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Managing Economic Crises; 
Bill Clinton and the Mexican Peso Crisis

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The year 1994 was one of the most tumultuous in the modern history of Mexico. During that year, two major political figures were assassinated, an uprising against the federal government began in the state of Chiapas, and the government attempted to finance its deficit payments with various debt instruments. The political instability caused by the assassinations and the Zapatista uprising, along with continued economic uncertainty within Mexico, caused foreign investment capital to flee Mexico. Because of this capital flight, Mexican President Ernesto Zedillo, decided in December of 1994 to devalue the Mexican currency. Instead of helping the situation, it actually caused more panic from foreign investors. More capital left Mexico and the government was in danger of defaulting on its debt payments. During this time period, President Bill Clinton kept a close eye on the situation with Mexico. Because of NAFTA and other economic agreements, the Mexican and American economies were intertwined more than ever. Mexico’s inability to pay their debts, the increasing political instability, and the downward spiral in the economy worried many in the United States that it would have an adverse affect on a still recovering American economy.

On January 11, 1995, President Clinton announced that he was considering a series of economic measures to help the Mexican economy. On January 18, 1995, after consulting with Congressional leaders, Clinton implored Congress to approve a series of loan guarantees for the Mexican government to prop up their ailing economy. On January 31, 1995, because of Congressional inaction, Clinton announced that he was using his executive authority to provide the Mexican government, along with funds from the International Monetary Fund, with billions of dollars in loan guarantees. The president was widely cheered by the international community for his successful handling of the crisis (Walt, 2000). Over the next two months, Clinton continued to talk about the Mexican crisis, providing updates of the situation, holding it out as exemplar of quick action by the American government, and using it as an example for international audiences to discuss international economic regulatory reform. The question that this study seeks to answer is how did Clinton rhetorically manage the Mexican peso crisis?

Studying Clinton’s rhetoric surrounding the Mexican peso crisis is warranted on a couple of different levels. First, the study of presidential crisis rhetoric has been a fruitful line of research for scholars for the past thirty years (for
examples see: Bass, 1992; Bostdorff, 1994; Butler, 2002; Cherwitz, 1980; Cherwitz & Zagacki, 1986; Dow, 1989; Hahn, 1980; Heisey, 1986; Kiewe, 1993; Kuypers, 1997; Paris, 2002; Pratt, 1970; Windt, 1973). However, this literature focuses primarily on how presidents dealt with various military interventions. There is little no scholarship focusing on presidential rhetoric and economic crises. In a survey of the crisis literature, Bostdorff et. al (2008) argued that one of the severe weaknesses of this literature is the lack of exploration of how American presidents tackle tough economic situations. Considering that a president’s discourse on the economy is one of the essential aspects of his leadership (Wood, 2007) and the lack of scholarship on this subject, an analysis of Clinton’s communication on the Mexican Peso Crisis is warranted.

Additionally, President Clinton is an important transitional president in the history of American foreign policy. Clinton’s leadership helped America adapt and manage the transition from the Cold War to an era of globalization (Clinton Foreign Policy, 2000). The Mexican peso crisis is an important chapter in that transition. As yet, there has been no extensive study of Clinton and the Mexican peso crisis. Considering that the United States and the world currently face a huge economic emergency, understanding how the 42nd president managed this crisis may lay the groundwork for a larger theory about presidents and economic crisis management, while potentially establish a best practices model for other political leaders to emulate. Thus, studying how Clinton rhetorically managed the Mexican peso crisis has the potential to make theoretical inroads in the larger literature on crisis rhetoric.

To that end, this essay proceeds in four parts. First, I provide a brief outline of the literature on presidential crisis rhetoric. Then, I outline the method for this particular study. Thirdly, I analyze President Clinton’s rhetoric on the Mexican Peso Crisis over a two month period. Finally, I draw conclusions from this analysis.

