed while the job creating economic growth of previous decades gave way to relative stagnation.

The outline of the situation counts several key elements. At base, the scenario begins with unemployment and underemployment reaching crisis dimensions. The root causes of the problem are one of the highest rates of population growth in the world in combination with a

developmental strategy centering on capital intensive industrialization. The two influences have created an unemployment rate as high as 25 percent, or about 6 million people. When combined with the masses who are underemployed, the figure may climb to nearly 50 percent, or approximately 10 million Mexicans. In order to combat the problem, the economy would have to create about 800,000 jobs per year. Although the data tend to inconsistency, the economy has been adding no more than 300,000 per year, leading to an annual deficit of 500,000, or an additional 3 million more during the present sexenio.[46]

In juxtaposition to that demand for new employment, the growth of Mexico's petroleum industry implies complications. The hard reality is that it eats up enormous quantities of investment capital and creates precious few jobs. In discussing the medium-term prospects of Petróleos Mexicanos, one Mexican source alluded to the point in noting that "this [the petroleum] sector should, therefore, not be expected to generate a high number of direct jobs in coming years." [47]

The Mexican policymakers are, of course, sensitive to the unemployment and underemployment dilemma and petroleum's relationship to it and have pursued initiatives to respond. In the first place, Petróleos Mexicanos, informed by its "social" mission, has been increasing its employment. From 1976 through 1978, the company took on about 25,000 more workers, increasing its payroll to about 110,000.

Projections for 1979 and 1980 predicted some acceleration in the creation of employment opportunities, perhaps encompassing 50,000 more jobs by that time. Temporary construction work contracted by the petroleum industry also offered some contribution. The Director General estimated that the gas line project entailed the generation of some 24,000 to 30,000 new jobs between 1977 and 1979.[48]

Those well-paying jobs with Petróleos Mexicanos imply some contribution to the resolution of the overall problem, assuredly, but, in truth, they are little more than a drop in the bucket. The numbers involved are a small percentage of the mass of employment seekers and many of the positions are only temporary. Given the capital intensity of the petroleum business, little more could be expected.

An ambitious plan linking unemployment to petroleum was first announced in early 1978, but it seemed to fade away. Almost two years later, another incarnation of the plan appeared in late 1979, and it was subsequently tied to the Plan Global de Desarrollo, 1980-1982. The first employment program was vaguely stated, it probably did not involve sufficient monies, and it was certainly for the mid-term, if not more delayed than that. The proposal set out the formation of a National Fund for Employment to be financed by earnings from petroleum exports. The diffuse purpose of the project belied its official title, for it seemed that only "part" of the fund was destined to relate directly to the unemployment problem.[49]

The second incarnation of the national employment plan was promulgated in late 1979. It was even more ambitious, but it made no specific reference to petroleum earnings. In the context of the 1980 budget and the national industrial plan, furthermore, it appeared to be less viable than at first glance and invited ongoing concern and debate. The pre-budget debates for the 1980 document exemplified the point. Among other foci, they revolved about the disproportionate allocations ticketed for *Petróleos Mexicanos*, implying a defeat for those advocating more balanced development, including attention to the unemployment problem. In the same vein, the emphasis of the industrial plan (explicitly tied to oil earnings) on modernization of the manufacturing sector connotes

that the job-creation potential of the investment programs are insufficient to cope with the problem of urban underemployment, that income distribution will get worse, and the benefits of the oil boom and rapid growth will be confined to the upper segments of Mexican society. In consequence, a broader and more welfare-oriented strategy founded on the provision of the "basic needs" of the poor has been suggested.[50]

The Plan Global for the 1980-82 trienio began to respond to some of those inquietudes, but its ultimate fate is unknown. To its credit it clearly articulated a link to petroleum earnings. In discussing the "Global Strategy

Towards Employment," the Plan stated that "petroleum is intimately tied to the viability of the strategy." Elsewhere, the document declared that "employment policy occupies a priority place in the strategy of the Plan Global." The 1980-1982 projections, however, reflect the same programs as outlined in the previous statement of employment policy and invite the same misgivings anent the decision-makers commitment to divert measurable resources to addressing the unemployment problem.[51]

Again, however, neither the credence of the decision makers nor the validity of the several calculations are the essential analytical conclusions. Rather, the analysis is offered to highlight the relationship of petroleum to the debate on unemployment. As with the agony over the agricultural sector, the context of the several policy discussions points to a new milieu of Mexican politics that at least indirectly pertains to every nuance of policy formulation and implementation.

The ongoing perturbation, shifts, and aborted initiatives anent Mexico's trade policy also illustrates the pervasive influence of petroleum in crucial areas of policy formation. At the very outset, the growing deficit in the hydrocarbons trade balance combined with the price rise in 1973 to impel the nation to its present crash program to exploit and export oil and gas. Several years later, Mexico's hydrocarbons potential figured significantly in the program of assistance granted by the International Monetary

Fund (IMF). On the one hand, it probably led the IMF to be more gentle than usual in its conditions for stabilization and further borrowing. Conversely, it hastened a movement to lower tariff schedules and dismantle complex licensing restrictions, owing to a new confidence bred by the decision makers expectations that petroleum earnings would provide a cushion through the transition from high to lower protection.

