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Michelle Ortiz
California State University, Monterey Bay

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Neoliberalism, Privatization and Corruption: A Mexican Case Study

Michelle Ortiz

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California State University Monterey Bay

Dr. Ajit Abraham and Dr. Richard Harris
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Abstract:

Mexico is an example of corruption at a global level comes from using the small case study of how their political chaos has created a bigger problem in the long run and can actually help reflect the effects that the neoliberal ideas presented by modernization and privatization can cause corruption on a global perspective. In contemporary times the problematic issues of corruption goes more than beyond the idea of money replacements, money laundering, and voting rights. In the concept of Mexico it is an era worth of political discharge and understanding that there is more to it than meets the eyes. Currently according to the Transparency international website Mexico is withholding the average ranking of a 2.9 of 10 and is placed in 135/180 on a global corrupt level, under or same as countries like Russia and Kenya. These problems come from an internal problem that originates from even the post colonial ideology that has been created in the times being that many countries like Mexico was based upon like many other Latin American countries as well as other global south nations in current democratic development. Mexico represents a “Pigmentocracy” society all based on the color of skin and the lighter of it. Yet the example of Mexico as a corrupt system comes from a deeper and even recent era, with neoliberal advances in the nation that helped some more instead of intending to help others, we can see that after the presidency of Salinas de Gortari the downfall of Mexico began. After 1995 is when the decline and the shameful political outburst came to be what many economist and people claim to have brought the 1995 crisis, which not only helped the increase in the hands of corruption to a bigger level, but it brought an increase on many situations that are currently affecting the economic and the political climate that Mexico and its people reside in today. The effects of this presidency and the contributions to the world in becoming a leader of
corruption not only brought it to have the richest man in the World, who was one of the
beneficiaries from this ordeal, but other agreements that continue to not only affect the Mexican
people, but the way that they are viewed in a global perspective. The effects of this presidency
created a perfect framework of elaborate economic elites that we continue to see examples of
worldwide. Because corruption does not only affect Mexico, corruption is a global phenomenon
and affects all nations at different levels.

**Introduction:**

Mexico, as nation state, seems to be small in the global world, yet the importance of this
Latin American country on a global perspective can be seen everyday more and more, not simply
the impact of the nations world renowned culture, and food but most importantly the importance
of it as a economic and political nation. We can see it now and we have seen it before, Mexico
holds an important role in the global politics field, and that it why it is important to understand
the ideals and situations that have brought Mexico to be in the state that it currently holds itself
to be in. The presidential term of Carlos Salinas de Gortari from 1988 to 1994 hold one of, if not
the most important current time presidential terms in Mexican history. In order to better
understand the political, social and economic climate that Mexico withstands in its current times
we need to get a better understanding of the huge impact that this presidential term actually had.
With the presidency of Carlos Salinas de Gortari the status of Mexico and the perspective of it on
a global level changed, he did not only bring of swift of “Modernity” but with it came the idea
idea privatization which lead to a widespread corruption ordeal. Mexico’s recent 1990’s change
in political values and ideals of modernity and privatization to the nations public sector brought
by Carlos Salinas de Gortari has been something that has followed me close ever since my birth,
and continues to do so, this presidency and the neoliberalist ideals presented by it brings a special factor and interest in me, having my father who worked as one of the photographers of President Salinas common pictures, conversations and debates are continually brought up so the interest in this topic grew much more when discussing neoliberalism, modernization and privatization and most importantly seeing the direct effects of the countries who have enabled these ideals in their form of government, not only Mexico but in general. Using Mexico's example and exposing and analysing the defaults in this countries presidential six years of presidency as a case study can help frame a bigger concept of the effects of neoliberal ideals and the effects of privatization leading to corruption on a global perspective.

