

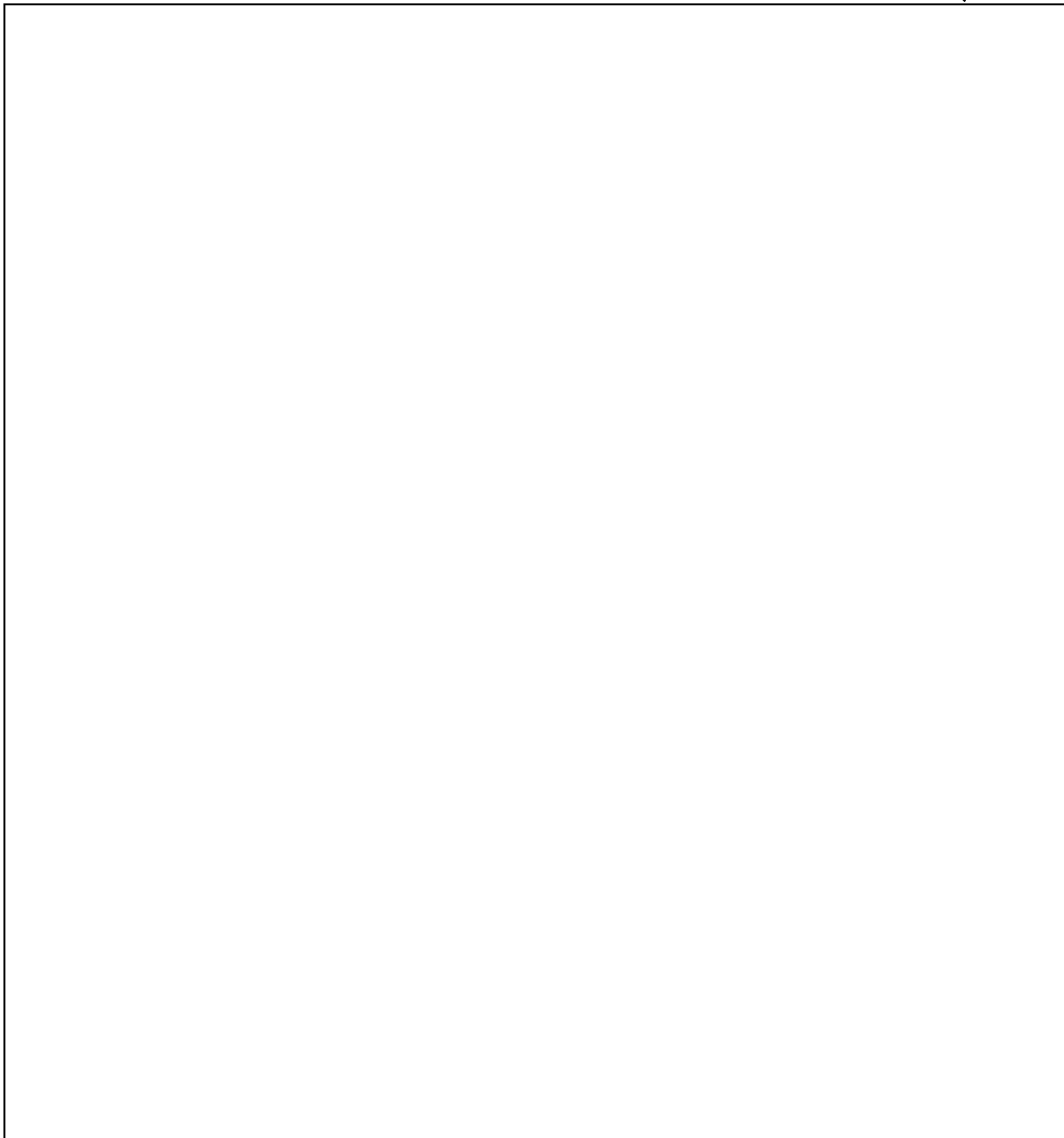
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Mexico: Worries About More Attacks

The government on January 19 said Zapatista National Liberation Army (EZLN) rebels were planning to attack several towns in Chiapas state, according to press reports. Manuel Camacho, President Salinas's special commissioner,

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broadcast another appeal for forgiveness and peace, and a group of Mexican legislators presented a 16-point proposal calling for revision of criminal laws and proceedings against Indians, support for the national human rights commission, and review and streamlining of land-titling procedures.

Labor czar Fidel Velázquez on January 17 expressed reservations about Salinas's amnesty proposal, suggesting that "eradication" of the rebels was the solution, and blamed leftist PRD presidential candidate Cuauhtémoc Cárdenas for provoking the crisis. [redacted] But he added that his labor confederation would support amnesty if congress approved it.

