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Mexico's Liberalization Strategy, 10 Years On: Results and Alternatives

Enrique Dussel Peters

A liberalization strategy began in Mexico during 1988 under the Salinas administration, and since 1994, that strategy has been continued, with minor changes, under President Zedillo. The Mexican economic strategy is an important test case for the success or failure of liberalization strategies, which have been implemented by many nations in the periphery, particularly in Latin America and Eastern Europe. Although the strategy of liberalization has a theoretical background, this has been left out of most academic and policy discussions. As this paper will demonstrate, the strategy of liberalization is closely linked to neoliberalism, but it is, nevertheless, of the utmost importance to define the two concepts and to distinguish between them, both theoretically and historically.

The first part of this paper discusses the theoretical foundation of the liberalization strategy and differentiates this concept from neoliberalism. This is significant since in Latin America, and many other nations, neoliberalism has come to represent the "evil of all evils" and to be held responsible for all problems by people who have no clear notion or definition of what neoliberalism really is. The second part of the paper analyzes the liberalization strategy that has been operating in Mexico since 1988 and briefly evaluates its performance up to 1997. Based on these first two parts, the final section of this paper draws conclusions about liberalization strategy and about potential alternatives.

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Neoliberalism and Liberalization Strategy

The conceptual and theoretical core of neoliberalism—developed particularly by Friedrich August von Hayek and Milton Friedman during the 1950s and 1960s—is a direct response to the emergence, and subsequent predominance, of Keynesianism in Western capitalist societies and to the socialism that evolved in the former Soviet Union, China, and many other nations following World War II. The neoliberal core is based on three important concepts: imperfect information, individual freedom, and the market.[1] Since, by definition, any science, individuals in general, and society as a whole have imperfect information about past and present developments and events, any strategy or society attempting to plan or make policies despite this uncertainty is ahistorical, irrational, and doomed to fail [Hayek 1981,1]. However, neoliberalism goes further, pointing out that any attempt to plan or construct a society, which attempts to go beyond these natural restrictions, is dangerous for the Great Society and the existing social order. Furthermore, neoliberalism is based on the freedom of, and private ownership by, individuals who seek to maximize their preferences. This apparently natural and unhistorical behavior is particularly important from an economic viewpoint because it leads to political freedom. Thus, individual economic freedom is the basis for any civilized society and is a direct response to totalitarianism or to any form of economic planning. Nevertheless, given the constraints of information, the need for a government derives from the fact that absolute freedom is impossible [Friedman 1962]. Finally, the market is the first and last objective of neoliberalism and of human history; it is a "system of communication . . . which has shown itself to be the most efficient mechanism, consciously created by human beings, for the use of information originating from many different sources" [Hayek 1975, 21-22].[2] The market is the principal economic and social institution within which individuals adjust their preferences according to price signals, in spite of restriction in the available information. Von Hayek and Friedman are aware of the market's limitations, since perfect competition, individual freedom, and private ownership, as well as instantaneous price adjustments, depend on perfect information. The concept of "market" thus becomes a utopia, and yet it is dogmatically defended by neoliberalism against any form of planning or state intervention [Hinkelammert 1984; Gómez 1995].

The framework of neoliberalism, as set out above, has several theoretical and conceptual shortcomings, particularly in its dogmatic and legitimizing ideology, in its bipolar thinking—capitalism vs. socialism; freedom or spontaneous order vs. chaos; critical rationalism vs. constructive rationalism; God or the devil—as well as in its conclusions based on ideas of imperfect information. Nevertheless, the conclusions of this school of thought are very forceful and influential in today's social sciences, particularly in the field of economics. The impossibility and danger of any kind of planning and intervention—i.e., questioning of the state and of any policies that attempt to address market conditions and results, even when these policies explicitly include programs designed to combat poverty and the regressive distribution of income—are highly significant, because imperfect information does not allow for any market intervention, since such intervention would result in a worsening of the initial conditions.[3]

During the 1960s and 1970s, this same neoliberal framework was very influential in Latin America, particularly in South America [Foxley 1988], and was linked to military regimes and the fight against "totalitarianism." In the name of freedom and of being against any form of market intervention, neoliberalism actually legitimized these violent, military regimes.