Crisis Rhetoric

Over the past thirty years there have been a number of studies conducted on the American presidency and crisis situations. These studies have covered events like the Cuban Missile Crisis (Bostdorff, 1994; Pratt, 1970), The Gulf of Tonkin crisis (Cherwitz & Zagacki, 1986), the Dominican Republic (Bass, 1985), the Mayaguez affair (Hahn, 1990), Grenada (Bostdorff, 1994; Heisey, 1986), Somalia (Butler, 2002), and Kosovo (Paris, 2002). In these studies, scholars have focused on three issues when discussing crises: 1) defining what a crisis is; 2) classifying the different types of speeches; 3) discussing the different rhetorical strategies presidents use in managing these crises. When communication scholars focus on presidential crises, they argue that they are rhetorical constructions. That is how a president describes the crisis, creates our understanding of the situation as a crisis or not (Kuypers, 2006). The reason for that is that “[I]nternational crises often appear suddenly, are usually complex, and do not allow easy interpretation by the public. Presidential statements act to create a stable context from which to interpret the crisis” (Kuypers, 2006, p. 4 - 5).

In other words, presidential crisis rhetoric serves as a means of educating the American public about the complex situations that arise in everyday life. Studies have found that presidential crisis speeches contain three defining characteristics: 1) the president’s assertion of possession of “New Facts” about a situation that define it as a crisis, 2) a melodramatic comparison between the pure motives of the United States and the evil motives of the enemy, and 3) a shifting of the issue, including the policy for which the President desires support, from a practical, political context to a moral, ethical context (Dow, 1989).

A second issue in the literature regarding crisis rhetoric has been the different classification schemes. Cherwitz and Zagacki (1986) divided crisis speeches into two types of discourse: consummatory and justificatory. Consummatory rhetoric is present when the president’s discourse is the only official reply made by the American government and “endeavor[s] to show the people of the U.S., as well as the world community, that enemy attacks were hostile and unprovoked, and that despite such aggression the U.S. will not respond, for to do so would justify violence” (p. 309). Justificatory rhetoric is present “where presidential discourse was from the very beginning part of a larger, overt military retaliation taken by the government of the U.S.” (p. 308) and “focus[es] on explanation and rationalization of military retaliation” (p. 309). Dow (1989) argued that crisis situations can be put into two categories: epideictic and deliberative. Dow argues that “rhetoric which responds to critical events is characterized by epideictic strategies that function to allow the audience to reach a communal understanding of the events which have occurred” (p. 297). Deliberative rhetorical strategy serves the purpose of gaining approval for a specific presidential action, which replaces the approval of Congress, which would be needed for the president to make a formal declaration of war (Dow, 1989).

Perhaps, the biggest focus within the scholarship concerning crisis rhetoric has been on the different rhetorical strategies that scholars have explored. Paris (2002) demonstrated that President Clinton got involved in a metaphor war with the Congress over justifying the intervention into Kosovo. In analyzing the rhetoric of Presidents Johnson, Eisenhower, and Reagan, as it related to the Dominican Republic, Lebanon, and Grenada, Procter (1987) advocated that these presidents asserted that the United States needed to intervene to quell a chaotic scene, lest
the violence spread elsewhere. Bostdorff (1994) maintained that President Reagan used myths of mission and manifest destiny when justifying the military incursion into Grenada. A common thread through all these studies is that they argue that presidential crisis rhetoric is structured by a savage/civilization binary. Bostdorff (1994) observed that crisis situations are “conducive to hero vs. villain polarizations” (p. 7). Windt (1973) asserted that the establishment of good versus evil is a basic line of argument within crisis rhetoric. Cherwitz and Zagacki (1986) argue that both types of crisis rhetoric they study, consummatory and justificatory, seek to identify and blame adversaries while at the same time commending U.S. action (see also Bass, 1985; Cherwitz, 1980; Heisey, 1986). In other words, presidents define the enemy in terms that make it appear as if the enemy is irrational, barbaric, and diabolical. By contrast, the president will use language that portrays U.S. action as heroic and righteous with the goal of protecting democracy and innocent lives.