Comment: The EZLN's lack of response to the government's call for laying down arms as part of the amnesty, and its failure to meet face-to-face with government representatives, may be behind fears of renewed attacks. Despite the presence of at least 12,000 troops in the area, few rebels have been captured; the EZLN remains a threat to small towns with little or no army presence. The non-Indian leadership of the EZLN probably has no real interest in a negotiated resolution to local problems and may be using the process to enhance its stature with the media and sympathetic political groups in pursuit of a more ambitious anti-government agenda.

[redacted]
(For related information, see Analysis page 10.)

Latin America: Economic Counterreformation?

The resounding victory of Eduardo Frei in Chile's presidential balloting last December suggests the compatibility of economic reform and electoral success. But the Chiapas uprising in Mexico and riots by Argentine public-sector workers raise the question whether economic policies that over the short and even medium term provide few benefits to the poor are sustainable.

The Mexicos and Chiles of the hemisphere have made free-marketeers of more and more members of the political and economic elites, but reform programs that impose widespread dislocation and economic suffering are understandably unpopular in most countries. Poor management, insensitive or unskilled leadership, and corruption compound the popular frustration and dissatisfaction evident in recent election returns.

In Venezuela the bumbling implementation of Carlos Andrés Pérez's austerity program cleared the way for Rafael Caldera, a classic statist, to win last December's presidential contest. Fujimori's victory in Peru's November constitutional referendum was much closer than expected, in part because of economic reforms that, however successful in macroeconomic terms, have yielded few benefits for the poorest. In Brazil the efforts of would-be reformers since 1990 have helped establish leftist labor leader Luis Inacio Lula de Silva ("Lula") as the odds-on favorite in November's presidential contest.

Part of the motivation of the failed self-coup of former Guatemalan President Serrano was frustration over resistance to economic reform measures. In Nicaragua, Sandinista opposition has continued to hinder privatization and reduction of the bureaucracy.

Warning bells

In some ways the Chiapas uprising and the mid-December violence by Argentine provincial workers who had not been paid in three months fit the anti-reform syndrome and will be widely seen in that light. But both incidents arose from local cir-

cumstances rather than from a swell of opposition to reform in the country as a whole.

data has shown a progressive growth in Salinas's popularity ratings over his presidency, reflecting perceived success of his reform program. Opposition electoral gains have gone mostly to the conservative PAN, which has supported the economic reform and NAFTA. The campaign of populist opposition candidate Cárdenas, who represents traditional statist economic thought, was languishing, and Salinas's handpicked successor has been considered a virtual shoo-in in the August election.

The situation in Argentina is similar: a genuinely popular president, who ranks high among hemispheric reform practitioners, is suddenly faced with violent labor protest that critics trace to his economic policies. Unlike the 1989 riots that left hundreds dead in Venezuela's capital, these protests took place in Santiago del Estero, an isolated, extremely poor, rural area, and they are not the death knell of Menem's economic liberalization efforts. They are producing sober reflection, however.

What the Chiapas and Santiago del Estero events highlight is that even where reform has been successful, its benefits are unevenly distributed, and sectors that have previously lagged may find themselves even further behind. This offers fertile ground for politicians seeking to slow or reverse economic restructuring.

Counterreform vs. accommodation

Critics who view the problems as systemic argue for either a full-fledged return to statist economic

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ways or for imposing tighter controls to limit opposition to continued pursuit of reforms, perhaps in the manner of Fujimori. A dramatic counterreformation in either sense is unlikely. Economic retreat promises near certain failure, and not only has Fujimori not proved a trend setter but Peru's own fortunes demonstrate how difficult it can become for those who abandon the democratic road in today's Latin America.

More likely than a counterreformation is ad hoc accommodation by governments trying to sustain market reforms while increasingly forced to acknowledge their "social debt" and, ultimately, to win open elections. Mexico's "solidarity" program to provide direct funds for local civic projects and Chile's success at moderately increasing social expenditures while controlling popular expectations offer modest examples of what might be attempted.

Reforms also become more marketable as part of a package that includes emphasis on natural corollaries such as diminished corruption, increased efficiency and transparency in official business, and judicial reform. The rioting Argentine workers had not been paid their \$350-500 salaries for three months, though their bosses had continued to receive monthly salaries of \$10-15,000.

No bells at all

The abiding conundrum is Brazil, whose feckless and corrupt political leadership appears dedicated to driving the country to a true economic counterreformation at the hands of leftist labor leader Lula. It may take another disastrous bout of statism under Lula to shock Brazilians into serious efforts at political and economic modernization.