

Mexico and Neocolonialism An Irish perspective

By Tony Phillips [1]

This article explores colony and conquest with examples from the post-colonial realities of modern-day Mexico and Ireland, examining Mexico City over the last seven centuries from its foundation to its growth into the powerhouse at the centre of the planet's seventh largest economy, and covering its legendary foundation by Aztec nomads, to Spanish slaughter, revolutionary Mexican attacks in the eighteenth and nineteenth centuries, and invasion and annexation by the United States. Bloody colonial battles are contrasted with global corporate buy-outs in the context of the 1994 Peso crisis responsible for the collapse of various Latin American currencies and economies - the 'Tequila effect' - and corrupt Mexican President Salinas' resultant Irish exile. Finally post-colonial power is contrasted with neo-colonial hegemony exploring international relations from various perspectives: the currency markets, religion and property rights.



Tenochtitlán, Mexico City

Four hours south of where I write this article, by toll road, is the Mexican capital. Formerly called Tenochtitlán, the remains of this city are now buried beneath the flagstones of the polluted metropolis that is Mexico City. Visitors can still marvel at Aztec architecture in tours that pass underneath the modern Zócalo (Plaza de la Constitución), the central square of Mexico City. Surfacing, they can expect to encounter another one of the many demonstrations against the legitimacy of the declared winning candidate of the 2006 Mexican presidential elections, Felipe de Jesús Calderón Hinojosa. Calderón, the candidate for Mexico's neoliberal PAN party, won a statistically impossible [2] victory over Mexico City's former mayor, the PRD party candidate Andrés Manuel López Obrador. Obrador's response was to set up a parallel government. One wonders what would have happened if presidential candidate Albert Arnold Gore, Jr. had taken a similar approach in the United States elections of 2000.

The Mexican citizens refer to their great capital as the 'Distrito Federal' (or DF for short). The DF is now the world's second largest city, by population, after Tokyo, Japan, with 20 million official inhabitants.

Until 1521, DF was the capital of the Méxica tribe (whom we often refer to as the Aztecs). They chose to build Tenochtitlán, the umbilical centre for their extensive empire, on an island in a defensible lake (now covered with

landfill). Legend has it that the site was chosen when the Méxica discovered an eagle eating a snake on a cactus. This legend is now depicted on the modern Mexican flag.

Hernán Cortés, the illegitimate son of impoverished Spanish soldier Martín Cortés, conquered Tenochtitlán from Emperor Moctezuma II (Motecuhzoma Xocoyotzin) and razed it to the ground. Hernán Cortés was then just thirty-four years of age; he had migrated to Cuba from Extremadura, Spain, just twelve years before his invasion of the North American mainland. DF was also conquered by nationalist insurgents in the 1800s and the 1900s, and then by the USA in 1848.

This article explores its current 'ownership'.

Annexation

As one drives further north from Central Mexico, the highland plains slowly descend into the drier and wider deserts of Chihuahua and Durango, eventually reaching the current building project that is President Bush's immigrant wall. The current Mexican-US border is conspicuous for its huge dollar-denominated border retail outlets, with their lines of cars with Mexican plates, and the polluted NAFTA-focused *maquiladoras* (Mexican export-factories), on the southern side.

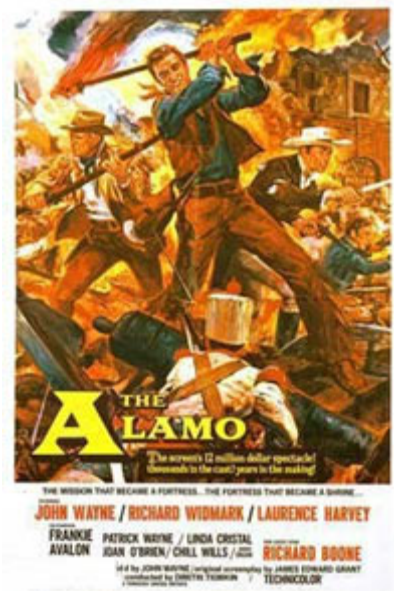
The US southwestern states of California, Nevada, New Mexico, parts of Wyoming and Colorado, Arizona and Texas were part of New Spain and later (for about thirty years) of the Mexican Republic, after Mexico finally won its independence from the Spanish. Four hundred million acres (corresponding to these ceded southwestern states), were eventually bought from Mexico for three payments, totalling just over 40 million dollars. The deal was not well received in Mexico but was forced through by the US armies after their defeat of the Mexicans in the 1846-1848 war.

