

Seattle University

ScholarWorks @ SeattleU

International Studies Undergraduate Honors
Theses

International Studies

2017

Neoliberal Reform and Cartel Ascendancy in Rural Mexico: Case Studies of Michoacán and the Zapatista-Controlled Zones of Chiapas (2017)

Kellen Hunter-La Voy
Seattle University

Follow this and additional works at: <https://scholarworks.seattleu.edu/intl-std-theses>

Recommended Citation

Hunter-La Voy, Kellen, "Neoliberal Reform and Cartel Ascendancy in Rural Mexico: Case Studies of Michoacán and the Zapatista-Controlled Zones of Chiapas (2017)" (2017). *International Studies Undergraduate Honors Theses*. 28.

<https://scholarworks.seattleu.edu/intl-std-theses/28>

This Latin America is brought to you for free and open access by the International Studies at ScholarWorks @ SeattleU. It has been accepted for inclusion in International Studies Undergraduate Honors Theses by an authorized administrator of ScholarWorks @ SeattleU.

Seattle University

**Neoliberal Reform and Cartel Ascendancy in Rural Mexico: Case Studies
of Michoacán and the Zapatista-Controlled Zones of Chiapas**

A Thesis Submitted to
The Faculty of the College of Arts and Sciences
In Candidacy for the Degree of
Departmental Honors in International Studies

By

Kellen Hunter-La Voy

Committee in Charge:

Professor Serena Cosgrove

Professor Marc McLeod

June 2017

This honors thesis by Kellen Hunter-La Voy is approved



Dr. Serena Cosgrove



Dr. Marc McLeod

June 2016

Abstract

Mexico's economy began a process of economic liberalization in the 1980s that continued through the 90s, highlighted by the implementation of the North American Free Trade Agreement (NAFTA). These neoliberal policies have contributed to the further marginalization of Mexico's rural communities by making them dependent on foreign markets and placing their livelihood and wellbeing in the hands of foreign investors who favor deregulation, privatization, proletarian disunity, and low wages. The narcoeconomy represents to many members of these marginalized rural communities an alternative, and often more attainable, model of success. Michoacán has been hit heavily by neoliberal reforms and has concurrently seen an increase in cartel activity, whereas Chiapas, a region marked by its resistance to neoliberal incursion, has proven resistant to cartel influence. This corollary relationship is examined within the greater context of Mexico's post-1980s economic liberalization.

Introduction

In the past three decades Mexico's economy has been liberalized through a series of political reforms that arose out of economic crises, disturbing the protectionist policies that Mexico had for decades implemented, to generalized success, in order to industrialize and provide services for the middle- and working-class members of society. These neoliberal reforms have resulted in the gutting of social welfare provision, a decrease in the quality of democracy, and the further marginalization of rural communities. Mexico has seen an increase in poverty, income inequality, and unemployment and stagnant wages despite being promised prosperity by those who pushed for the implementation of neoliberal reforms, accepted under duress during a period of economic upheaval.

Violent drug cartels have only seen an increase in both their power and their rivalry since the turn of the century. The military conflict initiated during the presidency of Felipe Calderón shows no signs of stopping, and a report by the International Institute for Strategic Studies has placed Mexico second on the list of the world's most violent countries in 2016, behind only Syria.¹ Despite current president Enrique Peña Nieto's promises to deescalate the conflict, rates of violence in 2016 rivaled those of 2011, the year many consider to be the "peak" of Mexico's drug war. What we are seeing instead of de-escalation is a waning and waxing conflict with no end in sight – evidence that the current approach is ineffective.

¹ Source: <http://www.iiss.org/en/iiss%20voices/blogsections/iiss-voices-2017-adeb/may-8636/mexico-murder-rate-9f41>

The narcoeconomy, though present throughout much of Mexico's history, has seen its influence explode since the implementation of these policies. This is because it is an alternative economic model for self-sufficiency, especially appealing in the context of a society that has adopted neoliberal policies that marginalize and alienate the poorest sectors of that society. I argue that there is a causative relationship between the degree to which a rural community in Mexico is resistant to neoliberal exploitation and the influence of the cartels in that region. The examples of Michoacán and Chiapas will be used, the former of which has seen an explosion in narcoeconomy influence and has for decades been pushed aside by the policies of the federal government, and the latter, which has been vocal and vehemently opposed to neoliberalism and rather than turn to the narcoeconomy as an alternative, has constructed its own system of local government and representative democracy.

Neoliberalism in Mexico: A Review of the Literature

Neoliberalism is best defined as the resurgence of 19th and 20th century economic practices of economic liberalization. These policies and practices "... range from conservative fiscal and monetary policies (cuts in government spending, tax reform, tight money supply and high interest rates) to domestic price liberalization, deregulation, capital market opening, privatization and trade liberalization" (Thacker, 1999, p. 59). The ultimate goal is, at least ostensibly, to decrease government involvement in the

private sector based on the premise that regulation curtails growth. The proponents of neoliberal policies tend to be those big business interests who have the most to gain from them. Privatization and deregulation in Mexico, for instance, provide capitalists in the United States with an incentive to do business there because they can pay their employees less than they might in the United States; they won't have to worry about provision of retirement plans or healthcare, and they won't have to adhere to the same (often restrictive) labor policies; all of these factors have the potential to increase profits and domestic capital.

