

〈Summary〉

Continuity and Change of Mexican Petroleum Exporting Policy

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A state policy is not simply reflective of the interests of other states or societal groups. State actors formulate their own preferences, because they can use the state's coercive or monetary resources that have been derived from institutions. At the same time, they will find institutional constraints when they make a policy choice. Institutions do not respond flexibly to environmental alterations because of more information certainty provided by existing institutions and the relatively high costs of creating new ones. However, in a crisis situation, when a state's capacity to maintain order is challenged, state actors are more likely to make an autonomous choice that may induce an institutional change. If greater emphasis is placed on institutions and crises, it will be possible to point out that rigid institutional constraints clarify policy continuities, and sporadic crises explain its radical changes. This paper presents a policy formation model focused on institutions and crises and intends to verify it empirically.

I have analyzed the factors of continuity and change of the Mexican petroleum-exporting policy, using the above mentioned model. Mexico expropriated major foreign oil companies in 1938, and after that, maintained a negative petroleum-exporting policy. Under this policy, national petroleum

production was largely oriented toward the satisfaction of domestic needs. I consider state monopoly laws of petroleum exploitation and the principle of conservation of hydrocarbon resources as important institutional constraints on the behavior of Mexican state actors in this policy area. These institutions, defined as rules, compelled them to adhere to the negative policy. The first rule limited direct participation in petroleum exploitation to a poorly funded state-run entity, *Petróleos Mexicanos* (Pemex), and precluded an alternative to introducing private capital with severe restriction. The development of oil fields was so slow that Mexico could not afford to produce enough crude oil to export in large quantities. The second rule allowed petroleum export only in a situation of oversupply, claiming that the natural resources in Mexico should be used primarily for the Mexican people and its future generations. The state actors followed this principle stubbornly. Mexican crude exportation was not considerably expanded until 1977, in spite of the discovery of huge oil deposits in 1972 and the soaring international oil prices since 1973.

Mexico's economic crisis in 1976 lifted the institutional constraints on the state actors' choices. They chose an aggressive petroleum-exporting policy, because they decided to stimulate rapid economic growth through increasing crude export revenues to re-establish order. This critical choice destroyed the principle of conservation and transformed Mexico into one of the major petroleum-exporting countries in the world. However, the state monopoly laws still exist. This rule stopped the boost of crude export volume and has kept it steady until today. The petroleum-exporting policy, formulated after the crisis of 1976, has been an active but limited one. Mexico could have expanded its petroleum industry during the oil boom between 1977 and 1982, not due to direct investments of private oil companies but due to Pemex's foreign debt. When the world oil supply

became abundant, Pemex could not continue to borrow by offering its petroleum reserves as debt guarantees. Under such circumstances, the state actors who followed the rule of state monopoly had no other choice but to give up increasing petroleum exportation. They have been bound by this rule to retain the limited exporting policy.

Although the policy formation model that focuses on institutions and crises does not exactly indicate a policy that will be chosen, it can explain policy continuities and drastic changes. This means that a public policy is not always appropriate for environmental alterations. Until a crisis occurs, it may be difficult to expect a big policy change. The emphasis on institutions also explains policy variations across countries. Peculiar historical events produced institutions that have made a lasting impact on future policy formation. Such institutions canalized Mexico's own petroleum-exporting policy, which is still in effect today.