The Alamo, Two Histories

US history presents us with folkloric references to Davy Crockett and Jim Bowie, famous for their hats and knives respectively. These two were overrun and killed by their own Mexican army at The Alamo. The mythical tale, immortalised by John Wayne in the last century, and by the US newspapers in the nineteenth century, was the birthplace of one of the first political catch phrases: 'Remember the Alamo!', something every US schoolchild learns to this day, even if they don't know why.

Widely publicised at the time, The Alamo raised sufficient outrage north of the border to enable President Polk to declare war on his southern neighbour, Mexico. Polk's Mexican land grab, a kind of manifest destiny looking south, proved to be quite a bargain. However Mexican 'agreement' to the terms offered required that the US army also invade Tenochtitlán in 1848.

In order to understand this process, it is necessary to take a revisionist look at the historical context of 'The Alamo'. The Texan insurgency of the 1830s was an internal Mexican matter. Texan rebels were fighting for unrestricted slavery rights contravening the Federal Mexican government who had declared a slavery ban in September 1829. The threat of freed slaves outraged the Texan cotton farmers, so political pressure was brought to bear in DF. One month later, the Mexican laws were changed to allow slavery, but only in Texas. This exception carried some restrictions (no new slaves). It was not to suffice. Restrictions on Texan slaves threatened the cotton industry with increased labour costs and higher taxation and led to Texan plans for self-determination. This finally led to a failed rebellion and to The Alamo. After the Texan insurgency was put down, Polk declared his war on Mexico, an economic disaster from a Mexican perspective, resulting in the annexation of about half of Mexico's territory (the four hundred million acres mentioned above).



The Alamo, 1960, directed by and starring John Wayne

Another Immigrant War, the San Patricios [3]

Less well known than the Alamo story is the story of the European-born immigrants who fought and died in the Mexican-American war and in particular, the significant minority who took part on both sides.

One Mexican army brigade was called the Saint Patrick's Battalion (or 'San Patricios'). It was made up of men who began the war in the US army but defected en masse to the other side, thereby defending Mexico from the US invasion.

The San Patricios brigade was made up of recent US immigrants, mainly professing the Catholic religion. The majority were Irishmen, recruited from high Texan unemployment by US army recruiters headed south to fight Polk's war.

The protection of immigrant rights was a non-issue in those days predating Homeland Security. Then, as now, rules were particularly lax in wartime, which meant that many army men were horribly mistreated to keep them in line. This led to a slew of army defections to 'volunteer and embrace Mexico's cause'. Among reasons cited for this traitorous behaviour, was the conduct of their mainly British Protestant officers, and the particularly vicious antics of the Texas Rangers when capturing Mexican towns; desecration of Catholic Church property, rape and slaughter.

These opportunist Mexican soldiers of fortune were commanded by John Riley of Clifden, County Galway. The Battalion of St. Patrick, 800-strong, fought a commendable retreat from US invading forces as the Americans pushed south to the capital, DF. One reason cited was the brigade's determination not to be captured alive. It is even said that the Patrick's battalion threatened to shoot their Mexican colleagues if they capitulated to the US forces.

The mainly Irish-born, English-speaking battalion was given a great deal of autonomy as to how they fought their former employers; unfortunately for them they found themselves on the losing side. As it turned out the Patricios were prudent in avoiding capture - the US Army had been instructed to make an example of the Irish Catholic defectors. They meted out face branding with hot irons (the letter 'D' for Deserter) and most survivors were summarily hanged. In DF, the US army made a point of hanging most of the remaining Patricios in the same Zócalo.