Unfortunately, this tends to create a race to the bottom effect. Capitalists benefit from the disunity of the working class, because increased unemployment and competition propagate low wages and maximize corporate profits. Resultantly there is a constant search for locales without significant unionization or other entities that pursue worker's rights. Should the working class organize to demand higher wages and better treatment the interests of the capitalist class would require that they relocate to another zone, or else find a way to combat this unification. In this way neoliberalism is fundamentally exploitative; it seeks to pay workers less while extracting more and avoiding pesky regulation and unionization. It is often forced upon developing countries by organizations like the IMF and World Bank, organizations in which "developed" countries have overwhelming say, as a condition for receiving aid or debt restructuring. Kurt Weyland notes that this reform is fundamentally undemocratic because "it involves the forceful

dismantling of the established development model, and may therefore require a significant concentration of political power” (Weyland, 2004, p. 136).

A fundamental shift has occurred in Mexico since the 1970s; specifically, neoliberal reform has not only occurred but has been promoted and propagated by politicians by way of what Adam Morton, borrowing from Marxist thinker Antonio Gramsci, calls a passive revolution. This describes the situation in which a state restructures existing institutions in response to an internal or international crisis or public discontent; in this process power remains in the hands of the bourgeoisie but conditions within the state transform (Morton, 2003, p. 636). One major contribution to the scholarly work on Mexico’s neoliberal reform is his detailing of the series of economic crises that occurred in Mexico in the second half of the 20th century leading up to neoliberal reform, including peso devaluation, IMF austerity programs, and an oil-dependency that caused economic strife. Importantly, he explains the shift that occurred during this period by which, “Ministries associated with banking and finance planning provided the career experience likely to lead to the upper echelons of government” (Morton, 2003, p. 638). This set the stage for neoliberal reforms that would come as a result of the alignment of the interests of big business and finance with those of the state, and corroborates Thacker’s analysis of the NAFTA negotiations and the ways in which they were influenced by Mexican big business elites. Mexico’s

impoverished masses were not considered during this period of reform nor were they represented in negotiations or political proceedings.

By the 2006 elections public discontent with neoliberal reform had continued to grow, “motivated by high unemployment, low wages, and privatization of strategic public enterprises” (Béjar and Breña, 2006, p. 17). It was clear that the great successes promised to the public were overstated, and civil unrest ran rampant in the form of organized protests by teachers, laborers, and others responding to the government’s inability to properly subsidize and support necessary industries (Béjar and Breña, 2006, p. 19). Jon Shefner also writes of the role of civil society in opposing neoliberal reform and notes that class needs to be emphasized in analysis of neoliberal reform in Mexico. This is because it “has exacerbated class divisions in Latin America,” and, as noted by many other scholars of neoliberalism in Latin America, it has decreased the quality of democracy by providing only “a very limited spectrum of political possibilities” (Shefner, 2007, p. 188). Importantly, according to Shefner, Mexico’s peasant class is at the center of this civil unrest because it is the faction of society most affected by diminished wages, high costs of living, unemployment, and a lack of social services; this has contributed to patterns of migration to the United States and Mexico’s large cities, which in turn increases discontent among workers who perceive these economic migrants as a threat to their livelihood (Shefner, 2006, p. 194). Indigenous populations are especially underrepresented and tend to occupy the lower rungs of Mexico’s

socioeconomic hierarchy. The communities of Michoacán and Chiapas, 27.69% and 36.15% indigenous respectively, are no exception to this trend (*Mexico: Data and Statistics, 2017*).

Attempts to limit the quality of democracy by maintaining executive power, providing the illusion of choice, and increasing judicial power despite controversial decisions not supported by the public were also a feature of this era. Béjar pits true representative democracy against neoliberalism, contending that both cannot exist simultaneously, which consequently explains the attempts by the existing political order to reduce the quality of democracy in order to maintain the status quo of neoliberal economics (Béjar and Breña, 2006).

While these scholars link neoliberal reform to increases in unemployment, stagnant wages, migration, degraded democracy, lack of social services, and high cost of living, they tend to mention cartels only to exemplify the general chaos of certain sectors of Mexican society. I contend that these factors, produced or exacerbated by neoliberal reform, directly contribute to the rise of the cartels because they represent the inability of the state to provide its citizens with necessary support. This increases desperation and poverty, which contributes to cartel ascendancy due to the narcoeconomy's ability to create jobs in otherwise destitute conditions. Existing literature on México's narcoeconomy highlights its persistence in spite of a militarized response, and points to systemic causes of the narcoeconomy's prevalence. During the period of neoliberal reform the state

withdrew from areas that were heavily dependent on its support, and the narcoeconomy, spearheaded by violent cartels, swept in to fill the vacuum that was left (Maldonado Aranda, 2013). Small towns have popped up or stayed afloat in Michoacán and across México thanks to narco money, and these communities are often dependent on the narcoeconomy to the point where inadvertent participation can be unavoidable (McDonald, 2009).

