



# EMERGING MARKETS AND OTHER SIMULATIONS: MEXICO, THE CHIAPAS REVOLT, AND THE GEOFINANCIAL PANOPTICON

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**F***oreign Affairs* has changed. A few years ago, this quintessential establishment journal of the US Council on Foreign Relations, a journal founded by the geographer Isaiah Bowman and others, overhauled its appearance with a new layout and editorial philosophy.<sup>1</sup> Out went the old stodgy design and elitist editorial policy of an establishment journal for rarified discourse amongst the establishment (with the odd critic admitted now and again). With costs rising and sales reportedly slumping, the journal was redesigned to make it more appealing to a broader, middlebrow market, a quick study journal for transnational elites on the move. In came more of the slick corporate advertising the journal first admitted in the 1970s, new illustrative photographs (often television images) and more short debates, book reviews and essays by non-traditional foreign policy intellectuals. The move beyond Cold War geopolitics and high finance, which began within its pages in the 1970s with the contemporary petro-crises, has intensified. Instead of a small community of geopolitical and geofinancial 'wise men' writing recurrently in the journal, *Foreign Affairs* now accepts a broad range of foreign policy expertise. One can now find geoeconomic intellectuals like Clyde Prestowitz and Chalmers Johnson, 'controversial' journalists like David Rieff and Karl Von Wolferen, high-profile economists like Paul Krugman and Jeffrey Sachs and global fund managers like George Sores. *Foreign Affairs* has become more catholic in its identification of expertise, more (tele)visual in its presentation and literally more enframed<sup>2</sup> within the advertising discourses of transnational corporate capitalism.

The journal's changes are indicative of a series of broader structural changes that are transforming the discourses of foreign policy at the end of the twentieth century. With the end of the Cold War, historical processes unfolding over a number of decades have intensified and clarified. The globalisation of eco-

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conomic activities, particularly financial flows and networks, is now a crucial structuring feature of contemporary international affairs and both the advertisements and articles of *Foreign Affairs* acknowledge this reality. Also acknowledged is that the conduct of foreign affairs is now overwhelmingly shaped by images of various kinds, images of competence and strength on the part of banks, corporations and states, and mass media images of threats, disjuncture and chaos, images that *Foreign Affairs* often distils into a photograph (or, occasionally, a map) to illustrate its articles. Finally, the rapidly transforming conditions of the new world order demand forms of expertise and language far removed from pre-existing geopolitical and geofinancial discourse. While the overwhelmingly conservative white male community of geopolitical generalists that framed Cold War discourse is still active, this community has seen its expertise devalued, its strategic vision rendered anachronistic and its hermeneutical strategies overwhelmed by change. Rather than being *the* foreign policy community, it is now only one community of expertise among many.

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A provocative illustration of how all of these tendencies are transforming the post-Cold War problematic of foreign affairs in the United States is the case of the Mexican Zapatista revolt of January 1994. In its initial appearance and subsequent narration, the revolt was a foreign-policy multimedia event: a mediated hyperreality whose unfolding revealed how an ensemble of new and distinctive foreign policy optics produce and enframe meaning in global affairs. These foreign policy optics are quite different from the Cold War optics that, out of the tumult of global affairs, formerly mapped international conflicts as a global geopolitical struggle between a totalitarian East and a free West.<sup>3</sup> A decade ago, the revolt by Zapatista peasants in Chiapas undoubtedly would have been sited within a Cold War geopolitical optic, an optic that historically characterized revolts in this region (such as the struggles of the Nicaraguan Sandinistas, the FMLN in El Salvador or the Guerrilla Army of the Poor in Guatemala) as incidents of 'Communist subversion', cites within a global East-West struggle.<sup>4</sup> In the case of the Zapatista revolt, however, the dominant optic of recognition and evaluation is no longer a rigidly modern geopolitical one but a flexibly post-modern geofinancial one. Instead of producing global space as a stabilized and meaningful geopolitical scene, a net-centric geofinancial panopticon produces the surface of global affairs as a multimediated fungible space, a turbulent investment market (ob)scene (i.e. unanchored scene) that is restlessly trading 24 hours a day. An army of global gazers – TV correspondents, newspaper reporters, international stock market analysts, mutual fund managers, institutional information agents, economic intelligence officers, debt security or bond rating agencies, UN observers and the *Foreign Affairs* intelligentsia – constitutes a perpetual planetary watching machine, an electronic panoptic infostructure that projects and reprojects the representational surface of a spinning globe. Indeed, the spinning globe today is perpetually under the informational 'spin' of the Financial Network, CNN International, SkyNews, the BBC's World Service and the *Wall Street Journal*.<sup>5</sup> Making sense of this universe of information and the decentred Mexican scene for *Foreign Affairs* were Paul Krugman, Professor of Economics at Stanford, who interpreted Mexico's difficulties within the terms of classic eco-

nomic parables of speculative bubbles (Dutch tulips), and Moisés Naím, a senior associate at the Carnegie Endowment for International Peace and a former minister of Industry of Venezuela and Executive Director of the World Bank, who portrayed the Mexican peso crash as a metaphorical drug experience, beginning with the 'euphoria' of rapid capital inflows but ending with a 'tequila hang-over' from currency devaluation and a capital flight.<sup>6</sup>

Like its military counterpart,<sup>7</sup> the geofinancial panopticon Krugman and Nailer describe (and also work within) is embedded in infostructures of normalization and visibility that calibrate the globe from the perspective of financial capitals. While it may sound totalizing to speak of a geofinancial panopticon that disciplines and punishes those places under its gaze and scrutiny, it is no stretch to argue that the infostructure of global financial markets operates as an efficacious though not omnipotent panopticon of power, engendering, in states like Mexico, which are deeply dependent upon these capital markets for investment, a peculiar politics of transparency and obstructionism, appearances and deceptions.<sup>8</sup> Undoubtedly, the growth of global financial markets and their attendant infostructures of monitoring and observation have transformed the conditions of state sovereignty in the late twentieth century. Events that historically might have been viewed as of purely local limited national significance – like a tiny peasant rebellion in a backward province of a Third World country – now register on the cyberscreens of a global financial panopticon, which functions as an 'electronic jury' voting its confidence or demonstrating its disapproval daily on electronically wired global foreign exchange and equity markets.

The political consequences of the 'electronic jury' in capital-bereft developing states are profound. State policy is circumscribed by the parameters of the panopticon; the vicissitudes of state politics are perpetually under evaluation. Certain discursive conceptualizations, policy positions and financial infrastructures, such as a modern stock market and regular statistical releases, are imperatives. State elites must always take care to play to a global audience: leaders and finance ministers must personally perform on the circuits of transnational society at international summits, continental conferences or high-level business meetings. The occasional article in *Foreign Affairs* is also considered good form, for its pages are part of the jury's panel. Favourable testimonials from the journal's expert witnesses, such as Krugman and Naím is a plus.

