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**Publication Date**

2013

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UNIVERSITY OF CALIFORNIA

Los Angeles

The Distorted Transformation of Mexico: Arbitralism and Developmentalism,  
and Political Capitalism and Subcapitalism. A Pathway towards Balancing Capitalism and Balanced  
Development, or Demdevelopment

A dissertation submitted in partial satisfaction of the

requirements for the degree Doctor of Philosophy

in Urban Planning

by

Ramón Angel Núñez De La Mora

2013

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2013

## ABSTRACT OF THE DISSERTATION

The Distorted Transformation of Mexico: Arbitralism and Developmentalism,  
and Political Capitalism and Subcapitalism. A Pathway towards Balancing Capitalism and Balanced  
Development, or Demdevelopment

by

Ramon Angel Nunez De La Mora

Doctor of Philosophy in Urban Planning

University of California, Los Angeles 2013

Professor Leobardo Estrada, Chair

Starting from the Mexican state's and capitalism's overall performance in democracy and development, this study addresses two types of social relationships that have shaped the country's evolution over the twentieth century: those unleashed from the Constitution of 1917 to now, which are called the historical or postrevolutionary relationships, and those just rising at the turn to the twentieth- first century, named as the emerging or post-postrevolutionary relationships. Both relationships take place through a series of state and capitalist processes overlapping in the spheres of politics, production and policymaking.

The historical relationships are identified as two national productive restructurings, eight processes and two phenomena. The two productive restructurings are those undertaken by Presidents Cárdenas and De La Madrid in 1935 and 1983 respectfully. The eight processes are those of (i) presidentialism, (ii) corporatism, (iii) statism, (iv) democratism as well as (v) free-marketism, (vi) urban-regional-rural unbalances, (vii) technological lag, and (viii) human development. As for the two phenomena, they are arbitralism and developmentalism and work superimposed on the two restructurings and the eight processes, thereby controlling the configuration and action of the postrevolutionary stage. The emerging

relationships are taking shape in the last years as a path-dependent succession of historical and current trends, oligarchic disputes, state/market incapacities and “failures”, socioproductive struggles and sociopolitical movements, all of them profiling the evolution of domestic capitalism and regularizing the making of democracy and development in Mexico.

Based on both historical and emerging relationships, an exercise of interpretation, conceptualization and prospection of the national unfolding is made, in order to comprehend the dynamics of continuity and change underlying Mexico’s course. Then it is stated that the phenomena of arbitralism and developmentalism engendered a (postrevolutionary) Regime of Political Capitalism and Subcapitalism, which exhaustion is generating a (post-postrevolutionary) new Regime of Balancing Capitalism and Balanced Development. The transition between both regimes is profiling a pathway for a (national) political order of Demdevelopment as a superior dimension of achieving growth, wellbeing, governance and progress in Mexico. Tellingly, this pathway is endowed with a policymaking choice to undertake a demdevelopmental Third Restructuring of national capitalism and state, as a first re-organizational step towards demdevelopment.

**Key words:** Mexico, history, capitalism, free-marketism, statism, democracy, urban-regional-rural unbalances, technological lag, human development, arbitralism, developmentalism, political capitalism, subcapitalism.

The dissertation of Ramon Angel Nunez de la Mora is approved:

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2013

## **Dedication**

**Dedico este estudio  
a la memoria de mi Padre Ramón Núñez Valencia,  
quien me inculcó la vocación de estudiar todo el tiempo,  
sembró en mi la práctica del honor,  
y me enseñó a chiflar.**

**Quiero también reconocer en este trabajo a  
los Presbíteros Elías De La Mora, Emilio Santana, y Gabriel de la Mora  
por sus orientaciones sustantivas en el principio de mi vida.**

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## Acknowledgements

I wish to acknowledge

Prof. Allen J. Scott  
Prof. Edward W. Soja  
Prof. Michael Storper

for their intellectual contributions to my academic formation at UCLA.

I want to thank Prof. Leo Estrada  
for his intellectual and personal direction in the dissertation process.

This dissertation would not have been possible without the hours spent formulating and constructing the framework underlying this study and his belief in my desire to identify a new pathway for Mexico's development.

Likewise, to Ana Lucía Hill for her invaluable marital alliance and encouragement over the long process.

To my friends Prof. James Wilkie, José Alberro and Juan Moreno  
for their orientations and contributions while at UCLA.

To my closest friends in my cohort, partners of my social vision, discipline and friendship Babak Hedjazí,  
Jon Won Son, Mustafá Difka, and Felipe López.

And to all Mexican and Mexican American social activists that struggle everyday with conviction and honesty.

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- “1991 Elections: A Retrospective Analysis and Perspective.” 1991, pp. 5-7.
- “State Reform and Democratic Recreation.” 1990, pp. 11-13.

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- “The Great National Issues.” 1991, pp.1-3.
- “Two Modernizations and a Debate.” 1990, pp. 3-5.

*Mundo, Culturas y Gente* (a monthly journal of multidisciplinary analysis, based in Mexico)

- “Economic Modernization and Political Democratization.” 1991, pp. 10-14.
- “Corporate Leadership’s Crisis.” 1991, pp. 7-11.
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## INTRODUCTION

México's independence war (1810-1821) gave sociopolitical identity to a new country, tracking back to an old Mesoamerican/Novo Hispanic "social dream" of indigenous, "civilizing", "renacentist" and "revolutionary" inspiration. At the time, Mexican population and clerical, military and political interest groups were anxious to take part in the nation-building process. Despite adversities and nightmares of multiple sorts across the nineteenth century's first half which kept the country trapped into intestine and international conflicts, it survived as a nation. Barely after three decades of independent life, Mexico counted on a federal Constitution (1857) and a republican government form which was later cancelled by the Porfirian dictatorship that followed for 34 years and brought about the Revolution of 1910. Afterward a postrevolutionary period lasting up to now shaped a political regime that surpassed the development of both nation and capitalism; it created significant developmental institutions and achieved important growth and wellbeing advancements. However, today this system is exhausted.

Throughout this two-century course, two Mexican stages need to be distinguished. The hundred years from Independence (1821) to the enactment of the Constitution of 1917 constitutes the foundational stage of the nation; the postrevolutionary period from 1917 to now records the contemporary processes trying to modernize the country. Linking the two stages are societal dynamics of continuity and change conditioning and potentiating the national evolution. Namely, since the interaction among foundational conflicts, reforms and social struggles sustained the transformations of that stage, such an interaction is also present in the postrevolutionary period's achievements and challenges. These challenges are those of the state building and the configuration of capitalism. And it is the relationships formed around them as well as their

consequences and prospects on national democracy and development that is the topic of the present dissertation.

The nation's evolutionary synthesis re-emerged after the revolution as the foundation for a new stage. Since then México organized itself under a republican government form, reactivated its national capitalism twice, and reformed democracy three times. As a result, it reached a five-decade period of growth and social betterment (from 30's to 70's) that, however, ended in 1982 in a collapsed structural crisis. Successive economic and wellbeing indicators have been erratic, and especially those of poverty and public insecurity that are now over-scaled. The state's performance has fallen into severe dogmatisms and society today is taking to public spaces to demand the correction of the nation's course. Indeed something has gone wrong through the period that neither state and capitalism nor democracy and development have worked. Thence a (re)interpretation is pertinent, in search of comprehending the substantial processes and dynamics underlying the country, tellingly a series of society-state relationships shaping the period.

Two productive restructurings, eight processes and two phenomena have been identified as the postrevolutionary socioinstitutional relationships through which the country has unfolded in the last eight decades. The two economic restructurings were led and policy-made by the state. The first one, launched by President Lázaro Cárdenas in 1934 and in force up to 1982, was government-oriented, in search of bringing the country back to capitalism in favor of growth and national development after its interruption by the revolution of 1910; the second restructuring, undertaken by President Miguel De La Madrid in 1983 and at work since then, has been free-market-oriented and also focused on growth, seeking to align with the international spread of the free-market model. As for the eight processes they are: (i) presidentialism, (ii) corporatism, (iii) statism, (iv) democratism, (v) free-marketism, (vi) urban-regional-rural unbalances, (vii)

technological lag, and (viii) human development. The two phenomena are (i) arbitralism and (ii) developmentalism.

The two restructurings identify two different episodes of development. While the first one did well temporarily (from 30's to 70's); the second one has been ineffective, denying the nation of opportunities for economic development, social wellbeing and governance. As a result of the first restructuring period, Mexico attained increasing rates of growth, important social betterments and significant political stability. It was considered as a "successful" episode of development, internationally known as "the Mexican miracle". However, since the middle sixties the nation began declining in growth and distribution of income, hardened the prevailing authoritarian regime, exacerbated the lack of justice, aggravated the disordering metropolization of the country and polarized development socially and regionally. Thus, increasing discontent unleashed the social unrest of 1968. This warning stemmed from both the economic, social, political and spatial asymmetries and the exhaustion of the government-oriented model of development, which finally collapsed into the structural crisis of 1982. In reaction to the latter, the second restructuring was implemented starting from 1983, as a 180-degree-turn strategy to reorder the economy and public finances, by a program of economic liberalization, privatization and deregulation, along with a shrinking of the state's participation in the economy. Results of this second restructuring have not met the expectations of its policymakers nor of society's: growth is fluctuant and localized, social impacts are severe and generalized for population and small firms, income distribution is more unequal, poverty has triggered, spatial concentration prevails, regional development remains unbalanced, and the retreat of the state from the public domain has caused social ravages in public insecurity.

As for each of the eight processes, presidentialism stands for the Constitutional, political and institutional arrangements that shaped a strong national presidency at the expense of the republican model of division of powers and federalism, at once impacting the unfolding of society and capitalism. Corporatism is the complex of central and vertical procedures applied by governments on policymaking and politics, on a basis of a sheer logic of power which, in turn, has exacerbated the concentration of development and democracy. Statism is the power accumulation process through which the state has positioned itself above society, taking its economic role to socially useless extremes, instead of counterweighting the productive, social and political contradictions and difficulties of capitalism. Democracy, as a system of political representation, suffers a crisis of democratism that superseding citizen representation has set up a convenience between governments and political parties to oligopolize elections and electoral authorities, in order to keep them on power. By the same token, the process of free-marketism is the most recent developmental paraphernalia to accumulate wealth and power, on behalf of a theoretical freeness of markets that has both replaced the state and markets in the economy and altered the course of development and capitalism. The process of urban-regional-rural unbalances stems from both the capitalistic spatial trends of development and the state's negligent policies exacerbating the problems of urban-economic metropolization and miss-policymaking its advantages, along with a systemic marginalization of the rural world. The organic process of technological lag sheds light on the Mexican historical backwardness of both internal markets and entrepreneurship the same as the critical missing of a national policy of science, technology and innovation. And finally, the overarching process of human development refers the persisting low life standards of Mexican population, tellingly the historical social inequality aggravated by the twisted avenues that development, democracy and capitalism have taken in the country.



Regarding the two phenomena of arbitralism and developmentalism, they are instruments of power looking for directing the country by controlling capitalism, state and society. As such they have dominated both politics and policymaking and thereby adulterated Mexican society's course, putting it, in the name of political stability, away from productivity, effective democracy, wellbeing and accountability. Both are well positioned within the nation for capitalist profits, but far from capitalism's possibilities for income distribution, and simply closed to all technological and institutional pathways for the evolution of capitalism itself. Thus while arbitralism has distorted the state-building process, developmentalism has adulterated the evolution of capitalism. The political procedure: a one-party system first, and a particracy then and up to now. Therefore, while arbitralism works as a second political structure in parallel to the formal political system, developmentalism performs as a second policy system in parallel to the formally existing one within the state. On the basis of a false dichotomy between markets and state, arbitralism and developmentalism have deified, dogmatized first the state and most recently markets, limiting the country's institutional capacities and market possibilities for development.

All the two productive restructurings, eight processes and two phenomena shaping the postrevolutionary period are historical, path-dependent results of both the national dynamics of institution building and capitalism configuration and the country's positioning within the broader worldwide context of capitalist expansion and confrontation for world domination. All they were found as state-led relationships, and are interlocked by the concomitant action of both state and capitalism. Thence the two restructurings although targeted on the economy neither yields benefits and damage the population and exert a leading influence upon the political regime and the state performance. The two phenomena manipulate the eight processes and are embedded upon them. As such, together they underlie the historical challenges that México has struggled for, in search of growth, wellbeing and governance. However, while the eight processes are part of the underlying

institution-building course and, as such, have tried to functionalize democracy and development, the two phenomena have been creations of interest groups of oligarchic character determined to take over both the state's building processes and the two economic restructurings. Thus arbitralism and developmentalism in working as calculated leading axes of power have procreated a politicized capitalism that historically have been focused more on profits than on capitalism evolution, more on growth than on development, more on power itself than on social regulation and balance, more on power control than on democracy, more on the state itself than on society.

Together all the latter relationships, as constituents of a higher and interactive axis of political and economic coordination for the management of the country, have given shape to the postrevolutionary regime of capitalistic and state character that we are calling the Regime of Political Capitalism and Subcapitalism. This regime is not simply a path-dependent outgrowth from the revolution of 1910. Rather it is rooted historically in pre-colonial, colonial and national heritages of authoritarianism that explain the tendency of postrevolutionary actors to politicize inappropriately the working of what the revolution had projected as a modern state and a modern capitalism. Although the revolution of 1910 did not call for either favoring a path for capitalism or against it, it could have opened a window for a nation-oriented capitalism since Porfirism inaugurated one with no limit for the international capitalisms of the time.

And this should not be surprising, since postrevolutionary capitalism did not spring from productive forces disputing the transition towards capitalism, but from an engineering political plan that politicized markets and missed the creation of an own technological base, thereby halting the evolution of internal markets and technology, the promotion of a culture for productivity and quality and socioproductive wellbeing, and the practice of accountability, where from governments, oligarchy and political class together controlled the unfolding of state and capitalism, as in a

continuity from Porfirism to a post-Porfirian stage. As for subcapitalism, it constitutes the international dimension of Mexican political capitalism, which market and technological adolescence subsumed it to the developed capitalisms of the world and condemned it to structural subordination under them. Thus we are calling political capitalism and subcapitalism the state of capitalistic affairs that Mexican capitalism has been unable to face and solve, such as: the non-developed domestic markets; the lack of its own technological “black box”; the poor quality of Mexican entrepreneurship to make capitalism flourish; the inhuman social inequality and poverty conditions of the country; the absence of an effectively modern and democratic political class; and the technical and structural inconsistencies of a national law state that overlooks the prevailing anti-republican division of powers and tolerates its own Constitutional contradictions.

Thus the postrevolutionary regime is connected directly, on one side, to the presidentialist republic and the ultimate phenomenon of arbitralism that resulted in political capitalism, and, on another side, to the state capitalism that ultimately became the phenomenon of developmentalism and that took the national “mixed” economy to the international rank of subcapitalism. Indeed, these connections were not mechanical; they emerged at the concomitant work institutionalizing the revolution and fostering industrialization around the middle century; and it is precisely through this work that political capitalism takes place well in association with the evolution of the postrevolutionary state, and subcapitalism takes shape at the industrial interaction between the growing Mexican industrial base and the leading worldwide industrial countries, especially that of USA. It was here, at the confluence of this institutional work where the operational and connecting action of arbitralism and developmentalism configured the regime of political capitalism and subcapitalism. Politically, arbitralism and developmentalism have performed as the two operational scaffoldings of the hegemonic bloc ruling the country (political class, entrepreneurship, governments and economic oligarchy). Historically, the contribution of the regime to the nation has

been the transformation of the Porfirian mercantilist economy into a first “national”, de-territorialized capitalism.

Nonetheless, from the bosom of the postrevolutionary social relationships and its concomitant, exhausted regime of political capitalism and subcapitalism, a current of new relationships have been emerging in the last decades in parallel and above (and against) the postrevolutionary ones, that are calling for a new national pathway to cope structurally, socially and institutionally with democracy and development, for a different evolution of capitalism and state. They are highlighting the exhaustion of the postrevolutionary regime and shedding light on a looming new regime of post-postrevolutionary character. They have been forged in the resistance against State capitalism that (based on authoritarianism and all imaginable abuses in politics and policymaking) dominated the country up to the crisis of 1982, and also more recently against the free market model and its incapacities, “failures”, social impacts, and theoretical inconsistencies.

These new relationships are not simply emerging to either substitute the exhausted ones or replace the existing coordination between markets and state (as for the rest, generally useful to both political capitalism and subcapitalism). Beyond the latter, they call for a transition both from the existing political capitalism to a balancing capitalism in search of making reality the reduced but real potentials of capitalism for income distribution, and from the international-market-based subcapitalism to an internal-market-oriented territorial capitalism (indeed conveniently reinserted in international economic flows), seeking to widen, on a socioproductive basis, internal margins for growth and wellbeing and try to balance development. That is, in tracking back the postrevolutionary arbitralist and developmentalist relationships, we have identified a sequential pathway which runs from political capitalism and subcapitalism, transiting through a new (post-postrevolutionary) regime of balancing capitalism and balanced development, towards a different, concrete societal horizon that we are naming Demdevelopment. We have found the regime of

balancing capitalism and balanced development as the operational room leading society to Demdevelopment, and towards it a first concrete step and choice is a third productive restructuring of national development. Thus the new regime of balancing capitalism and balanced development, or of Demdevelopment, and the necessary third productive restructuring, arise as a new opportunity for the country to deal appropriately with the deviations incurred by the postrevolutionary nation, capitalism and state, in search of correcting them and leaving free way for the emerging relationships to unfold according to the nation's correlation of productive and political trends.