**Historical Background:**

Carlos Salinas de Gortari became the President of the Estados Unidos Mexicanos in 1988, he stepped down from office after six years of presidency up until 1994, being the direct representative of the continuous leading political party “PRI” Partido Revolucionario Institucional. Political party that has lead the Mexican presidency for plenty of decades, the difference is that with this term the idea of “neoliberalism” came hand in hand. The importance of this presidential term for Mexico was this idea of “modernity” that was tied into it, all relating this to the change that many people aimed to have wanted in the country, stepping aside from the past presidents revolutionist rhetoric that always grasped the voters attention, Salinas brought a different strategy. A strategy that contained ideas of a progressive, modern, and competitive Mexico. One that can uphold the same political structure that the upper dogs like other westernized structured nations had, with this came the signing of plenty of reforms and
agreements which as well lead to the privatization of many public sector conventions. For example NAFTA was signed in his term, as well as the privatization of TELMEX, Mexican airlines like Aeromexico and Mexicana de Aviación, Imevision telecommunications company, the “modernization” of PEMEX and a Agriculture Reform signed in 1992 all leading to what many mexican economist call as the 1995 economic crisis. Which can very much be a direct effect to the current problems that sustain the nation in critical conditions, all which have lead to corruption increase, immigration, and heavy political issues that the country holds today.

**Literature Review:**


This book is written, by Salinas de Gortari himself I felt like it was of vital importance to have something that is written by him in this idea he is in a way acting as a book to clarify the scandals that he had made and created in the nation. His take on modernity and the big step it took to get there. After his presidency, plenty of new theories and scandals began to come out, which all fell back on the back of the president. His presidency was now stained with permanent corruption scandals after the situation his brother was seen with changing money to different banks accounts and even being seen as a possible person involved with the killing of a powerful person. In 1995 when Salinas’ presidency ended a new generation of chaos ensued, as well as downfall began in Mexico. Plenty of journalist, news media sites, as well as people in general in Mexico began to determine the way they looked as his persona and the way that he dealt with many controversial topics. His outlook on things now became something corrupt. This reflection
of his work was seen in the media as a clarification of the way that he ruled the nation. He discusses at the end of the almost two thousand page book, many controversial topics on his part, like his relationship with Luis Donaldo Colosio which took part in the 1990’s and plenty of news, and people started to assume that he had something to do with his assassination. He attempts to clarify things and blatantly blames the various situations that he has been blamed for doing in other politicians or says it is not his fault. He also discusses the way that his brother has been influenced in by the corruption scandals, assassinations and how he feels things should of been taken care of. This book is a reflection by him to the world about his definition of his presidency.


This journal entry comes from the office of special investigations in Washington DC, they are determining the amounts of money that Raul Salinas, Carlos Salinas brother took and interchanged from bank accounts in Mexico to Swiss and other european bank accounts. The meaning of this is important to understand because this is a simple way to understand the magnitude of the power that the Salinas brothers had and the connection and directness they had to the money that was blatantly there for him to take. This is a government based investigation that focused on the way that the governments in these countries took care of the situation as well as the people involved. In reality this is important to see and better understand for better
understanding of the situation in the long run. As an investigative ideal to see the way that many times corruption is seen and done so blatantly in the eyes of the people and governments.


Neoliberalism is a big reason why the situation of corruption and so goes on in reality it is an important factor to better understand the way that many people live in the world with this new phenomenon. This reading shows the side effects of this to the reader and it helps get a better understanding of the work and way that things should be seen in a non neoliberalism way. It determines the way that many time this is not taken seriously and just changed in the ways of contribution in the settings of democracy and economy.


In a global perspective it is seen as a good way to see the ranking and the ideals that are presented on a global spectrum, in order to connect with the similar problems of other countries like China, Russia, Mexico and so on. This explains the way that corruption has affected and interconnected the ways that they are all

Russell’s representation of the Mexico under Salinas presidency he has a description of the way that Mexico interacts under the ruling of this president. He discusses Colosios’s presidency nomination, the Human Rights that are established, economic development model, the creations and agreements of NAFTA that were made under Salinas. The general Political system, and the environment. All of this leading to the way that this helped develop the general idea of political standing in Mexico after Salinas. All these things all lead to the 1995 crisis that turned around the way that many Mexican people saw the president they looked up to and admired. Russell's way of thinking was very important to determine, it was a way to see the connections between the presidency and the 6 years of a term that determined change yet corruption, mess and more for the Mexican people. His way of writing is very eloquent and can be easily understood and taken in consideration. Very much responsive to the way that a reader should understand the follow up work.