The geofinancial panopticon also engenders a varied politics of resistance to its gaze. Most states develop strategies of obfuscation and dissimulation to disguise their unpalatable and unseemly side. By contrast, oppositional groups have the opportunity of playing games of revelation and disclosure, of exposing that which is not meant to be seen by a global audience. In all instances, the real is increasingly simulated. A reality principle gives way to the reality 'effect'.<sup>9</sup>

The contemporary global financial panopticon is a geo-intelligence network which has developed alongside the more established infostructures of the techno-military panopticon. This latter security panopticon has at its centre ~~the~~ ageing cumbersome Cold War bureaucracies such as the National Security Agency, the CIA and the Pentagon. In the post-Cold War era, such institutions have reformed global space so as to isolate bad sectors made up of 'rogue

states and nuclear outlaws'<sup>10</sup> or 'failed states and humanitarian nightmares'.<sup>11</sup> As the continuing visual geopolitics in Iraq, performed by UN inspectors and observational teams, or Bosnia, where JSTARS (the Joint Surveillance and Target Attack Radar System) is deployed, both illustrate, these institutions are bound up with transparency and oversight. The geofinancial panopticon imagines, represents and builds (or 'imagineers') a world of 'emerging markets', a surface of opportunity and risk monitored by systems of expertise providing, as a recent Merrill Lynch advertisement on the inside cover of *Foreign Affairs* put it, 'sound strategic advice and . . . opportunities to investors throughout the world'. Like the military panoptic, the geofinancial system strives for global transparency and places great value on 'strategic vision'.<sup>12</sup> In contrast to the latter panopticon, however, the former is a diffuse ensemble of relatively smaller, leaner and more flexible 'intelligence agencies', from the *Financial Network* to the *Economist's* Intelligence Units or to *Info-South*, an information vending site advertised in *Foreign Affairs* as offering 'on-line access to information about the political and economic climate, business news, and corporate activity in Latin America and the Caribbean'. In picturing a hemispheric map enframed by a computer, this same ad graphically illustrates the eclipse of geography by geographical information systems – indeed, the overwhelming of the real by the hyperreal.<sup>13</sup> Geography no longer resides in the real but in the hyperreal of electronics.<sup>13</sup> As Baudrillard had already noted at the beginning of the 1980s,

the real is produced from miniaturized cells, matrices, and memory banks, models of control – and it can be reproduced an infinite number of times from these. It no longer needs to be rational, because it no longer measures itself against either an ideal or negative instance. It is no longer anything but operational. In fact, it is no longer really the real, because no imaginary envelops it anymore. It is hyperreal, produced from a radiating synthesis of combinatory models in a hyperspace without atmosphere.<sup>14</sup>

Hyperbolic to some, such a description is nevertheless germane in considering the recent history of Mexico under President Salinas and the Zapatista revolt against his neoliberal policies. Accounts of the Chiapas revolt and the 'Mexican shock' of 1994 are many,<sup>15</sup> but few note the importance of the principles of panopticism and simulation in their unfolding. In exploring them here, I hope to advance critical geopolitical conceptualizations of the processes and struggles surrounding productions of global space at the end of the twentieth century. Central to these processes and struggles is visualization, the ability of states (and such institutions as the United Nations, the IMF, the World Bank and private international banks) to project visions and images of the real despite its frequent absence.<sup>16</sup>

### Salinas's simulation: Mexico as an 'emerging market'

After a decade dominated by the debt crisis, falling standards of living and political corruption involved in its ascent to power, the Salinas administration set out an ambitious neoliberal agenda for Mexico involving radical downsizing of the

state sector, the privatization of state monopolies, the improvement of tax collection and the abolition of government subsidies and tariffs on production and trade.<sup>17</sup> Following his much-disputed election in 1988, President Salinas sought to re-envision Mexico within the terms of a neoliberal orthodoxy or 'Washington consensus' promoted by Western-dominated institutions like the International Monetary Fund and the World Bank, a constellation of private think-tanks, politically experienced investment bankers and worldly finance ministers.<sup>18</sup> The Harvard-educated Salinas and his American-trained advisers faced a difficult task, for the dominant image of Mexico in US governing circles was of a politically corrupt, economically stagnant, demographically threatening, bureaucratic and authoritarian state with an emergent narcotics supply capability. Salinas and his advisers held out the possibility of 'Americanizing' Mexico and checking its 'Columbianization'.<sup>19</sup> Themselves privileged Mexican transnationals, these men had the confidence of important transnational decision-makers at the centre of the geofinancial panopticon. After a crucial debt renegotiation that went into effect in 1990, and a series of high-profile state privatizations, Salinas projected an image of Mexico as a dynamic 'emerging market' economy that was making the tough decisions necessary to secure prosperity for all Mexicans.

The notion of an 'emerging market' has its origins in the early 1980s, as technological and deregulatory transformations in financial markets both conspired to globalize previously 'closed' national equity markets. The first equity markets to 'emerge' during the 1980s were actually in France, Germany, Spain and Italy.<sup>20</sup> These were soon joined by the fledgeling equity markets of east Asia. With the end of the Cold War, the undeveloped equity markets of Eastern Europe quickly became a locus of investment excitement and speculation. Regional and sometimes country-specific mutual funds were established as instruments for investment speculation in these markets. The designation 'emerging market' itself emerged as part of the commercial discourse surrounding selling these investment spaces as a new financial commodity, offering both high risks and the allure of high returns. With the promise of immediate and significant regulatory reform accompanying the Brady Plan debt restructurings of 1989, the economies of Mexico and Argentina were readied for re-envisioning in global financial discourse as debtors-no-more, as the newest and hottest 'emerging markets'.

Salinas's drive to refashion Mexico as a neoliberal model utopia was greatly aided by continuing transformations in the global financial system, particularly the so-called 'mutual fund revolution' in the United States. As a consequence of demographic changes (the early baby boomers turning 50 and increasingly worrying about retirement), new financial products and poor interest rates in the United States, more and more Americans were investing their savings in the expanding equity and bond markets of the late 1980s. Today, stocks and mutual funds have replaced real estate and bank deposits as the largest segment of net worth in American households.<sup>21</sup> In search of high growth rates, more and more mutual funds began to extend their portfolios beyond the United States. In 1993, for example, US investors bought more foreign equities (about \$68 billion) than in the whole decade of the 1980s.<sup>22</sup> Much of this equity was acquired in 'emerg-

ing market' countries such as Mexico (a traditional magnet for US investment) who were undertaking radical neoliberal reform policies and opening up their internal markets to foreign capital in an unprecedented manner.