However, it is important to distinguish between Von Hayek and Friedman in the 1960s and 1970s and the theoretical framework of the liberalization strategy that has been evolving since the 1980s, and which has now become, as this century draws to a close, the apparent predominant theoretical policy framework within economics and economic policy. Since the 1970s, a growing number of authors, particularly in the United States, have been publishing extensively, with a very significant impact on multilateral agencies, on universities inside the United States and elsewhere, as well as on policymakers and economists in Latin America. Bala Balassa, Bhagwati, and Anne O. Krueger, in particular, have worked on developing the theoretical framework for liberalization strategy. Despite their solid grounding in neoliberalism with a neoclassical conceptual core, these authors have been able to come up with a simplified version of economic development and concrete policy suggestions. In contrast to neoliberalism, they have directed their criticism against import-substituting industrialization (ISI) in the periphery, as well as against any market intervention whatsoever. Their central proposal, "export-oriented industrialization" (EOI), has become the main pillar of the Washington Consensus and of liberalization strategy in Latin America. This newly powerful school of thought has concentrated on proposing changes toward a more desirable structure of production and toward an increase in welfare by means of abolition of all market constraints. These constraints are alleged to have led to rent-seeking behavior in industries and by individuals, a behavior that is propitiated by state interventions and market restrictions [Krueger 1978]. The main economic goals and proposals of EOI are macroeconomic stabilization; free trade and the complete openness of economies; the abolition of tariff and non-tariff barriers; anti-inflationary strategies; and a minimalist state; all of these are linked to restrictive monetary and fiscal policies. The work of EOI authors builds on the positive association between trade and development and emphasizes the neutral or export-oriented production of goods and services that is supposed to lead to the efficient allocation of factors of production and a specialization among nations and within nations, in line with their respective comparative cost advantages [Balassa 1981]. In contrast to ISI, the "intuitive Darwinian rationale for free trade," which is how Bhagwati [1991,17] defines EOI, argues that the degree and structure of protection among nations of the periphery under ISI had a significant negative impact on the allocation of these countries' resources and subsequently on their exports and overall economic structure. Hence EOI suggests that the export performance, particularly of manufactured goods and particularly within a market-oriented production system, is positively associated to the growth performance of these countries in the periphery.[4]

In spite of the current prominence of EOI, there has been much discussion of some of the assumptions and results of EOI. From a strictly neoclassical perspective, for example, it has been concluded that free trade will not maximize welfare for each nation involved in free trade, but only for all of them as a group [Samuelson 1962]. Moreover, EOI is rather primitive in that it does not include public goods, immisering growth, market and information imperfections, or the vision and view of the "endogenous growth" school of thought [Romer 1993].[5]

In spite of these shortcomings, it must be said that liberalization strategy is a further primitivization of EOI. Liberalization strategy is based on a further economic reductionism, in which free trade and EOI are the only ways for nations in the periphery to integrate themselves into the world market and to achieve economic development generally.

Liberalization strategy is, in effect, much more practical and policy-oriented than theoretical and can be characterized by the following policy guidelines:

1. The world market and globalization are the only reference points for any economic activity.
2. A minimalist state is the desirable goal.
3. The control of inflation is a necessary condition for economic development.
4. The reduction of the fiscal deficit is a necessary condition for economic development.
5. The private sector is the main pillar for economic development.
6. An export-orientation for the production system is necessary.
7. Privatization is a source of funding and economic restructuring.
8. Free trade is the only way of being able to improve welfare.
9. The liberalization of all market restrictions in all economies is necessary, and restrictions in all areas, from the labor market to the financial and pension-funding system, among others, should be removed.