Demdevelopment is perceived as a higher dimension of civil, non-governmental democracy and socioproductive development, and thus as a pathway to rekindle capitalism socially, or to "re-embed" the economy in society, or to recreate it in terms of civilizing it, domesticating it for the country to take advantage of its opportunities, re-policy its social counter-effects and re-wedding the state with society. Concretely, the demdevelopmental third restructuring takes shape as a policymaking choice to avoid capitalism's licentious instincts for profits by means of appealing to its originating "civilizational" character, fostering the development of its civilizing spirit and its self-balancing qualities (to the extent best possible), and putting ahead first the socioeconomic and sociopolitical demands of society.

The present study is organized in four chapters. Chapter 1 outlines both the context of the European Era of Revolution of the eighteenth and nineteenth centuries and the performance of Spain and New Spain within it, pointing out overall the contextual influence on the birth of the Mexican state and capitalism and their successive national unfolding from then to now. Chapter 2 deals with the political making of Mexico through the operationalization of the eight processes of relationships and the two phenomena articulating them. Each relationship is approached as a process itself, and its historical origin and functionality is highlighted in each case. In Chapter 3 the

phenomena of Arbitralism and Developmentalism are focused, shedding light on how they became the Regime of Political Capitalism and Subcapitalism, emphasizing the roles performed by the political class, the oligarchy and governments. And finally, the conclusive Chapter 4 examines the emerging national relationships transiting from the exhausted regime of political capitalism and subcapitalism to a new regime of balancing capitalism and balanced development, the same as the latter transition towards the pathway of Demdevelopment is explained. Also in this chapter, the most significant historical lessons of the country are unpacked and a conceptual and policy framework is elaborated to approach a Third Productive Restructuring of national development.

## CHAPTER I

### THE HISTORICAL MAKING OF MÉXICO: CONFIGURATION OF CAPITALISM AND PRODUCTIVE RESTRUCTURINGS. FROM A SOCIAL DREAM TO A SUB-CAPITALISM

#### 1. Historical Context

##### 1.1 Spain and New Spain/México in the “Era of Revolution”

México emerged as an independent nation at the beginning of nineteenth century (1821), under the influence of the European “Era of Revolution” situated historically from 1750 to 1850, when historical landmark events took place such as the Industrial Revolution, the French political Revolution, the downfall of English and Spanish colonialism in America, and the international transition from feudalism to capitalism. This historical period<sup>1</sup> created a pathway for the new nation’s future. In this “revolutionary” period, England, France, Germany, Spain as well as Switzerland, Belgium, Holland, Ireland and Italy, and other European countries embarked on mercantile/capitalist modernity following the secular geohistorical evolution of their economies and societies from feudalism. Throughout the long transition, the discovery of America in 1492 would allow Spain to colonize the new continent and enforce its absolutist empire to exploit American mines (on the basis of enslaved labor) starting from XVIth century to consolidate Spain’s feudal power and its position in the prevailing mercantilism.

The Era of Revolution’s liberalizing political character and modernizing socioeconomic protection uncovered the conservative and licentious way the Spanish empire dealt with its own feudal-capitalist transition in Europe and its fiscal despotism on its colonies. Later, the consequences converged in favor of the Independences of Spanish colonies in America at the beginnings of XIXth century. Revealingly, the Era

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<sup>1</sup>Van Young, Eric, 1992, *The Crisis of the Colonial Order: Agrarian Structure and Popular Rebellion in New Spain, 1750-1821* (Eric Van Young); and 2001, *De tempestades y teteras: crisis imperial y conflicto local en México a principios del siglo XIX*, in Leticia Reina y Elisa Servín (Ed.), 2001, *Crisis, Reforma y Revolución. México: Historias de fin de siglo* (México, Taurus, CONACULTA, INAH); Hobsbawm, Eric, 1968, *The Age of Revolution: Europe 1789-1848* (Vintage Books, USA); Humboldt, A. von, 1811, *Political Essay on the Kingdom of New Spain* (printed for Longman, Hurst, Rees, Orme, and Brown, Harvard University Press)

of Revolution showed how the Spanish Crown wasted its multiplicity of resources from its imperial condition in America over three centuries as if having led the European transition to capitalism. In fact, Spain not only lost this opportunity but it also resisted the feudal-capitalist transition. In the short term, this omission strengthened its feudal economy, though it would prove to be detrimental with the advent of the Era of Revolution. For Spain, the worst of this omission was not understanding the revolutionary character of the rising mechanization of production, slowing the development of its own manufacturing sector, and leaving itself lagging the emerging European industrialization of then and the international expansion of capitalism. This brought three fatal effects on the Spanish Crown's imperial international power: a) the weakening of its domestic capitalist development, b) the loss of its imperial leadership in Europe against England and France (and later on, before that of the United States of America), and c) the independence of its colonies in America.

Furthermore, at the beginning of XIXth century the Napoleonic invasion of Spain in 1808 unleashed a series of political events for Spanish colonies to gain their independence. Simultaneously, endogenous trends of political, social, cultural and productive type were taking place in the Novo Hispanic territory, under the influence from both the Enlightenment's political ideals and the Era of Revolution's political modernization and industrialization. Since early times in the Colony, Spanish and Italian republican humanism had already inspired the blooming of multiple cultural and social expressions of humanist, nationalist and economic-liberal character directed towards a republican humanism in New Spain, a "social dream"<sup>2</sup> in fact towards a creole and popular nationalism that later in 1821 would materialize its political independence, and towards a Novo Hispanic and Mexican feudal-capitalist transition. This, however, would

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<sup>2</sup> Velasco Gómez, Ambrosio (Ed.), 2008, Significación política y cultural del Humanismo IberoAmericano en la época colonial (UNAM/PyV, México); 2009, La Persistencia del Humanismo Republicano en la conformación de la Nación y el Estado en México. (UNAM, México); (Ed.) 2009, Humanismo NovoHispano, Independencia y Liberalismo: Continuidad y Ruptura en la formación de la Nación Mexicana (UNAM, México); (Ed.) 2009, Humanidades y Crisis del Liberalismo: del Porfiriato al estado Postrevolucionario (UNAM, México); and Velasco Gómez, Ambrosio, Elisabetta di Castro y María Julia Bertomeu (Ed.), 2006, La Vigencia del Republicanismo (UNAM, School of Philosophy and Letters, México).



have not taken place without the great internal and external synchrony exerted in its favor by the weakening of the Spanish Crown's international power in Europe. However, the transition to capitalism in the new nation needed first to overcome a half century of post-independence internal political instability (1821-1867), and democracy would not see its foundational legitimate exercise until one century later (1821-1911) at the expense of a bloody civil war (the Mexican Revolution of 1910) that caused at least one million deaths.

Starting from its independence, and especially at the XIXth century's second half, México repositioned itself as a producer and exporter of gold and silver (in fact since 1841 for the case of minerals) as well as an importer of capital and exporter of primary products<sup>3</sup>. This would open the door towards a *vía* for a relatively more independent national development, namely, a *vía* more based on the building of internal markets. Although by the time Porfirism put the country on the hands of external markets, thereby diverting a *vía* for a more nationally oriented capitalism. Meanwhile, at the turn of the century, the nation was exposed to the temptation from the recently established capitalism (of European roots) of the United States of America and its plans for its international market expansion. As a matter of fact, México will be continuously influenced by the USA in the context of the successive cycles of economic internationalization/globalization and the productive restructurings through which worldwide and national capitalisms unfold historically.

For México, the most substantial meaning of its Independence from Spain transcended as both its enactment as a new country (so celebrated by the creoles) and its formalization as a national economy (so coveted by Europe and the USA), thereby paving the way for three foundational ideals from its endogenous Republican, humanist "social dream": a) humanist-civilizatory, b) socio-productive, and c) national,

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<sup>3</sup> Peña, Sergio de la, 2003 [1975], *La Formación del Capitalismo en México* (XIXth Edición, Siglo XXI Editores, México); Kuntz Ficker, Sandra (Ed.), 2010, *Historia económica general de México. De la Colonia a nuestros días* (El Colegio de México/Secretaría de Economía, México)

contextualized in the international transition towards capitalism and the nation-State at that time. In turn, in bringing back the latter three ideals, Mexican Independence traced back to three trans-historical sources that had projected the country's identity's evolution from pre-colonial and colonial to post-colonial/national times (or from pre-modernity to modernity), which in hindsight can be entitled as Mesoamerican/Novo Hispanic/Mexican. These three trans-historical sources are:

- a) That of its pre-Columbian isolation from the Western-oriented civilizing perspective;
- b) That of its downfall into the Spanish feudalisms and colonialisms closed to many processes of humanitarian and socio-productive progress; and,
- c) That of its evolutionary need to surmount the medley of Mesoamerican/Novo Hispanic political structures sustaining the colonial regime, in search for the socio-productive conditions for one's own modern via of national development.

Through time these trans-historical sources will feedback the new nation's pathway and act as the country's historical *memoire* in face of its unfolding (or its "modernization"). Recurrently they have rekindled the historical and territorial roots of the Mexican "social dream" at the three most path breaking events of the nation: the Juarista Reform, the Revolution of 1910 and the break from Presidential Alternation in 2000, though each of them was in turn deviated in practice. Together the pre-national trans-historical sources and these national path breaking events synthesize the cumulative social traumas and developmental shortfalls of Mexican societal evolution. One of them, tellingly, is the incomplete domestic transition to capitalism, achieved only partially and skewed in favor of the political class and the oligarchy. This has conditioned the Mesoamerican/Novo Hispanic/Mexican social dream that sought a self-oriented, socio-productive and democratic nation and its coexistence with the worldwide capitalist civilization.

The international expansion of capitalism since the end of the XVIIth century ruptured the isolation of the existing feudalisms in the world and colonial America was not the exception. The threefold sense of Tenochtitlan/New Spain/México's trans-historical unfolding was by then in need of an exogenous

complementation in favor of a pro-national and productive transition. These global pressures for change had been hampered during the Colony by the feudal Spanish Crown dominated by its anti-capitalist obstinacy and resistance to human, productive and civilizing progress. And such a complementarism would come at the end of the colonial period from other European empires by then more committed to technical progress and sociopolitical modernization, where the productive, organizational, technological and political conditions for capitalism were in the lead. Thence the endogenous Mesoamerican/Novo Hispanic/Mexican course would converge with the most advanced transitions to capitalism of the epoch, thereby meeting its pro-liberal domestic trends and pro-national dominating interests in favor of with the political independence from Spain, while an own capitalist transition to capitalism was postponed. And then the Independence's victors gave priority to the nation-state and resisted or deferred the evolution towards a Mexican capitalism.

In the historical frame of the European Era of Revolution, the industrial and political revolutions led respectfully by the British and the French empires had already profiled the productive and democratic transition as the horizon for worldwide development. As such they would give perspective to the national and capitalist transition of México. The Napoleonic invasion to Spain of 1808 contributed directly to the prospective independent course of New Spain, and to the pro-national mission to transcend the trans-historical social dream: towards a horizon of liberties, human development and institutions as well as an own government, sovereignty, democracy and development. The independence's liberal expectation was that the new nation could deploy not only a Mexican vision in congruence with the world of then, but also a civilizing, transcultural and institutional perspective that would allow the country to integrate the three endogenous aspects of its Mesoamerican/Novo Hispanic/Mexican evolution.

## 1.2 Transitions to Independence and Capitalism in New Spain/México

Transitions in New Spain were not free of pre-colonial and vice-royal feudal resistance or from other colonialist European empires. This was the context for the political internal struggle to be unleashed during and after the war of independence (1810-1821) between peninsular imperialists and nationalist creoles as well as between conservatives and liberals, and most sectors of society. The Novo Hispanic path towards independence was full of obstacles. Independence victors faced obstacles in the nation-state building due to the complexity of the de-structuring and re-structuring processes necessary to undertake, in conformity with the required “creative destruction” as *conditio sine qua non* for a new nation and a “national capitalism”. Meanwhile capitalist transitions of European societies were endowed with clarity on the direction to be followed and benefitted directly by the Enlightenment, the Industrial Revolution and the French political Revolution. This explains Europe’s advancements in developing national, democrat and capitalist structures. Thence European and Novo Hispanic transitions to modernity would be distinct.

National and capitalist transition in leading European societies took place as imperial centers competing against each other, while in México the transition would emerge from the exploited, pre-national and lagged Hispano-American periphery. That is, the former stemming from the imperial and colonialist nations of then, protecting themselves as national, political and socio-productive models for international capitalist modernity. The latter coming from the pre-national backwardness condemned to colonial feudalism and barely processing its pro-national identity, in search of giving viability to its humanist, liberal, political and national “dream”. A dream inspired not in an ideologically willful direction regardless of the lack of historical socio-productive conditions, not in the fabrication of “social ripening”, as a century later Russia experienced with its “Socialist Revolution” of 1917 when its leaders engineered it to decree the crossing of the feudal-capitalist threshold and precipitate its “socialist transition”. Unlike the latter ahistorical case, the dream that liberals of New Spain sought counted on a concrete libertarian, socio-productive and historical

conditions to leave behind colonialism and feudalism and to move toward both the nation building and the civilization of capitalism according the Era of Revolution's original path. Mexican liberals missed the required consensus at the beginning of the new nation to establish the republican government form. They finally reached a societal reformist vision in the Constitution of 1857 that at minimum set up underpinning conditions for the republic and capitalism. However, Porfiran policymaking on the emerging national capitalism was not socio-productive and civilizing as it could have been to foster the transition from the pre-national and feudal structures. Rather Porfirianism did not promote internal productive conditions to sustain the development of capitalism and simply based on the dictator's power which makes that type of capitalism artificial. By contrast, the economic transition was underpinned on external conditions (international production and markets) instead of fostering its own internal development (markets, technology, institutions and entrepreneurship), which since then became paradoxically the origins of the problem with Mexican capitalism.

The Novo Hispanic dream emerges from all the traumatic events surrounding the discovery of the American continent, the Spanish conquest and the colonial process. These events include the savage colonization deployed on the basis of plunder, exploitation and human extermination, and the Novo Hispanic aspiration towards independence and its institutionalization as a nation. This is the Novo Hispanic/Mexican dream's projection, of deep nationalist character, comprehending to surmount a set of metropolitan-colonial relationships of feudal/mercantilist domination that by the time of the Era of Revolution had already entered into decomposition due to the final crisis of the colonial order and precisely when the European transition to capitalism was crossing its threshold with no return and which thus favored a horizon for the Mexican future. These relationships are four (at least):

- a) The conquest's cultural, "civilizing" and dehumanizing effects on Mesoamerica and New Spain feeding back to the structures of colonial domination;

- b) The economic and political isolationism from Europe, working as the international productive condition for the Novo Hispanic regime's surveillance;
- c) New Spain's agro-productive homology (haciendas) to the peninsular lordly economy, giving place to the colonial "symbiotic" exploitation in agriculture and mining<sup>4</sup>; and,
- d) The submission of the colony's economic resources, productive activities and population to the feudal metropolitan economy, virtually stopping all real or potential events and processes in disfavor of New Spain's transition to capitalism.

In parallel to the latter four relationships of Spanish domination, at the XVIth century, at the Spanish University of Salamanca an intellectual, religious and civilizing horizon was born entitled "Hispano-American humanist renaissance", which two centuries later would converge with all the Era of Revolution, the Novo Hispanic republican humanism, the political-civic movement of the American representatives to the Courts of Cádiz (in occasion of the Napoleonic invasion to Spain), and the revolutionary independentist insurgence in New Spain headed by the rural priests Hidalgo and Morelos. This convergence would open a path to the Hispano-American social dream to which the Era of Revolution endowed with a rationality and broad vision, thereby contributing to the political impetus towards independence. While the new nation (at the XIXth century's first half) seemed more self-destructive than creative, it led to the creation of a republic thanks to a group of Mexican liberals headed by President Benito Juárez. However, starting from the last years of the sixties, the republic was dominated by the regime of General Porfirio Díaz who distorted the republic setting up an authoritarian political "order". Thus Porfirism would represent a "liberal-authoritarian" regime and an incipient capitalism internationally subordinated, that gave shape to a political "order" of

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<sup>4</sup> Tutino, John, 2001, Globalizaciones, autonomías y revoluciones: poder y participación popular en la historia de México. In Leticia Reina y Elisa Servín (Ed.), 2001, Crisis, Reforma y Revolución. México: Historias de fin de siglo (México, Taurus, CONACULTA, INAH)

“peace, order and progress”. As a result, Porfirism would generate a preeminently agrarian and exporter oligarchy with poor outcomes for the nation and less so for the society.

The authoritarian character of Porfirism was not a novelty since it reflected significant historical precedents of similar strong leaders throughout the Mesoamerican/Novo Hispanic/Mexican continuity, and whose ascendance will later influence the postrevolutionary regime of the twentieth century. Some of authoritarian precedents of Porfirism are:

- a) The bloody pacification that the Aztec Lord Tenoch applied in pre-Columbian times on numerous tribes dwelling in the Valley of México at the beginning of the second millennium, in order to pacify and subject them at all costs by forceful and non-political means;
- b) The inhuman and exterminating violence that Spanish conquerors and colonizers committed against indigenous peoples, today called crimes against humanity, to the extent of being one cause of the Novo Hispanic demographic decline during the XVIth century;
- c) The harsh dictatorship of General Antonio López de Santana at the first half century of independent life;
- d) The constant and intense political disputes between liberal and conservative groups since the Independence and until the downfall of Emperor Maximilian; and,
- e) The polarizing empire of Maximilian.