Latin American stock markets and economies generally benefited from this rapid influx of capital. Foreign inflows of capital to Latin America were less than 1% of the region's GDP during the 1980s. In the 1990s, such inflows increased to 6% of GDP with the flow of total private funds increasing from \$13.4 billion in 1990 to \$57 billion in 1994. Foreign direct investment in the region grew from \$14 billion in 1991 to \$22 billion in 1994. Also in 1993, \$27 billion of Latin bonds were issued in international capital markets, a dramatic increase from the 1980s.<sup>23</sup> Between 1990 and 1994 Mexico became, remarkably, the world's second largest recipient of foreign private investment after China.<sup>24</sup> The confluence of two visions, the neoliberal modernization models of the economic technocrats running Mexico and the 'emerging market' boosterism of the global financial services industry – both a product of the same orthodoxy that viewed economic and trade liberalism as the keys to development, growth and prosperity – resulted in a mutually reinforcing web that proved temporarily profitable for both parties.<sup>25</sup> In 1993 international mutual funds, boosted by favourable exchange rates, outperformed all other funds, climbing an average 37.5% compared with 13.2% for the average equity fund. Within international funds, foreign regional funds, which account for most emerging market funds, had even greater returns, of 43.1%.<sup>26</sup> Many of the top funds were Latin America funds such as Scudder Latin America (up 74.3% in 1993) and Merrill Lynch's Latin America B fund (up 63% in 1993).<sup>27</sup> As Naím notes, 'Latin American stock markets became stars in the international financial firmament. Each year between 1989 and 1994, one or more of Latin American stock markets ranked among the world's best performers'.<sup>28</sup>

Key to the perception of Mexico as a leading emerging market was the Salinas administration's efforts to secure passage of the North American Free Trade Agreement.<sup>29</sup> Arguably misnamed a 'free trade agreement', since so much of the treaty comprised a detailed regulation and management of trade over a number of years, the NAFTA nevertheless had great symbolic value, for it placed the developing economy of Mexico in the same economic space as the developed economies of Canada and the United States. With the passage of the NAFTA, Mexico secured for itself the figurative status of a 'big emerging market' (BEM), one of the key places in the Clinton administration's self-conscious BEM foreign economic policy.<sup>30</sup> The problem, however, was that Salinas could not and did not address the deep structural weaknesses of the Mexican economy, particularly the concentration of wealth in the hands of a tiny elite of Mexicans. Salinas was in charge of a clientistic, predatory state, and he owed his very position to the institutionalized corruption of the Institutional Revolutionary Party (PRI). His initial success, funded by extensive borrowing on international capital markets, was ultimately built upon the manipulation of surfaces and appearances, a debt-financed and ideologically self-fulfilling simulation, for the benefit of Mexican citizens and foreign investors, of a 'big emerging market'. He succeeded because the gaze of the institutional investors fuelling Mexican economic

growth never looked beyond this 'emerging market' simulation, a simulation anticipated by the 'Washington consensus', sustained by the hype of companies selling emerging market securities, perpetuated by the Mexican government's own media campaigns to boost its international image abroad and secure the passage of the NAFTA, and aggressively sold by the Salinas administration's frequent 'international roadshows' to convince international leaders, sway investors and bedazzle the international financial community.

## Mexico's other simulation: the Zapatista revolt

Because the real economic performance of countries that had adopted the Washington consensus in Latin America was disappointing, a crisis of confidence was, Krugman argues, inevitable.<sup>32</sup> The origins of that crisis of confidence in Mexico's case can be traced to the marginal province of Chiapas in southern Mexico. At midnight on 1 January 1994 the symbolic beginning of the NAFTA, a small, masked guerrilla army of indigenous peasant Indians, the EZLN (Zapatista Army of National Liberation), stormed and occupied a number of municipalities in Chiapas declaring war on the Mexican military and government. Within a few days the rebellion was over, and the Zapatistas were in retreat to their bases in the Lacandon jungle as the army moved to reimpose control over towns like San Cristóbal de las Casas. Nevertheless, a new televisual and informational war had erupted between the Zapatistas and the Mexican government. The connection between the rebels' action and the NAFTA insured that the rebellion would be noticed by the global media. The most prominent masked EZLN spokesperson, Subcomandante Marcos, who was later identified by the Mexican government as a former professor of philosophy and graphic design, articulated the connection of the rebellion's timing with the NAFTA, declaring that 'to us, the free trade treaty is the death certificate for the ethnic peoples of Mexico'.<sup>33</sup> The quote soon entered the wires of AP and other news organizations, a salvo that found its global target as the *New York Times*, the *Financial Times*, the *Washington Post*, the *Wall Street Journal* and other newspapers of record throughout the world reproduced stories of a peasant rebellion in southern Mexico. Chiapas, the Zapatistas and revolt against the NAFTA were suddenly on the media map, dramas on the screens of the geofinancial panopticon. In revealing themselves, ironically, as masked figures, the Zapatistas introduced another element of unpredictable Otherness into 'Mexico' (besides Columbianization), the model emerging market. They were visual sights of resistance, marginal sites of critique, amplified sites of dissent against the Washington consensus in Latin America.

The 'shock' of the Zapatista revolt was in part a product of the Mexican government's own strategy of marketing Mexico in the best possible light during the NAFTA debates of 1993. In May of that year, the Mexican federal army had its first fire-fight with the rebels in the Lacandon forest and subsequently discovered a fully stocked guerrilla training camp. The army did not follow up on these skirmishes, however, but withdrew its troops abruptly from the area in apparent response to a political decision – a decision Marcos later connected

to the needs to keep Mexico's image clean during the unpredictable debates over the NAFTA in the US Congress.<sup>34</sup> In endeavouring to keep the Zapatista guerrilla army hidden, however, the Mexican government inadvertently helped heighten the drama of the Zapatistas's unveiling of themselves and their resistance. In seeking to conceal, the administration gave the temporal and theatrical initiative to the Zapatistas. Fearing that the government might be moving against them and fearing also the representation of his peasant army as 'narcos', Marcos underscored the politics of visibility and discourse, bluntly stating: 'We had to declare ourselves first'.<sup>35</sup>