Methodology

In the case of my research I am using qualitative data yet some of that basis of that information comes from quantitative data. The idea of using qualitative data comes from understanding the ideas that affect corruption in Mexico on a global spectrum to better connect with the effects of it on a societal level as well as political. Yet the Idea of quantitative data is very important to prove with numbers and ranking the corruption levels as well as levels of danger and assassination that Mexico ranks in a global level. I will use the Case Study method in general which can help analyze and testify the way that Mexico can be used to analyze this topic, and relate to other nations. Having to use to the Case study method holds the connection to a global perspective, yet it is only used as a connection, or simply context in order to shape the
framework of connection to other nations, in the sense that this problem actually happens in a global context. Having these problems represented with both qualitative and quantitative ideals shows the connection between the bigger dilemma that is corruption. The qualitative data really represents the way that the people of Mexico react and have had to adapt through the years with the effects of the corruption. This data really showcases the direct effects that happen in the Mexican country, as well as their reactions to the way that the country is leading the way to change or progress from this corruption infection that has been following it for decades. The reactions of the people represent the way that they think that things will change, as well as how some have started to react throughout time with the instances of no change in society, and even how some others have been able to make a life around the idea of corruption and no longer see it as a bad thing. The way to usually get qualitative research is through questions and talking to the community involved as well as interviews and observations. While quantitative research uses field research, surveys among other methods. I will use the data collected to overlook the general idea I proposed as a question.

I also used bibliographic research because I retrieved a lot of my sources from either scholarly, peer reviewed journal articles, as well as online research, newspapers old videos of news from the time period, United Nations information. Documentaries from the time as well and the Mexican articles in spanish and rankings.

Theoretical framework:
The concept presented by David Harvey representing the idea of the “Economic Elite” is the perfect example of the reasoning behind the contribution of neoliberalists ideals as fragments of change and progress in as leaders, or pathways to corruption. The way that they all symbolize the general connection between the ideals and ways of making a benefit for themselves on a personal level. “Neoliberalization has not been very effective in revitalizing global capital accumulation, but it has succeeded remarkably well in restoring, or in some instances creating, the power of an economic elite. The theoretical utopianism of neoliberal argument has, I conclude, primarily worked as a system of justification and legitimation for whatever needed to be done to achieve this goal.” (Harvey, A Brief History of Neoliberalism) I will be working on trying to bring a connection between the ideals of Mexico’s political corruption in the scheme of a small case study to represent the global dilemma. By using the work of many theorists reflecting on the ideas and effects of neoliberalism, Like David Harvey yet also the theory of modernization, which can reflect on the speculation that “modernization and privatization” all can lead to an influx of change that affects which is my connection to corruption. Because this situation not only affects a particular country and set of people, it affects the interactions and relations with the world as well as the way that they are seen, which is all interconnected and ends up being a domino effect of ideals in general. The general idea of corruption in nations is not often a new concept, many even state that in latin america in particular this idea came after the postcolonial period and just certain aspects have yet not changed. The case of Mexico comes from undisclosed and underground discoveries and talks of many intellectuals and progressives of the eras, as well as the people in the country who have seen in first hand the changes and effects that have happened due to various corruption scandals.
Using the small case study of Mexico the relations with PRI all determine the modern intake and image that Mexico has today. Image that day by day is seen worse, image that if continued to be more affected by the way that our president overlooks and makes things seem. This idea of image affects the way that Mexico is seen aboard, the politics that can be done with them. It all is interconnected from image to, economy, to tourism, to immigration, to violence to politics, it all leads back to corruption. This same example is seen daily in other nations that are constantly affected by this phenomenon, and some after effects lead to neoliberalism contribution or ideals in the nation. This is a prime example of the way that many see and negotiate with Mexico and underdeveloped nations like it. The effects of corruption are all relevant because many of the realistic updates are impacted by it all. The way of living as well as conditions of the people and most importantly the portrayal of them around the globe. This reflection and analysis can be presented on the Mexican perspective yet it can be connected to a global aspect and can be tolerated and seen to reflect the way that other nation states are affected by this situation.

**Findings:**

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<td>72/180</td>
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Note: Score: 0= Most Corrupt; 10= Least Corrupt.
Rank: among all countries in the index.