From this point of view, there is a significant difference between neoliberalism and liberalization strategy. Besides the significant historical differences in the contexts within which both strategies were developed and implemented, liberalization strategy is characterized by an economic and primitive reductionism that does not require the violent political posture that neoliberalism did against totalitarianism and its supporting authoritarianism. On the other hand, the strategy of liberalization reflects the apparent dictates of globalization and the need to liberalize the totality of existing institutions and markets in order to foster higher productivity and efficiency independent of time and space.

The implementation of liberalization strategy has been widespread in Latin America and other nations. In the next section, I analyze the impact of liberalization strategy in Mexico.

The Strategy of Liberalization in Mexico: Conditions and Results since 1988[6]

Despite and following the eruption of the 1982 ISI crisis, the Mexican government attempted to continue implementation of ISI until the middle of the 1980s. However, the critical condition of the country's economy—as reflected in a drastic fall in the GDP, in investments and overall economic activity, and in the increasing pressure of foreign debt-servicing and of multilateral agencies—permitted the implementation of liberalization strategy, beginning in 1988 with the Salinas administration.

Mexico's strategy of liberalization was consolidated by means of a series of *pactos económicos* (Economic Pacts), the first one being agreed on in December 1987. The respective pacts—which included wage ceilings and allowed for an *ex post* indexing of wages—were negotiated jointly by union officials, the government, and the private sector. These pacts became the centerpiece of the new strategy under the Salinas administration, which Zedillo has continued since 1994.

The major reforms and guidelines of this strategy of liberalization, in contrast to ISI, are as follows [Aspe 1993; Córdoba 1991; Dussel Peters 1997c]:

1. Macroeconomic stabilization was to "induce" the process of microeconomic and sectorial growth and development, i.e., all sectoral and specific policies were to be abolished in favor of neutral policies. Significant savings in resources destined for direct or indirect subsidies were expected.
2. As an extention of Point 1, the main priority of the government was to stabilize the macroeconomy. Since 1988, the government has viewed controlling inflation rates and the fiscal deficit, as well as import liberalization and the attraction of foreign investments, as the principal mechanisms of its liberalization strategy, backed up by restrictive money and credit policies from Banco de México.[7]
3. Supported by the reprivatization of the banking system beginning in the mid-1980s and the massive privatization of state-owned industries, the Mexican private sector was supposed to lead Mexico's economy out of the "lost decade" of the 1980s. The massive import liberalization process, initiated at the end of 1985, was supposed to support the private

manufacturing sector in order to orient it toward exports, as a result of cheaper international imports.

4. Finally, government policies toward the labor unions were of utmost significance. Only a few, government-friendly labor unions were deemed acceptable to negotiate inside firms and with the government, while the rest were declared illegal. This process, which has included violent disruptions of independent labor unions, has, since 1987, made national wage negotiations in Mexico possible within the framework of the respective economic pacts.

What, after 10 years, are the results and challenges of liberalization strategy in Mexico? First of all, it is important to stress that, within its own frame of reference, liberalization strategy has been relatively successful in Mexico. Inflation has fallen continuously since 1988, as has the financial deficit (see Tables 1-3). Similarly, foreign investments (both direct and portfolio) have increased sharply from $5.6 billion in 1988 to more than $30 billion in 1993, and to an estimated $25.4 billion in 1997. From this perspective, the liberalization strategy has been relatively successful, apart from the December 1994 crisis in Mexico's economy. From the government's perspective, the crisis was the result of policy errors and political events and had nothing to do with liberalization strategy [Banco de México 1995]. Thus, and after the "disruptions" of 1994, the future of Mexico's economy is again bright: exports are growing fast, as are the GDP and foreign investments, while inflation and financial deficits are again under control (see Tables 1-3). To deepen structural change, liberalization strategy proposes a second generation of reforms [Edwards and Burki 1995]. From this perspective of liberalization strategy, Mexico continues to be one of the leading examples of the success of economic policy and has even been mentioned, after the financial collapse in Asia at the end of 1997, as a model to follow.