The Zapatistas' act of declaring themselves was remarkably successful. Their uprising became Mexico's other simulation, a media-genic revolt designed to produce truth effects that obscured the truth's nonexistence. They simulated a 'national liberation' movement (complete with a declaration of intent to take over Mexico City!) in order to hide their own military insignificance. The initial occupations of the towns was a staged drama designed to establish a presence and proclaim a voice of dissent.<sup>36</sup> The emphasis was on minimizing casualties and maximizing publicity. The revolt had an appealing Otherness to it that made it an interesting spectacle. Here was a display by 'deep' Mexico, the unseen faces and unheard voices of the indigenous peoples buried in the remotest *sierras* of the country, the silent, masked, exotic Other. Yet, the Other spoke through a witty and urbane Latino, Marcos, a figure who quickly became a media celebrity, a satirical poet who gave voice to the indigenous peoples and to Mexico's subaltern in general.<sup>37</sup> Historical parallels made the revolt good copy: the masked Zorro, Zapata himself, Fidel Castro in the Sierra Maestra mountains, Che Guevara in Bolivia, the poet with the laptop zipping off playful, ironic and humorous messages on the Internet. The story was an appealing one, and major magazines competed for interviews with Marcos as the Zapatista ski-mask become an icon of resistance.<sup>38</sup>

The Zapatista uprising unleashed an immanent unease in Mexico.<sup>39</sup> Like a virus, the revolt in Chiapas created a chain of panic: federal electrical towers were sabotaged (6 January), a truck bomb exploded in southern Mexico City (7 January), a military camp was mortared (8 January) and a PEMEX pipeline ripped apart by an explosion (8 January). Whether related or not, the signs of chaos were loose in the land. Mexico City was convulsed by a series of bomb scares on 10 January as the stock market opened and lost 6.2% of its total value.<sup>40</sup> Other signs were let loose by the Chiapas revolt. Thousands marched in Mexico City in solidarity with the Zapatistas and against the war, a war stopped by a government ceasefire on 14 January. The heavy-handed response by the Mexican military which involved aerial bombing and the massacre of some civilians, came under scrutiny by international human rights organizations like Amnesty International and later by the House Hemispheric Affairs Subcommittee of the US Congress. Dead Zapatistas appeared on the front cover of *Newsweek*. Finally, the very spectacle of the Chiapas revolt introduced a destructive image into the Salinas administration's expensively maintained image of Mexico as an economic miracle. Chiapas became a new occasion for discourse on the 'limitations' of the Salinas model of economic growth (joining the scripts of the Drug



Enforcement Agency, the AFL-CIO and environmental groups) – a sign of how the glaring social needs of the population were being neglected by the administration.

There was worse to come. The assassination of the official PRI candidate Luis Donaldo Colosio in March 1994 triggered a political crisis inside the PRI and within the Mexican state. Salinas closed down the stock market and other financial offices immediately after the news to avert a financial panic, a strategy that proved to be largely successful in the short term. Of greater concern to the Salinas administration was the fate of the peso. The fear of devaluation among fund managers holding Mexican equity led to a proliferation of *tesobonos*, short-term treasury bonds denominated in pesos but indexed to the dollar. This move proved fatal, however, as interest rates rose in the United States and peace negotiations with the Zapatistas came undone. Salinas's political and personal unwillingness to devalue the peso in 1993 (the year of the NAFTA) and 1994 (the year of the election and of his plan for a prestigious post-presidential career as a transnational leader, possibly as head of the World Trade Organization) established the conditions for the peso crisis of December 1994. However, it was the spectacle of Zapatistas re-occupying villages in Chiapas that month that precipitated the crash of the currency and of the stock market. Salinas's simulation was unravelling. Mexico-the-emerging-market was becoming Mexico-in-meltdown.

## Simulations under scrutiny

One of the less noted consequences of the globalization of exchange and equity markets in the 1980s and 1990s has been the emergence of many technological and discursive infostructures of observation, analysis and judgement determining the credit rating and investment stability of particular regions in the global economy.<sup>41</sup> For capital-dependent states like Mexico, these infostructures exercise tremendous power over economic life. Standard and Poor's ends up setting the standards for Mexico's poor. A marking down of the credit ratings of Mexican bonds can determine the fate of major social and economic initiatives by the Mexican government. A perceived weakness in that government's commitment to fight inflation and defend the value of the peso can be disastrous.

The geofinancial instruments dedicated to surveying, visualizing and evaluating the progress of a state are, as a consequence, instruments of power. The most public face of this infostructure of evaluation and judgement are newspapers of record, the type of newspaper read by the transnational elites who run the world's interconnected financial and equity markets. The interpretive strategies of the *New York Times*, the *Washington Post*, the *Wall Street Journal* and the *Financial Times* are crucial for vulnerable states like Mexico. Below these newspapers of record are a series of more specialist business publications which range from news magazines like *The Economist* and *Business Week* to highly focused and specialized investment newsletters like *Fidelity Focus*, the monthly newsletter of the largest mutual fund company in the United States. All of these publications

are, of course, complemented by establishment journals like *Current History*, *Foreign Affairs*, *Foreign Policy*, *The National Interest* and the *Washington Quarterly*, which offer slow-cycle world-watch features and reviews of the universe of risk management.

This well-known media infostructure is only the public face of a much more extensive system of monitoring and evaluation that is private and specific to individual investment houses, traders and corporations. All major transnational corporations now trade in sophisticated financial instruments to protect themselves against currency, interest rate and other financial risks, or simply to pursue profitable trading opportunities.<sup>42</sup> With so many different financial commodities available to corporations, institutional investors and others (derivatives, hedge funds, debt swaps, etc.), the practice of determining, calculating and managing risk has become fundamental to the global economy, and also extremely complex and arcane. The value and volatility of place-based investments are the subject of elaborate and multifarious risk equations. With mutual-fund managers and traders in direct competition with each other for lucrative investments, the value of precise and reliable information in this geofinancial panopticon is considerable. The potential for turbulence and chaos in this highly competitive system (beyond what even the most elaborate risk equations can factor) is also considerable.

Being subject to the often unstable operations of a geofinancial panopticon establishes relatively rigid parameters for capital-dependent governments like Mexico's. The economic straitjacket imposed on the government by this panopticon also creates strategic opportunities – of a quite different kind from those sought by investment houses – for internal opposition groups like the Zapatistas. As the Zapatistas soon realized, a minor mediagenic display of power on their part had the potential to wreak havoc on the Salinas administration, for it eroded investor confidence in its simulation. The Zapatistas were risk multipliers, catalysts of chaos. The passage of the NAFTA afforded the Zapatistas more power than they might have had otherwise.<sup>43</sup> While militarily insignificant even in Chiapas, the Zapatistas had accumulated a certain power for themselves by virtue of their presence in the international media and on the Internet.<sup>44</sup> Throughout the turbulent year of 1994, they manoeuvred to constitute themselves as a focus of opposition to the whole neoliberal agenda of the PRI. The Lacandon forest became a place of homage for major opposition groupings with Mexican political and civil society. It was the margin that called the centre into question, the point of authenticity that criticized the compromises of national political figures like Cuauhtémoc Cardenas of the opposition PRD, who visited the Zapatistas in May 1994. Despite an attempt by the government to reduce the Zapatistas to a local Chiapas problem, the talks between the rebels and the government's negotiator, Manuel Camacho Solis, attracted national and international media attention.