This review of literature reveals varying conclusions about presidential crisis rhetoric. First, we can conclude that scholarship on presidential crisis rhetoric focuses on acts involving military intervention. Second, presidential crisis rhetoric are rhetorical constructions that serve as a means for the American public to understand complex and intricate international problems. Third, there are different classification systems for crisis rhetoric. Finally, presidential crisis rhetoric for military intervention shares some common rhetorical strategies, namely that they justify a call to arms through a savage/civilization binary. While the conclusions generated here are important, they also point to some significant gaps in the crisis literature. First and foremost, there is little to no scholarship on presidential crisis rhetoric relating to how presidents deal with economic crises at home or abroad. Additionally, after reading Clinton's speeches on the crisis situation with Mexico, it became apparent that Clinton was not using a savage/civilization binary when advocating solutions to the Mexican peso crisis. This led me to ultimately conclude that the current scholarship does not provide a sufficient theoretical guide in analyzing President Clinton's rhetoric concerning the Mexican Peso Crisis. To that end, my analysis approaches studying Clinton's discourse in a different manner. Specifically, I use a framing analysis to demonstrate the dominant strategies the president used to navigate this crisis. In the following section, I expand on what a framing analysis is and the data for this particular study.

Methodology
The methodology for this research is a qualitative textual analysis; in particular, this study utilizes a framing analysis to look at the collected data. A frame is a “central organizing idea for making sense of relevant events and suggesting what is at issue” (Kuypers, 2006, p. 7). The process of framing, as Entman (2003) described it, is the selecting and highlighting some facets of events or issues, and making connections among them so as to promote a particular interpretation, evaluation, and/or solution. Frames are powerful because they help “induce us to filter our perceptions of the world in particular ways, essentially making some aspects of our multidimensional reality more noticeable than other aspects” (Kuypers, 2006, p. 186). Framing provides the means to make some information more salient than others. They work to highlight some features of reality, while drawing our attention away from others (Entman, 1993; Gandy & Li, 2005; Kuypers, 2006). For the general public, framing can shape the ways in which the general public can understand various problems. Considering that the president is the most important actor in American foreign policy and that the American public has little to no understanding of international affairs, the president's rhetoric shapes the ways in which the general public understands events outside the United States. The way the president frames international events, including crises, affects how the public will view those events.

Framing, as a method, provides the critic with the ability to describe the power of a particular text (Entman, 1993). A framing analysis entails the critic analyzing the whole text searching within the discourse to find the dominant frames used. Critics look for key words, metaphors, concepts, symbols, and visual images, to determine the dominant frames (Entman, 1991). The critic then takes these keywords and reassembles them in to larger thematic frames, which reveal the dominant frames used by the rhetor to construct the reality of the situation. In this analysis, I will be examining a variety of public documents to determine the dominant frames Clinton used to construct his version of reality regarding the Mexican peso crisis and analyzing why that construction was considered a success.

The data for this research is all of the public statements made by Clinton over a two month period from January 1995 to March 1995. All of those documents are accessible through The Public Papers of the President, which can be found through accessing The American Presidency Project, an online database run by the University of California, Santa Barbara that has every public statement made by every president since 1789. A preliminary investigation of this database, using a key word search of “Mexico” and “economy” over this two month period, revealed over forty statements that may be relevant to this project. Further investigation will mostly likely winnow this amount down somewhat, but there still will be plenty of data to complete this project.
The framing procedure used after the date was collected started with an initial read through to gain a broad understanding of the rhetoric; following, there was a second and third reading where I searched for keywords and important phrases within the speeches; all the data was then collected onto a data sheet where it was then gone through again and further analyzed to pull out the particular frames being used by President Clinton. From that data, it was determined that three frames main frames were used throughout Clinton’s speeches: the nature of the crisis, a catalytic event, and the promotion of a solution.