As the decade of the 1970s drew to a close, finally, Mexico's petroleum potential in tandem with the ongoing weakness of the nation's non-petroleum export sector contributed to a long and passionate dispute on trade policy, culminating in the debate over membership in the General Agreement on Tariffs and Trade (GATT). In every nuance of the discussion and in every turn of the decision makers' propensities, petroleum was intimately interconnected with the deliberations on trade policy and, more specifically, with the debate over GATT membership. As early as the middle of the 1970s decade, the bitter-sweet IMF program had been influenced by Mexico's petroleum holdings and it provided an impetus for further review of the trade problem. As the decade evolved and the non-petroleum part of the export sector continued in the doldrums, growing fear of a mono-cultural export scenario catalyzed further concern among the nation's decision makers. By 1979, the two elements of the dilemma were manifestly evident. The trade balance was still in the red

in the amount of more than \$3 billion, and petroleum exports had grown to encompass more than 45 percent of total export sales with projections of 69 percent for 1980.[52]

Both logically and chronologically, the next step in the process dominated by the hydrocarbons-trade equation centered on the government's initiative to pursue the idea of affiliating with the GATT. Responding to one part of the problem, GATT membership was designed to jar the non-petroleum export sector into a more competitive posture, thereby increasing exports from that sector and diminishing the proclivities to over dependence upon hydrocarbons exports. As the Mexican economy made the necessary adjustments to transition to more liberal trade, the hydrocarbons sector would cushion the agony of the process by providing sufficient earnings to maintain a more-or-less favorable balance of trade. Ergo, as President López Portillo proposed, oil was defined as the "fulcrum of development." [53]

In a rather paradoxical way, moreover, petroleum also played a role in Mexico's decision to forego membership in the international trading arrangement. As the pros and cons of GATT membership were debated in Mexico, the opponents posited the argument that Mexico's oil power was sufficient to gain its trade advantages without the necessity of affiliating with the GATT. To simplify the equation, Mexico's new clout in the international arena provided the means to evoke sympathetic treatment with traditional and

potential trading partners without compromising the nation with the obligations for reciprocity entailed in GATT membership. As a bonus, the nation would be spared most of the temporary economic dislocations implicit in joining GATT and, in the process, also diffuse fairly significant opposition voiced by influential groups within the national polity.[54]

Growing from the trade-petroleum equation, as well as the other foci set out in this discussion, the oil boom in Mexico has also begun to evoke an embryonic debate on basic developmental strategy. The initial point is that "the possession of the oil surplus is seen as not only giving financial independence to the economy as a whole, but also granting to the state the directive capacity that it presently lacks." [55] The nation's new oil wealth offers Mexico's decision makers their first opportunity in more than a generation to chart new courses in developmental direction. As the reality has dawned ever-clearer in Mexico and elsewhere, the most significant debate of all has been joined. Its implication for change in the society, economy and the polity are unparalleled.

The critique is all-encompassing in scope and profound in intensity. A columnist in Mexico City's El Dia hit at an important part of the evolving concern in crying that "petroleum policy would be utterly lacking in sense if it were sought to substitute it for social policy, and if it were utilized to preserve the grave inequalities in Mexican

society and to maintain the privileges of a minority." He continued:

It would be a disgrace to delay, postpone or cancel the far-reaching economic measures of a social order which the country demands in order to put a stop to the continued unjust distribution of wealth, thus accentuating the contrast between extravagance and austerity, between opulence and misery, which characterize our society.

In more measured terms, an editorial in Comercio Exterior also joins the essential argument in looking to other elements of a differing developmental strategy:

In this regard, and to insist on the theme of State finances, it must be emphasized that oil exports will also produce enormous fiscal revenues. For all of that, we should certainly not drop the questions of fiscal reform, realistic prices in the state-affiliated sector, and a greater efficiency in public expenditure. On the contrary, there will be a unique opportunity to tax capital without fear of a flight abroad, to get rid of hidden subsidies on public goods and services and counteract by other means price rises on basic consumer items. It will be essential, furthermore, to make a tremendous programming and organizational effort in the public sector in order to take full advantage of the oil surplus.

Otherwise, the country will waste this non-renewable source of wealth and end up poorer than ever.[56]

As the 1980s began, precious little evidence existed to offer clues anent the eventual outcome of the debate over developmental strategy, but sufficient signs surfaced to know that it was in course. In a rather self-conscious way, the Plan Global turns a couple of pretty phrases reflecting sensitivity to the problem. In discussing energy policy, the Plan declares that "this developmental policy is based upon petroleum; it is not a policy for the development of petroleum." Again, in the section devoted to the employment program, the Plan is defined as "instrumenting developmental policy served by petroleum; it is not a policy for the development of petroleum." Other evidence indicates ongoing discussion in the highest levels of the decision-making hierarchy. Responding to a speech on governmental finances by the Director General of the Banco de México, one analysis had it that "his speech can be interpreted as part of a continuing dispute within the government over future economic strategy." Another analysis of the new industrial plan also dwelled frequently on elements of dissatisfaction amongst the planners striking at long-range developmental direction. The ongoing debate over hydrocarbons production and the CATT controversy make the same point. To reiterate, the oil boom, in this sense, has precipitated moves that get to the very crux of the socio-economic definition of Mexico

and, in the process, imply the most profound connotations for political change.[57]