The valiant Patricios are commemorated annually in Mexico. Recently Irish dignitaries were invited by former Mexican President Vicente Fox to share in the 1847-1997 celebrations in the Zócalo, DF.

The myth of National Independence

It may at first glance seem like an incongruous list of populations but modern-day DF and its suburbs were host to the Olmecs, the Aztecs, the Spanish, the 'Mexican' and for a short time even the US conquerors. One might suggest that the Spanish conquerors should be treated as a special case as they ruled 'New Spain' as a European colony, the other regimes being self-governing, though I would argue otherwise.

What exactly is the logic of a modern-day self-governing republic? To what extent is it possible for a modern nation to control its own destiny, especially in the context of the massive influence of global transnational corporations and in the context of regional trade communities such as the European Union (EU) and the North American Free Trade Agreement (NAFTA)? These questions are especially pertinent in the case of Mexico, whose northern neighbour is the largest economic and military power on the planet.

When colonial powers cede control to new nations, contacts rarely come to an abrupt end. Ireland maintained laws that protected British property rights after 1921. These were written in the English language as part of predominantly English laws. Ireland also maintained an economy entirely dependent on Sterling for many decades. The Mexican revolution was not dissimilar, although the second Zapatista revolution did alter some property rights to the benefit of local Mexicans over foreign landowners, largely as a result of the first Zapatista rebellion.

Central Mexico seems like an appropriate place to explore the legacies of colonial power and to delve into their neocolonial counterparts.

Dust of Colony

DF has some really impressive colonial architecture but the colonial architectural style is found in many *Altiplano* Spanish cities. Particularly beautiful are Zacatecas, Guanajato, Puebla, Querétaro and, perhaps the most famous of them all, San Miguel de Allende.





San Miguel de Allende, Guanajuato
(Ruiz, December 2004)

San Miguel de Allende is a city frozen in time by an architectural heritage law enacted in the nineteen twenties. Her districts are called 'Colonias' and much of the architecture is from the more splendid periods of Spanish colonial opulence. San Miguel is currently undergoing another type of invasion. This began as a small artistic hippy community. Now in San Miguel, a thriving real estate industry offers 300-year-old palatial mansions to a global market. Affluent visitors are tantalised by monthly bus tours conducted in English, taking curious tourists to some of the prettier mansions in the city, many of which are for sale. Most of the buyers are retired people from the US. In recent decades there have been many Canadian visitors also, but fluctuating exchange rates affect participation. Geographical factors such as proximity and the availability of flights play a significant role in determining who occupies these beautiful properties, though the buying power

of a nation's currency is also a major factor. There are more British property owners in San Miguel than Guatemalans.

An Anglo-Irish Colonial Viewpoint

As an Irish citizen of British descent I have always been somewhat conflicted about the notion of 'colony'. In the beautiful and hospitable environs of San Miguel de Allende it is difficult to recognise a traditional colony. One could argue that traditional colonies were largely eradicated in the early 1900s with the self-destruction of the Western empires in the wake of the First World War. In the absence of a foreign army of occupation, can a colony really exist? If so, how would we recognise it? What exactly is neo-colonialism?

Hegemony Defined

Colonisation involved much more than property rights. Any successful colonial power understands that a precursor to property ownership is ownership of the mind. Every expansionist military is accompanied by an expansionist religion, Spain had its Catholic Jesuits, Dominicans and others, and the US has evangelical Protestant sects. It is important to maintain control of property when governments change. What use is a paper land title, or paper currency for that matter, if it is no longer negotiable? Religion, language, and cultural assimilation played a huge role, some might argue greater than the military role, in maintaining the colony of 'New Spain' for three hundred years.

Founding Mexico

Modern Mexico is a sovereign nation state born in the traditional manner of various anti-colonial rebellions, and constitutionally governed by the Mexicans as a Federal state. Or so it seems. As a nation state, the founders of modern Mexico learned the value of property the hard way and took some measures to protect their land from becoming the property of external powers. Non-Mexican citizens are not allowed to buy property in Mexico but they can buy and sell a ninety-nine year lease and, recently, former Mexican President Fox of the neoliberal PAN party made it easier for foreign citizens to apply for Mexican citizenship.