Because the initial insurrection in Chiapas triggered a drop in the Mexican stock market, the conflict was interpreted by the American media as an investment story. As a consequence, the circle of expertise that coalesced around the story was formed by financial observers and analysts, a somewhat surprising com-

munity of experts on an indigenous peasant rebellion. In its first major story on the uprising, the *Wall Street Journal* reported divergence between the reactions of Mexican and of foreign investors to the crisis. Mexican investors supposedly took a cautious view of the economic and political impact of the Chiapas war, whereas foreign investors viewed the rebellion as a regional conflict that would soon subside, with little impact on the Mexican economy.<sup>45</sup>

The initial stock market drop of January 1994 in response to the Zapatista rebellion was minor compared to the run on the peso in December of that year, a run that eventually forced the devaluation of 20 December. Increasingly marginal to the Mexican political scene after the collapse of their talks with the government and the victory of Zedillo in the August election, the Zapatistas confounded the conventional opinion that they were a spent force by reoccupying certain municipalities in Chiapas. The renewed simulation of revolt had an immediate impact. Pictures of masked Indians standing guard at roadblocks in Chiapas galvanized international investors into their own revolt against the 'rosy economic and social picture painted by Mexican government officials for 1995'. 'Chiapas', according to one analyst, 'was the detonator for this crisis, but it certainly wasn't the basis for it'.<sup>46</sup> Failure to devalue the peso earlier and the hikes in US interest rates throughout 1994 were the immediate causes of the crisis.

Most major investment houses with emerging market funds lost heavily as a result of the peso crisis of December 1994. Despite considerable domestic disquiet from more militantly isolationist elements within US political life (e.g. Patrick Buchanan, Senator Jesse Helms, Senator Alfonse D'Amato), the US government was forced to put together a \$50 billion rescue package for Mexico along with the IMF and the Bank for International Settlements, a rescue package not submitted for congressional approval for fear that it might not pass.<sup>47</sup> 1994 was a bad year for mutual funds all round. Not one broad or specific fund category made money; but the largest losses were in foreign regional funds, who were hit hard by the peso's 31% fall in December and the so-called 'tequila effect' it induced on the stock markets of other emerging-market countries.<sup>48</sup> Amongst the biggest losses were those recorded by the \$445 million TCW/DW Latin American Growth fund (down 23.7%) and the \$616 million Fidelity Latin America fund (down 23.2%).<sup>49</sup>

One of the many reactions to this financial loss was a reconceptualization by some in the financial community of how the Mexican government should approach the Chiapas uprising. With the emerging-market model badly tarnished, the situation required model leadership to satisfy the markets. The symbolic power of the Zapatistas as a visible site of resistance to Mexico as an emerging market prompted some to see the elimination of the Zapatistas as a prerequisite for Zedillo's government regaining 'international confidence'. Military victory over the Zapatistas would relegitimize Zedillo's image: it would be a dramatic sign of 'leadership' of his willingness to take tough decisions in order to lead Mexico to the neoliberal utopia.

The most graphic illustration of this form of reasoning – and, indeed, of the operation of the infostructure of the geofinancial panopticon as a foreign-

policy prescription system in this case – was a memo written by Chase Manhattan Bank's emerging-markets group in January 1995, which warned that a peaceful solution to the Chiapas rebellion was 'difficult to imagine' after face-to-face peace talks with the government one year previously had failed to demobilize the rebels. The memo warned that Subcomandante Marcos 'may decide to embarrass the government with an increase in local violence and force the administration to cede to Zapatista demands and accept an embarrassing political defeat'. 'While Chiapas, in our opinion, does not pose a fundamental threat to Mexican political stability, it is perceived to be so by many in the investment community', the memo added. 'The government will need to eliminate the Zapatistas to demonstrate their effective control of the national territory and of security policy.' Once this memorandum became public, Chase Manhattan sought to distance itself from it.<sup>50</sup> Its very existence, however, revealed how certain elements within the geofinancial panopticon could construct foreign-policy imperatives based on a concern with maintaining a profitable symbolic economy of investment. The Zapatistas were a sign of chaos which reflected badly on Zedillo. This chaotic sign had to be eliminated so that the image of leadership and stability could be refurbished. The jurisdictional authority of the centre needed to crush the rebels on the margins. Dead Zapatistas equalled a strong Zedillo, and a strong Zedillo was what the market required.

Zedillo was, of course, well aware of the wisdom of Wall Street. He was reported as viewing the Zapatistas as a 'haemorrhaging wound to the government's authority' even before he took office on 1 December 1994.<sup>51</sup> Some officials reported that he viewed it as a cancer: 'Either you treat it, or it will eat away at you'.<sup>52</sup> After responding to the December rebel offensive, the government began its own offensive against the Zapatistas in early February 1995. Some caches of weapons, but more computer disks than guns, were discovered in so-called rebel safe houses in Mexico City and Veracruz in early February. On 9 February Zedillo ordered the arrest of Zapatista leaders, symbolically unmasking Marcos as Rafael Sebastian Guillen, an ex-professor from an upper-middle-class family. The *Wall Street Journal* reported one portfolio manager observing: 'this is the beginning of the change in Chiapas. But more importantly, this is the beginning of the change in Zedillo's image' – to a president who was strengthening his grasp on Mexico's social and economic life.<sup>53</sup>

Zedillo, however, could only go so far in this campaign against the Zapatistas, for other elements of the international community were watching. To simulate model leadership successfully, Zedillo had to demonstrate that he was strong but also flexible and willing to negotiate. His administration and the Zapatistas soon returned to negotiations. Although surrounded by Mexican troops, the Zapatistas (and their Popular Revolutionary Army allies in Oaxaca and Guerrero) still represented a formidable public relations threat to Zedillo. Their power, as they well know, lies in their ability to maintain their visibility as a hyper-real presence on the unstable Mexican scene.<sup>54</sup>

## Conclusion

Reflecting on the Mexican crisis for *Foreign Policy*, Moises Naím summarized the lessons of the Mexican story for transnational liberal elites. In hindsight, he argued,

it is clear that better surveillance and more rigorous scrutiny of the Mexican economy would have lessened the crisis. The IMF, the World Bank, international credit rating agencies, and investment advisers have probably learned from this crisis that lax scrutiny can have dire consequences and that the availability of timely and reliable data should be a non-negotiable condition for continuous international support.<sup>55</sup>

What this call for a more effective and intense panopticon overlooks however, is how the principle of the panopticon is itself infected by the principle of simulation. The geofinancial panopticon does not simply observe emerging markets; it helps produce and project them as hyperreal sectors of global space. The panopticon is never a neutral, objective watching machine but a *productive* technology, a technology with the positive power to simulate as well as the negative power to discipline and punish, all in the name of neoliberal market goals.