In spite of these apparent bright scenarios for Mexico's economy, there are several issues that have been overlooked by multilateral agencies and the proponents of liberalization strategy. In the Mexican economy since 1988, there have arisen several structural limitations that are a direct result of liberalization strategy itself:

1. Economic, income, regional, business, and sectorial polarization in Mexico has sharpened dramatically since 1988. One of the most significant changes between 1988 and 1994 has been that only a few branches of the manufacturing industry (automobiles, basic petrochemicals, beer and malt, glass and electronic equipment) have enjoyed increases in terms of capital and labor productivity, output, employment, exports, and imports. The remaining branches, particularly the domestically oriented ones, have not benefited from the economic changes prevalent since introduction of the strategy of liberalization. This evolution has

Table 1. Main Macroeconomic Variables[a], 1980-1985

	1980	1981	1982	1983	1984	1985
GDP	8.2	8.8	-0.6	-4.2	3.6	2.6
GDP per capita	5.4	6.1	-3.0	-6.5	1.2	0.5
Employment	14.7	6.2	-0.3	-2.3	2.3	2.2
Real wages (1980=100), total economy	100.0	105.2	97.4	85.2	84.2	84.1
Real wages (1980=100), minimum wages	100.0	101.3	104.7	84.8	71.8	70.9
Gross formation of fixed capital	24.8	26.5	22.2	16.6	17.0	17.9
Public	10.7	12.0	9.8	6.5	6.6	6.5
Private	14.1	14.5	12.4	10.0	10.5	11.4
Savings/GDP	25.5	25.7	21.5	19.7	18.9	20.1
Internal	20.5	19.6	18.8	23.4	21.1	20.5
Public	5.9	1.2	3.7	6.1	5.5	5.4
Private	14.6	18.4	15.1	17.3	15.6	15.1
Foreign	5.0	6.1	2.7	-3.7	-2.2	-0.4
Inflation	29.8	28.7	98.8	80.8	59.2	63.7
Financial deficit/GDP[b]	7.5	14.1	16.9	8.6	8.5	9.6
Exports of goods and services	25.7	11.4	22.6	14.2	5.7	-4.5
Imports of goods and services	35.2	17.7	-37.9	-33.8	17.8	11.0
Trade balance[c]	-4.7	-5.7	8.7	12.6	11.9	7.7
Current account[c]	-10.7	-16.1	-6.2	5.4	4.2	1.2
Capital account[c]	11.4	26.4	9.8	-1.4	1.3	-1.5
International reserves[c]	4.2	5.0	1.8	4.7	8.0	5.7
Foreign investment[c]	2.1	3.5	2.6	-0.2	-0.4	-0.5
Direct	2.2	2.5	1.7	0.5	0.4	0.5
Portfolio	-0.1	1.0	0.9	-0.6	-0.8	-1.0
Total foreign debt[c]	57.5	78.3	86.1	93.1	94.9	96.9
Public[c]	34.0	43.1	51.6	66.9	69.8	72.7
Private[c]	7.3	10.2	8.1	14.8	16.3	15.7
Foreign debt service[c]	9.4	10.6	12.3	13.0	15.9	15.3
Interests[c]	4.6	6.1	7.8	8.2	10.3	10.2
Capital[c]	4.8	4.5	4.5	4.8	5.7	5.1

[a]Unless otherwise specified, all data refer to growth rates. *Maquiladora* activities not included.

[b]Refers to total income less total expenditures of public sector.

[c]US$ billions.

Sources: Author's estimations based on data from INEGI and Banco de México.