In sum, the indirect influence of petroleum on broadly gauged policy formation joins its direct impact upon politics to indicate a new context for change evolving in the Mexican polity. While heated political controversy over issues like Ixtoc 1 shake the polity and massive migration and social dislocation portend further change, the fundamental directions of the nation's developmental process are also discussed and programmed within the context of petroleum production and export earnings. Projections on agricultural and employment policy are uncertain, but petroleum influences both elements of the ambiguous equation. On the one hand, the mania for further production and exportation threatens to jeopardize the possibility of attending to the impending agricultural shortfall and the malaise of unemployment and underemployment. Conversely, some policymakers continue to wage a battle for addressing the problems and argue oil revenues as the basic ingredient in their solutions. The comings and goings of trade policy mirror the same image of petroleum earnings as a double-edged sword. Most profoundly, fundamental developmental policy is also mightily influenced by the petroleum scenario. In every case, those basic policy decisions and their future projections connote manifest and profound implications for political change. They join the day-to-day hassles over petroleum-related programs to

suggest a present and future transition in the Mexican polity.

THE SCOPE AND INTENSITY OF EVOLVING POLITICAL CHANGE

The ultimate significance of petroleum for political change in Mexico is difficult to project, but the scope and intensity of evolving change offer useful categories for approaching an analysis. The scope of the context is illustrated by the multiplicity of actors affected by, and/or engaged in, and/or created by the new directions of policy and the political struggles concomitant to them. The intensity of the forces for change is suggested by the profundity of the issues at controversy in both their symbolic guise and in more tangible manifestations. Some feel for the intensity of the influence for change can also be gleaned from an analysis of governmental responses to challenges to its official hydrocarbons policy and programs. As Karl Marx correctly had it discussing quantity and quality, finally, an increase in scope equals a change in intensity and, therefore, intensity is also measured by the multiplicity of political actors.

The many political actors participating in and disputing petroleum policy suggests a broadly defined scope for the influences for political change. To make some sense of the entire cast, it may be subdivided into three categories. The first is composed of the official

decision-makers at the top of the pyramid who are deeply and continuously involved in the formulation and implementation of hydrocarbons policy. The second group counts other political actors selectively engaged in the petroleum scenario. The third contingent is similar to the second in its selective participation, but its most salient characteristic is its opposition to the policies and programs pursued by the official decision-makers.

As this description and analysis has demonstrated, the top of the official pyramid has been buffeted and shaken by the influences for change emanating from the rebirth of the Mexican petroleum industry. The President of the Republic has evolved novel departures in the definition of his role. On a more personal level, López Portillo has entered the political fray to variously encourage and berate the friends and foes of his petroleum policy. For their part, many of the President's ministers have reconceptualized their own roles in policy making as the nation's oil wealth has created new imperatives and novel opportunities for the search for added power and influence. Most dramatically, the Director General of Petróleos Mexicanos has catapulted to the very top of the heap in Mexico and increasingly wields political power roughly commensurate to the enormous budget which he controls. As for the aspirants to the presidential mantle, the ~~pre-candidates~~ henceforth will be partially judged as to their capabilities to be the nation's number one oil man in addition to other criteria which

define their fitness for the chief executive's position. All of those political actors daily feel the pressure of petroleum politics, and all of them, and the offices which they occupy, have been changed by it.

At a second level, the impact is less continuous on the several participants, but their role in petroleum policy and politics lends further credence to the comprehensive scope of the forces for political change set off by Mexico's oil bonanza. The nation's defense ministry, for example, has reacted to the imperatives of the oil boom by evolving contingency plans in response to the "remote possibility" of foreign aggression triggered by Mexico's strategically significant petroleum reserves.[58] In another manifestation of the impact of the new oil, several elements of what might be called "loyal opposition" have appeared in the context of petroleum policy formulation and implementation. Various reports have it, for instance, that elements of the "old guard" in PEMEX withheld information on the enormity of reserves during the Echeverria years. One version depicted them as being motivated by fears that indiscriminate recovery would jeopardize the total yields of the fields. Another ascribes a more "political" concern in charging that the PEMEX officials were fearful that inflated expectations would encourage the politicians to increased foreign borrowing. The motivation for the alleged activity is, of course, less significant than its fact.[59]

Politicos and intellectuals compose other parts of the loyal opposition. The apostasy of Manzanilla in the Chamber of Deputies and the challenge of Governor Rovirosa Wade have been recounted in this study, but they represent only the symbol of many PRIistas who have lobbied the decision-makers, badgered the administration of Petróleos Mexicanos, and formed study groups to explore and formulate alternative policies and programs in the petroleum field and in arenas flowing from it. The intellectual loyal opposition has been engaged in the same activities. They have written books and articles, granted interviews, consulted with politicians, and played an active role in the fray. In each case, the loyal opposition has been catalyzed by the oil boom and, in each case, its activities attest to the enormous pressures on the government and to the comprehensive scope of the national debate sparked by Mexico's oil. In sum, they reflect the turmoil of the process and the concomitant implications for change flowing from it.