This post-colonial, Porfirian modernity of dictatorial and skewed capitalist character would last with no substantial change up to 1910 causing the Mexican Revolution. Later on, after two decades of military instability and Constitutional and political preparation for a new national (postrevolutionary) regime officially directed to democracy and development a post-Porfirian continuity was practically established transmitting its conservative essence on the type of “national” capitalism to be set up right after the international crisis of 1929. Successively, after a “miraculous” performance for several decades in growth and wellbeing indicators, México has not been “successful” since its markets and technology remain as technically crippled as they were decreed by Porfirism. Despite the Revolution of 1910’s mission to eradicate it, it was

reshaped by the Revolution's victors as the (Post-Porfirian) postrevolutionary regime. In hindsight, this post-Porfirian regime in effect for a century and half (1877-2012) has housed distinct political chapters of national history: a dictatorship (1877-1911), a political and violent revolution (1910-1917), a "Bonapartist" regime led by a State party (PNR-PRM-PRI 1935-2000), and a young but corrupt patriciate (starting from 2001). Since its outset, this regime exhibited a willingness to ignore or misapply the foundational Republican principles such as the Constitution prohibition against presidential reelection. Therefore, building a democratic, humanely-oriented and civilizing political order as well as a nationally appropriate capitalism is a mission and challenge to be accomplished in the XXIst century.

### **1.3 Globalization(s), international development of capitalism, and México**

The two transitions towards capitalism, the European and the Novo Hispanic/Mexican one, would benefit -yet differently- from both the technological innovations generated by the Industrial Revolution and the political modernization promoted by the French Revolution. Both revolutions are the source of multiple social transformations and, as such, they brought about the most integral globalization (economic, political, social, cultural and institutional) that worldwide society has ever experienced in the Age of Modernity, at least since the discovery of America. Later, there have been important technological advancements in the last third of XXth century in telecommunications and robotics, often called the "micro-technological revolution". However, the latter has not attained the full-fledged revolutionary dimension of the Industrial era starting from the XVIIIth century. Neither was it accompanied by a political revolution as in France and although Russia's "Socialist" Revolution of 1917 sought a contribution in the French sense it was too far from reaching it (the same as after its collapse in 1989 happened to the proscription of the welfare state together with the launching of the "market revolution". Such technological advancements, significant by themselves have not generated a leap qualitatively comparable to the British and French revolutions which



transformed the economy, politics and society as a whole, especially as they developed the productive forces supporting the evolution of capitalism, in synchrony with the liberal-republican government form.

Globalization is not a new phenomenon. On the contrary, it has practically always existed as a concomitantly overarching, extensive process in the relations among persons, communities, peoples, economies, nations, societies and cultures, joining the historical evolution of the socially organized worldwide humanity. Although this planetary dimension unfolds through comprehensive “waves” or cycles that abate “distances”, that is, “waves” or cycles that gain “spatial proximities” as inter-“spherical” (or international) arenas of social life. These “waves” have taken shape extensively and socially across the world’s evolution as both the “cosmopolitan” and “provincial” “spaces of human coexistence” and the stages of universal history<sup>5</sup>. As such, these waves have rendered path breaking events that have sealed the world’s history and its recurrent long-waved spatial globalization. For instance, Copernicus and Darwin’s discoveries that earth is not the heart of sidereal space and that human being are not a creation of God, respectfully, were cardinal steps in the evolution and globalization of knowledge about the universe, the planet and the origin of humanity, but they did not exert forthright influence on the organization of societies. However, the discovery of America by the kingdom of Isabel La Católica acted straightforwardly on social development, as the new Continent and the new route towards The Indias would incorporate the colonies into worldwide markets and expand international trade positioning colonization as a leverage for international economic competition, all which would generate the advent of mercantilism as the first historical stage of capitalism.

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<sup>5</sup> Sloterdijk, Peter, 2003, 2004, 2006, *Esferas* (Three Volumes: I, II and III), translated by Isidoro Reguera, Prologue of Rüdiger Safranski, published in German in 1998, 1999 and 2004 respectfully (Madrid, Spain, Siruela Press)

Therefore the evolutionary leap that colonization imprinted on the worldwide economy was, not only, that of the widening of economic-geographic frontiers and the rise of traditional international trade, that is, the trans-national emergence of mercantilism, but also that of the extension of competition by the pervading incorporation of manufacture into markets. It connotes four primary factors:

- a) The reinforcement of the worldwide feudal economy in Spain;
- b) The emergence and roots of mercantilism;
- c) The gradual but constant take-off of manufacture at the international level; and
- d) Enlarged industrialization worldwide horizons and, along with it, a globalization of the feudal-mercantilist-capitalist transition.

As some salient Spanish and British colonies in America increased exponentially as their shares in international trade that reinforced their metropolises' international economic positioning. This was going to render a "wave" of mercantilist globalization, first commercial and then manufacturing that later at the XVIIIth century underpinned by the Era of Revolution is globalizing trend or "cycles"<sup>6</sup> would come into a capitalist globalization thereby feeding the international expansion of industrialization. In turn, ahead in time and up to now, the latter has generated subsequently the development of other cycles of economic globalization across the XIXth and the XXth centuries.

Thus past and present globalization is essentially the same, as the shape through which economic production and relations reproduce, internationalize and transnationalize. The same as how manufacturing expands and deepens across space to expiate its productive/technological regime upon the feudal trade and production. Globalization is neither capitalism's mother nor its twin but indeed globalization is the greatest instrument of capitalism for its extensive and intensive deployment in economic-geographic space.

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<sup>6</sup> Tutino, John, 2001, op. cit.

Globalization is also the general commander-in-chief of transnational reproduction of capitalism, a terrain in which, for example, the variegated transnationalizations of today act as its Colonel in the battlefields of capitalist expansion. Both globalization and transnationalization are the historic operators of what would be the spatial mission of capitalism as a worldwide civilization: its trans-territorial universalization, beyond international and transnational, regional and local scales.

It follows that for the Mesoamerican/Novo Hispanic/Mexican projection, globalization has been historically present under diverse path breaking events often seen as globalizations; though they only represent distinct cycles of a same economic-technological, spatial-geographic process of social international evolution. Thence the discovery of America and the conquest of Tenochtitlan were uncontested events of the globalization that in looking for new transportation routes to the Indies made possible “the encounter of two worlds”. These path dependent events came to globalize the military, political, economic and cultural domination of Europe on the extended world. Likewise processes of territorial colonization, productive feudalization/mercantilization and Christian civilization in New Spain would globalize the European way of life, production and government that would block the colonies’ access to the inherent liberal character of globalization, reducing the latter to an indirect window through their mining production as was the Novo Hispanic case. As a result, this “wave” of events and processes opened a window to world geography, to a transportation technology, to societies and cultures, to an economic organization and to an unknown extended world that changed the evolution of Mesoamerica.

From then to now the Mesoamerican/Novo Hispanic/Mexican entity has experienced different globalizing cycles, albeit four are the most directly linked to its colonial-national and feudal-capitalist transition, and to which the Era of Revolution would give certain viability and national identity:

- a) That of the Enlightenment, the Napoleonic military invasion on Spain, and the emerging international industrial competition along with their aftereffects upon the colony’s culture

- and economy, to which New Spain joined with its mining production, its economic peak at the XVIIIth century, its “humanist renacentism”, and, tellingly its national independence;
- b) That of the end of XIXth century, when Europe (including the USA) reached important international economic advances, and -as part of them- investments and financial relations with México grew significantly;
  - c) That of the post-WW II period of economic internationalization, by which México achieved its known economic growth called the “Mexican miracle”; and,
  - d) That of “the” present globalization, which after the worldwide depression of the beginning seventies and the oil crisis of 1979 undertook a strong economic-financial internationalization, based on both the economic and political collapse of USSR in 1989 and the displacement of State regulation by market self-regulation and international economic openness.

Mexico has benefitted from the first three of them, to undertake national historical accomplishments such as the Independence, the Porfirian stability and configuration of capitalism, and the postrevolutionary “economic miracle”. As to the first globalizing cycle, the colony was prevented from achieving direct economic relations with its overseas peers as disposed by the Crown’s protectionism and absolutism, bringing about the development of a domestic humanism and liberalism that came to feed and articulate the hope for independence. There was a constant inflow of religious, scholarly and civil approaches from Europe related to emancipation and justice, free trade and manufacturing, progress and liberty, sovereignty and self- governance, and democracy and development, as revolutionary thresholds. Not surprisingly the singular historical pearl was that a son of the conqueror Hernán Cortez, Martín Cortez, headed the first significant rebellion against the colony’s inhuman exploitation at the XVIth century’s second half. As for the second globalizing cycle, it came to support the construction of railroads along with the production and export of silver, copper and petroleum, and primary products such as coffee, sisal fiber and livestock, and manufactured goods such as textiles, paper, iron and steel. All this in turn, in the middle of Porfirian dictatorship, sustained the greatest masterwork under the cycle: the governmental promotion of capitalism

in México, meaning the globalizing expansion of worldwide capitalism in the new nation. At the third cycle, the country was able to undertake in 1935 its first productive restructuring to re-set a capitalist regime, benefitting a decade later from the War of Korea of 1950-53 and the successive expansion of international markets. Under the umbrella of the fourth globalizing cycle, México ventured in 1983 to administer a second economic restructuring, in force up to now, albeit this time with failed results, especially on social levels of life, and without having reached any historic accomplishment.

Beyond the windows of opportunities brought about in each cycle of globalization, the fourth one has been preeminently oriented toward economic goals, being thereby focused on productivity, profitability and scale but limited in social, territorial and human outcomes. This helps to explain how globalization of today (either in México, in Sierra Leone or in USA) does not favor social wellbeing but profits and competition and how wealth accumulation aggravates human development. The latter social-human shortfalls are viewed as a flaw called erroneously as “market failure” or “instrumentation failure”. The flaw stems from a skewed interpretation of globalization failing to acknowledge that it works first of all for the worldwide spatial but rootless extension of capitalism, and only secondly (but not necessarily) for the socio-productive internal development of societies, nations and territories. Namely, globalization and its cycles unfold properly as a narrow dimension of worldwide competition that is not directed to benefitting human development. That is the historical and spatial condition of capitalism, unless a policy reorientation takes place in search of a balance between profits and wellbeing, which is clearly doable.

Globalization at the Era of Revolution would unfold differently in the European imperial center compared to the Hispano-American colonial periphery. It was a globalization more apt for the center or centers than for the peripheries, and always at the expense of them. As such it would favor the institutionalization disposed for growth and wellbeing in Western countries, but not in peripheral colonies/countries. That cycle of globalization could have rendered more social opportunities in peripheral

societies, though the nation-states existing then were incapable to procure them as it occurred to the Mexican Porfirian regime. Thence what Mexican society undergoes in the globalizing cycle of today is not that distinct, owing to not only the lack of social focus of globalization and the political incapacities of the State, but also remarkably to the self-submission of the national political class.

The Era of Revolution (1750-1850) and its globalizing cycle set up the basis for liberalization, progress and democracy in Europe and the United States of America, and México also benefited to fight for its own national Independence (1810-1821). In core countries this globalization favored its productive sectors and employed people, while in peripheral countries as México it would be incapable of offering similar social upgrades. At the end of the day, the prevailing social inequality in both central and peripheral countries was not abated, as is true today. In the Mexican case, globalization has not confronted the domestic structures of socioeconomic backwardness. Globalization's extensive character obeys its logic of expanding and integrating more geographical regions and countries into the domain of worldwide capitalism, but not more than that.

It follows that in the deployment of globalization's cycles, capitalism lacks a socio-egalitarian mission. In fact, the potentiality of markets to compensate (self-regulate) a more efficient allocation of productive resources to get better entrepreneurial productivity and social consume is insufficient to trade-off social *disequilibria*. Thus globalization reveals itself as a phenomenon which lacks social purpose, as it is focused preeminently on entrepreneurial profitability. This is a phenomenon stemming from the economy's circulation sphere and not from that of production which is the sphere that generates profits primarily and the one that could upgrade wellbeing. That is to say, it is an extensive but not intensive expression of industry so it only enlarges commercial domination in search of profits but not of social wellbeing. Thus, globalization is mainly a geographic reproducer of commercial relations, but not a generator of productive and technological advancements (proper of the economy's production sphere) since R&D creativity is out of

globalization's flows. It solely trades and propagates prices and economic practices of scale servicing capitalism; it only multiplies but does not add productive value nor valorize it, since it belongs to both the competition sphere and the spatial and organizational watershed of capitalism, but not to that of production. Therefore globalization seeks to de-centralize the productive-technological-scientific deployment of industrialized countries without losing their technological, productive and political centrality, which is what endows industrial development with its production preeminence and domination powers. These mechanics show the substantial difference between the extensive and intensive characters of capitalism, explains its multinational corporatism, and sustains its marketing, hierarchical and high-scale dominance. Thence globalization works, not to better social life levels of societies, but to support the centralized rise of capital profitability, in disfavor of social wellbeing in both peripheral and central countries.

Consequently globalization is far from contributing significantly to abate social lag because of its commercial and oligarchic character, and owing that social betterment is out of its reach, out of its actual physiology and capacities. Countries, especially those of lesser development, cannot simply wait for better benefits from globalization. Countries in the periphery must prepare themselves to neutralize globalization's impacts and defend themselves, the same as training themselves to seek advantages from globalization and create beneficial convergences with it<sup>7</sup>. In any case, the latter are not a concession or premium from globalization (since it only takes them through space), but from both industrial and technological policies and growth trends in the worldwide economy. General examples of such convergences are the benefits of consumption by work of intra-national and international competition, or of State efficiency, among many other examples. Notwithstanding, that does not mean globalization is going to heal the backward conditions

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<sup>7</sup> Stiglitz, Joseph E., 2007, *Making Globalization Work* (W. W. Norton & Company, New York and London); Rodrik, Dani, 2011, *The Globalization Paradox. Democracy and the Future of the World Economy* (W. W. Norton & Company, New York and London)

of nations' development, or to democratize their societies. A specific example of the latter is the present case of México: a worldwide "champion country" implementing the free market model, that, in undertaking since 1982 its second productive restructuring has brought forth a new oligarchy and a regressive participatory as its best accomplishments until now, which can be modified or negotiated institutionally or by social pressure, however, that will be only possible through a intelligible re-orientation of Mexican capitalism which is clearly doable.

Nevertheless, a country's social shortfalls do not come from globalization or from "market failures" but due to the unbalanced capital/labor "hardware" underlying globalization and markets, which do not work in favor of social equality. Then the *entellequia* that markets "fail" is solely a fallacy since they are not intended to act for wellbeing but for profits. More than "market failures", the approach stating them gives account of a manipulation upon the current hierarchical structures and conditions of capitalism, that today, is unable of going further in its civilizational horizon has ceded worldwide space to manipulate, to rehabilitate some absolutist and libertine practices from its feudal and mercantilist past. Hence markets "fail" primarily because of their capitalist matrix, but also due to their productive capitalist foundation that has been distorted with feudal and mercantilist practices that counteract many real market potentialities in favor of consumers. Then the failures are organic within capitalism but they are human as well in the deployment of globalization and policymaking. A formidable example of this actual sort of "failure" is the euphemistic "error" of policy instrumentation with fatal consequences on social life quality as both organic and human excesses, but by no means as incapacities of markets.

Thence today social shortfalls stem from the feudal and mercantilist remnants surviving within the structures of "worldwide capitalism and national capitalisms"<sup>8</sup> and tellingly from the political absolutism that

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<sup>8</sup> Dabat, Alejandro, 1991, *Capitalismo Mundial y Capitalismos Nacionales* (México, UNAM/FCE)



continues to rule capital and labor profit abilities and prevents the “secularization” of capitalism<sup>9</sup>. “Globalizing” capitalism, even with all its economic, political and social architecture all over the world to meet consumer’s choices will not provide a better contribution to solve the social lag of nations while its worldwide/national reproduction continues un-rooted from territories and social development. To the contrary, a socio-productive path needs to be constructed by nations and markets, by each nation and its internal and external markets, having in mind both the worldwide and national socio-productive governance and the real socio-productive sphere of the economy and not only that of competition. This path would better lead countries to appropriate extensive/intensive industrializations, necessarily more territorial/national-oriented and at once more inter-active and complementary to globalization. These antidotes cannot occur without joint technological, productive and institutional alternatives of market and non-market character that together nations and markets require to create within their own territorial capitalist conditions. Technology and markets as well as institutions and politics must play a societal role in policymaking and not only to economic or commercial in contemporary national capitalisms. However, in visioning the latter, it is also compulsory to understand correctly, in benefit of both society and capitalism, that national capitalisms and cycles of globalization are endowed of territorial technical and social forces constituting their productive floor. A critical starting point is that capitalisms and globalization are based on human, cultural, institutional and social roots of a territorial nature. And it is on the latter basis that the continual process of configuration, re-configuration and de-configuration of national *vías* of capitalism takes place throughout the four globalizing cycles since 1942 until the recent financial and international crisis of 2008. Nevertheless, the original contradiction between capitalism and social development has prevailed, to which, regressively, a vile submission of the state to markets has been added.

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<sup>9</sup> Echeverría, Bolívar, 2006, *Vuelta de Siglo* (México, Ediciones Era)

This submission would have less retrogression if the state were not the legitimate political authority for the regulation of growth and social distribution of wealth and income. If the birth of markets as institutional intermediaries of economic interchange had not taken place within an evolutionary context of state-markets coordination and governance; if markets and society are embedded on had no choice before the friction among raising profits, keeping labor productivity, and bettering life conditions of the work force and the whole society; or even worse, as if the state were an intruder into the common paradigm of national capitalism. In any case, the submission of the State to markets cannot counteract the capitalist *disequilibria* and obtain the claimed socio-productive balances. The self-submission of states to markets has gone too far fruitlessly and counterproductively created corporate interests regardless of the capitalist state-building process has been partially a liberal reaction to the political need to counteract and compensate the imbalanced character of capitalist development. Thence such submission stands for a perfect regression, added to the technical imperfections of capitalism and the corporate managerial modalities of globalization which together make more complex overcoming the prevailing social *disequilibria*.