Table 2. Main Macroeconomic Variables[a], 1986-1991

	1986	1987	1988	1989	1990	1991
GDP	-3.8	1.7	1.3	3.5	4.4	3.6
GDP per capita	-5.5	0.0	-0.2	1.7	2.5	1.7
Employment	-1.4	1.1	0.9	1.3	0.9	2.6
Real wages (1980=100), total economy	83.5	79.9	76.4	73.9	71.5	73.6
Real wages (1980=100), minimum wages	63.2	60.3	53.6	49.4	43.1	40.7
Gross formation of fixed capital	16.4	16.1	16.8	17.3	18.7	19.6
Public	5.8	5.0	4.7	4.7	5.1	4.7
Private	10.6	11.1	12.1	12.6	13.7	14.9
Savings/GDP	17.4	18.5	22.6	22.9	23.1	23.4
Internal	16.4	21.3	21.3	20.3	20.3	18.7
Public	4.5	6.5	0.6	3.3	6.8	6.5
Private	11.9	14.8	20.7	17.0	13.5	12.2
Foreign	1.0	-2.8	1.3	2.6	2.8	4.7
Inflation	105.7	169.2	51.7	19.7	29.9	18.8
Financial deficit/GDP[b]	16.0	16.1	12.5	5.6	3.9	-1.5
Exports of goods and service	4.5	9.5	5.8	2.3	3.6	4.6
Imports of goods and services	-7.6	5.1	36.7	21.3	19.7	16.8
Trade balance[c]	3.3	5.9	-0.9	-4.1	-6.3	-13.4
Current account[c]	-1.7	4.0	-2.4	-5.8	-7.5	-14.9
Capital account[c]	2.7	-1.2	-1.2	3.2	8.3	24.5
International reserves[c]	6.7	13.7	6.6	6.9	10.3	18.1
Foreign investment[c]	0.7	2.8	5.6	3.5	6.0	16.9
Direct	1.5	3.2	2.9	3.2	2.6	4.8
Portfolio	-0.8	-0.4	2.7	0.3	3.4	12.1
Total foreign debt[c]	100.9	109.5	99.2	93.8	100.8	103.8
Public[c]	75.8	84.3	80.6	76.1	77.8	80.0
Private[c]	15.1	14.1	5.9	13.9	16.5	17.0
Foreign debt service[c]	12.9	12.1	8.1	14.5	11.2	16.1
Interests[c]	8.4	8.3	6.4	6.9	5.5	5.8
Capital[c]	4.6	3.8	1.7	7.6	5.7	10.3

[a]Unless otherwise specified, all data refer to growth rates. *Maquiladora* activities not included.

[b]Refers to total income less total expenditures of public sector.

[c]US$ billions.

Sources: Author's estimations based on data from INEGI and Banco de México.

Table 3. Main Macroeconomic Variables[a], 1992-1997

	1992	1993	1994	1995	1996[d]	1997[e]
GDP	2.9	0.9	4.6	-7.0	5.1	6.5
GDP per capita	0.9	-0.9	1.7	-8.7	3.3	4.8
Employment	0.4	0.2	1.2	-7.5	3.4	--
Real wages (1980=100), total economy	77.5	79.2	81.6	69.7	60.0	58.7
Real wages (1980=100), minimum wages	39.3	38.9	38.8	34.0	27.0	26
Gross formation of fixed capital	21.1	20.7	21.7	16.1	16.9	--
Public	4.3	3.8	3.7	3.3	4.0	--
Private	16.8	16.6	17.3	12.3	12.9	--
Savings/GDP	23.3	21.0	21.7	19.6	20.9	22.9
Internal	16.6	15.1	15.0	19.0	20.4	21.3
Public	6.6	5.1	4.0	4.7	4.4	--
Private	10.0	10.0	11.0	14.3	16.1	--
Foreign	6.7	5.9	6.7	0.6	0.5	1.7
Inflation	11.9	8.0	6.9	54.5	27.7	18
Financial deficit/GDP[b]	1.6	0.7	-0.1	0.1	1.0	0.5
Exports of goods and service	1.7	3.7	17.3	33.0	18.7	17
Imports of goods and services	20.9	-1.2	16.7	-25.6	27.8	27.8
Trade balance[c]	-23.0	-21.4	-27.3	-3.8	0.2	-7
Current account[c]	-24.8	-23.4	-29.7	-1.6	-1.9	-3.6
Capital account[c]	26.3	32.5	14.6	15.7	3.3	10
International reserves[c]	19.3	24.3	6.1	15.7	17.4	22
Foreign investment[c]	23.6	32.7	15.6	-0.2	21.8	25.4
Direct	4.4	4.4	8.0	9.5	7.6	9.2
Portfolio	19.2	28.4	7.6	-9.7	14.2	16.2
Total foreign debt[c]	112.9	127.6	136.5	161.1	176.1	--
Public[c]	75.8	78.7	85.4	100.9	98.3	89.5
Private[c]	37.1	48.9	51.1	60.2	77.8	--
Foreign debt service[c]	25.7	24.7	32.9	31.6	33.6	--
Interests[c]	5.3	4.8	5.4	6.3	15.6	--
Capital[c]	20.4	19.9	27.5	25.3	18.0	--