Rather than treat neoliberal reform as incidental to these changes in Mexico, I seek to strengthen the argument for a causative relationship between neoliberal reform and drug cartel influence in Mexico through the use of the cases of Michoacán and Chiapas to provide a greater and a more concrete base of evidence for a causative link.

Neoliberalism in Mexico

Before the mid-1980s Mexico's economy abided by the tenets of Import Substitution Industrialization (ISI), a sort of protectionist economic policy wherein domestically produced goods are substituted for foreign imports to increase independence. Many industries were nationalized and protective tariffs were implemented in an effort to be foster self-reliance and prosperity. This meant that many industries were subsidized and controlled by the federal government, and the state was the major driving force for economic development rather than the private sector. Economic crisis and international pressure would be the major motivating factors in Mexico's adoption of neoliberal policies in the 1980s and 1990s. The 1980s are often

referred to in Latin American parlance as *la década perdida*, or “the lost decade.” This is because during this period many Latin American states experienced stagnant or even negative growth, and Mexico was no exception. According to the OECD, between 1983 and 1988 Mexico’s GDP increased by an average of a mere 0.1% annually, inflation was rampant, debt (especially debt owned by the U.S.) was mounting, and unemployment was very high.

Generally speaking, Mexico’s response was not dissimilar to that of other similarly challenged nations: it began negotiations with the U.S. and organizations like the IMF to liberalize the economy with the ultimate goal of reinvigorating the domestic economy and spurring economic growth, thus solving the problems the country faced for years. Agreements like the Free Trade Area of the Americas (FTAA), General Agreement on Trade and Tariffs (GATT), and the North American Free Trade Agreement (NAFTA) led Mexico to become heavily dependent on exports and foreign (particularly U.S.) capital. Between 1993 and 1995 exports rose from 15% to 33.5% as a percentage of GDP, and during the same period “the share of manufactures in total exports soared from 28 percent to 85 percent” while many existing manufacturing firms previously subsidized by the state were rendered unable to compete and went bankrupt (Hart-Landsberg, 2002). The state rapidly withdrew from various business and public service practices, and between 1984 and 1988 the number of government controlled entities and firms went from 1,212 to 448 (Hart-Landsberg, 2002). While Mexico saw an

improved economy in the early 90s as a result of an influx of foreign capital, this ultimately collapsed as the growth proved unsustainable.

Undoubtedly the most significant occurrence in this process was the implementation of the North American Free Trade Agreement (NAFTA), which officially went into effect in January 1994 after a long period of negotiation between the three prospective adherents, Canada, the United States, and Mexico. NAFTA was a way to cement the neoliberal reform that had already been taking place in Mexico for years by codifying neoliberal trade practices. But who negotiated this deal and whose benefit was taken into account when it was drafted? Strom Thacker examined the coalitions that were formed in service of implementing economic liberalization in Mexico, and ultimately concludes that it was a process of “... inclusion of the largest segments of the private sector elite and the exclusion of smaller and medium-sized firms” (Thacker, 1999, p. 61) Early processes of liberalization resulted in a state that was increasingly tied to big business elites from the private sector, and this newfound “mutual trust” as Thacker calls it, had set the stage for the involvement of wealthy capitalists in the NAFTA negotiations (Thacker, 1999, p. 62). This was in line with the steady incorporation of business and finance elites into high levels of Mexican government that had been occurring since the late 1970s, and spelled disaster for the working class.

The Coordinating Council of Foreign Trade Business Organizations (COECE) is an offshoot of the Business Coordinating Council (CCE) that was

created to represent Mexico's largest private firms and groups in the negotiation process leading up to NAFTA (Thacker, 1999, p. 63). No officials critical of NAFTA or its potential effects were present; those most likely to benefit from NAFTA were those most frequently consulted. Mexico's government negotiators relied heavily upon the advice of this council during their negotiations with Canadian and American policymakers, meeting with them in nearby conference rooms before and after negotiations (Thacker, 1999, p. 64). When a full draft of NAFTA was presented to the COECE they "compiled an approximately 50-page document outlining the revisions" they desired, around 90% of which were adopted by the policymakers (Thacker, 1999, p. 69). "Thus the NAFTA negotiations consolidated and formalized a powerful policymaking coalition between a small number of outward-oriented big business elites and Mexican government technocrats" (Thacker, 1999, p. 72). As such the process of negotiating and implementing NAFTA in Mexico is representative of a larger trend of privatization and privileging business interests over the interests of the working class.