Therefore, restructurings that only re-functionalize free marketism, “failure” markets, and state self-submissions make no sense. They make no sense for society while the relation between development of productive forces and social relations of production goes on without any societal compass and led by a submissive state. Indeed while social evolution does not result from the state’s action, the latter is rather a by-product of the former thence it is quite clear that the state’s action and inaction has restrained social and institutional evolution. The state has itself ossified into all the most anti-progressive interests of capitalism and worst capitalist dysfunctions against profitability, wellbeing and social mobility, and in turn become the most adverse political settings against the civilizational development of capitalism. Such restructurings can make sense only so long as national capitalisms are able of evolving in a manner comparable to that developed by the Nordic countries in their social and human agenda. That is, if production evolves from the

exploitation of human work to the exploitation of technology at the service of the whole society and not only of oligarchies that repress the civilizational horizon of capitalism. The same is true when markets and states reach a distinct mutual coordination to institutionalize the combination of both the expansive and explosive trend of traditional globalization and the implosive character of technologies and territories.

This perspective for a better coordination/combination between the global and local dimensions of capitalism is a search for developmental balances at territorial meso levels as a way to counteract the increasing social devastation that global capitalism has caused. And in this sense the path is open to converge the known processes of supranational scale and the hierarchy of mainstream globalization (up to now based on the substitutability of the local) with territorial technological-productive forces of in substitutable local dynamics of industrial regions. This in substitutability resides on the fact that local/regional sources of technological-productive growth are not movable for installation in other places. They are not replaceable territorially unlike those traditionally imitable of prevailing globalization and they are capable of competing and entering into coordination with supranational dynamics of globalization<sup>10</sup>. Possibilities in this perspective for countries, regions and locales depend on how they move along from the current arrangements of explosion-expansion to a dynamics of implosion-immersion. This is the spatial counter face of both capitalism and globalization, that is, the territorialization of capitalism, or the development of its multi-spatial dimension concealed by the sector-oriented mainstream economics and its policymaking and thereby latent over the historical and coming development of capitalism.

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<sup>10</sup> Scott, Allen J. and Michael Storper (Eds.), 1986, *Production, Work, Territory. The Geographical Anatomy of Industrial Capitalism* (HarperCollins Publishers Ltd); Scott, Allen J., 1988, *Metropolis. From the Division of Labour to Urban Form* (University of California Press); (Ed.) 2001, *Global City-Regions. Trends, Theory, Policy* (Oxford University Press); 1998, *Regions and the World Economy. The Coming Shape of Global Production, Competition, and Political Order* (Oxford University Press); Storper, Michael and Richard Walker, 1991, *The Capitalist Imperative. Territory, Technology, and Industrial Growth* (Wiley-Blackwell Press); Storper, Michael, 1991, *Industrialization, Economic Development, and the Regional Question in the Third World. From Import Substitution to Flexible Production* (Pion Ltd); Storper, Michael and Allen J. Scott (Eds.), 1993, *Pathways to Industrialization and Regional Development* (Routledge, London); Storper, Michael, 1997, *The Regional World. Territorial Development in a Global Economy* (The Guilford Press); Soja, Edward W., 1989, *Postmodern Geographies: The Reassertion of Space in Critical Social Theory* (London, Verso); 1996, *Thirdspace: Journeys to Los Angeles and Other Real-and-Imagined Places* (Oxford, UK and Cambridge, MA: Blackwell); 2000, *Postmetropolis. Critical Studies of Cities and Regions* (Blackwell Publishers).

Territorial capitalisms and not solely the politically “globalized” ones house path-dependent territorial processes and possibilities for extensive/intensive/including industrialization and not only those of extensive/excluding supranational arrangements. Therefore territorialization stands for a new stage (or phase) of major intensive development of worldwide capitalism through a wide variety of national and transnational, local and trans-local capitalisms of strong territorial base. In this stage, globalization trends, already on its course tend to invert their unfolding by a multiplicity of more compact capitalisms, more intensive than extensive, in which their bases of competition, accumulation and development will evolve towards a capitalism of territory-based growth and wellbeing against the grain of the sectoral and elitist capitalism currently prevailing.

Consequently to move along this perspective, México needs to overcome the dualisms of protectionism/openness and state/market that has narrowed since the configuration of its capitalism. The economy must be freed from these false ideological battles in the name of markets and wellbeing that have resulted in fatal outcomes in growth, quality of life, democracy and development. The *vía*: a third productive restructuring that gives technological-productive and national-territorial base to the current Mexican de-technologized capitalism which takes the nation to decide for first time since its Independence from Spain, what type of capitalism is possible within the ongoing context of the worldwide economy and which capitalism is the most viable and appropriate for the country, behind the process it has passed through from its republican configuration and de-configuration to its current anti-republican patricracy.

## **2. The Configuration of Capitalism**

### **2.1 A Half Century of Political Instability**

The War of Independence would project México towards a republican and capitalist way in conformity with the European revolutionary model. However, 200 years later the expected evolution has not

been achieved. According to the British-French mold, the projected nation was that of an independent country endowed with a republican government form, democratic election of authorities, and accountable governments a republican government form, democratic election of authorities, and accountable governments all directed to nation-building and social justice. Although not very explicit, México's projection also encompassed the path of a market based and distributive capitalism, sustained on productive competition. However, by the time Mexican independence took place (1821) such a horizon would be annulled by a lengthy internal political crisis unleashed around establishing the government form, which destroyed all possibilities for political stability and operational institutional continuity, conditions that were necessary for peace and governance and for economic and social development to flourish. The opportunity to foster the nation-state and capitalism was delayed, since this political crisis lasted a half century.

This crisis was triggered by the circumstances that determined the final denouement from the Spanish kingdom: most of the final partisans of independence, the creole class represented by Mexican General Agustín de Iturbide (who with the Independence would become the emperor Agustín I), saw their interests falling into risk before the Crown's fiscal and mercantile despotism and the international and domestic emergence of capitalism. Thus, creoles hegemonized and quickly ended the independence war in order to protect the new national economy (preeminently feudal and controlled by them) from Spanish mercantilism as well as to guarantee internal political control in their favor. This political repositioning by the creoles within the Independence movement opposed to the independendist original leaders, Hidalgo and Morelos. Suddenly, the creoles became the Independence's most furious promoters articulating the support of both the clergy and army and the miners, merchants and agro-producers (all of them creoles) who had been affected the most from the Spanish Crown's last mercantilist economic policy.

Accomplishing the independence was not going to be a simple process. Independence leaders had to overcome the titanic task of social creation, political reformation and institutional building. Mobilizing

independence entailed, first of all, achieving the political de-colonization, establishing an autonomous government together with the decision of a government form, restoring the economy, and reorganizing the public administration. And notwithstanding, struggles for Independence continued after its formalization since it still had to deal with Spain's efforts to recover "its" colony. Thus multifaceted and sophisticated assignments to determine the government form would complicate the new country's start and the political crisis unleashed immediately made the situation even more difficult. Since the beginning of independence, creoles would ceaselessly fight to impose a conservative government form, which would erupt into a strong opposition from liberal political groups. This radicalized political dualism plagued and characterized the first decades of independent México. In turn, it would unfetter a bloody internal political struggle between the creoles' political opportunism and the nationalist and progressive groups of liberals seeking to create a federal and democratic republic. As a result, a wide variety of political struggles occurred over and over between conservatives and liberals, with the prompting of clerical and military interests. This violent and bloody conflict would dominate the first half century of independent national life, up to the multinational military intervention of the Scottish Duke Maximilian von Habsburg that took place in 1863 to impose a monarchical regime.

Over that half century, the crisis pervaded through time and territory and impacted practically all social sectors of the new nation, affecting the formalization and performance of governments, Congresses and elections as well as the normalization and continuity of peace, governance and growth. It was common at that time for officials to be ousted from their elected or appointed institutional positions after hours, a day, weeks or few months in office. Anti-politics was the constant practice through a range of counter-institutional actions: conspiracies, revolts, overthrows, military uprisings and dictatorships, and guerrilla actions. At times there were two or three governments claiming to be in power at a time and legislatures were commonly disavowed. The latter mosaic of political procedures, conflict, and power struggles could

lead to a manual on how not to go about building a nation-state. As a matter of fact, although this crisis expressed itself as caused by multiple disagreements or visions on which form of government to establish and how to make it work, the actual cause of disagreements was either the continue of the clergy's and army's privileges based on the *hacienda* system or the possibility for a structural change in the new nation to build the republic and open a path towards capitalism. This was the underlying reason below the surface between imperialist peninsular and nationalist creoles, monarchists and republicans, conservatives and liberals as well as between centralists and federalists, separatists and unifiers, and anti-capitalists and pro-capitalists.

It was not until the national congress passed the liberal Laws of Reform and the Constitution of 1857 that the crisis was somewhat mitigated. These statutes enacted the federal republic and favored foundations for the promotion of capitalism, under the intellectual guide of liberalism tellingly headed by Benito Juárez. As a result, institutionalization of the republic was consolidated, and state expropriation of the clergy's lands put in place the legal/juridical and economic grounds for a land market. The Constitution made seminal contributions for the nation's successive unfolding and for its future: the federal republic endowed the nation and its government with a division of powers, territorial order and election of authorities as well as an incipient land market, both cornerstones for the national political system and a capitalist agriculture based on *haciendas*. Needless to say these contributions stood for a progress and a pathway towards capitalism. Notwithstanding all these efforts, the mitigation of the crisis did not endure. A few years later the same crisis reemerged in 1863, under a foreign military invasion that overthrew the republic and elected President Benito Juárez to impose a monarchy with Maximilian von Habsburg as Emperor Maximilian I of México. Four years later, after an ineffective monarchical administrative performance and military war, the emperor was deposed (1867) and executed, thereby bringing the imperial venture to an end. At once, President Juárez re-installed the country's Constitutional institutions and thus the *Restored*

*Republic* period took place (1867-1876, governments of Juárez and Sebastian Lerdo de Tejada), making seminal contributions for national democracy and development. This period “counted on a team of leaders and patriots” to judge by its “program of multiple action”, in “a national climate adverse to the democratic, liberal, economic, scientific and nationalistic prosperities”. By then, “the seeds of modernization and nationalism were planted, and some of them budded so the subsequent regime ... made grow”<sup>11</sup>.

In sum, at the global dimension, the making of a nation implied working on the processes of nation-state and capitalism. The post-independence political crisis unfortunately prevented their necessary complementarity and indispensable synchronization. By the same token, crisis deferred both the decision about the government form as a condition for nation-State building and the development of manufacturing as foundation for capitalism. Also, this crisis favored the government force process at the cost of postponing capitalism until Porfirio Díaz arrived to power (1876).

## **2.2 The Porfirian Political Regime**

The Porfirian regime is the new nation’s stage synthesized the historical precedents of Mesoamerican/Novo Hispanic/Mexican authoritarianism in terms of dictatorial rule, and centralization of power, violent use of force and crimes against human rights. This set the direction for the unfolding of Mexico. At the end of 1876 President Sebastián Lerdo de Tejada was reelected for the term 1876-1880 but General Porfirio Díaz used military force to prevent him from exercising his legitimate term. A national reality sprang forth: institutional arrangements finally consolidated during the *Restored Republic* period were not valued and leading political groups were willing to allow military rule. In comparison with the time of the Independence the country now counted on fundamental institutional conditions and associated

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<sup>11</sup> González, Luis, versión 2000 [2009], *El Liberalismo Triunfante*. In *El Colegio de México*, 2000 [2009], *Historia General de México* (XIth re-edition, *El Colegio de México*, Centro de Estudios Históricos), page 652; Kuntz Ficker, Sandra, op. cit.



expectations for a law State, democracy and development, in the light of the liberal achievements reached: the federal Constitution of 1857 and a republican regime, along with a basic land market and an emergent manufacturing sector, all in all working as the nation's "seeds of modernization". Yet this progress was not reflected by the existing political culture of elites and general population, and, on the contrary, they used force and rebellion to take power, which upset the republican regime and caused the recurrence of political instability. Several disaffected political groups (associated either to the church or the army) displaced by liberal elections and governments, sought revenge under the shelter of a reigning political culture using violence to snatch power and not through legal electoral procedures. It seemed as if the liberal republic in México had finally won the political-ideological battle, as a result of its rationality for societal progress and Juárez' vision and leadership but it was not so because the political class lacked the maturity needed for democracy and development.

Every day politics exhibited a propensity to recur with discretionality and violence instead of legality. Although political and economic actors were formally committed to comply with all principles of division of powers, elections and federalism as well as productivity, competition and income distribution, in practice they favored the primacy of Presidential power above all others, electoral camouflage, federal centralism as well as arbitrariness, mercantilism and wealth concentration. This contradiction between the legally established State and economic liberalism and political pragmatism did not foreshadow a positive evolution of the republican regime. This was the contextual reality at the end of the Restored Republic just as General Porfirio Díaz in 1877 was about to get presidential power for a first time, and what would be the start of a dictatorial regime, shored up by Díaz's personal military fame and political style.

General Díaz was acclaimed as a military leader, but lacked a professional background on political, economic and administrative management and social and civil conciliation. In his first period of government (1877-1880) he "... was unable of managing his cabinet. He appointed and fired ministers very often. For six Ministries he hired twenty two ministers in less than four years. He had seven ministers of Treasury,

four of International Relations, four of Interior Government, four of War, three of Justice and Education ...<sup>12</sup>.” By the same token, his political enmity with presidents Juárez and Lerdo (and with their circles) was partially due to the cultural and technical distance between himself and them. Rather, his abilities had to do with martial force and military operation but not with political galvanization, institutional organization, or civil leadership. Sometimes the General approached political issues and solved them applying his popular saying, “kill them right away” (“matalos en caliente”). But Díaz’s inability and disdain for the law State and preference for military strikes instead of institutional and law-based formulas was clear at the beginning of his term. In 1877, when the Minister José María Iglesias, the President of the National Court, had the constitutional right to be the provisional president after president Lerdo de Tejada had been expelled by force by General Díaz, he was hampered militarily and pressured to give up to that Constitutional right by General Díaz divesting him of his legitimate succession as president of the country. General Díaz sought to install himself to the presidency, based solely on a non-modern tradition that legal and political issues could be best handled through military procedures, instead of legal processes. There was hence a manifest struggle between an advanced “...dictator devoured by an insane ambition and the legitimate republican government ... having, on the one hand, “...the majesty of law reclaiming its empire; on the other hand, the brutal fact of force”<sup>13</sup>.

As a regime, Porfirism established “peace and order” as the axis for “progress”, on the basis of a twisted, (“new”) Mexican liberalism (“Plan de Tuxtepec”) that in privileging order discriminated against liberties. Though both order and liberty are liberal principles for progress, Porfirian “new” liberalism alienated liberties and perverted order as the way to progress, misleading the due liberal balance between liberties and order, confusing liberties’ and order’s hierarchies and hollowing out social progress.

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<sup>12</sup> González, Luis, versión 2000, [2009], op. cit., p. 659

<sup>13</sup> González, Luis, versión 2000, [2009], ibid., p. 655

Comparing Juárez's and Díaz's liberal governments, it can be said that the former privileged liberties (an orthodox one), and the latter gave priority to order (a heterodox one). The former underpinned liberalism's start and end and the latter shored up the medium (order) at the cost of the end (liberties). This difference constitutes a substantial bifurcation from Mexican liberalism. There is no orthodoxy or heterodoxy more real than reality. If politics deforms reality to approach it to a political orthodoxy/heterodoxy and this approach is presented as a real "new" variation of the original reality to justify personal ambitions of power above the destiny of both a nation and a regime. Sooner or later such a manipulated orthodoxical or heterodoxical reality that is such an adjustment of reality seeking to justify a "new" (Mexican) liberalism will fail. Any political or policy based on orthodoxical or heterodoxical systems whether peaceful or violent "neo-ism" cannot be socially accepted whether it deviates and sacrifices the desired prosperity and future of a whole society. That was the case of the Porfirian "new" liberal platform for power which introduced itself as heterodoxical "liberalism" or in fact as a "neo"-liberalism. This manipulation of political principles has been recurrent in the historical route of México. According to Mexican liberalism, to put Juárez' and Díaz' governments in their proper comparative place, one is liberal, and the other is "neo"-liberal. As such, Porfirism was going to evolve as a regime that can be regarded within liberalism as a capitalist one, but cannot be claimed within modernity as a democratic one.

General Díaz violently battled his (real and potential) political opponents and allowed an astonishing level of corruption within and outside government, as part of his overarching leadership and political "turn a blind eye" ("dejar hacer"). This allowed a variety of illegal arrangements used to pacify the country and make the economy grow. These political arrangements were made with liberals, the military, the church, haciendas, manufacturers, exporters/importers, investors, foreign governments, and the emerging "political class", showing how he kept himself in power, and to "order" and "pacify" the nation on behalf of "progress". In this vein, Porfirism added three additional axial traits to complement its axis of order and liberties as central elements of the regime: autocracy, no accountability, and lack of a capitalist (or

actually liberal) vision. They were to become dominant in the making of democracy and development over the period. As a result, the political practice of arbitrariness and demagoguery on the making of politics and development was formally inaugurated by Porfirism.

Despite all arrangements mentioned above, an arrangement with the majority of society was missing, leaving out the social sectors and population that fought the war for Independence and had come forth historically clamoring for progress and democracy. Porfirism transcended as a neo-liberal, socially insensitive regime that obtained successful economic growth, with a high dose of authoritarianism, in a monarchical mold, and an orchestrator style. It was a regime that was despotic with political liberties and generous in building a Mexican oligarchy. It is clear that a personal pragmatic decision was taken, and perhaps unavoidably, because of Díaz' own incapacity to conceive of a different one. President Díaz decided to rule on the basis of the authority of force, instead of the force from civil democracy and social legitimacy. Thus, his political regime forged the configuration of capitalism away from society, and away from Mexican liberalism. Both flaws constituted a lame political regime and a questionable capitalism that would end up triggering Madero's Revolution in 1910.