[a]Unless otherwise specified, all data refer to growth rates. *Maquiladora* activities not included.

[b]Refers to total income less total expenditures of public sector.

[c]US$ billions.

[d]Preliminary estimations.

[e]Estimated based on sources.

Source: Author's estimations based on data from INEGI and Banco de México.

sharpened with NAFTA and the economic recovery since 1994 [Dussel Peters 1997c].

2. The branches of manufacturing industry mentioned above have also reflected a high degree of concentration in their share of the GDP and exports. Most of the companies in these branches are either Mexican monopolies, oligopolies, or transnational corporations. As a share of total exports, for example, foreign firms accounted for 48 percent of the total exports in 1993 and for 56 percent in 1996.[8]
3. In the period 1980-1996, the economically active population (EAP) increased by 17 million, whereas the economy only created 2 million new jobs. During the 1990s, the EAP has been increasing by around 1.5 million annually, and employment growth should have been 5.2 percent annually to absorb this growing EAP. However, employment growth was only 2 percent for the period 1988-1996, and most of the jobs created were in the construction sector. The manufacturing sector, the engine of Mexico's economic growth, maintained employment during most of this period and only accounted for an average annual growth rate of 1 percent for the same period, 1988-1996, far below the employment generation under ISI [Loría 1994]. The employment issue, probably the most important economic and social issue in Mexico, has not yet been adequately addresed by the government and may well become one of the most serious economic and social issues of the future.
4. Starting in 1980, real and minimum wages began to decline dramatically, and they have continued to do so since 1988 (see Tables 1-3). These trends have not been reserved, even during the recoveries of Mexico's economy in 1990-1992 and in 1996. Thus, liberalization strategy not only reflects a perverse tendency to increase productivity (by increasing the GDP while at the same time reducing and/or keeping levels of employment relatively constant), but also a tendency to generate low-quality jobs. In parallel with these trends, poverty has increased sharply since the 1980s, and around 40 percent of Mexico's population currently is impoverished.
5. Given the priorities of liberalization strategy (inflation control, financial deficit control, and the attraction of foreign investment), the overvaluation of the exchange rate became an unavoidable result, affecting exports negatively and imports positively. Added to high real interest rates (which were the result of the attraction of foreign investment) and import liberalization, Mexico's economy has increased its already high import dependency, and this is reflected particularly during growth periods. This feature is particularly striking in the manufacturing sector, the expected pillar of liberalization strategy, where the sectoral trade

balance/GDP coefficient increased from –14 percent in 1988 to –44 percent in 1994, then fell to –15 percent because of the 1995 crisis. It has since increased again, as a result of the economic recovery.