Beyond the insiders who have surfaced to debate and dispute petroleum policy, opposition from the outside has also played an ongoing role in the struggle and adds its contingents to the numbers of political actors mobilized by petroleum and pushing for political change. Heberto Castillo is the most important symbol of that opposition, but it also counts the Communist Party, some elements of the Partido de Acción Nacional (PAN) and other groups. As

noted in previous discussion, furthermore, some sectors of the business community have occasionally criticized and opposed official petroleum policy. Perhaps most importantly, the oil boom has also mobilized frustrated workers in search of PEMEX positions, and it has sparked the southern peasantry to acts of rebellious confrontation.

The total numbers of Mexicans who have been touched or mobilized by petroleum politics is impossible to specify, but they are many. In the same vein, it is quite impossible to estimate the processes revised, norms altered, and actors created in the polity as the nation's economic substructure has evolved in the 1970s, but, again, the analysis presented here suggests that the implications of the incipient changes have struck many aspects of the Mexican polity. It is clear that the scope of the influences wrought by the oil boom is significantly touching innumerable Mexicans and myriad elements of the nation's polity.

By their sheer numbers, those changes also tell something of the intensity of petroleum's influence but other indications also illustrate the pervasiveness of petroleum's significance for the Mexican polity. These include the symbolic and more tangible importance of the issues at controversy and also relate to the responses of the decision-makers to those challenges. In the first instance, the evolution of petroleum policy has struck at the very roots of deeply revered symbolic forms of the Mexican system in sending petroleum exports to the United

States, in revising Article 27 of the Mexican constitution, in questioning the monopoly of PEMEX in the petroleum sector, and in supposedly eroding the nation's sovereignty.

Looking first to the symbolic import of exporting oil and gas to the United States, it is only necessary to recall that two key planks of Mexican revolutionary ideology include a solid strain of anti-Yankeeism in tandem with a profound commitment to national ownership of subsoil wealth. Anti-Yankeeism is semi-official dogma in Mexico and petroleum is involved in perhaps the most hallowed historical act in Mexican nationalistic mythology. President Lázaro Cárdenas' nationalization of the foreign-owned petroleum industry on March 18, 1938, is still celebrated as a national holiday in Mexico. It struck a valiant blow for national independence against the Yankee and evokes pride from all sectors of the Mexican nation. In that sense, Mexican petroleum nationalism is Mexican nationalism in spades. The visions of Mexican oil and gas going off to the United States brings forth a special poignancy and a particular sensitivity in the nationalistic soul; it is no trifling matter. It hits the very root of the self-definition of Mexican revolutionary and nationalistic ideology and is inextricably tied to deeply-felt and carefully nurtured feelings of national independence and patriotic pride.

In the Manzanilla controversy, the government's petroleum policy struck at another revered symbol of the

Mexican Revolution--Article 27 of the Constitution of 1917. Article 27 outlines the concepts of property that are the basis for Mexico's famous agrarian reform as well as the oil nationalization, itself. No other section of the Constitution embodies so many of the ideals of the Mexican Revolution. An analysis of the nation's basic law refers to Article 27 as "the very heart of the Constitution." [60] Hence, the amendment of Article 27 again demonstrates how the government's petroleum policy compelled it to tamper with sensitive symbols of the national mythology, risking the wrath of persons and groups within the Mexican polity.

Almost as seriously, the disputations over the oil boom have produced challenges to Petr6leos Mexicanos, another sacred cow of Mexican nationalistic ideology. PEMEX has become a unique symbol of Mexican independence and success. It is owned by Mexicans, it is run by Mexicans, and it relies on Mexican engineers utilizing Mexican technology (in large part). In the words of a Mexican scholar-practitioner, "the nationalized energy industries are considered by Mexicans as the very substance of nationality." Fully sensitive to its role in Mexican history and contemporary affairs, the company utilizes the nationalistic rhetoric of the Mexican Revolution to justify its existence, its policies and programs, and its ongoing efforts to realize further growth. Its success in dramatizing its national significance may be gleaned from the results of a Los Angeles Times poll. Ranking only one

percentage point behind "the Mexican people," the respondents listed PEMEX as the second most influential institution in the nation's future. At the risk of exaggeration, the point is crystal clear. Just as with the other elements of the revolutionary mythology, the oil boom has unleashed another series of critiques which strike at the very root of the nation's self-image. To repeat the phrase, that is no trifling matter.[61]

In the most profound example of symbolic issues, finally, the rebirth of Mexico's petroleum industry has also triggered another round of debates concerning the sovereign independence of the nation-state. The major focus of the controversy fastens on increasing dependence upon (or interdependence with) the United States. As petroleum exports to the north have grown and imports of food and capital goods have increased, trade dependency has increased to about 70 percent. Debt dependency upon U.S. private lenders or public financial institutions greatly influenced by the United States is even higher. Hence, the endemic fear and distrust of the United States has been crystallized once again as the nation's oil potential has matured.

In tandem with the several other challenges to the nation's self-definition, in fine, the sovereignty issue highlights the psychological intensity of the oil boom. Profoundly ingrained beliefs are being tested, historical myths are being questioned, and the national psyche is bothered and buffeted. Change is afoot.