There are many parallels to this form of protectionism. Take London for example. The Duke of Westminster owns some of the most lucrative land leases in the City of London; in fact it is more precise to say the Duke of Westminster owns the City of London. You cannot buy land in parts of central London because those lands are not for sale. Why sell when you can lease? By this means, the Duke of Westminster has income in perpetuity, and the land will always belong to the Crown. The title passes down through the British Royal family to the next Duke.

Trust in Money

On the back of a US dollar note, one reads 'In God We Trust'. Since currencies broke with the gold standard under US president Nixon, their values float. The 'Gods' of international finance determine the relative value of the pieces of paper we carry in our wallets. Whether I get 10.9 or 11.2 Mexican pesos to the US dollar, or 13 or 14 to the euro, is a decision made at the currency markets of New York, London and Zurich, and to a lesser extent in DF.

Currency markets base their complex decisions on economic precepts as dogmatic and obscure as those of any religion. Certain indicators instantly affect currency markets. They include regularly published statistics such as unemployment figures and stock market indices and government policy changes such as the privatisation or

nationalisation of industries, or changes in taxation policies. But how do traders react to the statistics? Which bible do they use?

In these final phases of pure market economics or 'neoliberalism', that bible is the brainchild of the Washington Consensus. Few religions are run on a consensus basis (the Washington 'Consensus' is a consensus of one), or are run on a consensus in name only. However this non-consensual trade is written into every unilateral trade agreement the US offers and is also enshrined in NAFTA.

Traders are continuously making split-second decisions in a global currency market, networked by computers in 24-hour trading and these markets have daily transactions in trillions of US dollars. The traders trade for profit. A delayed or bad decision can cost hundreds of millions of dollars, and so a mutually agreed rule system is essential.

As an example, the reaction at the global currency markets to the publication of a Mexican economic indicator such as the national unemployment rate is instructive. If unemployment goes up by two per cent in the third quarter, how will the global currency markets react? The theory predicts that this will eventually lead to cheaper Mexican labour. It could be argued that this has both a positive and a negative affect on the Mexican economy; positive because higher unemployment means cheaper labour, which means higher profits for the private sector and reduced public sector costs (depending on the power of unions in both sectors). It is negative because higher unemployment means a higher cost to the government in social security, lowered government tax income, and possible weakening of domestic demand. But how should the currency markets interpret this statistic? Who governs union power, minimum wages and so on?

What is the knock-on effect on US documented and undocumented immigrants from Mexico? Repatriated earnings are the second largest income source for the Mexican economy. In the same way Irish banks transfer many euros to the Baltic states from guest workers, Mexicans in the US (both documented and undocumented), save money to send dollars home.

All of this interplay may require that the Mexican Central Bank buy or sell international currencies in an attempt to react to these changes and maintain their currency's relative value (relative to the USD or a basket of international currencies). The net result of such currency stabilising transactions is often the transfer of hundreds of millions of US dollars from Mexican Federal Reserves to the profits of offshore derivative funds (the institutions trading in Mexican Pesos).

Colonial power is much less subtle than its cousin, economic hegemony. [4]

Cultural precepts such as architecture, religion and language take centuries to inculcate into the minds of the local population, a process essential to colonial expansion. If you want to move more quickly toward domination of a foreign economic resource, only two significant exercises of power create change in a short period of time; military might and economic leverage. In the absence of a military invasion of Mexico, only economic leverage can result in significant transfer of ownership of Mexican resources in a short period of time.

Enter, centre stage: Economic Hegemony.

A Concrete Example

Currency relationships can be explored using a practical example. In my pocket I carry Mexican pesos drawn from a US account from a Banamex ATM in San Miguel's town square. In Spanish times, I would be carrying silver or golden coinage made from metals mined nearby, but owned by the Spanish Crown. Now I use my Mexican paper currency to purchase my necessities at a daily adjusted rate.