### 2.3 Configuration of Capitalism

Capitalist seeds were germinated in México during the colony's period based on both the internal need to raise productivity in mining and the embryonic budding of manufacturing<sup>14</sup>, surrounded and spurred by the international emergence of capitalism<sup>15</sup>. But those seeds did not evolve much by then due to early

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<sup>14</sup> Semo, Enrique, 1972, El desarrollo del capitalismo en la agricultura y la minería de Nueva España, in *Revista de México Agrario*, Año V, Num. 2, Febrero-Abril 1972 (México); Brading, David A., 1971, *Miners and Merchants in Bourbon Mexico 1763-1810* (Cambridge University Press); Howe, Walter, 1949, *The Mining Guild of New Spain and its Tribunal General 1770-1821* (Harvard University Press); Barbosa Ramírez, René, 1971, *Estructura Económica de la Nueva España 1519-1810* (Siglo XXI Editores, México); Nava, Guadalupe, 1965, *La Minería*, in Cosío Villegas, Daniel, 1965, *Historia Moderna de México. El Porfiriato. Vida Económica. Volume I* (Editorial Hermes, México)

<sup>15</sup> Braudel, Fernand, 1986, *La Dinámica del Capitalismo* (FCE, Breviarios, México); and 1979, *Civilización Material, Economía y Capitalismo* (Editorial Armando Colín, Madrid); Hobsbawm, Eric, 1968, op. cit.; 1975, *Industry and Empire* (Pelican Publishers); 1987, *The Age of Capital, 1848-1875* (Weidenfeld and Nicolson); and 1987, *The Age of Empire* (Weidenfeld and Nicolson); Maddison, Angus, 2005, *Growth and Interaction in the World Economy: The Roots of Modernity* (Aei Press); Kindleberger, Charles P., 2009 [1973, original edition in English], *La crisis económica 1929-1939* (nueva versión en Español ampliada, revisada y actualizada), (Capitan Swing Libros, Madrid); Adolph Lowe, 1948, *The Price of Liberty: An essay on contemporary Britain* (Hogarth Press); and 1988,

colonial events and the feudal rigidity of the Novo-Hispanic regime, which situated the colony away from a capitalist pathway. Manufacturing in New Spain was primarily based on export mining activities but deterred by the resistance of the feudalistic agricultural sector<sup>16</sup> and the lack of official encouragement. Later, manufacturing started budding at the end of XVIII century, but its inertia was upset by the war for Independence (1810-1821) and its ensuing half century of instability (1821-1867). This troubled past hampered the unfolding of manufacturing and prevented its flourish, even though some initial Mexican government policies openly fostered it seeking to embrace the development of capitalism as the new societal paradigm. Capitalism in México represented a liberal window for the new nation taking into account its conservative colonial society through which the new country would seek to liberate itself from its the pre-capitalist social structures, and to work on nation-building and to foster the development of manufacturing.

It was not until the XIXth century's second half that the Porfirian regime (1877-1911) took seriously the domestic process of feudal-capitalist transition and opened a way for capitalism though under a questionable modality: a semi-capitalism in which the unfolding of its production, markets, technology and economic institutions as a whole evolved both away from a true capitalist perspective and from a national vision yet open to international capitalist flows of the time. Even today it has not evolved in respond to the nation's needs, and, contrariwise, it has stagnated as sub-capitalism. This deviation continues and its result today is a political capitalism and a subcapitalism, that stand respectfully for an excessively politicized

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Has Freedom a Future? (Praeger); Heilbroner, Robert L., 1966, *The Limits of American Capitalism* (Harper and Row, New York); Dabat, Alejandro, 1991, op. cit.; Pipitone, Ugo, 1994, *La salida del atraso: un estudio histórico comparativo* (CIDE/FCE, México); and 2007, *El Temblor Interminable. Globalización, desigualdades, ambiente* (CIDE, México); Echeverría, Bolívar, 2006, op. cit. (Weidenfeld and Nicolson); Maddison, Angus, 2005, *Growth and Interaction in the World Economy: The Roots of Modernity* (Aei Press); Kindleberger, Charles P., 2009 [1973, original edition in English], *La crisis económica 1929-1939* (nueva versión en Español ampliada, revisada y actualizada), (Capitan Swing Libros, Madrid); Adolph Lowe, 1948, *The Price of Liberty: An essay on contemporary Britain* (Hogarth Press); and 1988, *Has Freedom a Future?* (Praeger); Heilbroner, Robert L., 1966, *The Limits of American Capitalism* (Harper and Row, New York); Dabat, Alejandro, 1991, op. cit.; Pipitone, Ugo, 1994, *La salida del atraso: un estudio histórico comparativo* (CIDE/FCE, México); and 2007, *El Temblor Interminable. Globalización, desigualdades, ambiente* (CIDE, México); Echeverría, Bolívar, 2006, op. cit.

<sup>16</sup> Semo, Enrique, 1993, [1973], *The history of capitalism in Mexico: The origins 1521-1763*, University of Texas Press (with 22 re-prints in Spanish, Era, México); 2006, *Historia económica y social de la Nueva España* (Editorial Océano, México); Peña, Sergio de la, 1964, *El Pueblo y su Tierra (Cuadernos Americanos, México)*; Chevalier, Francois, 1963, *Land and Society in Colonial Mexico: The great hacienda* (University of California, Berkeley Press); Kuntz Ficker, Sandra, op. cit.; Cué Cánovas, Agustín, 1969, *Historia Social y Económica de México 1521-1854* (Trillas Editores, México); Loredo, J., *Producción y Productividad Agrícolas en México, 50 años de Revolución. several volumes* (México)

capitalism instead of a market-based one, and a non-productive, non-national capitalism with a weak internal and external role. This keeps it subordinated to the flows, markets and trends of worldwide capitalism. As such this Mexican capitalism has been incapable of contributing to the nation-building process and has prostrated the domestic society under the worst known disadvantages of capitalist development.

Nevertheless, there are three historical reasons accounting for the origins and configuration of capitalism in the country as well as the existing capitalism of today. One is rooted in the colonial period and has to do with the economic role the Spanish kingdom assigned to New Spain as a colony<sup>17</sup>. Another is located at the beginning of México as a nation, and it relates to the clergy's persistence to keep pre-capitalist agriculture as the leading productive sector as well as to resist the development of manufacturing<sup>18</sup>. And the third reason stems from México's first independent economic policies favoring the development of manufacturing from and also the entire strategy in support of capitalism from the dictatorship of Porfirio Díaz, the engineer of the configuration of capitalism in the country<sup>19</sup>. The latter three crucial events shaped the capitalism that General Díaz found possible to craft, on the basis of the liberal economic reform undertaken by his predecessors in power. Likewise these three factors will mark the capitalist unfolding of the country across the twentieth century.

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<sup>17</sup> Coatsworth, John H., 1990, *Los orígenes del atraso: Nueve ensayos de historia económica de México, siglos XVIII y XIX*, (Alianza Editorial Mexicana, México); Coatsworth, John H. and Alan M. Taylor (Ed.), 1999, *Latin America and the World Economy since 1800* (Harvard University Press); Coatsworth, John H., 2000, *Obstacles to Economic Growth in Nineteenth-Century Mexico*, in Frieden, Jeffrey, Manuel Pastor, Jr. and Michael Tomz (Ed.), 2000, *Modern Political Economy and Latin America: Theory and Policy* (Boulder, CO: Westview Press); Kuntz Ficker, Sandra, *op. cit.*

<sup>18</sup> Stanley, J. and Barbara H. Stein, 1970, *The Colonial Heritage of Latin America. Essays on Economic Dependence in Perspective* (Oxford University Press); El Colegio de México, 2009, [2000], *op. cit.*; Tannembaum, F., 1964, *Mexico, the struggle for peace and bread* (Alfred A. Knopf, Publisher: New York); Mora, José María Luis, 1956, *El Clero, el Estado y la Economía Nacional* (Empresas Editoriales, México); 1965, *México y sus Revoluciones* (Editorial Porrúa, México); Hale, Charles A., 1968, *Mexican Liberalism in the Age of Mora 1821–1853* (New Haven and London, Yale University Press); 1965, José María Luis Mora and the structure of Mexican liberalism, *The Hispanic American Historical Review* (México); Kuntz Ficker, Sandra, *op. cit.*

<sup>19</sup> Rippy, J. F., 1931, *The USA and Mexico* (F. S. Crofts and Co., New York); Tischendorf, A. G., 1961, *Britain and México in the era of Porfirio Díaz* (Duke University Press); Cosío Villegas, Daniel, 1955-1972, *Historia Moderna de México*, ten volumes (Editorial Hermes, México); Cosío Silva, L., 1965, *La Agricultura*, in *Historia Moderna de México, El Porfiriato, Vida Económica, Vol. I* (Editorial Hermes, México); Nicolau D'Olwer, L., 1965, *Las Inversiones Extranjeras*, in *Historia Moderna de México. El Porfiriato, Vida Económica, Vol. I* (Editorial Hermes, México); Villegas, Abelardo, *Positivismo y Porfirismo* (Secretaría de Educación Pública, SepSetentas, México).

The economic role dictated by the Spanish Crown for colonial New Spain was to supply the kingdom with gold and silver and comply with high taxation quotas. This was characteristic of the worldwide mercantile colonialism that took place worldwide in the general transition from feudalism to capitalism. However, what was distinctive is the counterproductive way Spanish conquerors forced the colonies' economic role: under a spirit of resource plundering and animal-like exploitation, empty of all civilian and territorial development purpose, though the Catholic Church tempered the latter with some humanism. The Crown did not promote in New Spain any other system for economic and social life than that of the generalized looting practiced since the first moment of the conquest<sup>20</sup>. Thus the absence of all humanitarian sense and social creativity stands out as the colonial heritage, which was reproduced later when the new country entered directly into its capitalist configuration. To judge by the colonial history, there are three incontestable evidences proving this non-humanitarian colonial production system: one is the production of gold and silver at any human expense, with mining by far the primary colonial activity; second, the Crown's decision to delegate to the Clergy the service of education, the only social service from the metropolis to the indigenous population; and third, the drastic decline of indigenous population in the sixteenth and seventeenth centuries.

One productive legacy from New Spain is that the entrepreneurship forged over three centuries of colonization generalized the practice of plundering and economic protectionism using captive sales and exempt of all social and territorial responsibility. Following the Independence, when manufacturing was fostered, the existing entrepreneurship was particularly non-risky and obstructive for the configuration of capitalism. Not surprising, in the middle nineteenth century entrepreneurs were only of three types: a) the successors of those licensed looters of mines and of their worker population, b) the *hacienda*-based

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<sup>20</sup> Humboldt, A. von, op. cit; Stanley, J. and Barbara H. Stein, op. cit.; Kuntz Ficker, Sandra, op. cit.; Cué Cánovas, Agustín, op. cit.; Barbosa Ramírez, René, 1971, op. cit.

landowners that before had divested communities of their lands, and c) the new international investors looking for similar advantages as those enjoyed by the former two types of entrepreneurs. Thence New Spain's economic role stems from the non-humanitarian piratical vision applied by the Kingdom, which in turn foreruns the anti-social type of capitalism resulting later on in México.

The second historical reason explaining the origins and the development of capitalism in México are in regards to the role of the colonial Clergy. While the Clergy had nothing to do formally with investments, workers and production, the Catholic Church was in nascent México the largest national landowner and the biggest credit and financial entity. By the time the independence took place, the church owned (behind its humanitarian role) at least a third of the country's land properties in association with a few secular landowners who sought to sustain the colonial agricultural system and resisted the emergence of capitalism. And when Mexican liberal authorities of the new nation projected a change setting up conditions for the configuration of capitalism, which threatened the Church's immense wealth, then the latter reacted by organizing a conservative political response in self-defense, by means of the Church-sustained conservative political groups that opposed all institutional initiatives undertaken by liberal governments and especially those considered as limiting the Church's ability to accumulate more wealth and power.

More in line with the republican project as a peer of a manufacturing capitalism, the church's economic wealth and political interests and power became the target of many substantial liberal reforms. Yet the *haciendas*, the greatest colonial entrepreneurial heritage in wide association with the church, would be later on re-shaped by the Porfirian "neo"-liberal regime as one of the productive motors<sup>21</sup> for the configuration of capitalism together with foreign investors in multiple economic activities. Consequently

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<sup>21</sup> McBride, George M., 1923, *The Land Systems of Mexico*, (New York: American Geographical Society); Coatsworth, John H., 1978, Obstacles to economic growth in nineteenth-century Mexico, in *American Historical Review* 83:1; Mora, José María Luis, 1956 and 1965, *op. cit.*



General Porfirio Díaz unlike the previous republican governments, enacted laws and programs to sell idle plots of land that favored the already existing high concentration of land ownership ("*latifundios*"). This policy was a concession to the Church and its entrepreneurial associates to both eliminate any confrontation and to invigorate agriculture in the hands of *hacendados*. This along with manufacturing and exports in the hands of international traders and foreign investors would constitute the Porfirian policy base to foster the first formal configuration of capitalism in the new country.

The third historical reason accounting for the configuration of capitalism in México dates from the first national policies applied in the nineteenth century to encourage the development of manufacturing. It was the liberal reform headed by the visionary leadership of President Benito Juárez that stands as the cornerstone for the development of manufacturing and hence of capitalism. In addition, the once liberal military leader, General Porfirio Díaz's government (1876-1910) supported the Juarist reform. However, although he supported the liberal vision when he became President of the nation, he accomplished it using dictatorial force at the expense of a national and market-based capitalism and against Mexican liberalism. This Porfirian strategy began by settling a comprehensive political agreement among the nation's power factors to consolidate the necessary political stability as condition for capitalism; then a broad policy package to foster the development of manufacturing was added. However, this promotion did not flood the country with factories, and manufacturing growth was so weak as to question the initial twisted capitalism projected by Porfirism. Meanwhile the *haciendas* would consolidate as the leading economic unit of the emerging capitalism, based on the preeminence of an agricultural economy and complemented with the spread of manufacturing waves spurred by the international economy. Thus a Mexican capitalism took shape at the intersection of internal and external productive forces<sup>22</sup> that configured an agriculture-based

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<sup>22</sup> Haber, Stephen and Jeffrey L. Bortz, 2002, *The Mexican Economy 1870-1930: essays on the economic history of institutions, revolution and growth* (Stanford University Press); Marichal, Carlos and Daniela Marino (Eds.), 2001, *De Colonia a Nación. Impuestos y Política en México, 1750-1860*; Kuntz Ficker, Sandra, op. cit.

capitalism, on the basis of five foundational components: a) the predominance of agriculture, organized under the *hacienda* regime of rural production; b) manufacturing, mainly textiles, sugar and derivatives, tobacco and others; c) mining; d) the increasing growth of international trade with the most developed countries; and e) the position of México at the end of the nineteenth century as the USA's first destination for investments. By the time, this predominantly-agricultural, *hacienda*-based capitalism positioned the country as a highly attractive destiny for international investments, and thus as one of the most successful emerging economies.

Nevertheless, this early form of capitalism was unable to include the social rural sector. The latter was important not only as the biggest sector in the country's demography and as the work force sustaining the production of *haciendas*, but also because it soon became the sociopolitical protagonist of the Revolution of 1910<sup>23</sup>. The rural sector has always lagged in the evolution of Mexican capitalism, often at a high social cost for the nation. Tellingly, the highest cost for the nation is the loss of the country's self-sufficiency in food production<sup>24</sup>. México's capitalism evolved as the socio-organizational regime for manufacturing production lacking basic social and agrarian justice. Any future adjustment or restructuring in domestic capitalism should not exclude the socio-productive rural sector<sup>25</sup>.

In hindsight, at the beginning of the colonial period, Spain privileged feudalist agriculture and mining as the kingdom's production system<sup>26</sup> and thus closed the doors for any productive modernization,

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<sup>23</sup> Hart, John M., 1987, *Revolutionary Mexico. The coming and process of the Mexican revolution* (The Regents of the University of California); Madero, Francisco I., 2006, facsimile print [1909], *La sucesión presidencial en 1910* (Editorial Colofón, México); Cockroft, James D., 1981, *Intellectual precursors of Mexican Revolution 1900-1913* (University of Texas Press)

<sup>24</sup> Gutelman, Michel, 1971, *Capitalismo y reforma agraria en México* (ERA, México); Esteva, Gustavo, 1987, *La batalla en el México rural* (Editores Siglo XXI, México); Yúnez Naude, Antonio, 1988, *Crisis de la Agricultura mexicana* (El Colegio de México/FCE, México); Calva, José Luis, 1988, *Crisis agrícola y agroalimentaria en México 1982-1988* (Fontamara, México); Veraza, Jorge (Ed.), 2007, *Los peligros de comer en el capitalismo* (Itaca. México)

<sup>25</sup> Molina Enriquez, Andrés, 1985 [1909], *Los grandes problemas nacionales* (ERA, México); Florescano, Enrique, 1971, *Estructuras y problemas agrarios de México (1500-1821)*, (Secretaría de Educación Pública, SepSetentas, México)

<sup>26</sup> Peña, Sergio de la, 2003, *op cit.*

even in these colony's producers of minerals as was the case of New Spain, and despite Great Britain and France (its imperialist competitors) advancements in the international emergence of manufacturing. Later, once México reached its independence, it quickly liberalized its economy (1821-1824) but it was unable of entering into a capitalist pathway due to distinct causes. Among such causes are the general economic recession inherited from the last colonial decades and its concomitant growth and decline in exports, the lack of an entrepreneurial class to guide manufacturing, the post-independence political polarization, and some others causes of ancestral roots that determined the capitalist incapacity. The latter stem from a deeper structural character: the predominance of either pre-capitalist or specifically feudal socioproductive conditions sustaining the nascent economy and society, exploited by miners, big landowners, *hacendados* and traders as the dominant classes. All were associated with each other and invariably with the church, the army or foreign enclaves, albeit the church was by far the most conservative power factor out of those keeping feudal structures.