An illustration of this very point is an exchange in *Foreign Affairs* between Barbara Samuels II and Paul Krugman over the latter's somewhat irreverent reading of emerging markets as akin to textbook speculative bubbles like the Dutch tulip market.<sup>56</sup> Samuels, managing director of Moody's Emerging Market Service, found Krugman's belittling of the discourse of emerging markets unwarranted. She distinguishes between bad emerging markets (like Mexico, with low GDP growth) and good emerging markets (like Thailand, with high GDP growth). Evoking the predictive authority of leading panoptic institutions, she argues that 'the overall longterm growth rate for emerging markets has been much higher on average than rates in the countries Krugman highlights, and the IMF and the World Bank as well as leading private sector economists predict these high rates will continue'.<sup>57</sup> Without specifying the category 'emerging countries', she argues that fresh dynamics have given rise to new economic forces in these countries, exploding cities have created new consumer markets; social and political indicators along with technological changes point to increasing levels of education; while leading 'policymakers in emerging markets now have similar educational backgrounds, many having attended American and European universities'.<sup>58</sup> The capitalist global economy as disciplining and punishing machine is working. Previously recalcitrant countries are reforming themselves and becoming exemplary models who have internalized the normative neoliberal order of things. Technological changes 'have opened up political systems, heightened awareness of the wider world, created new expectations, and advanced the globalizing creed of consumerism'.<sup>59</sup>

Krugman's response does not challenge Samuels' re-enchantment of the concept of emerging markets (a rhetorical imperative in Samuels' job after all). Nevertheless, his short response does introduce a note of unease, ending with an anecdote from an institutional investor about a presentation by a rating service on Indonesian bonds:

Along with others in the audience, the investor was disturbed by the unreliability of Indonesia's data. The presenter responded with an analogy to Indonesian puppet shows, in which one looks at the shadows rather than the puppets; in other words, investors were being asked to be optimistic based on the general idea that developing countries have great prospects rather than on a careful examination of this specific country's macroeconomic situation. That kind of sloppy thinking led to Mexico's crisis, and may well lead to comparable crises in other countries.<sup>60</sup>

The extent of Krugman's critical awareness is his understanding of the discourse of emerging markets as a form of shadow play. Yet, he too adheres to a simulation, a simulation of the perfect panopticon where reliable data is interpreted scientifically (the non-sloppy *discipline* of economics for Krugman). Like Naim, Krugman's argument is that a more transparent and efficient panopticon is needed. One form of the enchantment of global space is questioned, but another is held out as its ideal replacement.

That the Zapatista uprising in Chiapas in 1994 was imagineered as an event in a global investment drama and not a global anticommunist drama is a mark of the change wrought by the end of the Cold War. Problematizing the foreign policy optics used to enframe events like the Zapatista insurrection enables us to reflect upon the ways in which the discourses, visualization strategies and practices of foreign affairs are changing at the turn of the century. Old-fashioned 'power projectionism', defined as the ability of a state to enforce its sovereign will overseas (usually by the deployment of its navy), is being supplanted by a new postmodern 'power projectionism', defined as the ability of state institutions to initiate and perpetuate hyperreal visions of order, progress and development. This shift poses a profound challenge to geographers to develop new critical ontologies to describe the strategic (re)visualizations of global space. As can be gleaned from the images and articles in *Foreign Affairs*, a geofinancial panopticon is now a major producer of many of the dramas upon the global political stage. Alongside other post-Cold War hyperreal productions of 'failed states' (the Somalia/Rwanda/Bosnia/Liberia image) or 'rogue states' (the Iran/Iraq/North Korea/Libya image), it has projected an 'emerging market' simulation that is an operating system forming large sectors of global space.<sup>61</sup> This sprawling panopticon brings to bear its own infostructure of observation, evaluation and judgement, its own community of experts which pronounce on the meaning of events like the Zapatista revolt. While this panopticon exercises tremendous power over the fate of developing states like Mexico, its ongoing need to shore up its own symbolic economy of signs leaves it vulnerable to media-genic displays of resistance and dissidence.

The recent history of Mexico reveals the operation of ever more insidious forms of exploitation, inequality and moral indifference in the late twentieth century. The fact that 24 individuals in Mexico possess more wealth than the poorest 33 million individuals put together is a massive indictment of Salinas's rule.<sup>62</sup> Yet, small consolation though it may be, it also reveals the potential of resistance, the power of even a small organized group of media-aware rebels who are crazy enough to cry to the world 'Basta Ya!' (Enough Already!).

Under indictment  
this is not  
a  
quote!

