The failure of peaceful dissent led some radicals to organize a guerrilla uprising in the rural state of Guerrero during the early 1970s. This was also firmly suppressed by Mexican authorities.

Over time, the heavy-handed response of Mexican security forces to pressures for political change seriously eroded regime legitimacy within a society becoming more diverse and critical. However, instead of introducing significant political reforms, under the banner of "shared development" the Echeverría (1970-1976) and López Portillo (1976-1982) administrations opted rather to regain popularity by increasing public spending: accelerating the country's economic growth and implementing populist economic policies to reconsolidate support among Mexico's working and peasant classes.

The strategy enjoyed considerable success for a time but was ultimately unsustainable. Mexico's gross domestic product grew by close to seven percent on average during the years 1970 to 1981.[17] However, Mexico had to rely increasingly on foreign loans to finance its expansionary fiscal policy. A balance of payments crisis in 1976 that triggered Mexico's first devaluation since 1953 should have been the signal to begin the quest for an alternative economic strategy. However, the timely discovery of large petroleum deposits in the mid 1970s helped delay Mexico's economic day of reckoning until 1982. Anticipating few foreseeable problems, international banks recycled "petrodollars" and eagerly funded Mexico's ambitious plans for petroleum sector development and expanded public sector programming. "Mortgaged development" came to a dramatic halt during the summer of 1982. Dramatic increases in international interest rates and a sharp drop in petroleum prices led Mexico into a situation where it could no longer maintain payments on its hefty 100 billion dollar external debt.

In the wake of the 1982 debacle, the De La Madrid government (1982-1988) struggled to impose painful economic stabilization and structural adjustment measures in order to cope with its balance of payments, inflation and debt problems. With the drastic decline in petroleum revenues -- its number one export -- and the drying up of international credit, the Mexican government was compelled to dismantle the expensive state-driven economic model developed during the post-revolutionary era and search for an alternative. While many of the economic measures introduced by De La Madrid and later accelerated by Salinas -- fiscal austerity, devaluation, deregulation, privatization and trade liberalization -- made sound economic sense, they

[17]Nora Lustig, **Mexico: the Remaking of an Economy** (Washington, D.C.: Brookings Institution, 1992), pp. 15, 22.