Clearly, Independence was not sufficient as a structural condition to create the new nation or to make it evolve towards capitalism. Capitalism's horizons and potentials were open to México as a *vía* to build the nation, but also counterweighted by its most conservative sector, the Clergy, which embodied the feudal power structures from the colony<sup>27</sup> and represented the strongest resistance to all civil, democratic and developmental progress. Independence solely stood for the political denouement from the Spanish monarchy. Now the new country had to pass first through a process of de-colonization, de-feudalization and secularization since the Church was the most reactionary surviving colonial institution, more rooted than any other in the feudal hierarchies of the vice regal society, and by then the underlying power

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<sup>27</sup> Morales, Francisco, 1975, *Clero y política en México (1767-1834)*. Algunas ideas sobre la autoridad, la independencia y la reforma eclesiástica (Secretaría de Educación Pública, SepSetentas, México); Staples, Anne, 1976, *La Iglesia en la primera República Federal Mexicana (1824-1835)* (Secretaría de Educación Pública, SepSetentas, México); Mora, José María Luis, 1956 and 1965, *op. cit.*; Hale, Charles A., 1968, 1965, *op. cit.*

controlling and restraining the new nation's plans to go on the democratic and developmental perspective enlightened by the European Era of Revolution. Since the Conquest of the City of Tenochtitlan (México City's pre-colonial name), the Church exerted an attribution that had been delegated by the Crown to work as a financial agency. This is a role the Church performed all over the colonial period amassing a huge fortune consisting of land properties and financial assets, all of them linked to the large landownership, the colonial financial credit system, and feudal agriculture. It is well known that the Church was opposed to independence until the end when it hegemonized the independence process in order to use it in its own favor. Once independence was attained, the clerical institution reversed its political posture and went back to its traditionally conservative stances, stopping all initiatives for social transformation that put the Church's interests under peril. Independence did not affect the church's privileges. Conversely, it allowed the Church to retain all its colonial political-administrative concessions and economic-financial status, and to get rid of all restrictions from the Spaniard Crown. Thence any social trend or any policy towards democratizing or developing the new nation was considered as anti-clerical and against the church's interests. The church positioned itself as the structural and socially organized resistance to capitalism in the new nation.

It was clear that developing the new country and/or evolving towards capitalism was going to require an additional independence, this time from the clergy. Consequently, around the middle nineteenth century, México was able to reduce the feudal church's powers and set the foundations for the economy and especially manufacturing to flourish. And in that perspective, capitalism was welcome as a liberalizing and revolutionary pathway in terms of liberating peasants from rural vassalage to become salaried workers, relying on a law State, having social and political rights (that of elections in particular), and accessing markets' advantages. Opening way to capitalism was not going to be an easy mission for the new nation having barely gained its independence. This policy taken in making the Laws of Reform to foster a national capitalism was not unfamiliar for the nascent country since its first national government tried briefly a typical

economic policy to link the new economy to the European markets so this time would not be the first international linking between the Mexican economy and international capitalism<sup>28</sup>.

Effectively, Mexican emperor Agustín I enacted immediately in 1821 the first national program of economic liberalization<sup>29</sup>, as if reflecting the fatigue and the repugnance for the Crown's previous economic protectionism and international isolation from the world, though soon the policy was reversed in 1824 with another program reoriented towards protectionism. The former program, openly liberalizing, removed most barriers in favor of free imports and their internal trade, disadvantaging domestic producers (mainly of textiles), while the latter, widely protectionist, prohibited imports and applied trade barriers and taxes in support of internal manufacturers. This early confrontation of policies foreshadowed a (false) economic dilemma that will be present throughout the country's future. These two different economic orientations confronted the foundational actors of the new nation's economy, and inaugurated the developmental dynamics of the country between outward- and inward-based production, and between liberalist and protectionist policy visions that since opposed the socioeconomic geometry of the country on the one side, biggest exporters and internal traders of imports, and, on the other side, manufacturers. All of them were positioned in the country as both the leading economic actors of the time and the most liberal players, while *hacendados* (intimately associated to the Church) and communal landowners stood against liberal-economic development and against manufacturing and its socio-industrial, urban organization. Moreover, these two stances shaped two antagonistic political groupings around the State's trade and industrial policies: on the one hand, that of the dominant exporters and traders (and some *hacendados*) attempting to

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<sup>28</sup> Tutino, John, 2001, op. cit.; Van Young, Eric, 1992, 2001, op. cit.

<sup>29</sup> However, some years later federal government undertook more definitively its first national economic policy from 1832 to 1853, through the creation of both the Bank of Equipment, or Bank of Fostering ("Banco de Avío") and the Direction of Industries, which joint progress was later on ensued by the Ministry of Fostering. See Peña, Sergio de la, 2003, op. cit., particularly Chapter X: El Nuevo Orden Independiente. El Proteccionismo (The New Independent Order. The Protectionism). Also see R. Potash, 1959, Banco de Avío en México (FCE, México)

benefit from free trade's advantages, with no change in their previous internal privileges, and, on the other hand, that of increasing manufacturers seeking to grow their industries and incomes at the expense of governmental protection. In any case, some combination of these export and import economic policies oriented the new nation's economy, in spite of the political instability that prevailed up to the downfall of failed emperor Maximilian (1867).

Indeed, a domestic capitalism was conceived of by the Reform's Mexican liberalism on the basis of the classical liberal approach of economic development, republican government, social progress and electoral democracy, however the last decades of the XIX century, capitalism in México was focused disproportionately on the liberalization of the economy, leaving political liberties and social opportunities out of picture and thus weakening capitalism. As a result, the novel and lauded Porfirian economic liberalism soon started to fracture because of the unbalance among its parts: social and political liberalisms. Notwithstanding the economic growth achieved, Porfirism did not work well for capitalism due first, to the authoritarian way of "pacifying" politics, and second, to a pathologic governmental propensity to please the oligarchy's interests in disfavor to the nation's social interest. This triggered an authoritarian political regime upon the nation-state building process. Thus it also over-politicized the working of markets and condemned social wellbeing. As such, Porfirism constituted itself into a ballast for a normal national development, to the extent that historically, Mexican governments have been unable of taking the country out of the (today still) prevailing sub-capitalism of Porfirian origin, *trictu sensu* (albeit perhaps excepting the stage of the "*Mexican Miracle*" from the forties to the sixties of the twentieth century).

However, beyond Porfirian authoritarianism, the importance of México at the international sphere of capitalism was its mineral wealth (especially gold and silver) and hence its role as a producer and exporter of minerals. This trait was to convert it into both an importer of capitals and an exporter of minerals and primary products which, in turn, inserted it into the productive, commercial and financial flows of the worldwide capitalism of then. Likewise this positioning situated the country at the center of the siege of

several imperial nations, as would be demonstrated by the two military interventions of Mexican territory (the French one of 1838 and the North America of 1847). Whatever had been its international meaning México's main internal meaning consisted of how it would resolve its productive and sociopolitical tendencies within its own transition towards capitalism and to become a nation. This had to be resolved before it could determine whether it could or could not insert itself into the double European transition of then: that from feudalism to capitalism, and that of absolutism to democracy<sup>30</sup>.

Meanwhile a broader and underlying liberal-political nation-building-oriented movement coalesced since the very moment of the Independence (in fact earlier) gave shape to an integrated political-economic national manifesto, calling for the removal of the major structural obstacles preventing nation-state building and calling for the internal promotion of capitalism. This liberal body acquired juridical, political and policy shape around 1833, and enacted as the *Laws of Reform* ("Leyes de Reforma") between 1855 and 1863 during the governments of liberal Presidents Juan Alvarez, Ignacio Comonfort and Benito Juárez. The *Laws of Reform* included legislation on:

- reduction of tariffs,
- suppression of the clerical laws that acted as if superior to civil law,
- abolition of clergy's privileges,
- expropriation of ecclesiastic goods and lands and fractioning of communal lands to become individual and private properties,
- secularization of education,
- proscription of military's civil privileges, and
- the preponderance of civil law.

This Reform modified both the nation's land ownership and the state's economic and political role, endowing the country respectfully with a legal requirement feeding the state building, and with an institutional condition in support of the configuration of a market-based capitalism. Finally, the *Laws of Reform* were incorporated into the new republican and federalist Constitution of 1857. As such, they

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<sup>30</sup> Vázquez M., Luis, 1985, *El Mercantilismo Mexicano versus el Liberalismo Inglés*. (Editorial Benengeli, México)

established the grounds for no less than the above mentioned second political independence---the foundations for the configuration and beginnings of capitalism in México<sup>31</sup>.

The *Laws of Reform* would be ensued by the governments of General Porfirio Díaz. As president of the nation he used economic liberalism to promote and accelerate capitalism, by way of implementing a strategic program with a series of policies such as:

- allowing landowners to extend their *latifundios* without limits;
- attracting foreign investments in manufacturing, mining, agriculture and infrastructure for communications and transportation (railroads especially);
- fostering external trade to insert the country into international financial and economic flows;
- supporting the development of industry;
- promoting economic growth at any expense; and
- counterweighting the increase of foreign investments from the USA by privileging those from Europe.

Now, for first time since the Independence, the promotion of capitalism was integrally institutionalized with policy making at the same level as that of building the nation-state. The country was invigorated with a full-fledged strategy for its productive watershed, being placed on the track for capitalist development. As a result, president Díaz undertook a modernization of the economy, subordinated political and social concerns to military control thereby maintaining a climate favorable to investments and production. These measures achieved high rates of growth that were sustained for some decades up to 1910 though with enormous social and political costs. A Porfirian economic ("neo"-) liberalism found its way in México underpinned by a military regime. Capitalism would have not been operationally possible without the Porfirian political arrangements he made to pacify all the power factors of then and galvanized political

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<sup>31</sup> Peña, Sergio de la, 2003, op. cit.



cohesion by military force. Nonetheless this seemingly round circle of Porfirian economic liberalism, cohesive politics and political consensus (which pretended to manage the simultaneousness of the two processes of nation-state and capitalism) would become the trap of Porfirism and it collapsed.

By working on both processes at the same time, Díaz' government confused the distinct nature of each, and approached the two with a same political management, characterized by crude militarism, authoritarian sociopolitical clientism, an open preference for all things foreign (with an explicit preference for France), and a generalized political and administrative centralism guaranteed by a personal military leadership. These were the defining characteristics of the dictatorial regime. Both processes were led corporately as if they were military campaigns, on behalf of the national interest, while undermining the democratic spirit of Presidential elections, and the societal rationality of (internal) markets. Thus Porfirian politics made concessions to political and economic actors on the basis of the dictator's personal preferences, overlooking the needed consensus of political and social interests and the productive and market conveniences for the country. In addition, the economic strategy was deployed by simply opening the doors to external investments in favor of international demand and at the expense of national production and internal markets. This unbalanced policy privileged export-oriented growth and sacrificed domestic competition and social wellbeing.

In sum, Porfirian economic and political policies upset the normal evolution of nation and capitalism. Immersed into a forceful and general vision of "order and progress" to "pacify" the country (a certain necessity), Porfirism confounded the distinct logics of politics and markets and unduly uniformed their policymaking which needed to be differentiated. Porfirian policy misunderstood the social significance of dissimilar political and economic actors and the rationalities of politics and markets. Thus comprehensive Porfirian politics and policymaking ended up annulling the institutional sense and societal complementarity that the country needed on its way for democracy and development, thereby wasting (and postponing) the potentialities of the republic and capitalism for the nation building process.

It needs to be acknowledged, nevertheless, that after a half century of political instability and economic irregularity (1821-1867) the country was in need of order and progress, and that was the rationale and the mechanics for Porfirism. Meanwhile two forces would emerge and undermine Porfirism: a) the social shortfalls and political discontents, and b) the positioning of the USA as the main foreign investor in the country. The former would play against Porfirism, and USA investments would not act in favor of it. Later at the end of the century, the first force took the regime to its final collapse in 1910 with the explosive revolution headed by the articulating leadership of Francisco I. Madero. However, there are some nuances having to do with all Porfirism linked to the USA investments. As stated by the Mexican political analyst Daniel Cosío Villegas in his *Historia Moderna de México*: "When in 1876-77 the USA government placed conditions in acknowledging Díaz's government ... México felt clearly the perils of that unique relation with the United States" ... before which "... the regime ... reacted turning the republic to the arms of Europe". (Thus) ... "México began sketching and practicing what would be ... a cardinal principle of its foreign policy: to make Europe a moderating force on the influence, unique up to then, of the United States, .... and looked for ... resuming its relations with European countries. Then official relations with Belgium, Germany, Italy, France, Spain and England were retaken anew ..."32. According to the latter, what the Porfirian regime did to counterweight the powerful influence reached by USA in the country was to open doors to the French and European competition, which actually worked well to some extent and for a certain amount of time. In fact, Mexican historian Luis González would state that the Porfirian regime "... came the isolation inherited by the fall down of the Maximilian Empire to an end ... and subtracted us from the monogamy with the northern neighbor which was not trustful. The difficult negotiation with USA to acknowledge the Díaz's government opened the Mexican President's eyes and made him see the urgency of ending once and for all the isolation triggered by the failed Empire of Maximilian I, ... and of the need to make ourselves

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<sup>32</sup> González, Luis, versión 2000, op. cit. pag. 662, citing Cosío Villegas, Daniel, 1955-1972 op. cit.

internationally polygamous to break the unique relation with USA, of liberating ourselves of a unique company that resulted in danger and threatened to be overwhelming.”<sup>33</sup> However valid the European counter-strategy for nationalist purposes, Porfirism did not go far enough. Porfirism did not create the productive, technological and managerial bases to underpin and develop capitalism in Mexico, while allowing a crude territorial invasion of international capitalism, without political conditions, institutional design or cautionary measures for the national watershed of domestic capitalism.

Therefore mismanaging the confluence of economy and politics upset all possibilities for socioproductive balances (or conditions for them), that is, opportunities to forge an own technological base and capital formation, to galvanize social consensuses and to shape a conciliatory State policymaking. This mismanagement caused the country to lose many opportunities intensely wanted since the Independence. The failure and national regression of the Porfirian regime came from protecting the country from the USA’s “perils”, yet forgetting the internal center, all tolerance, all simultaneousness and complementarity needed to obtain a balance or equilibria between economics and politics. Without these elements in place a relative nationally independent unfolding of the configuration of an own capitalism would turn out more complex (if not impossible). The political temptations, interests and vices of Porfirian actors transformed a legitimate international caution into an internal negligence that sacrificed the original national opportunities and overexposed the country to comparable internal risks. As a result the nation did not arrive at a decision about the most convenient and appropriate type of capitalism for a country as México. Tellingly today, a fascination remains from the decision taken by Porfirian leaders to take the easy road of opening the doors to international investments without other internal economic policies other than having the state step away from its regulatory institutional attributions. Unfortunately for México this fascination has become a historical

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<sup>33</sup> González, Luis, versión 2000, op. cit. pag. 661

recurrent fashion among Mexican leaders and technocrats, leaving aside the internal development of productive and technological assets. Similar to the economic policy of Porfirism, contemporary leaders are working to keep themselves in power and administering an *ad-hoc* governance to servicing such purpose.

On its way to political collapse, Porfirian authoritarianism and social injustice directly detonated the Revolution of 1910. However, its regime, euphemistically established to endow the country with “order and progress”, has rather provided it with a triple historical heritage, still present in the day-to-day politics: its authoritarianism, its sub-capitalism, and its social injustice. Today, as in the second half of XIX century and over the second economic restructuring applied in 1983, the corporate state continues to not make the decision about the most appropriate capitalism for the country. As for sub-capitalism it has condemned the country to a peripheral international functionality unable to overcome the effects of Porfirism or to allow an own unfolding towards a socio-productive nation-focused capitalism (for a balanced national development). That is, subcapitalism has closed all consideration to favor a national capitalism conveniently internationalized, technologically self-sustainable (relatively), economically oriented to internal markets first, socially productive for both private and social markets, and politically and institutionally manageable by the state within a reasonable, tradable convergence with worldwide capitalism. Indeed, this balance-oriented systemic perspective was absent in Porfirism triggering the Revolution of 1910, whose successive postrevolutionary regime has not been able of either approaching to or adopting a perspective to surmount the prevailing subcapitalism.

### 3. The Revolution and the Postrevolutionary Regime: Productive Restructurings and Development

#### 3.1 The Revolution of 1910

México has just completed just over two centuries of struggling for its political independence from Spain, and a centenary since its Revolution of 1910. Over the last century, the country's time has been spent mostly building the nation-State, camouflaging democracy and defining development. In this continuous political process, the revolution of 1910 emerged as the social explosion against the liberal economic modernization implemented by Porfirian government though both the social explosion and the economic modernization later became the matrix that engendered the political architecture of postrevolutionary regime. Porfirism's allies and beneficiaries thought the country was working in good condition and pace under "peace, order and progress". They did not foresee that their political blindness and aristocratic comfort would take them out of power and much lesser paradoxically, that their valued model would be re-edited later by the resulting revolutionary regime. It was the centralization of political power and social exclusion within Díaz's government that caused the regime's crisis and triggered the Revolution. Ironically, the civil war was detonated by a civic and political current of "pure" liberalists, whose criticisms of the "new" liberal regime were ignored by the "neo-liberal" dictator. As a result they grouped as (soft) political dissidents, which came to converge with (or unleash) a wider revolutionary opposition, fed by the unconceivable social inequality and political segregation.