Analysis
The Nature of the Crisis
Throughout the Mexican Peso Crisis, President Clinton and his foreign policy team attempted to educate the American public on the crisis to generate their support for any solutions created by the administration. The president explained that:

[T]his crisis came about because Mexico relied too heavily upon short-term foreign loans to pay for the huge upsurge in its imports from the United States and from other countries. A large amount of the debts came due at a time when, because of the nature of the debts, it caused a serious cash flow problem for Mexico, much like a family that expects to pay for a new home with the proceeds from the sale of its old house only to have the sale fall through” (1995d, ¶. 13; 1995e, ¶. 9).

Mexico’s cash problems, according to Clinton, created a “short-term liquidity crisis” and a large “budget deficit” (see 1995c; 1995d; 1995e; 1995g). Additionally, as Clinton’s foreign policy team noted, this liquidity crisis caused the Mexican currency, the peso, to “hit an all time low” and drove the Mexican stock market down as much as “8 percent” (1995g, ¶. 21).

In explaining the crisis to his fellow Americans, Clinton had two individual focuses. First, he upholds that the crisis is going to be a “short term” crisis and not a long-term issue. This assures the American people that this is not something they are going to have to deal with for decades to come but, rather, is something that will be over relatively quick. Next, Clinton implores the analogy of a family for two specific reasons. First, this analogy is something that really helps him to connect with the American public, whom are known to be very family oriented individuals. Second, the analogy implies that Mexico is a part of the ‘American family,’ a child needing to be brought in from the cold. Both of the implied meanings are meant by Clinton to draw sympathy for the Mexican economy and Mexican people.

A Catalytic Impact
Clinton framed the crisis created from Mexico’s “cash flow problem” as having a “catalytic impact” upon the Mexican, American, and global economies. We already noted some of the effects that it had on the Mexican economy. However, Clinton spent most of time discussing two larger threads of thought. The first thread running through the Catalytic Impact frame is on the effects it would have on the American economy and its leadership. In terms of the American economy, Clinton argued that the Mexican Peso crisis was important “for the sake of millions of Americans whose jobs and livelihoods are tied to Mexico’s well-being” (1995e, ¶. 3). Clinton maintained that:

Every American should understand what’s at stake and why it’s in the interest of working men and women all across our country to support Mexico. Mexico is our third largest trading partner. And already the goods and services we sell there support 700,000 American jobs. Helping Mexico remain a strong and growing market for our exports is vital to our ability to help create the kind of high-paying jobs that give people their shot at the American dream.” (1995e, ¶. 5)

Clinton further spoke of the crisis as a “danger to the economic future of the United States” (1995d, ¶. 6) because of our close ties to the Mexican economy, with so many American jobs being completely dependent on a “stable and prosperous” Mexico (1995c, ¶. 1). Therefore, Clinton stated that it was in “America’s economic and strategic interest that Mexico succeeds.” (1995b, ¶. 3) Clinton spoke further of the crisis as a “test of American leadership.” (1995g, ¶. 18) He maintained that everything happening in Mexico was “America’s problem” (1995h, ¶. 4) and that it is, therefore, our job to take action and help to “give the Mexican people renewed hope for a more secure future.” (1995h, ¶. 4)

Another of Clinton’s focuses was on the effect that the crisis in Mexico could have on the remainder of the world’s economies, particularly in Latin America. Clinton described the effect that the crisis could have on these economies as analogues of a virus that could “spread to other emerging countries in Latin America and in Asia” (1995d, ¶. 10). Failure to act, Clinton said, would have “grave consequences for Mexico, for Latin America, for the entire developing world” (1995f, ¶. 17). The reason for this, Clinton said, is that Mexico acts as a sort of “bellwether for the rest of Latin America and developing countries throughout the world” (1995a, ¶. 26).