Neoliberalism and Democracy

Both Weyland and Teichman argue that neoliberalism has caused a decrease in the quality of democracy in Latin America, and particularly in Mexico. They argue that the only reason neoliberal reform was accepted in most Latin American countries (including Mexico), is because these countries were facing financial crises and the populace was resultantly backed into a

corner and forced to accept the reform. Teichman argues, “The community development perspective challenges the key tenets of the neoliberal viewpoint, making its exclusion from policy development and monitoring understandable. However, this exclusion may give rise to increased criticism of the responsiveness of democratic institutions to less than efficacious policy outcomes” (Teichman, 2009). Essentially, seeing as how neoliberal policy is inherently neglectful of community development projects (at least publicly funded ones), the system of democracy that has accepted neoliberal reform in Mexico has ignored the victims of Mexico’s “opening up.” Neoliberal policy has created “assaults on the welfare state” that often trigger popular uprising against a state that is perceived to work against the interest of its inhabitants (Shefner, 2007, p. 184). This has caused increased discontent with Mexico’s state and federal governments on the part of the citizenry. Weyland argues that while the quantity of democracy has been increased in that more people have access to vote and more candidates are available, the quality has diminished as the interests of the most vulnerable factions of society are pushed aside (Weyland, 2004).

It is in the interest of the ruling elite to limit the quality of a democracy because it ensures their ability to remain in power. Mexico’s three largest parties, for instance, the Partido Acción Nacional (PAN), the Partido de la Revolución Democrática (PRD), and the Partido Revolucionario Institucional (PRI) appeal to different factions of Mexican society, but all three have ultimately shown their support for neoliberal reforms and

practices. One example of this trend is the *Pacto por México*, spearheaded by Enrique Peña Nieto of the PRI and signed in 2012 by representatives of all three parties, that outlined among other things further privatization of previously nationalized industries like petroleum and telecommunications. The PRI, now represented by President Peña Nieto, has come a long way from its origins in revolutionary nationalism and social welfare and is now more than ever a neoliberal party – evidenced by Peña Nieto’s actions in opening the petroleum industry. In this way, the similarities between the three parties are more significant than their differences. Regardless of if a PRI, PAN, or PRD candidate is elected, neoliberalism survives, and it is in this way that the quantity of democracy may be increased as different parties successfully compete for political office, but the quality is diminished as the choices are not as fundamentally different as they may appear and the will of the people is subordinated to the aims of the international political order. This occurrence has decreased the quality of democracy by providing only, “a very limited spectrum of political possibilities,” (Shefner, 2007, p. 188). There are, of course, other parties but none has proven viable enough to be a contender in national elections. Like PRI, PRD, and PAN candidates, these politicians often shy away from substantive debate and instead focus their efforts on campaigns to better their public image (Béjar, 2006, p. 23). As a result of public disillusionment with the rhetoric of professional politicians, many abstain from voting altogether on the grounds that all politicians are equally corrupt.

Neoliberal reform frequently causes a decrease in the quality of representative democracy, causing marginalized communities (like rural, agrarian communities in Chiapas and Michoacán) to be exploited by big business interests and ignored by their representatives. The response in Michoacán by rural communities has been to turn to the narcoeconomy as an alternative model for upward mobility, and it has been exceedingly insidious: “at least 83 of Michoacán’s 113 municipalities are mixed up on some level with the narcos” (Wilkinson, 2009). In Chiapas, Zapatista-controlled communities have responded to this decrease in the quality of representative democracy and attempted neoliberal reform by forming their own participatory democratic governments and providing services like healthcare, education, protection, and entrepreneurial opportunities. Their autonomous zones are, as a result, some of the safest areas of Mexico and some of the areas in Mexico least touched by the narcoeconomy, even though ostensibly they have all of the necessary elements (poverty, rural character, remoteness) to be a breeding ground for such activity. What Zapatista-controlled Chiapas does not have is the sort of desperation and precarity that neoliberal structural adjustment so often brings, as it does in Michoacán.

Research Design: Comparing Chiapas and Michoacán

For this research the diverse case method of cross-case selection and analysis will be used. This research will be confirmatory in nature because it seeks to describe an *X/Y* relationship, namely that of neoliberal reform and

cartel ascendancy in Mexico – the former being the independent variable and the latter being the dependent variable. Chiapas and Michoacán are the diverse cases used because each has come into contact with the X variable (neoliberal reform), but have responded distinctly, causing a discrepancy in the incidence of the Y variable (cartel influence) between the two states. Of course myriad factors are at play in these cases including cultural differences, distinct economic models, and indigenous character among others. My aim is to establish a relationship between the incidence of neoliberal structural adjustment in two rural communities but to avoid a reductionist analysis differences in both cases will be explored.

Chiapas and Michoacán are sufficiently similar so as to be compared for many reasons, both quantitative and qualitative. First, both have similar populations (4.58 million for Michoacán; 5.21 million for Chiapas), the population with at least a primary school education is similar (1.66 million for Michoacán; 1.88 million for Chiapas), and the economically active population of each is remarkably similar (1.87 million for Michoacán; 1.94 million for Chiapas). They both have a profoundly rural character and history, and in 2011 Michoacán had a total sown area of 1,081,740 hectares while Chiapas had a total sown area of 1,449,954 hectares. The makeups of their state economies are therefore similar in that they are dependent primarily on agriculture, however Michoacán relies far more on agriculture for export which means that agricultural workers typically do not own the

land that they work, whereas in Chiapas smallholder agriculture is more prominent.