### Acknowledgements

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### Notes

- <sup>1</sup> N. Smith, 'Bowman's new world and the Council on Foreign Relations', *Geographical Review* 76 (1986), pp. 438–60.
- <sup>2</sup> One of the central aims of 'critical geopolitics' is to challenge the enframing of global political space by intellectuals of statecraft tied to hegemonic institutions and cultures. It seeks to problematize the inevitable textual production of global politics as an objective and stabilized scene. Geopolitics is a technology of seeing, enframing and objectifying which enforces a strong distinction between the realm of representation and external reality. Critical geopolitics, by contrast, seeks to disturb the operation of this technology and its discursive spacings. For more on critical geopolitics, see G. Ó Tuathail, *Critical geopolitics: the politics of writing global space* (Minneapolis, University of Minnesota Press, 1996). On problematizing of the enframing of space, see T. Mitchell, *Colonizing Egypt* (Berkeley, University of California Press, 1988).
- <sup>3</sup> S. Dalby, *Creating the second Cold War* (London, Frances Pinter, 1990).
- <sup>4</sup> On sight, site and cite, see T. Luke, 'Discourses of disintegration, texts of transformation: reading realism in the New World Order', *Alternatives* 18 (1993), pp. 229–58.
- <sup>5</sup> T. Luke, and G. Ó Tuathail, '~~Policing wild zones: the geopolitics of UN safe areas, no fly zones and implementation forces~~', paper presented at the ISA conference in San Diego, Mar. 1996.
- <sup>6</sup> P. Krugman, 'Dutch tulips and emerging markets', *Foreign Affairs* 74 (1995), pp. 28–44; M. Naím, 'Latin America the morning after', *Foreign Affairs* 74 (1995), pp. 45–61.
- <sup>7</sup> P. Virilio, *War and cinema: the logistics of reception* (London, Verso, 1989).
- <sup>8</sup> This understanding of a geofinancial panopticon is to be distinguished from what Stephen Gill calls 'the global panopticon' 'The global panopticon? the neoliberal state, economic life, and democratic surveillance', *Alternatives* 2 (1995), pp. 1–49). His notion blends Marx and Foucault to produce a concept that is somewhat traditional (the panopticon reduces the individual to a manipulable and relatively inert commodity) and unwieldy. I am interested here in one panoptic cluster – global financial markets – and wish to distance myself from some of the more totalizing and hyperbolic uses of the concept that Foucault's work has provoked (M. Foucault, *Discipline and punish*, New York, Vintage, 1979). For other discussions of geopolitics/geoeconomics and disciplinary panopticonism, see J. Agnew and S. Corbridge, *Mastering space* (London, Routledge, 1995); S. Corbridge, 'Discipline and punish: the New Right and the policing of the international debt crisis', *Geoforum* 23 (1992), pp. 285–301; G. Ó Tuathail, '(Dis)placing geopolitics: writing on the maps of global politics', *Society and Space* 12 (1994), pp. 525–46; J. Popke, 'Recasting geopolitics: the discursive scripting of the International Monetary Fund', *Political Geography* 13 (1994), pp. 255–69.

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- <sup>9</sup> J. Baudrillard, *Simulacra and simulations* (Ann Arbor, University of Michigan Press, 1994).
- <sup>10</sup> M. Klare, *Rogue states and nuclear outlaws* (New York, Hill & Wang, 1995).
- <sup>11</sup> R. Kaplan, *The ends of the earth* (New York, Random House, 1996).
- <sup>12</sup> R. Schein and S. Roberts, 'Earth shattering: global imagery and GIS', in J. Pickles, ed., *Ground truth: the social implications of geographic information systems* (New York, Guilford, 1994), pp. 171–95.
- <sup>13</sup> P. Virilio and S. Lotringer, *Pure war* (New York, Semiotext(e), 1983); Pickles, *Ground truth*.
- <sup>14</sup> Baudrillard, *Simulations*, p. 2.
- <sup>15</sup> J. Castaneda, *The Mexican shock: its meaning for the U.S.* (New York, New Press, 1995); A. Guillermoprieto, 'The shadow war', *New York Review of Books*, 2 Mar. 1995, pp. 34–43; A. Oppenheimer, *Bordering on chaos* (Boston, Little, Brown, 1996); John Ross, *Rebellion from the roots: Indian uprising in Chiapas* (Monroe, ME, Common Courage Press, 1995).
- <sup>16</sup> See F. Debrix, 'Deploying vision, simulating action: the United Nations and its visualization strategies in a New World Order', *Alternatives* 21 (1996), pp. 67–92.
- <sup>17</sup> J. Nash and C. Kovic, 'The reconstitution of hegemony: the Free Trade Act and the transformation of rural Mexico', in J. Mittelman, ed., *Globalization: critical reflections* (Boulder, CO, Lynne Rienner, 1996), pp. 165–86.
- <sup>18</sup> Krugman, 'Dutch tulips', p. 28.
- <sup>19</sup> Throughout his presidency, Salinas's image of Mexico as an emerging market was dogged by less flattering images of Mexico as the new narco highway to the United States, as a state undergoing 'Colombianization' (i.e. dominated by narco-capitalism and violent political disputes). As has become apparent, both these images are organically linked. As Mexico opened itself up for global business, the global business of drug trafficking also set up shop. The most striking linkage, of course, was within the Salinas family itself. Raúl Salinas de Gortari, the older brother of the former president, is under investigation for corruption, murder and money-laundering.
- <sup>20</sup> R. Smith and I. Walter, 'Rethinking emerging markets', *Washington Quarterly* 19 (1995), pp. 45–64.
- <sup>21</sup> F. Norris, 'Flood of cash to mutual funds helped to fuel '95 bull market', *New York Times*, 26 Jan. 1996, pp. A1, D6.
- <sup>22</sup> Naím, 'Latin America', p. 50.
- <sup>23</sup> All figures from *ibid.*, p. 48.
- <sup>24</sup> M. Naím, 'Mexico's larger story', *Foreign Policy* 99 (1995), p. 116.
- <sup>25</sup> Krugman, 'Dutch tulips', p. 30.
- <sup>26</sup> J. Edgerton, 'Money rankings', *Money* 23 (1994), p. 68.
- <sup>27</sup> *Ibid.*, p. 73.
- <sup>28</sup> Naím, 'Latin America' p. 50.
- <sup>29</sup> *Money*, Jan. 1994, p. 56. (Mexico's stock market rose almost 11% after the passage of the NAFTA in November 1993; Merrill Lynch's Latin America B fund jumped 11.4% that one month.)
- <sup>30</sup> J. Stremlau, 'Clinton's dollar diplomacy', *Foreign Policy* (1994), pp. 18–35.
- <sup>31</sup> Naím, 'Latin America', p. 54. The Salinas administration even initiated a public relations campaign to convince the world's media to drop the Third World label when referring to Mexico. See S. Niblo, 'The world economy and an economically active state: from economic radicalism to neoliberalism in Mexico', in J. Camilleri, A. Jarvis and A. Paolini, eds, *The state in transition: reimagining political space* (Boulder, CO, Lynne Rienner, 1995), p. 198.
- <sup>32</sup> Krugman, 'Dutch tulips', p. 41.