Promoting a Solution
The effect that the Mexican Peso crisis would have had on America and the rest of the world lead Clinton to promote a
solution for the crisis. Clinton assured the American people that the loan mechanism that he and his staff wanted to put into place was not a loan but a guarantee. He stated that:

These guarantees, it’s important to note, are not foreign aid. They are not a gift. They are not a bailout. They are not United States Government loans. They will not affect our current budget situation. Rather they are the equivalent of co-signing a note, a note that Mexico can use to borrow money on its own account. (see 1995d, ¶. 15; 1995e, ¶. 10)

In this respect, Clinton is trying to show that America is merely going to act as an aid to Mexico and that after obtaining the aid Mexico will end out handling the situation on its own. However, this contradicts a previous statement by Clinton where he made Mexico seem like a child that needed to be brought in from the cold and cared for. These statements draw a line in the discourse, but are present in many other issues in America’s history with Mexico where it always seems that while the United States government wants to aid Mexico, at the same time it wants Mexico to fend for itself.

The next important thread that Clinton uses in promoting a solution to the Mexican Peso crisis is assuring the American people that using this form of loan mechanism are not risky for the United States. Clinton emphasized that the United States has had “loan mechanisms in place with Mexico since 1941” and that “Mexico has always made good on its obligations” (1995d, ¶. 16). While promoting a solution for this crisis, Clinton reiterated the point that Mexico had made “extraordinary progress” in recent years and had “erased a budget deficit” (1995d, ¶. 11). Clinton effectively used this past trust that the United States has with Mexico and the progress that the country had been making previous to the crisis to help reassure the American people that aiding Mexico was not a risky move for the United States. Further, he reassured the American people by promising that “Mexico will make an advance payment to us, like an insurance premium. No guarantees will be issued until we are satisfied that Mexico can provide the assured means of repayment” (1995d, ¶. 15).

Conclusions
In this study, I utilized a framing analysis to discover how Clinton managed the Mexican Peso Crisis. In my analysis it was discovered that Clinton used three basic frames: the nature of the crisis, a catalytic impact, and promoting a solution. When discussing the nature of the crisis, Clinton had two main focuses. First, he related that the crisis was a “short-term” issue and not a long term problem. Second, Clinton implored the analogy of a family within his rhetoric. When discussing the catalytic impact Clinton primarily focused on the effect that it would have on the American economy, as well as the effect that it would have on Latin America and the rest of the world economies. When promoting a solution, Clinton first detailed the loan mechanism that he and his staff wanted to put into place. Finally, Clinton reassured the American people that aiding Mexico was not going to be risky for the American economy by maintaining the United States has had a long standing loan mechanism in place with Mexico and that Mexico has always repaid their debts.

What we see from this analysis is that while Clinton’s rhetoric on the Mexican Peso crisis shares many of the characterizations already given to crisis rhetoric by scholars, the rhetoric also has several differences. For example, while Clinton’s rhetoric was a part of the United States action during the crisis there was no justification of military action by the government along with it. If you’d recall, there was also no savage/civilization binary found within Clinton’s speeches, which points to an absence of an ‘enemy’ or ‘villain’ within rhetoric. However, Bostdorff and O’Rourke (1997) found that only domestic crises do not contain villains. They maintained that “domestic crises do not readily provide a tangible villain against which the nation can unite” (1997, p. 346). Further, while some of Clinton’s rhetoric on the Mexican Peso Crisis could be classified as ‘deliberative’ (as he is seeking approval by Congress to take action) in the end, Clinton took action on his own and, therefore, was no longer seeking approval. This leaves the remainder of Clinton’s rhetoric on the subject without a clear classification, as set by Bonnie Dow. From this we can conclude that we need a different way in which to look at economic crisis rhetoric because what we would typically find in other forms of crisis rhetoric is not present here.

In comparing this study’s findings with Bostdorff and O’Rourke’s study of President Kennedy and the U.S. Steel Crisis of 1962 I found that there were many similarities in the way that both presidents handled their crises. Like Clinton, Kennedy first explained what the problem was to the American people before detailing what the effects of this problem would be if it were not to be resolved quickly and finally offering a solution for the crisis. It is for this reason that I would propose that this study be used as a model for future studies dealing with economic crisis rhetoric.

References