Both Michoacán and Chiapas also have a history of resistance to federal government encroachment and resentment toward government meddling in local affairs. In Michoacán this is exemplified by *ranchero* culture and the state's long history of remoteness and independence; the common view of the federal government is that it needlessly imposes restrictions without providing any significant infrastructure or support for the people of the state. In Chiapas the resistance to the federal government has arisen out of its indigenous character – the prevalence of a group frequently marginalized within Mexican society and attempts by the government to implement policy that would further marginalize this group characterize Chiapas' history.

Michoacán was chosen as a case representative of medium-sized, rural-in-character states in Mexico where cartels have steadily increased their power and brutality in recent years. Chiapas was chosen because it is an exceptional case of a state that shares key characteristics with Michoacán, but has not seen the same rise in drug trafficking, cultivation, and organized crime; it is unique in this sense and was thus chosen to be contrasted with the case of Michoacán.

Michoacán's Marginalization and Neoliberal Policy

Michoacán has a long history of alienation from and resistance to the federal government. Structural reforms in Michoacán that began in the 1940s, attempted to integrate the state by bringing infrastructure to the region, but the people of Michoacán still felt on the margins of Mexican society. The infrastructure built, including airstrips, highways, and seaports, was quickly coopted by drug traffickers, manufacturers, and cultivators. Even the poor agrarian laborers planted poppies or marijuana in place of or among conventional crops because the model of agricultural production and exportation was not sufficient (Maldonado Aranda, 2013). This practice continues in Michoacán's *Tierra Caliente* region to this day (McDonald, 2009).

Drug production and trafficking existed in Michoacán prior to neoliberal reform, but participation as well as violence increased in the 1980s first when PRI hegemony was defeated and later beginning in 2006 when president Felipe Calderón launched a militaristic offensive campaign in the Mexican theater of the drug war, beginning with his home state of Michoacán. The result was more than 70,000 drug war-related deaths during his presidency where from 2000 – 2005 drug-related homicides averaged between 3,500 and 4,000 (Teague, 2016), and increased competition between cartels whose leaders were frequently subject to prosecution.

Michoacán's increased marginalization and precarity is caused in grand part by neoliberal policy. The rise of the narcoeconomy in Michoacán, though it has deep roots, can be in part attributed to the sense of exploitation

and political disregard that residents feel the government imposes upon them. The narcoeconomy is an alternative model for success in a neoliberal landscape that many find appealing, especially disenfranchised laborers and agrarian workers whose options for escaping poverty are scarce.

Rancho culture in Michoacán is characterized by distrust of government, particularly federal government, and a self-sufficient, self-made attitude toward life. Narcos in Michoacán in the latter half of the 20th century slowly replaced self-made farmers as the cultural model of success in the region and a whole economy sprung up in many small towns bolstered by wealthy narcos. Poor, rural residents of Michoacán previously only had a couple of options: go to the United States to work and send money home, or work for a pittance in agriculture in Mexico, producing goods for foreign export (thereby depending upon foreign markets for their livelihood, a staple of neoliberalism) with no guarantee of security or benefits by employers or the state; the narcoeconomy presented them with a local alternative.

In a society that valued the model of the self-made man, bemoaned the interference of the federal government, and was marginalized by neoliberal reforms, the life of a wealthy narco looked appealing. If one was to work slavishly to provide products to foreign markets, the job at least ought to pay well (McDonald, 2009). Many people even establish themselves as narcos, stockpile their money, and then buy themselves farms to fulfill the cultural model of the *ranchero* man; ironically this has driven up the price of land and made this model even more unreachable to impoverished workers than it

was before (McDonald, 2009). This coopting of local culture by narcos has made the narcoeconomy more insidious and more appealing to the have-nots of Michoacán.

In his examination of what he considers to be a typical town in Michoacán, McDonald noted that, “the modified new cultural forms found [there] were emerging in a place where local farmers were losing their struggle for a decent livelihood in a rapidly globalizing economy” (McDonald, 2009, p. 7). What’s more, “rural people are being rendered obsolete and are displaced in a faltering agrarian economy. This has resulted in widespread migration, unemployment, and underemployment among those left behind” (McDonald, 2009, p. 7). With an ISI economy domestic products are produced and consumed domestically, but with the neoliberal reform of the 1980s and 90s rural workers became more dependent on foreign exports. He concludes, “...broad-based rural decline and poverty continues to create fertile conditions for the narcoeconomy to flourish. This, in turn, creates further forms of cultural and economic displacement” (McDonald, 2009, p. 7).