To pursue the point one step further, it should also be emphasized that the intensity of change is exemplified by more than the symbolic. Some profoundly important controversies have been precipitated by the petroleum context which impact upon the very substance of the nation's fundamental policies and its carefully defined norms of political relationships. The decision-makers eventually backed off from their initiative to affiliate with the GATT, in the first place, but that aborted opening implied a policy reorientation of the first dimension. It would have wrenched the Mexican economy and caused dislocation in the nation's society. The ultimate defeat of the initiative attests to the strength of the forces and groups in jeopardy, but its introduction is more to the theme of this analysis. It reflected a milieu wrought by new potential stemming from petroleum which prompted the highest levels of the decision-making elites to contemplate the previously unthinkable.

The ongoing debates about the reorientation of Mexico's developmental strategy make the same point. For the first time in forty years, the nation has broached a reconsideration of the basic premises of its economy and society. It may be that the entrenched forces of power and privilege will frustrate those initiatives just as they defeated the GATT proposal, but the dam has been at least partially breached. Again, it is only because of the nation's petroleum that such a profoundly significant

initial step has been taken. It offers some idea of the intensity of the forces for change effecting contemporary Mexico.

To evolve from the socio-economic to the socio-political, several struggles offer additional evidence of the influences for change shaking the Mexican polity. The ongoing disputations on production levels have crystallized unusually acrimonious divisions among the President's top advisors and ministers. The expansionists and the conservationists have continued their combat into the 1980s and all evidence indicates that more is to come. Competition among cabinet ministers is certainly part of the Mexican political scene, but the quality of the production debate seems to be unusually profound. It is so, of course, because the stakes are much higher than in times past and, to the point, the stakes are higher because petroleum has made them so.[62]

In a rather different way, the apostasy of Manzanilla in the Chamber and the opposition of Governor Rovirosa imply the same message. When Manzanilla broke party discipline in the Chamber, he was, in essence, challenging presidential policy, a matter of extreme import in the Mexican system. The President controls the PRI. A contemporary analysis proposes that "the PRI enjoys no decision-making or budgetary authority; it is run oligarchically"; it bends to "elite control; exercises little power" and "is ultimately subservient to the President . . ." The well-behaved party

member is expected to toe the line and follow presidential leadership. The dissident vote of Manzanilla Schaffer, therefore, implies a break with well-known and strictly enforced political norms. If not quite unique in Mexican political history, the open repudiation of those rules is a dramatic, and scandalous, challenge to elite leadership and it evolves only in the rarest situations.[63]

The stance of Governor Rovirosa in Tabasco carried similar significance and contained the added quality of being played out in the context of geographic particularism. His threat to block further activity by Petr leos Mexicanos implied a serious challenge to Mexico City. It connoted thinly veiled opposition to President L pez Portillo, who initiated overall petroleum policy and who frequently reiterated his support of the drive by PEMEX to rapid exploitation. Almost as seriously, the governor's position also challenged the power and prestige of Petr leos Mexicanos. Governor Rovirosa's stance against presidential policy and the mighty petroleum monopoly struck very close to the crux of carefully defined relationships in the Mexican authoritarian system.

In both historical and contemporary context, furthermore, the southern states' regionalistic and anti-Mexico City sentiments added a special quality to the protest and opposition. The entire southern part of Mexico has a long history of particularistic inclinations that continue to condition and influence relationships with the

power elites from the nation's center. A student of the subject has it correctly that "Mexican regionalism still distorts political participation and development." More recent commentary on the dissidence of 1977 lends credence to the point.

A certain dislike for a large company of the federal government comes naturally in many outlying regions like Tabasco, which have a strong sense of local identity. This attitude can be traced to the geographical peculiarities of the state, the kind of lifestyle that has been necessary to live there, the isolation from the rest of the country, and history that has involved periods of intensified state consciousness. Like the Yucatecos . . . many Tabasqueños harbor a strong resentment to "Mexico City," which they alternately blame for neglect and interference . . .

Institutions located in Mexico City are often perceived as centers of corruption and exploitation, directed by outsiders for their own benefit and insensitive to local conditions.[64]

The point ought not to be blown out of proportion; the Mexican nation-state is not about to disintegrate because of the several confrontations over the production and exportation of petroleum. Nonetheless, the intensity of the forces for change is clear. The hallowed symbols of the nation have been put to the test, the decision-makers have broached a reorientation of basic guiding principles and policies, and the polity has reverberated with the agony of change.

Some additional sense of the intensity of the scenario may also be garnered from the official response to the challenges presented by the petroleum question. None of

that response, to be sure, indicates that the authoritarian Mexican government has truckled to the opposition, but the larger picture does suggest a certain sensitivity to its political, or moral, strength. On production, the decision-makers have pushed ahead, but they have concocted a series of apologies designed to convince the conservationists of the peculiar imperatives compelling them to increase output. On export policy, the same pattern obtains and, beginning in 1980, the government has gone one substantial step further in diversifying the recipient nations of Mexico's petroleum, although the United States continues to receive increasing absolute amounts. Anent Petróleos Mexicanos, the policy-makers have deigned to explain and defend the company to the point of publicly airing its activities and finances. In responding to the militancy of the opposition, the government has frequently acknowledged its critique and at times revised or initiated policies that appear to demonstrate some degree of responsiveness. Cause and effect is difficult to determine in those instances and the government's response may well be just further evidence of its well-documented facility to disarm its opponents through co-optation and manipulation. Nonetheless, the facts are clear.