The dictatorial and electorally fake takeover of the presidency by General Díaz what ended up kindling political dissidence and integrating it into a growing revolutionary movement, which in 1910 had brought together a strong political opposition that de-stabilized the country<sup>34</sup>. By then diverse political and social groups organized around the revolution's main political demands of "Effective Suffrage" and "No Re-

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<sup>34</sup> Cockroft, James D., 1981, op. cit.

election”, though those demands were not only political but also social and economic, and jointly shaped an explosive revolutionary ferment. Some of the most important demands of the Revolution were:

- social injustice, inequality and backwardness, along with a feudal-like patrimonialism of *hacendados* upon individuals and their lives and social expectations; all of which kept most population in conditions of social prostration, ignorance, and marginalization;
- grotesque concentration of land property, exhaustion of rural production based on *haciendas*, and lack of opportunities for employment, income, education social mobility and progress;
- proscription of political liberties and cancelation of the republican form of government: no division of powers, fake elections, and suppression of federalism<sup>35</sup>; and,
- inappropriate management of the economy, ruled by Porfirian politics.

Pre-revolutionary Mexican society demanded a new country where peasants and not only *hacendados* could have access to land for agriculture and to a government effectively republican and federalist. “Land is owned by those who work it” (“*la tierra es de quien la trabaja*”) was peasant leader Emiliano Zapata’s political slogan. A new country was demanded with a more diversified national economy, with distribution of income and opportunities for welfare, and endowed with governments at the service of a law State, development and social justice. Based on the latter demands, this projection and expectations, the articulated intellectual and political dissidence to Díaz called on the population for a social movement against his dictatorship. To move the country on a path for electoral democracy as the ground for social justice, the movement began by ridding of the deceptive presidential re-elections that kept “*Don Porfirio*” in power for several decades<sup>36</sup>. Later on, once Porfirism fell (1911) and the presidential election of Francisco I. Madero (1912) took place, a furious dispute arose among revolutionary factions unleashing the

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<sup>35</sup> Gilly, Adolfo, 2010 [1971], *La Revolución Interrumpida*, (ERA, México)

<sup>36</sup> Gilly, Adolfo, 2010 [1971], op. cit.; Cumberland, Charles C., 1952, *Mexican Revolution. Genesis under Madero* (The University of Texas Press)

assassination of President Madero in 1913, due to the political ambitions of military leaders and the lack of a proper institutional body for governance<sup>37</sup>.

At the beginning of the social movement the key political demands made it appear as solely a revolt against the dictator's centralization of political power; albeit, this major demand was ultimately accomplished. However, the revolution's scope went well beyond replacing one government by another, even though the Madero fraction was not in search of a deep transformation of the nation but solely of some reformist changes that allowed the nation to achieve appropriate elections of authorities and proscribe the presidential re-election<sup>38</sup>. Madero's short term vision and his assassination and aftereffects on the nation's political and institutional evolution made clear <sup>39</sup> that the broader revolutionary project, the one articulated by the convergent social movements headed around the demands cited above and headed by Flores Magón, Zapata, Villa and Madero<sup>40</sup>, was soon to be "betrayed" or "interrupted"<sup>41</sup> by the creation in 1929 of the *Partido Nacional Revolucionario* (PNR by its acronym in Spanish). Certainly, past the international economic crisis of 1929-1932, "revolutionary" governments were able to attain some incontrovertible social and economic outcomes, thereby reaching certain correspondence between some of the original social and economic revolutionary demands and subsequent postrevolutionary governments<sup>42</sup>.

However, what lacked all correspondence with the revolution's causes were three postrevolutionary "accomplishments", paradoxically and usually presented as "revolutionary conquests":

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<sup>37</sup> Cumberland, Charles C., 1952, op. cit.; Padgett, Vincent L., 1976, *The Mexican Political System*, 2nd ed. (Boston: Houghton Mifflin Company)

<sup>38</sup> Madero, Francisco I., 2006, facsimile print [1909], op. cit.

<sup>39</sup> Garrido, Luis Javier, 1982, *El Partido de la revolución institucionalizada (Siglo XXI, México)*; Padgett, Vincent L., 1976, op. cit.; González Casanova, Pablo, 2009 [1965], *La Democracia en México (32<sup>nd</sup> re-print, ERA, México)*; 1981, *El estado y los partidos políticos en México (ERA, México)*

<sup>40</sup> Cockroft, James D., 1981, op. cit.

<sup>41</sup> Gilly, Adolfo, 2010 [1971], op. cit.

<sup>42</sup> Tello, Carlos, 2007, *Estado y Desarrollo económico: México 1920-2006 (UNAM School of Economics)*

- a) the licentious plot favoring the executive branch of government, made at the writing of the Constitution of 1917, which annulled the republican counterweights among government powers, putting postrevolutionary governments further away from the revolution's struggle against President Díaz's monarchical exercise of power. As a matter of fact, this constitutional ambiguity founded formally Mexican presidentialism<sup>43</sup>; an ambiguity that is contradictory itself and clearly regressive;
- b) the counteroffensive against the revolution's political demand of a fair electoral system, with the creation of the Revolutionary National Party (PNR) which came to re-edit the Porfirian electoral deception;
- c) the almighty corporatism and suffocating statism superimposed on society and development<sup>44</sup>, which were not revolutionary demands but a post-Porfirian postrevolutionary invention by the Revolution's winners;

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<sup>43</sup> Cosío Villegas, Daniel, 1955-1972, op. cit.; Cumberland, Charles C., 1972, *Mexican Revolution. The Constitutional Years*. (University of Texas Press); Carpizo, Jorge, 2010 [1978], *El Presidencialismo Mexicano (Siglo XXI Editores, México, Argentina, España)*; Bizberg, Ilán and Lorenzo Meyer (Ed.), 2003, *Una Historia Contemporánea de México, Four Volumes: Volume 1: Transformaciones y Permanencias, Volume 2: Actores, Volume 3: Las Instituciones, Volume 4: Las Políticas*. (Océano/El Colegio de México, México); Semo, Enrique, (Ed.), 1989, *México, Un Pueblo en la Historia, volume 4: Los frutos de la Revolución 1921-1938, and volume 5: Nueva Burguesía 1938-1957* (eight volumes, Alianza Editorial, México); Mosk, Sanford, A., 1950, *Industrial Revolution in Mexico* (University of California Press, Berkeley and Los Angeles); Hansen, Roger, 1971, *The Politics of Mexican Development* (Johns Hopkins Press); Wilkie, James W., 1970, *The Mexican revolution: Federal expenditure and social change since 1910* (University of California Press); Brandenburg, Frank, 1964, *The Making of Modern México* (Prentice Hall); Linz, Juan y Arturo Valenzuela (Ed.), 1997-1998, *La Crisis del Presidencialismo* (two volumes, Alianza Universidad, Madrid); Crespo, José Antonio, 2006, *El fracaso histórico del Presidencialismo Mexicano* (Centro de Estudios de Política Comparada, A.C., México); Marván Laborde, Ignacio, 1997, *¿Y después del Presidencialismo?* (Ed. Océano, México);

<sup>44</sup> Shonfield, Andrew, 1970, *Modern Capitalism. The changing balance of public and private power* (Oxford University Press); Semo, Enrique (Ed.), 1989, *México, Un Pueblo en la Historia, Volume 3: Oligarquía y Revolución 1876-1920* (Alianza Editorial, México); Leal, Juan Felipe, 1981 [1972], 8th printing, *La Burguesía y el Estado Mexicano* (Ed. El Caballito, México); Carrión, Jorge and Alonso Aguilar M., 1977 [1972] 4th Printing, *La Burguesía, la Oligarquía y el Estado*, (Ed. Nuestro Tiempo, México); Garza Toledo, Enrique de la, 1988, *Ascenso y Crisis del estado Social Autoritario* (El Colegio de México, México); 1994, *La reestructuración del corporativismo en México*, in *Las dimensiones del ajuste estructural en México* (UCSD); 1991, *Cultura y crisis del corporativismo en México* (M.A. Porrúa, México); 1995, *Cogestión, calidad total y sistema de relaciones industriales*, in Graciela Bensusán et al, 1995, *Competitividad internacional versus democracia industrial* (UAM-X and Fundación Friedrich Ebert-Representación México); 2006, *Corporativismo Sindical y Modelo Neoliberal en México*, in Otero, Gerardo (Ed.), 2006, *México en Transición: Globalismo Neoliberal, Estado y Sociedad Civil*; Pries, Ludger, 2000, *Entre el corporativismo productivista y la participación de los trabajadores. Globalización y relaciones industriales en la industria automotriz mexicana UAM/Miguel Angel Porrúa Editorial, México*; Wiarda, Howard J. 1997, *Determinantes históricos del estado latinoamericano: La tradición burocrático-patrimonialista, el corporativismo, el centralismo y el autoritarismo*, in Menno Vellinga (Ed.), 1997, *El cambio del papel del estado en América Latina* (Siglo XXI Editores, México); 1997, *Corporatism and Comparative Politics* (M.E. Sharpe, Inc.); 1981, *Corporatism and National Development in Latin America* (a Westview replica edition, Westview Press, Boulder, CO.); Schmitter, Philippe C. and Gerhard Lehbruch (Ed.), 1979, *Trends toward Corporatist Intermediation* (SAGE Publications Ltd); Goldthorpe, John (Ed.), 1984, *Order and conflict in contemporary capitalism* (Clarendon Press, Oxford); Spalding, Rose J., 1981, *State power and its limits. Corporatism in Mexico*, in *Comparative Political Studies*, July 1981, vol. 14, no. 2, pages 139-161; Grayson, George W., 1998, *Mexico: From Corporatism to Pluralism?* (Harcourt Brace & Company)



- d) the centralization of presidential power at federal government, which left Constitutional federalism and possibilities for regional development and territorial democracy under the President's personal-political militancy, or subjected to his "presidential styles" of government<sup>45</sup>. While the latter three "accomplishments" were in not pursuing the revolution's goals, they did become the foundations for the postrevolutionary political regime, and,
- e) the concentration of postcolonial international economic relations of the country with the US economy.

While the latter five accomplishments were not pursuing the revolution's goals, they did become the foundation for the postrevolutionary political regime. After the national Constitution of 1917 was enacted, governments undertook successive measures of institutionalization in response to the revolution's demands and to converge with two broader processes of systemic dimension: building the nation-State and shaping the new political regime. Thus the State embarked on two economic restructurings that profiled the nation's development, achieving important rates of growth and social betterment though insufficient to meet the revolution's expectations. Afterwards, since the middle sixties, the convergence of the national economy and the political regime started showing inconsistencies, and faltered successively in 1968, 1982, 1994-1995, and finally collapsed in 2000 (for good and for bad, as we will see ahead in the coming chapters). After having achieved improvements that were identified as "the Mexican miracle", starting from the eighties the economy has been irregular and social wellbeing has fallen brutally. As for politics, it has been permanently camouflaged up to shipwrecking today as a regressive participacy that has commodified politics.

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<sup>45</sup> Cosío Villegas, Daniel, 1972, *El sistema político mexicano. Las posibilidades de cambio* (University of Texas, Institute of Latin American Studies); also 1976, *El estilo personal de gobernar* (Editorial J. Mortiz, México); Rodríguez O., Jaime E. (Ed.), 1993, *The evolution of the Mexican political system* (The Regents of the University of California).

### 3.2 The Postrevolutionary Political Regime

The shaping process of the postrevolutionary political regime was nourished by multiple ascendancies, in general stemming from the Porfirian regime and the Revolution of 1910 itself. Notwithstanding, its determinants came more directly from two original political events, in turn resulting of the after-Madero political-military disputes for power, the enactment of the Constitution of 1917 and the foundation of the PNR. Each respectfully provided the new regime with the technical-juridical rationality and the political engineering seeking to work as the constitutional and operational meshes of the broader postrevolutionary processes of the nation-State building and the configuration of capitalism.

#### Enactment of the Constitution of 1917

By the time the Revolution exploded, México came from a historical XIXth century rich in constitutional engineering, in which a successive process of Constitutional designing, re-designing and de-designing its government form took place. This process housed a wide variety of constitutional exercises that generated two federal Constitutions, those of 1824 and 1857, giving primary national order and political organization to the country. Both gathered the best contributions of a rising national intelligentsia committed to participate in the building of México as a nation. Juridical and political ruptures and continuities from one Constitution to another were neither simple nor mechanic, as shown by the national debates between liberal and conservative visions about the new nation's best political organization. However seen, both Constitutions in hindsight shaped a republican system, although differing from each other on the role of the Executive and legislative powers as well as the relations between states and the federation. The Constitution of 1824 established a presidential and federal system with a monarchist executive power and sovereign States, while that of 1857 set up a presidential system with preeminence of legislative power and

a considerable legal discretion of the Executive with respect to the states. Both constitutions are precursory to that of 1917 and they profiled the nation's constitutional evolution<sup>46</sup>.

The Constitution of 1917 reasserted some juridical axial statements for government organization that already existed in its peer of 1857, and adjusted others, in search of inserting the nation into a modernization pathway for justice, democracy and development as its maximal horizons defined by the revolution. Thus postrevolutionary political decision to reform the Constitution of 1857 satisfied the political need of giving constitutional validity to the revolution's social demands<sup>47</sup>. Nonetheless, reforming the Constitution also had to do with a personal/political convenience for "the Chief of the Revolution" General Venustiano Carranza, to close the post-Madero disputes with a new Constitution that was to symbolize political order. Indeed, with his military faction as the inter-faction winner, what led Carranza in this endeavor was not the principle of civil democracy but his military rationality of overcoming, once and for all, enemy factions. General Carranza called on Congress to organize a stable government, starting from strengthening the executive branch since the country was in need of a strong President as was defined in the Constitutional text<sup>48</sup>.

Reasserting the republican and federalist government in the Constitutional text was indeed part of the revolution's continuities, from the previous constitution to the new one, since all revolutionary movements agreed on continuing a republican and federal government. However, a revolutionary claim was to proscribe the counterbalance that existed in the Constitution of 1857 between legislative and

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<sup>46</sup> Marván Laborde, Ignacio, 1997, op. cit.; Rabasa, Emilio, 2002 [1912], *La Constitución y la Dictadura* (Editorial Porrúa, México); Cosío Villegas, Daniel 2007 [1957], *La Constitución de 1857 y sus críticos* (FCE, México); Sayeg Helú, Jorge, 1987, *El Constitucionalismo Social Mexicano. La integración constitucional de México 1808-1988* (UNAM, México); González Oropeza, Manuel, 1995, *El Federalismo* (UNAM, México); Calvillo, Manuel, 2003, *La República Federal Mexicana. Gestación y Nacimiento* (El Colegio de México, México); Carbonell, Miguel and Pedro Salazar, 2006, *División de Poderes y régimen presidencial en México* (UNAM-IIJ, México)

<sup>47</sup> Cumberland, Charles C., 1972, op. cit.

<sup>48</sup> "Mensaje del Primer Jefe ante el Constituyente de 1916", in Tena Ramírez, Felipe, 1989, *Leyes Fundamentales de México* (Ed. Porrúa, México).

executive branches. Instead, the Constitution gave preeminence to the executive one. That change was not a social demand, and it reactivated the presidential preeminence exerted by President Diaz. This new version ruined all republican possibility to counterweigh the executive branch<sup>49</sup> and, regressively, opened the road for ulterior and current imperial presidentialism<sup>50</sup>. This was a constitutional counter-reform.

It is not insignificant that Post-Madero military leaders were involved in a shameless struggle for power which they fought not to insure the revolution's pathway but to control power in the most impudent and bloody political way<sup>51</sup>. Thus they decided on amendments to the Constitution of 1857 not sustained by the revolution or, even worse that were contradictory and unnecessary for the country. In any case, such disputes were mere temporary political struggles and not relevant to the social-democratic imperative for the nation-state building. Carranza sought through these constitutional amendments not to resolve issues within the constitution, but totally outside of it--the distribution of government power among the surviving postrevolutionary military-political factions. At the end, having satisfied the revolution's main political demands (Effective Voting and No Presidential Reelection) and having overcome the consequential political outgrowths after the assassination of Madero, the remaining task was institutionalizing power at the same time as redistributing it, and that was what Carranza did.

The new Constitution endowed the country with the republican organization of power in three branches with a territorial coordination between federal and state levels of governments and under the pragmatism of a "meta-Constitutional", strong presidential government. Republican tripartite relations were

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<sup>49</sup> Marván Laborde, Ignacio, 1997, op. cit.; Cosío Villegas, Daniel 2007 [1957], op. cit.; Carpizo, Jorge, 1986, *La Constitución Mexicana de 1917* (UNAM, México); Sayeg Helú, Jorge, 1987, op. cit.; González Oropeza, Manuel, 1995, op. cit.; Calvillo, Manuel, 2003, op. cit.; Carbonell, Miguel and Pedro Salazar, 2006, op. cit.; Crespo, José Antonio, 2006, op. cit.; Mendoza Berrueto, Eliseo, 1996, *El Presidencialismo Mexicano. Génesis de un sistema imperfecto* (FCE/El Colegio de la Frontera Norte, México); Calderón, José María, 1972, *Génesis del Presidencialismo en México* (Ediciones El Caballito, México); Armendáriz, Isidoro, 2001, *Amarres del Presidencialismo* (Centro de Estudios para el Desarrollo Nacional, S.C., México); Semo, Enrique, (Ed.), 1989, Volumes 4 and 5, op. cit.; Wilkie, James W., 1970, op. cit.; Brandenburg, Frank, 1964, op. cit.;

<sup>50</sup> Krauze, Enrique, 1997, *La presidencia imperial: ascenso y caída del sistema político mexicano, 1940-1996*. (Tusquets Editores)

<sup>51</sup> Cumberland, Charles C., 1972, op. cit.

constitutionally re-inaugurated and they would attempt to reorder the nation's administration, politics and economy that had been interrupted by the revolution<sup>52</sup>. As a result, political system had been constitutionally disposed<sup>53</sup> for democracy and development. Later on Mexican state would be shaped through an institution-building process.

#### Foundation of the PNR

After the new Constitution was enacted in 1917, institutionalization of revolution resulted in the creation of diverse agencies of social, political and economic character, within government and out of it. Among them, one that crossed vertically and horizontally such a building process was the foundation of the Revolutionary National Party (PNR) in 1929, in a time when it worked as the only nationwide political party, created with power and for power for itself.