The structural limitations of liberalization strategy mentioned in the paragraph above reflect an increasing polarization within Mexico's economy and society and unsustainable conditions in the medium and long run. Viewed from this angle, it was Mexico's manufacturing sector—the main pillar of the liberalization strategy—that was at the center of the 1994 crisis; and yet, very similar economic structures to those in place in 1994 still remain today in 1997. It appears, therefore, that the liberalization strategy in place since 1988 is not the product of learning from experience, and therefore a new crisis can soon be expected as a result of these structural limitations within the manufacturing industry.

Conclusions

From the analysis laid out above, it is possible to conclude that the strategy of liberalization to date has one of the weakest and most primitive theoretical backgrounds in the field of economics and that some of its concepts have been taken from neoliberal authors. Its simplicity and complete absence of any consideration of time and space have great charm and appeal. However, as also mentioned above, the strategy of liberalization appears to be very crude and primitive, even when seen from the perspective of neoclassical economics, even though some of the more recent contributors have included issues such as imperfect market and endogenous growth conditions in their analyses. However, these issues appear, so far, not to have touched most of the academic and policy circles within liberalization strategy.

In the specific case of Mexico, liberalization strategy has come up against serious structural limitations that have as yet not been adequately recognized or addressed. Within its rationality, expectations, and goals, liberalization strategy has been relatively successful in spite of the December 1994 crisis. However, besides its narrow rudimentary understanding of macroeconomics, liberalization strategy has not only not been able to overcome the economic structural weaknesses present since ISI, indeed it has even accentuated these limitations; and it has evolved from an initially expected export orientation to an increasingly import-oriented industrialization. After 10 years of liberalization strategy in Mexico, the country's economy is now characterized by an increasing economic polarization, by economic and social exclusion, and by an overwhelming concentration of the GDP and exports within only a few branches of the economy. Thus, it is possible to imagine a scenario in which, in the short and medium run, exports and the GDP will continue to grow but at the same time have little or no effect at all on other variables such as domestic consumption, real wages, and employment generation. They will also have a minimal effect on other tendencies such as increasing regional polarization and the incapacity of small- and medium-sized businesses to enter the world market. These economic issues are already having a significant impact on Mexico's social and political future, and it is no surprise that Chiapas and Guerrero, the poorest states in Mexico, are the regions where guerrilla movements have been active at least since the beginning of the 1990s.

Are there any alternatives to this liberalization strategy? From the point of view developed in this document, academics, policymakers, and civilian society will have to begin a new discussion about the means and goals of economics and about the implementation of these means. A strategy in which "the operation was successful, but the patient died"— i.e., the strategy's goals were achieved but most of economic sectors were left in ruins—is of no use either to Mexico or to any other nation. Academics belonging to different schools of thought, from neoclassical theory to Marxism, have been too complacent in the face of the charm of this liberalization strategy's conceptual framework as well as its results.

Notes

1. For a detailed discussion of these issues, see Dussel Peters [1997a], Gómez [1995], and Hinkelammert [1984].
2. Translation from the German by this paper's author.
3. Lucas [1981] has used the same argument to oppose different forms of state intervention.
4. For a full discussion of these authors, see Dussel Peters [1997c].
5. EOI's arguments have been strongly criticized not only by the structuralist school, but also by neoclassical authors within the "endogenous growth" theory and Marxist authors, among others. However, that discussion goes beyond the scope of this paper [see also Dussel Peters 1997b, 1997c].
6. The thinking in this section is based on ideas from the author's book [Dussel Peters 1997c], with a number of developments on the analysis in the book.
7. The macroeconomy, from the perspective of the strategy of liberalization, is very narrow-minded, since any textbook on macroeconomics should also include other issues such as savings, consumption, growth, employment, and other variables.
8. These calculations are underestimated. These calculations add *maquiladora* exports—based on the assumption that all *maquiladoras* are foreign companies—to the exports of around 100 foreign firms taken from the top 500 firms in Mexico [Expansión 1997].

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