The significance of those facts are almost as clear. A new scenario created by the petroleum boom has contributed to a different political environment in Mexico chock-full of potential for ongoing change. The scope of those real and

potential changes are all-encompassing. Their intensity is equally profound.

CONCLUSION

The influence of the socio-economic context has been an important theme in describing and analyzing politics. Extrapolating from that general proposition, this paper has focused upon the real and potential significance for political change flowing from Mexico's petroleum bonanza. Evolving directly from the impact of the nation's new petroleum wealth, several areas of incipient change began to take form in the 1970s, and they promise to undergo further maturation in the 1980s. Access to political power created by varying aspects of the petroleum scenario have benefited some more than others, and relative positions in the political hierarchy have been altered. Policy disputes over production levels and export strategies have set off acrimonious debate and ongoing anguish in the polity as the expansionists and the conservationists have been continuously locked in battle. The successes and failures of Petr leos Mexicanos have been an ongoing source of perturbation in the polity as it laid claim to enormous resources and as it grew rapidly in political influence.

In the process, petroleum policy elicited dramatic opposition from disparate elements of the polity, compelling varying combinations of force, threats, and responsiveness from the decision-makers. The blow-out of Ixtoc 1 snook the

government; the debate on the gasoducto forced it to an embarrassing series of post hoc apologies; the apostasy of a loyal deputy scandalized it; the obstreperous challenge of a southern governor perturbed it; the militancy of the southern peasantry probably intimidated it; and the activities of the private sector concerned it. In each case, petroleum policies and programs sparked novel perturbation and movement in the polity. Singularly and in tandem they implied a context fraught with implications for change.

Indirectly, the promise of new oil wealth added a special quality to policy formulation in several key areas. Petroleum earnings were tied to a resolution of increasingly serious problems in the agricultural sector and the countryside and to the crisis of growing unemployment. In two other areas, the promise of additional resources sparked profoundly significant debate on basic policy directions. In the first instance, it emboldened the government to initiate a campaign to reorient trade policy with the end of affiliating with the GATT. In a second case, the visions of new money triggered the beginnings of a debate on a redefinition of basic developmental strategy. Bowing to political pressure, the decision-makers ultimately decided against joining the GATT. That same sort of pressure may well preclude any meaningful revision of developmental strategy, but in both instances the petroleum boom encouraged the decision-makers to contemplate the

unthinkable for the first time in forty years.

In both scope and intensity the impact of the nation's petroleum is manifest and its meaning for ongoing political change equally significant. Many participants have been mobilized. Hallowed national symbols have been questioned. Substantial policy debates have been aired. The authoritarian and secretive system has occasionally responded.

Substantial changes in the Mexican political system have not evolved since the consolidation of the late Thirties and early Forties. Whatever its relative vices and virtues, the Mexican polity has been fundamentally stable for many years. The record must give pause to those who question the decision-makers and counsel equal caution to the political analyst who makes so bold as to suggest change in the future. Nonetheless, the discovery of enormous reserves of oil in Mexico implies an important new departure in the nation's socio-economic substructure that may continue to reverberate onto the polity. Those new dimensions of the Mexican situation may contribute to an altered context in which challenges may compel the polity to adjust to a new set of substructural conditions. This paper described the possible harbingers of that trend and set out the beginnings of an analytical context to lend understanding to their basic causes and conditions.

ENDNOTES

[1] For the references and quotations, see The Politics of Aristotle, trans., Ernest Barker (New York: Oxford University Press, 1962), pp. 203-21, 226-29, 62-65; Karl Marx, "Preface to a Contribution to the Critique of Political Economy" in Marx and Frederick Engels, Selected Works, Vol. I (Moscow: Foreign Languages Publishing House, 1958), p. 363; and Gabriel A. Almond and G. Bingham Powell, Jr., Comparative Politics: A Developmental Approach (Boston: Little, Brown, 1966), p. 93.

[2] Natalio Vázquez Pallares, "Pemex Viola la Constitución," Excelsior, July 28, 1979, p. 6A.

[3] John H. Christman, editor, Energy Mexico (Mexico City: American Chamber of Commerce of Mexico (AMCHAM), 1980), p. 17; and Petróleos Mexicanos, Report Delivered by the Director General, . . . 1980, prepublication copy (Mexico, D.F.: Petróleos Mexicanos, 1980), pp. 5-6.

[4] See Christman, Energy Mexico, p. 19; Edward J. Williams, The Rebirth of the Mexican Petroleum Industry (Lexington, Mass.: Lexington Books, 1979), pp. 27-28; and Petróleos Mexicanos, Report Delivered by the Director, . . . 1980, pp. 17-18.

[5] The data are extrapolated from Mexico Update, March 1979, p. 4; and "Pemex: Pivot of Mexico's Economy," Financial Times, August 30, 1979, Information Services of

Latin America (ISLA) 775. See also "Mexico: Logjam Breaks," Latin America Political Report, September 28, 1979, p. 300.