Maldonado Aranda writes of rural communities’ (specifically those in Michoacán) feelings of abandonment after the “implementation of structural readjustment policies” in the 1980s and 1990s. He argues, “the State abandoned rural regions whose support had been indispensable, despite rampant corruption and the prepotency of many government officials. Not surprisingly, that vacuum of power and resources was soon filled by illegal groups that took advantage of the situation to impose criminal violence,

while the State turned to the military and other forces of public security to try to deter the juggernaut of transnational drug commerce” (Maldonado Aranda, 2013, p. 63). This only exacerbated the disillusionment with federal involvement that the people of Michoacán felt, as many were caught in the crossfire during militarized responses to cartel activity; communities heavily affected sometimes did not know who to fear more, the cartels or the government.

Chiapas’ Resistance to Neoliberalism and Cartels

Zapatista communities in Chiapas are marked by their resistance to neoliberal exploitation, and this resistance has contributed to their ability to resist cartel influence in the region. The Ejército Zapatista de Liberación Nacional (EZLN) arose in 1994 in response to the enactment of NAFTA, which included a provision that called for the cancellation of Article 27 of Mexico’s constitution – a contribution of Emiliano Zapata that secured indigenous rights to their land and protection from exploitation of natural resources by foreign interests. They actively resist federal encroachment in their territories and resent attempts to incorporate them into a globalized economy at the expense of their sovereignty.

Instead of allowing the quality of democracy to diminish in the region as so frequently occurred in Latin America with neoliberal reform, the Zapatistas established a model of participatory democracy that makes every effort to be inclusive and representative, and employs citizens on a rotating

basis (Starr et al., 2011). As such, impoverished and marginalized groups have a say in matters of local government and do not feel so exploited and ignored by the institution as in Michoacán, where distrust of local government is rampant.

The Zapatistas main effort has been toward preserving the autonomy of small, self-sufficient, rural communities. Seeing the extraction and exploitation wrought by neoliberal policy in Latin America, the Zapatistas decided, “rebuilding the social fabric means keeping the countryside safe for those who produce Mexico’s food basket. To this end, [they] have sought to guide by example, working to maintain autonomous, self-sufficient communities, viable now in a time of worldwide financial crisis that inordinately impacts rural regions” (Earle and Simonelli, 2011). This has, so far, been their most effective attempt at resisting neoliberal exploitation, a rather simple one based on community development and self-sufficiency.

To maintain their autonomy and resistance, the Zapatistas actively work to ensure that they are not benefiting from or contributing in any way to the narcoeconomy. They examine every donation; they close their *caracoles* (local government assemblies) to outsiders and even NGOs; and they work to provide opportunities for rural residents to dissuade them from participation in the narcoeconomy through their experiments in *Zapatilism*, a sort of entrepreneurial socialist capitalism by which Zapatista leaders invest in local projects with the goal of community betterment as well as profitability (Earle and Simonelli, 2011). Smallholder agriculture in

Michoacán and in Petén, Guatemala just across the river from Chiapas is suffering both because of the influx of narco-ranchers, the production of drugs, and eviction by landowners who plant lucrative crops like palm oil (Earle and Simonelli, 2011, p. 134). In Chiapas, support from the EZLN has contributed to the success of smallholder agriculture and made encroachment by wealthy landowners and narcos less prevalent.

Comparison

The two regions will be compared based on three criteria: employment opportunities and conditions, incidence of violent crime, and emigration. Employment opportunities, or lack thereof come as a result of economic policy (thus it is related to neoliberal reform), violent crime and homicide are inextricably linked to cartel activity, and emigration is frequently caused both by structural adjustment and concern for safety.

Comparing both locales in terms of employment and wages can be a bit tricky since one of the major features of Zapatista-controlled zones of Chiapas is the emphasis on smallholder agriculture, in contrast with Michoacán's dominant model of large-scale agriculture for export. Even considering the difference in economic models between the two states, the unemployment rate in Chiapas as of 2013 was 3.08%, compared with a rate of 4.23% in Michoacán for the same year (*Mexico: Data and Statistics*, 2017). Additionally wages in Chiapas were 1.3x higher than those in Michoacán for the year 2011 (*Mexico: Data and Statistics*, 2017). These metrics for labor and

economic prosperity display a trend of consistently higher employment and wages in Chiapas over the last 25 years as Michoacán has been gutted by a series of neoliberal reforms and Chiapas has held on by empowering the impoverished and practicing smallholder agriculture for the local benefit—a microcosmic version of the ISI economy that Mexico once had in that locally produced goods are predominantly consumed locally.

Although imperfect, attempts to fill the vacuum left by the withdrawal of federal support as a result of neoliberal policy in Zapatista-controlled zones of Chiapas have resulted in a certain degree of stability and security when compared with other similar states. For instance, Michoacán in 2011 had a homicide rate that accounted for 27.4% of violent deaths, while the figure for Chiapas was only 8.7% (*Mexico: Data and Statistics*, 2017). The vacuum in Michoacán was filled by cartels like *La Familia Michoacana* and *Los Caballeros Templarios*, who became more brutal and competitive when the militarized federal crackdown on cartels began in 2006 after Felipe Calderón took office. The Zapatistas are keenly aware of the threat that cartels and the narcoeconomy pose, particularly along the Mexican-Guatemalan border. However, Chiapas remains a very safe area of Mexico and Earle and Simonelli maintain that “this relative safety in the midst of national drug wars is no coincidence, as the Zapatistas have always been antidrug and anti-alcohol, making it difficult for *narcotraficantes* to function within their relatively vast boundaries” (Earle and Simonelli, 2011, p. 137). This is in part a result of the EZLN and other local non-governmental police

forces in the state, formed because “even in Chiapas, the safest state in the nation, rampant distrust of army and police alike has pushed non-Zapatista communities to form expanded paramilitary ‘neighborhood watch’ units” (Earle and Simonelli, 2011, p. 138). Those not living in Zapatista-controlled zones and therefore not able to receive protection from the EZLN have established similar methods of policing their communities, their practices no doubt a result of Zapatista influence.