- <sup>33</sup> Ross, *Rebellion from the roots*, p. 21.
- <sup>34</sup> *Ibid.*, p. 30; Oppenheimer, *Bordering on chaos*, pp. 33–35.
- <sup>35</sup> *Ibid.*, p. 43.
- <sup>36</sup> It is now known that the Zapatistas rehearsed their occupation of the municipalities on large sets in the forest designed to look like the towns they planned to occupy. The camp discovered by the federal army in May 1993, for example, was described by one reporter on the scene as 'a work worthy of Hollywood cinematographers', for it was a movie set-like facsimile of the municipal palace in the town of Ocosingo. The set was framed by four avenues hacked from the jungle, each clearly labelled, and had as its centrepiece a reproduction of the municipal government building. The town was subsequently occupied by the Zapatistas during their uprising of 1 and 2 Jan. 1994. See Ross, *Rebellion from the roots*, p. 27.
- <sup>37</sup> Asked whether he was gay, as had been reported, Marcos replied: 'Yes. Marcos is gay in San Francisco, black in South Africa, an Asian in Europe, Chicano in San Ysidro, a "rockero" at the University City, an anarchist in Spain, a Palestinian in Israel, a Jew in Germany, an Indigena in the streets of San Cristóbal . . . in short, Marcos is a part of all the oppressed minorities that say enough already, Basta Ya!' (quoted in *ibid.*, p. 296).
- <sup>38</sup> Oppenheimer, the *Miami Herald's* senior Latin American correspondent, notes how the press helped create the merchandizing of the Zapatista revolt (the selling of Zapatista dolls, t-shirts, pens and other souvenirs) by itself becoming eager consumers of Zapatista signs. See Oppenheimer, *Bordering on chaos*, pp. 29–30.
- <sup>39</sup> Castenada, *The Mexican shock*.
- <sup>40</sup> Ross, *Rebellion from the roots*, p. 106.
- <sup>41</sup> T. Sinclair, 'Passing judgement: credit rating processes as regulatory mechanisms of governance in the emerging world order', *Review of International Political Economy* 1 (1994), pp. 133–59.
- <sup>42</sup> G. Millman, *The vandals' crown* (New York, Free Press, 1995), p. 157.
- <sup>43</sup> J. Rochlin, 'Redefining Mexican "national security" during an era of postsovereignty', *Alternatives* 20 (1995), p. 392.
- <sup>44</sup> On social movements using telecommunications strategically, see P. Adams, 'Protest and the scale politics of telecommunications', *Political Geography* 15 (1996), pp. 419–41.
- <sup>45</sup> The *Wall Street Journal's* editorial position on the Zapatistas was that they were a group of foreign militants and liberation theologians who used the Indians as 'cannon fodder' to forward their own international radical ideological agenda (see e.g. D. Asman, 'Mexican rebels show their guts with Indian blood', *Wall Street Journal*, 11 Feb. 1994, p. A13). The irony of the *Wall Street Journal* championing the rights of the Indians of Chiapas against international forces and outsiders was lost on the newspaper's editors who, in this and other reports, transposed the terms of the American 'political correctness' debate onto Chiapas. Many of the newspaper's editors are intellectual figures on the American Right. Asman's 'Americas' columns supported the PAN party in Mexico.
- <sup>46</sup> T. Robberson, 'Peso's drop mars Mexico's outlook; investors were nervous, wary of rosy economic picture', *Washington Post*, 24 Dec. 1994, p. A1.
- <sup>47</sup> S. Weintraub, 'The depth of economic integration between Mexico and the United States', *Washington Quarterly* 18 (1995), 173–184. Editorializing on Congressional opposition to the bail-out, *New York Times* columnist Thomas Friedman offered a geofinancial reinterpretation of old Cold War danger proximity arguments: 'In today's intertwined global market, Mexico is "home". There is far more American industrial

investment and mutual-fund investment in Mexico today than there is in our own home state of New Mexico. And the economic collapse of Mexico would damage the U.S., Latin America and Canada far more than the bankruptcy of New Mexico. To some extent, "home" is where the wallet is, and right now, if you check your pension fund or mutual fund, you will find that your wallet is spread from Toronto to Tierra del Fuego.' This conceptualization of responsibility as responsibility to a community of money is central to geofinancial discourse as 'foreign policy' discourse. See T. Friedman, 'Helping Mexico help us', *New York Times*, 25 Jan. 1995, p. A21.

- <sup>48</sup> E. Peterson, 'Surrendering to markets', *Washington Quarterly* 18 (1995), pp. 103–15; Smith and Walter, 'Rethinking emerging markets', p. 55.
- <sup>49</sup> P. Wang, 'Money rankings', *Money* 24 (1995), pp. 72–3.
- <sup>50</sup> T. Robberson, 'Recall Mexican army, Chiapas rebels warn, Zedillo amnesty offer apparently rejected', *Washington Post*, 17 Feb. 1995, p. A28.
- <sup>51</sup> T. Golden, 'Mexican president orders a crackdown on rebels', *New York Times*, 10 Feb. 1995, p. A1.
- <sup>52</sup> Quoted in T. Golden, 'Behind Mexico's harder line on rebels, a political shift', *New York Times*, 12 Feb. 1995, p. A1.
- <sup>53</sup> D. Solis, 'Mexico's President orders the arrest of rebel leaders', *Wall Street Journal*, 10 Feb. 1995, p. A5.
- <sup>54</sup> Nervousness about instability and the peso persists on international markets. Again, the challenge for the Mexican government is its simulationist strength or what could be called its power projectionist ability. After a presentation by Guillermo Ortiz, the finance minister of Mexico, at the Inter-Continental Hotel in Manhattan, the vice-president of Goldman, Sachs and Company noted: 'I thought it was a fairly good presentation of the plans that the Government has going forward. But unfortunately we don't have a lot of record yet that shows that these projections will come true.' See P. Truell, 'Mexico makes a pitch, but Wall St. is wary', *New York Times*, 19 Sept. 1995, pp. D1, D10. In Nov. 1995 the Mexican government was forced to intervene to redress an ominous slide in the value of the peso. After clashes between Zapatista allies, the Popular Revolutionary Army (EPZ), and government forces close to tourist beaches on the Pacific coasts of Guerrero and Oaxaca in September 1996, the Mexican stock-market dropped 2.2%.
- <sup>55</sup> Naím, 'Mexico's larger story', p. 121.
- <sup>56</sup> Krugman, 'Dutch tulips'; B. Samuels II, 'Emerging markets are here to stay', *Foreign Affairs* 74 (1995), pp. 143–46.
- <sup>57</sup> Samuels, 'Emerging markets', p. 144.
- <sup>58</sup> Even degrees from American and European universities are the subject of simulation in Mexico. Oppenheimer details the case of education minister Fausto Alzati, who was forced to resign after having lied about receiving a Masters and PhD from Harvard University. The Mexican daily *La Reforma* claimed that at least half a dozen members of Zedillo's cabinet lied about their US academic titles. See Oppenheimer, *Bordering on chaos*, p. 276.
- <sup>59</sup> *Ibid.*, p. 145.
- <sup>60</sup> P. Krugman, 'Shadow play', *Foreign Affairs* 74 (1995), p. 147.
- <sup>61</sup> R. Broad, and J. Cavanagh, 'Don't neglect the impoverished South', *Foreign Policy* 101 (1995), pp. 18–35.
- <sup>62</sup> *Ibid.*, p. 27.