[6] The data on the several export deals is from "Plenty of Would-Be Buyers," Financial Times, August 30, 1979, ISLA 778. For the announcement on the increase in production, see "México Hacia una Nueva Etapa de su Historia," Hispano, March 24, 1980, pp. 15-19. The text of the announcement is on pp. 20-21.

[7] The data is presented in or extrapolated from Christman, editor, Energy Mexico, p. 15; "Presupuesto de Egresos de la Federación para 1980," El Mercado de Valores, 7, 1980, p. 3; American Chamber of Commerce of Mexico, Quarterly Economic Report, January 1980, pp. 18-21; and Williams, The Rebirth of the Mexican Petroleum Industry, p. 100.

[8] "Plan Global de Desarrollo, 1980-1982," El Mercado de Valores (supplement to number 16 of 1980), April 21, 1980, pp. 385, 387. It is at least interesting and perhaps significant that the presentation of the data on the distribution of the monies can easily lead to confusion. A glance at the numbers which appear in the text of Plan might lead the casual reader to think that agricultural and rural development is destined to receive 25 percent of the total funds. Closer scrutiny, however, demonstrates that the correct figure is 25 percent of the 68 percent (or 17

percent) which remains after PEMEX receives the first 32 percent.

[9] Some of the following discussion is informed by Williams, The Rebirth of the Mexican Petroleum Industry, pp. 113-114.

[10] For biographical sketches of the patrimonio minister, the Director General and a leading critic of hydrocarbons policy, see Financial Times, August 30, 1979, ISLA 781.

[11] See José Cabrera Parra, "No Tengo Presente ni Futuro Político: Díaz S.," Excelsior, August 1, 1979, p. 1.

[12] "Venezuela Rejects Pleas for Special Deals on Oil," Latin America Economic Report, March 23, 1979, p. 89.

[13] Petróleos Mexicanos, Report Delivered by the Director General, 1979, prepublication copy (Mexico, D.F.: Petróleos Mexicanos, 1979), p. 5.

[14] In early 1980, PEMEX officials denied that a decision had been reached to raise production, but the Mexican press thought otherwise. See Latin America Weekly Report, January 25 and February 1, 1980, pp. 1-2, 12, respectively.

[15] A more comprehensive version of the following discussion is contained in Williams, "Mexican Hydrocarbons

Export Policy: Ambition and Reality." Presented at the annual meeting of the Latin American Studies Association, Pittsburgh, April 1979.

[16] "Kissinger en la Junta Le-Ford," Excelsior, October 17, 1974, p. 1.

[17] "What Mexicans Think--The Times Poll," Los Angeles Times, July 15, 1979, ISLA 83.

[18] For the quotations, see Miguel Aroche Parra, "Segunda Nacionalización," Excelsior, July 18, 1979, p. 7A; and Castillo, "¿Habrà Alguna Respuesta?" Proceso, May 14, 1979, p. 36.

[19] Luis Pazos, Mitos y Realidades del Petróleo Mexicano: Ayer, Hoy y Mañana (México, D.F.: Editorial Diana, 1979), p. 147.

[20] For a flavor of the charges, see Humberto Aranda, "Díaz Serrano Debe Responder a Pemex y al JLP, Dice 'La Ounía,'" Excelsior, July 24, 1979, p. 13A; "Informar Sobre el Ixtoc," (editorial), Excelsior, July 24, 1979, p. 6A; Isabel Morales, "El Pueblo Paga También los Errores de Pemex," Proceso, July 16, 1979, pp. 18-21; Francisco Salinas R., "Ingenieros Petroleros Deben Investigar el Accident del Ixtoc 1: Hebrafcáz V.," Excelsior, July 25, 1979, p. 15A; and J. L. Hernández Sosa, "Crítico, el Caso del Ixtoc 1; no Debe Minimizarse el Daño: Gómez P.," Excelsior, July 27, 1979, p. 11A.

[21] See Nora Hilda Gómez S., "Pemex Ineficiente por su Expansión Fenomenal," *El Occidental* (Guadalajara), July 8, 1979, p. 1; and "Ixtoc Undermines Pemex Complacency," *Latin America Economic Report*, October 5, 1979, p. 307.

[22] For the quotations and concomitant discussion, see José Cabrera Parra, "Ningún Capital Externo en Pemex: Reserva Para 100 Años," *Excelsior*, July 31, 1979, p. 1; "Nationalism Key to Mexican President's Defense of Strategy," *Latin America Economic Report*, September 7, 1979, p. 280; "Oil Spill Sparks Press Battle in Mexico," *Miami Herald*, September 30, 1979, ISLA 2043; *Petróleos Mexicanos, Report Delivered by the Director General, . . . 1980*, pp. 14, 15; and Isabel Zamorano, "Ola de Presiones Internas y Externas Sobre el Gobierno," *Excelsior*, August 4, 1979, p. 1.

[23] The quotation is from "Director of Pemex Questioned Heavily," *Journal of Commerce*, September 24, 1979, ISLA 1332.