**Recent Study 2017** Mexico ranks at 29/100 being 2.9 and a 135/180 (Transparency International, Web)

Transparency International Corruption Perceptions Index for Mexico from 1988-2008

You can see that the time of highest scoring corrupt year was in 1997 after the presidency of Salinas and we have now once reached that peak of high scoring corrupt level being that as of 2017 according to the Transparency International website data they have reached similar results of those from twenty years ago. (Blake, 158)

**Telmex:**

Mexican Telecommunications Company, which headquarters reside in Mexico City, is a company, that provides telecommunications products and services in Mexico as well as in other Latin American region nations, like Argentina, Chile, Colombia, Brazil, Ecuador, Peru and
Venezuela. (Britannica, Encyclopedia. Web.) Became founded in the year 1947 was part of the Mexican public. From the years 1972 to 1990 the company withheld to be part of the public sector with a stock holding of 56%, while the other 44% was from privatized groups. After a large set of “progressive reforms” presented by President Salinas de Gortari in 1990 Telmex was then sold to now world-renowned billionaire Carlos Slim. Which till this day The World Bank calls it, “One of the greatest stories success in privatization history”. The fourth most valuable privation in the world with a total worth $8,615,000 after becoming privatized. (El Financiero, Web)

**Carlos Slim:**

Carlos Slim Helú born in Mexico City, in the year 1940 currently has become an international businessman due to his immense wealth and businesses which have made him become one of the most renown billionaire of the current time. With a net worth of 70.5 billion dollars, he became the richest man in the world from the years 2010 to 2013 according to forbes magazine. Currently withstands the chair and CEO head of TELMEX and America Movil. (Britannica, Encyclopedia. Web.) How does one man become to be the richest man in the world you may ask? Privations from, and neoliberalism that is the answer.

**Mexicana and Aeromexico Airlines:**

Aeromexico was born in 1934 with the name of Aeronaves de México, while Mexicana de Aviacion was the fourth oldest airline in the world founded in 1921. Both airlines that came to be very powerful and huge representatives of the Mexican ordeal on an international level. The privatizations and the sales of these two came in at different times, yet the connection is
very similar to that of Telmex. This concept of taking one and selling it from the public sector to represent into another is something that was given as a neoliberalist turn in the century turn. With the ideals of Salinas de Gortari, other presidents and leaders of the current time in Mexico have taken this and developed new privatize ropes of settlements for these companies. Which have cost the jobs of many who continue to reach the revenue they deserve.

**NAFTA:**

The signing of NAFTA (North American Free Trade Agreement) between the three north American countries, Mexico, Canada and the United States of America was signed between the three nation states in the early 1990’s. The agreements started in the 1990-91 period, the signing began by American president at the time George H.W Bush in 1992, a couple days later by the prime minister at the time Brian Mulroney and finally in December 14, 1992 signed by the president of the Mexican republic, Carlos Salinas de Gortari. This free trade agreement is a topic of conversation we still here today more than twenty years later. Some say it was good others bad, yet in the case of Mexico the effects continue to be detrimental to the actual people, and not the companies. In the sense of visibility Carlos Salinas looked out for the companies this “progressive” mentality that in reality brought a downfall to the Mexican stability of the people. Direct effects to even causes of immigration can be seen now, twenty years later. The NAFTA agreements signed by the three mandatory at the time all bring up the relations between the immigration connection between one and the other. With Mexico's huge agriculture community the way that they built with tie agriculture reforms brought by the president Salinas, as well as
the effects of NAFTA many people lose the power to their land, the production stability in their crops and had to reside in either moving to the capital which could not afford everyone, or leaving to to the USA.

**Death of Luis Donaldo Colosio:**

Luis Donaldo Colosio was a Mexican politician and economist in the 1990’s, was born on the tenth of February in 1950, in the Mexican state of Sonora. He became known as the face of change for the Mexican people, when after serving for his people in other political roles, then later decided to run for president in 1994 for the PRI political party. His ideals on social construct and actual change for the people of Mexico made him become a favorite in the crowds. Yet it is said that his speech for the PRI political party anniversary not approved by the PRI administration, that brought his downfall. His speech stating “change for the indigenous people and the men and women on the country” as well as criticizing the effects of neoliberal ideals brought in the country, yet most importantly his famous words “Un mexico con hambre y con sed de justicia” (A Mexico with hunger and and thirst for justice) caused him the split and approval of President Salinas. As well as the presidency, and his death, in March 23, 1994 only seventeen days after this famous speech in the monument of the revolution in Mexico City, at age 43 he was killed during one of his political campaign rallies. It is possible to say that his death was not only the death of a young man who brought hope and value to the mexican people, but it was the death of change in contemporary Mexico, change that since then now, 24 years later we have never seen again. He was an example of what can happen if you stand against the wall of corruption.
Analysis:

How does one man become the richest man in the world? The prime example of the economic elite that is talked about by Harvey, symbolizes the various phases and stages of corruption. Mexico’s prime example of the presidency term brought by Carlos Salinas de Gortari from 1988-1994 is a huge stepping stone to understanding that corruption can be built by neoliberal ideals based on changing the way that certain companies ran and owned by the public sector to a privatized personal group. The change of rhetoric in the presidency of Salinas won him the chair of state, yet he later raised brows when his rhetoric which stopped from a revolutionary aspect to a now aimed to modernity and “progress” showed the true colors of his intentions. Many privations, from telecommunications companies, airline companies, the “progressive reforms” the signing of NAFTA giving open arms to the American and Canadian market, plus other suspicious personal activity brought this presidency to huge turmoil. Seeing that currently ex president Carlos Salinas de Gortari is now on personal exile from the Mexican country in Ireland and has rarely shown sign of life. The understandings between the powerful connections of this presidency, opened the can of worms for further privatizations and reforms by recent presidents to reform Mexico as they please, with current changed in the way that PEMEX an always owned by the public sector company now, to the way that many new presidents use the ideals of “progress and modernity” as terms of “change” on a political aspect. We can see that in the time after the left of presidency the immense levels of corruption
outpoured, there was always some, but the unjustified death of Colosio, as well as the 1995 crisis bright people to start to question the sincerity of Salinas.

In order to understand the current political climate in Mexico we have to understand the effects and underlying factors that come with the neoliberal ideals brought by Salinas, as well as the way that they factor in into creating a pathway to open corruption for the economic elite. This is important on a global perspective and can be seen or taken in consideration, for the simple reason that, corruption is a global phenomenon, we see these situations happening not only in Mexico in Micro, or Macro levels we can see this in other Latin American nations like Brazil with President Lula who was recently arrested, or the many other examples of eastern European nations that due to the ideals of progressive reforms in privations the enriching of some became the poverty of others.

Conclusion:

In conclusion the direct effects of the modernization, privatization and neoliberalism ideals all presented in a change of presidential rhetoric in Mexico in 1988. They became leaders in the opening to corruption on a bigger and broader spectrum, by intending to modernize Mexico and make it competitive with the western capitalist world, the influx of bad governance and disrespect to the people's choice of ideals created a huge corruption mishap, that affected many and benefitted some. Companies lost, workers lost and others became rich all creating a crisis that continues to affect the way that Mexico is seen in a global competence level. Using and analyzing this example as a framework of ideals and examples the connections can be seen in a broader and bigger level, with other nation states and prime examples in the world.
The ideas and evidence are presented it is a matter of identifying and recognizing the bigger issue at hand. Yet I find myself asking the same questions many ask themselves, many of us who are watching as outsiders observing what is it that the people can do to prevent this immense of corruption. The answer is harder than it seems. How do we change a nation that has corruption embedded in all aspects of its living community and much time it works so well? We have to start looking at a current and social level. The huge power that the 2017 earthquakes left in Mexico, didn’t just shake the city, it shook the people and reminded them of the power they have to unite and change the country in which they live in. With now almost 30 year later after the 6 year term of Carlos Salinas, we can see that social unity can help be the change. Yet with current presidential elections the people’s vote is important in the way that they are using it only they can change the way that the current situation is.

There is a recent social movements and ending all these findings with that seems fair, a social movement started on social media, stating that the real change is not going to be made by the president who is in office whether he be PRI, or PAN or of any political party, the embedded corruption will stop when the people stop using it themselves. The real change is in the peoples hands, whether it is by raising up, or uniting but the change relays in them because like Luis Donaldo Colosio once said, Mexico is still and now more than ever “hungry and thirsty for justice”.
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