According to the Norway-based Internal Displacement Monitoring Center (IDMC), as of 2015 some 287,000 people have been displaced in Mexico as a result of the drug war and violence perpetrated by both the military and warring cartels². Mass displacement has occurred in Michoacán, as in 2011 when over 2,000 people were displaced as a result of a violent conflict between La Familia and Los Caballeros Templarios³. However, perhaps more significant than incidents of mass displacement are the conditions that lead families to leave one at a time, including conditions of generalized violence, lack of jobs, and non-viability of smallholder agriculture as a result of narco encroachment via drug cultivation, driving up the cost of living and property, and violent tactics.

Emigration can be an indicator of the conditions in the homeland as emigrants seek better wages, improved living conditions, and safety. International migrant workers are also a feature of Mexico’s economy, and remittances from the U.S. came to \$27 billion USD in 2016. In 1995

² Source: <http://internal-displacement.org/database/country/?iso3=MEX>

³ *ibid*

remittances only amounted to \$3.6 billion USD, but since the 1990s, economic instability, unavailability of jobs, and stagnant wages have caused many to go north in search of better-compensated work to support themselves and their families⁴. Though Chiapas' population is larger than that of Michoacán, the number of international migrants is much smaller both by number (21,797 to 85,175) and by percentage (0.42% to 1.85%) in 2010 (*Mexico: Data and Statistics*, 2017). This indicates a more significant need to emigrate in search of either work or safety in Michoacán, and could be explained both by Michoacán's high rates of violent crime as well as lack of adequate jobs.

In Zapatista-controlled areas of Chiapas infrastructure has been established to meet the needs of the inhabitants that the government has proven unwilling to or incapable of providing for. This contrasts with Michoacán, whose only similar venture is the construction or growth of *pueblos* that are supported by the narcoeconomy, though not directly involved in it. This occurs when wealthy narcos establish themselves in small towns and due to their wealth the local economy is bolstered (McDonald, 2009). The narcoeconomy "has a huge multiplier effect in the vast array of other jobs it generates both directly (e.g., transportation, security, banking, and communication) and indirectly (e.g., construction, the service sector, and spin-off businesses)" (McDonald, 2009, p. 7). McDonald observed this occurrence in a small town of around 10,000 in the mountains of Michoacán.

⁴ Source: <http://money.cnn.com/2017/03/20/news/economy/mexico-remittances-trump/>

Although this practice causes some to look favorably upon narcos as supporters of community projects, the support is uneven and often comes at great cost to the safety and security of the locale. It provides a new model and some new opportunities for economic achievement, but also exacerbates inequality as the poor people of Michoacán's small towns compete for opportunities to participate in this new economy and the cost of land and goods is driven up by the presence of the narcos (McDonald, 2009).

The penury that has resulted from neoliberal reform increased distrust of the federal government on the part of Mexico's working poor. Dissatisfaction with having little input in the decisions that would determine the trajectory of their lives created ripe conditions for non-governmental groups to garner their support; both the EZLN and Michoacán's various cartels fall into this category. The former, however, attempted to address systemic issues that contribute to cartel ascendancy like lack of education, extreme poverty, and lack of representative democracy. They improved "socially horrific conditions" by protecting their communities, and providing "a viable social system of agricultural production and marketing, continually available healthcare in remote regions, enlightened education for children, and the responsive village governance" (Earle and Simonelli, 2011, p. 136). In Michoacán, meanwhile, cartels merely capitalized on the destitution and provided to some a dangerous but lucrative opportunity to leave poverty behind; this has also occurred in Sinaloa, Durango, Chihuahua, Morelos, Guerrero and other states in Mexico. It is the government's inability to

address systemic issues that makes cartels so ineradicable and the neoliberal reform that has occurred in the last 30+ years is the main factor that has caused or worsened these systemic issues. As such, the Zapatistas approach has proven more effective than militarism and more equitable for the populace than the narcoeconomy.

Conclusion

The poor conditions for the working class in Mexico's rural communities that have resulted from neoliberal policy create the breeding ground for cartel influence, and given certain other factors like local culture and attitudes toward government this is what has occurred in Michoacán. It should be noted that this is not the only potential response, but the two phenomena are correlatively linked and the evidence available suggests a causative relationship. In Chiapas, attempts to liberalize the state's economy were met with resistance by the Zapatistas, whose response has been uniquely indigenous in character – something that should not be overlooked since it serves as a rallying point for local groups and is a factor not so present in Michoacán's response to neoliberal reform. McDonald wrote of the dominant *ranchero* culture in Michoacán that is both racial and cultural and tends to erase indigenous identity in the region (McDonald, 2009). The culture of each state has been a major factor in its response, and so while neoliberal policy marginalizes rural communities, response varies according to cultural and societal factors.