In an attempt to protect their national assets, the founders of the Mexican state wrote rules into the constitution designed to protect the nascent state. But constitutions are pliant things, especially in Mexico, with more than 400 current amendments. Among those national assets explicitly protected from foreign exploitation and ownership are national resources such as oil, gas, and banks. There are many powerful Mexican national controls to protect Pemex, the national oil company. [5]

Banks are charged with the care of the people's money and have been rescued in the past by public funds, which means they are particularly important for economic dependence. In an effort to rescue its economy from a crisis so deep that it affected the whole region with a malaise known as the 'Tequila Effect', changes in Mexican laws on Foreign Direct Investment (FDI), and restrictions on foreign ownership of Mexican banks were relaxed to encourage foreign investment. The results were swift. All ten Mexican banks were rapidly bought up by Western Banks, mainly based in the US and Spain. Radical yes, unusual no! At that same time a wave of banking consolidation swept the Western World. In many countries (including the US), takeovers were restricted by national banking laws protecting local banks from foreign ownership.



A Pemex petrol station in Puerto Vallarta, Jalisco
(Coolcaesar, October 2005)

Twelve years ago I lived in San Francisco, California. I had opened a bank account in the local branch of the San Francisco Federal Bank; within five years I had a CitiBank account. San Francisco Federal was bought by First Nationwide, then First Nationwide was acquired by California Federal Bank, which was snapped up to become CitiBank (West). I now draw Pesos from this account at Banamex (sixty-five per cent owned by CitiBank).

Technically I am a CitiBank West customer using a foreign Banamex teller machine, both entities being part of the largest private bank on the planet (CitiCorp, the owner of CitiBank). Robert Rubin is a recent CEO of CitiCorp. Once Secretary of the US Treasury, Rubin is also a former head of the US National Economic Council. Before that he worked at Goldman Sachs, then the largest investment bank in the world. He is also credited in his biography with acting to stem Mexico's financial crisis and 'opening trade policy to further globalization'.

If Mr. Rubin is not an architect of this 'Washington Consensus', then who is?

Certain weakened US Federal regulations persist, for the moment, to keep US CitiBank subsidiaries separate in name at least. The rules, designed to restrict the size of any one bank in the federal United States of America, are a legacy of the horrors of the 1930s depression in which CitiBank was indicted. But CitiBank was also implicated in the loss of confidence that precipitated the US stock market crash of 2000. CitiCorp regularly pays massive fines globally for illegal trading practices. US rules may protect ownership of US banks, they do not, however, restrict foreign acquisitions where these transactions are permitted by local governments.

Cultural barriers exist which prevent renaming Banamex to CitiBank, but the logo colour scheme, the computing systems and the retirement product sales are all CitiBank's, and CitiBank's currency trading operations are still based in New York. The change in Mexican laws to enable bank takeovers was a direct effect of external financial pressures which were brought to bear on Mexico by its debtor countries in the 1990s.

The value of the Mexican peso was devalued by about 30 per cent in the Mexican financial crisis of 1994. The results were disastrous and led to the flight into exile of ex-President Salinas (to the protection of the Irish Republic).

The Mexican peso crisis led to a cycle of Latin American financial crises, a phenomenon known as the Tequila Effect. To encourage foreign direct investment governments in crisis are often pressured into weakening national laws protecting national ownership of strategic resources, such as bank ownership. The results suggest a strong link between adjustment of such rules and the reality of modern neo-colonialism.

Tony Phillips

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Notes

[1] The author runs a research project on Latin American Political Economics (<http://projectallende.org/>). He is a graduate of University College Dublin. He has lived in Ireland and four other countries, and is currently completing a postgraduate course in International Relations at the University of Buenos Aires. He can be reached at: tones@projectallende.org.

[2] For more information please refer to recent articles on the 2006 Mexican Presidential elections, for example those published at <http://bbc.co.uk/>.

[3] For more information on the San Patricios, please refer to articles on this theme included in *The San Patricio Battalion: A Bibliography*.

[4] Hegemony results in the empowerment of certain cultural beliefs, values, and practices to the submersion and partial exclusion of others. It influences the perspective of mainstream history, as it is left to the victors to write history.

[5] Not unsurprisingly, the survival of these national controls was a huge issue in the recent Mexican presidential election.