[24] An expanded version of this case study and the following ones on the Manzanilla apostacy and the trouble in the south is contained in Williams, "Petroleum Policy and Mexican Domestic Politics: Left Opposition, Regional Dissidence, and Official Apostacy," *The Energy Journal* I, No. 3, July 1980, pp. 75-95.

[25] The best formulation of the opposition's position was set out in a series of articles in *Proceso*. Heberto

Castillo was featured, but others also joined the fray. Commentaries appear almost weekly from September through December 1977. A semi-official analysis was contained in Comercio Exterior, December, 1977.

[26] Castillo, "Heberto Castillo ante el gasoducto: '¡Como deseo estar equivocado!'," Proceso, October 3, 1977.

[27] María Idalia, "Denunciar Abusos y Probarlos, Obligación de Todos: JLP," Excelsior, September 27, 1977, p. 1; and José López Portillo, "First State of the Nation Report," The News (supplement) (Mexico City), September 1, 1977, p. 68.

[28] "Pemex: Dos Senadores," Proceso, October 10, 1978, p. 26; and "The Gas-pipeline: Polemics About a Tube," Comercio Exterior, December 1977.

[29] The suppression of the student protests in 1968 was, of course, even more significant, but foreign policy decisions were only tangentially involved. Despite his continuing opposition to the gasoducto, Castillo seemed to recognize some degree of success in the opposition's campaign. See Castillo, "El Gasoducto a Texas: ¿Opción Patriótica?" Proceso, September 12, 1977, pp. 34-35.

[30] Pro and con, see Ramon Morones, "Explotación Racional del Petróleo, Condición de Auge: Morelos Canseco," Excelsior, December 9, 1977, p. 12; and "Con JLP," Proceso, November 28, 1977, p. 39.

[31] For the quotation and discussion, see "G. Guevara

si me Pidió la Renuncia: Manzanilla," Excelsior, Enero 7, 1978, p. 1; Elias Chávez, "Manzanilla Schaffer: 'Volveré a Disentir Cuando Conciencia y Dignidad lo Exijan,'" Proceso, Enero 9, 1978, p. 13; and Miguel Angel Rivera, "Chiapas y Tabasco: Pemex Destruye Mucho y Paga Poco," Proceso, Enero 9, 1978, pp. 19-20.

[32] See "Dignidad Legislativa" (editorial), Excelsior, January 6, 1978, p. 6A; and Gaspar Elizondo, "Escándolo en la Cámara," Proceso, January 9, 1978, p. 36.

[33] A scholarly treatment of the situation published in Mexico is Marco Antonio Michel and Leopoldo Allub, "Petróleo y Cambio Social en el Sureste de México," Enfoque Internacional, XVIII, April-June, 1978, pp. 691-709. Extensive documentation on population increases, inflationary growth, and social dislocation is set out in Williams, "Petroleum Policy and Mexican Domestic Politics . . .", The Energy Journal I, No. 3, July 1980, pp. 79-82.

[34] The reference to "The Drama" is from José Reveles, "El Drama Petrolero en Tabasco," Excelsior, March 11, 1976, p. 4A; the regional study is Claudio Stern, Las Regiones de México y Sus Niveles de Desarrollo Socio-Económicos (México, D.F.: El Colegio de México, 1973).

[35] See "Comisión Para Agilizar los Pagos por Indemnizaciones de Pemex a Campesinos," Presente (Villahermosa), May 14, 1977, p. 1; Jorge González V.,

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[36] The quotation is from Thomas G. Sanders, "The Economic Development of Tabasco, Mexico," Field Staff Reports, North America Series, Vol. 5, No. 8 (New York: American Universities Field Staff, 1977), p. 2. For further discussion and description, see Edith Jiménez, "La Invasión de Petróleos ha Hecho Subir la Vida en Tabasco Hasta 550 por Ciento," Excelsior, May 11, 1977, p. 21A; Fernando Meraz, "Ciudades Petroleras: Riqueza que Crea Tugurios--Poza Rica," Uno Más Uno, Enero 5, 1978, p. 1; and "Proteccionismo Interno Para el Sudest Pide la Canacintra," Excelsior, September 15, 1977, p. 5A.

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[39] Pazos, Mitos y Realidades del Petróleo Mexicano.

[40] For this and other elements of the discussion, see Williams, The Rebirth of the Mexican Petroleum Industry, p. 108. The general outline and some of the specifics from the following discussion and analysis of agriculture and unemployment is from Williams, "The Agricultural Sector, Unemployment, and Petroleum Earnings in Mexico: Policy Prospectives for the Medium Range," in John J. Brasch, editor, 1978 Proceedings of the Rocky Mountain Council on Latin American Studies (Lincoln, NB: College of Business Administration, University of Nebraska, 1978), pp. 39-46.

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[42] "Pemex: Investigadores del IPN; contra precios atados del gas," Proceso, November 7, 1977, p. 29.

[43] See, for example, Miguel Angel Rivera, "El Ideal de Autosuficiencia Agrícola, Desplazado por el Espijismo del Petróleo," Proceso, January 21, 1980, pp. 6-8.

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[51] "Plan Global . . ." El Mercado de Valores, April 21, 1980, pp. 383, 386.

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