Neoliberal policy has fallen far short of what its proponents promised to the Mexican people, who were skeptical from the outset, but accepted the changes because they were sold as inevitable and absolutely necessary. In the years since this policy went into effect rural communities in Mexico saw little positive change and nearly all have experienced increased marginalization as the state aligned with business interests and cut social welfare services and regulation of industry. Rural communities are further disenfranchised by the poor quality of democracy in Mexico, which offers them no viable candidate who will represent their interests. These communities had only a few options in responding to the dire situation; they could travel to large cities or to the United States in search of better-paying jobs, they could resist neoliberalism and fight for self-sufficiency via smallholder agriculture as in the case of the Zapatistas in Chiapas, or they could turn to the narcoeconomy as an alternative, but still capitalist and neoliberal, way of earning a living, as occurred in Michoacán.

Bibliography

- Béjar, A., & Breña, M. (2006). Mexico's 2006 Elections: The Rise of Populism and the End of Neoliberalism? *Latin American Perspectives*, 33(2), 17-32. Retrieved from <http://www.jstor.org.proxy.seattleu.edu/stable/27647914>
- Casanova, P. (1998). Theory of the Rain Forest: Against Neoliberalism and for Humanity. *Economic and Political Weekly*, 33(16), 889-893. Retrieved from <http://www.jstor.org.proxy.seattleu.edu/stable/4406665>
- Earle, D., & Simonelli, J. (2011). Zapatista Autonomy in Cartel Mexico: Preserving Smallholder Viability. *Culture, Agriculture, Food & Environment*, 33(2), 133-140. doi:10.1111/j.2153-9561.2011.01055.x
- Hart-Landsberg, M. (2002, December). Challenging Neoliberal Myths: A Critical Look at the Mexican Experience. *Monthly Review*, 54(07).
- Maldonado Aranda, S. (2013). Stories of Drug Trafficking in Rural Mexico: Territories, Drugs and Cartels in Michoacán. *Revista Europea de Estudios Latinoamericanos y Del Caribe / European Review of Latin American and Caribbean Studies*, (94), 43-66. Retrieved from <http://www.jstor.org.proxy.seattleu.edu/stable/23408421>

McDonald, J. H. (2009). The Cultural Effects of the Narcoeconomy in Rural Mexico. *Journal Of International & Global Studies*, 1(1), 1-29.

Mexico: Data and Statistics - knoema.com. (2017). *World Data Atlas*. Retrieved 13 March 2017, from <https://knoema.com/atlas/mexico/>

Morton, A. (2003). Structural Change and Neoliberalism in Mexico: 'Passive Revolution' in the Global Political Economy. *Third World Quarterly*, 24(4), 631-653. Retrieved from <http://www.jstor.org.proxy.seattleu.edu/stable/3993429>

Shefner, J. (2007). Rethinking Civil Society in the Age of NAFTA: The Case of Mexico. *The Annals of the American Academy of Political and Social Science*, 610, 182-200. Retrieved from <http://www.jstor.org.proxy.seattleu.edu/stable/25097895>

Starr, A., Martínez-Torres, M., & Rosset, P. (2011). Participatory Democracy in Action: Practices of the Zapatistas and the Movimiento Sem Terra. *Latin American Perspectives*, 38(1), 102-119. Retrieved from <http://www.jstor.org.proxy.seattleu.edu/stable/29779310>

Teague, A. (2016). The Drug Trade in Mexico. *Oxford Research Encyclopedia of Latin American History*. Retrieved 27 Apr. 2017, from

<http://latinamericanhistory.oxfordre.com/view/10.1093/acrefore/9780199366439.001.0001/acrefore-9780199366439-e-230>.

Teichman, J. (2009). Competing Visions of Democracy and Development in the Era of Neoliberalism in Mexico and Chile. *International Political Science Review / Revue Internationale De Science Politique*, 30(1), 67-87. Retrieved from <http://www.jstor.org.proxy.seattleu.edu/stable/20445176>

Thacker, S. (1999). NAFTA Coalitions and the Political Viability of Neoliberalism in Mexico. *Journal of Interamerican Studies and World Affairs*, 41(2), V-89. doi:10.2307/166407

Weyland, K. (2004). Neoliberalism and Democracy in Latin America: A Mixed Record. *Latin American Politics and Society*, 46(1), 135-157. Retrieved from <http://www.jstor.org.proxy.seattleu.edu/stable/3177084>

Wilkinson, T. (2009, May 27). 10 mayors, other Mexico officials detained. Retrieved June 08, 2017, from <http://www.latimes.com/la-fg-mexico-mayors27-2009may27-story.html>