The PNR became the natural space for official politics and all the revolution's "living forces" were induced or forced to interact within it according to its rules, means and strategies. As a powerful agency, the PNR worked for the presidency and national and regional governments as a channel of official galvanization making it converge as a "revolutionary" part of the broader process of building a new political system and a new State. Before 1929 the nation's political decisions were made among the revolutionary military groups fighting each other for power and away from all institutional purpose. With the creation of the PNR, competing groups coordinated within it to develop a new relationship among themselves, but now serving the institutionalization of power, and additionally, with participation of organized social and private groups. Creation of the PNR stood for building a sociopolitical scaffolding to de-militarize postrevolutionary

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<sup>52</sup> Hart, John M., 1987, op. cit.; Meyer, Lorenzo, 2009, La institucionalización del nuevo régimen, in El Colegio de México, (2009, 11<sup>th</sup> Re-print) [2000], op. cit.; Haber, Stephen and Jeffrey L. Bortz, 2002, The Mexican Economy 1870-1930: essays on the economic history of institutions, revolution and growth (Stanford University Press); Tello, Carlos, 2007, op. cit.; Wilkie, James W., 1970, op. cit.;

<sup>53</sup> Meyer, Lorenzo, 2009, op. cit.; Córdova, Arnaldo, 1972, La formación del poder político en México (ERA, México); Sayeg Helú, Jorge, 1987, op. cit.; Carpizo, Jorge, 1986, op. cit.; González Oropeza, Manuel, 1995, op. cit.; Calvillo, Manuel, 2003, op. cit.; Cosío Villegas, Daniel, 1972, op. cit.

governance and underpinning it with an institutional base<sup>54</sup>, that in turn worked as the civic cornerstone for political stability, and all in support of the broader and coming process of industrialization and development. Thereby PNR's initial role was central to fulfill constitutional presidentialism, since there was no boundary between actions of the party and the state, so its subsequent political activity throughout the rest of the XX century was confounded with, and subordinated under the nation's presidents and all government activities. Hence the PNR worked as a quasi-government agency. The evolution of the country is, for good and for bad, a result of PNR's actions, at least up to the eighties when opposition began to win municipal and state elections. Thus, PNR's creation contributed to State building and to the operationalization of the national political system.

Alongside and in conformity with the process of "national modernization", the PNR was endowed with a political structure and institutional organization that allowed it to comply with its revolutionary mission. It was comprised of four original sectoral organizations: (i) the National Confederation of Peasants (CNC); (ii) the Revolutionary Confederation of Mexican Workers, CROM (which later on would become into CTM, Confederation of México's Workers); (iii) the National Confederation of Popular and Middle-Class Associations, CNOP, that organized State workers (the FSTSE -Federation of Unions of State workers), education workers (the SNTE -National Union of Education's Workers), and entrepreneurial Chambers; and (iv) the Army. The PNR worked as the organizer and galvanizer of the latter relationships which performed within or outside the party but always according to it with no political prejudice of being subordinated to the official party. Thus new organizations were created under the cloak of meeting the revolutionary demands to work under the PNR that in turn acted as the Umbrella State organization dressed as a political party.

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<sup>54</sup> In 1928 President Plutarco Elías Calles pronounced a speech that would be the cornerstone and the political platform for the foundation of PNR in 1929. "Discurso del Presidente Plutarco Elías Calles al abrir las sesiones ordinarias del Congreso. 1 de septiembre de 1928" in Cámara de Diputados (Ed.), 1966, Los presidentes de México ante la Nación: informes, manifiestos y documentos de 1821 a 1966, Volume 3 (Cámara de Diputados XLVI Legislatura. 5 Volumes, México)

Starting from 1929 the PNR and its sectoral organizations invigorated the institutionalization of three simultaneous processes: those of revolution, constitutional presidentialism and industrialization.

### The Regime

As indirectly projected by the new Constitution and the PNR, there is a sensible and explicit line of continuity between the Porfirian regime and the postrevolutionary one. All postrevolutionary governments (starting from Madero's) have worked under the revolution's horizon. Insofar as they had been constitutionalized and institutionalized, the real regime did not work for the Revolution or the Constitution, but for itself. It focused more on its operational political functionality and hence on its own capacity of reproduction and continuity of power, than on the fulfillment of the revolution's and the nation's pathway.

Nonetheless, Porfirian postrevolutionary ambiguity endowed the country with three necessary conditions for its modernization:

- a) A re-engineering for both re-shaping the political system and the state and propping up the required political stability for industrialization;
- b) An institutional-political technology with two operational arms, the PNR and the nation's presidency, to settle conflicts among political groups and to control them for political stability;
- c) An integral government program for administrative modernization, growth, welfare, political control, and justice.

Creating this scaffolding was the masterpiece of the constitutional and postrevolutionary process, so admired and studied throughout the world because of its political and economic functionality and stability. It was a carefully endowed with the proper juridical attributions and political resources and tools to conciliate both the populist elements of a state sustained on a wide social-rural base and the building of a political leadership for the country's industrialization. One cannot underestimate the cohesive role that

revolutionary ideology and its socio-cultural characteristics played in support of the whole process. Among the most salient of such characteristics are the nationalistic and rural tradition, well assimilated by the PNR and the postrevolutionary State. Also, the making of an almighty de-personalized presidential system that was able to organize social classes and sectors into a political party, (considered as innovative for the Western world), though somewhat akin to the European East's authoritarian political parties. This was the context of the postrevolutionary institution-building process that supported Mexican industrialization. After Mexico undertook one of the fastest industrialization processes of the world, it also deployed parallel political authoritarianism that annulled democracy, to the extent that today revolutionary and constitutional objectives have still not been accomplished<sup>55</sup>.

Following the revolution, the new regime did not set itself apart from the previous regime and to the contrary, it went deeper towards "strengthening the Executive power and the central government"<sup>56</sup>. It established a Porfirian continuity and an ambiguous postrevolutionary direction. The Porfirian regime was transmuted into a post-Porfirian postrevolutionary regime that continued the same institutional construction and synthesized the nation's previous historical chapters of authoritarianism. Across the twentieth century, this post-Porfirian, postrevolutionary regime has shaped and re-shaped both the oligarchy underlying the distribution of power and the development fluctuating between distinct models. This new regime has sponsored the undertaking of two economic restructurings as well as a series of state-society relationships that have shaped the current state and capitalism, with the perspective of controlling the state in order to keep capitalism subordinated to it. All these restructurings and relationships were targeted more on power

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<sup>55</sup> Núñez De La Mora, Ramón, 1996, *La Reestructuración Mexicana*, B.A. Dissertation in Economics, UNAM School of Economics (UNAM, México)

<sup>56</sup> Marván Laborde, Ignacio, 1997, *op. cit.*



accumulation than on democracy, more on the state itself than on society, and more on growth than on development.

### **3.3 Productive Restructurings**

From 1935 to now, two restructurings have been prescribed for Mexican development: one on the basis of government intervention in the economy, and the other on the free-market's self-regulation. However, both restructurings were led by the state. The first one, launched by President Lázaro Cárdenas in 1935 and in force up to 1982, was government-oriented, in search of bringing the country back to capitalism in favor of national development after being interrupted by the revolution of 1910. The second restructuring, undertaken by President Miguel De La Madrid in 1983 and at work since then, was free-market-oriented and mostly concentrated on retaking growth after the structural collapse of the economy in 1982, seeking to coincide with the international spread of the free-market model. As such, both restructurings stand for two historical periods of national development. Although the two restructurings were implemented on behalf of development, and in this pathway the first one was relatively generous for some decades (from 1935 to 70's), the second one has been especially ineffective unleashing drastic economic impacts that affected sectoral and regional opportunities for internal producers as well as social wellbeing and governance.

#### **First State-led Restructuring**

At the beginning of the XXth century, México was overwhelmed by the 1910 Revolution's chaotic events and the assassination of President Francisco I. Madero and Vice-President José María Pino Suárez, which brought fear to the whole society and brought about a period of political instability that only declined once the Constitution of 1917 was enacted. The new republican-presidentialist state undertook a structural re-design of the nation, comprising all spheres of society and modifying the patterns of economic

development, of politics and of state operations. On its deployment, this re-design would comprehend both the productive restructuring and the political reorganization seeking to meet the demands of democracy, justice and wellbeing addressed during the Revolution and stated in the Constitution of 1917. Under this horizon, in need of the conditions for its industrialization and surrounded by a worldwide context of economic internationalization and under military dispute, the federal government took on a first productive restructuring of the national economy on a basis of primary exports and substitution of imports as the way to protect private sector and internal markets, and led by an economically strong and politically corporate state. This marked the beginning of its hesitant economic reinsertion into international markets since around 1925.

The first restructuring challenged the conditions on which the national economy had been working:

- a) the productive way development had been accomplished before the revolution;
- b) the economic disarticulation because of the revolution and,
- c) the role performed by the State in both production and development.

The first restructuring emerged as part of the re-launching of domestic capitalism, and hence it took place as the economic between the unavoidable productive reorganization and a required new institutional role of the State. That is, on the one hand, production changed after the revolution from an rural economy to an industrial-urban one, in which course the former was being assimilated by the latter, under the productive leadership of soft industrial sectors (of easy manufacturing) such as textiles, food and others of consumer goods. On the other hand, the needed policy strategy to reactivate production took the state to reorganize its own institutional apparatus to deal with the economy, debuting as the postrevolutionary economic regulator, this time in a broader scale than that performed by Porfirism.

This first restructuring was undertaken in 1935 seeking to reorganize development on the basis of setting up industrial production as the motor for development. Then a government-led economy was built maintaining important rates of growth and social betterment, though they were attained under an excessive protective and commercial protection to internal firms and markets from international competition that ended up shaping national (private and public) monopolies. Insofar as restructuring allowed industry to grow and wellbeing improve and stability as the state was capable of keeping socioproductive-political synchrony. It is clear that restructuring worked well for the industrial and social sectors. The peak of this prosperity was reached from 1954 to 1970 in a domestic economic episode called “stabilizing development” (*“desarrollo estabilizador”*) and internationally known as “the Mexican miracle”. All in all these outcomes reshaped the economy-state relations, changed the social patterns of life, and hastened the latent trends of urban-rural dynamics. As for the state, it specifically reconstituted its own productive bases for political control and (some limited but real) social development. However, the economic model’s working conditions and the meeting of social demands would be insufficient. Starting from the middle sixties the restructured economy would begin showing signs of exhaustion.

At this time, the technological base of the prevailing industrialization was pressured by a new cycle of technological organization of production from sectors of soft manufacturing to those of capital goods such as those of chemical and metallurgic industries. This productive leap announced the direction of international industrialization would take and the coming internal exhaustion of the development based on soft industries. In this context, in the middle sixties growth fluctuated and social welfare began decreasing. Thus productivity started falling, unequal distribution of income was aggravated, and development had been disorderly metropolitanized.

Tellingly, this first restructuring was centralized by the state to guarantee that industrialization and domestic markets were protected from international competition. Consequently economic protectionism allowed important immediate achievements; however, they would restrain the economy and its properly

capitalist economic unfolding in technological, productive and market terms as well as to miss advantages and opportunities from external markets in matters such as productivity, competition and consumption, which limited the internal achievements' scope. Together economic protectionism and political centralization deprived non metropolitan regions of the benefits from the economic internationalization of then, since the greatest share of fiscal stimuli for import substitution was politically allocated to industries localized in the main regions and metropolises. In sum, economic protectionism political concentration and geographic concentration would convert the economy to a gigantic, unmanageable and counterproductive statism, because of the political and policy pragmatism of the first restructuring. At the end of sixties and over the seventies the country was salient in the world for having one of the most protected and statized economies, and one of the most unequal societies. Then the economy crashed in a structural crisis in 1982, demanding a new, urgent, already delayed second productive restructuring.

The macro-political reorganization applied by the state in parallel to first restructuring resulted in an excessive politicization of growth and development. This distorted the restructuring and distanced it away from a more productive and less subsidized economy, a more competitive and less protectionist, and a more market-oriented and less statist *via*. The function of state regulation turned out highly arbitrary, leading the primary economic and political agents to their ossification with development's most adverse interests. Likewise, as the economy and society were changing (under the model of closed economy) and state institutions in charge of the restructuring were deviating from its productive purposes, the restructuring acquired a conservative character and was devoured by politics, by political group interests that detracted it from the productive and market logic of development. By subsuming the economy to their interests and power they forgot the objectives of economic growth, internal markets and wellbeing.

This first restructuring's politicization would give shape to a technocratic hegemony within the state, comprised of civil executives and military officials who took advantage of their temporary government

service to corrupt social and political leaders<sup>57</sup>. This state hegemony centralized and concentrated the power of protectionist economic regulation, of the design of economic and social policies, of the public administration and of politics, and made México City its operational headquarters, thereby controlling the whole restructuring and its associated processes in development and democracy. This bureaucratic hegemony would go on towards its assimilation into the postrevolutionary oligarchy, or what equals to integrating the Revolution's military winners and their civil successors into the Revolution's oligarchization. In other words the transmutation of the old Porfirian oligarchy into the postrevolutionary (post-Porfirian) oligarchy. Then the bureaucratic hegemony became the institutional face of the new oligarchy.

Along with the latter, once restructuring outcomes began showing signs of weakness in the middle sixties, and the parallel political reorganization started to fail, social and political protests arose and were counteracted by the prevailing authoritarian presidentialism which unleashed a more general discontent that triggered the social movement of 1968<sup>58</sup>. The significance of these protests was misread by governments and it was not until 1979 that a political-electoral reform was enacted in response.

What can be learned from this ferment of productive disorder, social asymmetries, oligarchic transmutation and political unrest? This ferment reflected the exhaustion and crisis of the Mexican state-led government-oriented model of development that finally collapsed in 1982<sup>59</sup>. Above all, protesters felt the

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<sup>57</sup> Brandenburg, Frank, 1964, *op. cit.*; García Treviño, Rodrigo, 1953, *Precios, Salarios y Mordidas* (Editorial América, México); Arce Bravo, Enrique J., 1987, *Sociedad, Burocracia y Corrupción. Un enfoque histórico* (Editorial Pensamiento Nuevo, México); González Llaca, Edmundo, 2005, *Corrupción. Patología Colectiva* (INAP/CNDH/UNAM, México); Sandoval, Irma Eréndira (Ed.), 2009, *Corrupción y Transparencia. Debatiendo las fronteras entre Estado, Mercado y Sociedad* (UNAM-IIS / Siglo XXI Editores); **Morris, Stephen D., 2009**, *Political corruption in México: The impact of democratization* (Boulder, CO: Lynne Rienner)

<sup>58</sup> Zermeño, Sergio, 2003, [1978, 11th Printing], *México: Una Democracia Utópica. El Movimiento Estudiantil de 1968* (Siglo XXI Editores); 1996, *La Sociedad derrotada. El desorden mexicano del fin de siglo* (UNAM/Siglo XXI, México); [Aguilar Camín](#), Héctor y [Hermann Bellinghausen](#) (Ed.), 1993, *Pensar el 68* (Editorial Cal y Arena, México)

<sup>59</sup> Dabat, Alejandro, 1991, *op. cit.*; Pipitone, Ugo, 1986, *El Capitalismo que Cambia* (ERA, México); 1994, *La salida del atraso: un estudio histórico comparativo* (CIDE/FCE, México); 1997, *Tres ensayos sobre desarrollo y frustración: Asia Oriental y América Latina* (Miguel Angel Porrúa Editor/CIDE, México); 2000, *Reflexiones sobre un presente acelerado. Regiones económicas, subdesarrollo e izquierda* (Catarata, Madrid); Cordera, Rolando y Carlos Tello, 1981, *México, La Disputa por la Nación, Perspectivas del Desarrollo* (Siglo XXI Editores, Mexico); Meyer, Lorenzo, 2003, *La Visión General*, in Bizberg, Ilán and Lorenzo Meyer (Ed.), (2003), Volume 1. *op. cit.*; De La Garza Toledo, Enrique, 1990, *México: ¿Desindustrialización o Reconversión?*, in Blanco, José and Gilberto Guevara Niebla (Eds.), (1990), *Universidad Nacional y Economía*; De La Garza, Enrique, Raúl Corral and Javier Melgoza, 1988, *Crisis y reestructuración Productiva en México* (UAM, México); Rivera Rios, Miguel Angel, 1982, *Crisis y Reorganización del Capitalismo en México 1960-1985* (ERA, México); and 1992, *El Nuevo*

loss of an opportunity to have a greater socio-productive, more market-based and more nation-oriented capitalism. By the same token, the postrevolutionary state (forged through both military battles and political-constitutional discussions from 1913 to 1917, and challenged by the international economic crisis of 1929), now was being defied for a second time in 1982. Similarly, the strong economy of the famous “Mexican miracle” had arrived to its end, at the same time as the absolute presidentialism as the political procedure for stability and governance, for growth and development, showed its many limitations. And furthermore, this government was performing poorly just at the emergence of a new cycle of globalization. In sum, the first restructuring of Mexican development initiated by President Cárdenas in 1935 was not working anymore, and thence the need for a new restructuring, a second restructuring, was emerging.

### Second State-led Restructuring

While the second restructuring can be identified as a move against the “statist” development model, it cannot be comprehended without understanding the pressures exerted by the financial crisis that converged in 1982 along with the failure of the economic “model” at play. It is true that financial disorders exploded in the country in that year, but the origin of this crisis has to do with a more comprehensive dimension. Its causes of the 1982 crisis are connected to the evolution of México’s society, capitalism and

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Capitalismo Mexicano. El proceso de reestructuración de los años ochenta (ERA, México); Valenzuela, José, 1990, ¿Qué es un Patrón de Acumulación? (UNAM, México); Huerta G, Arturo, 1986, Economía Mexicana. Más Allá del Milagro (ERA, México); Guillén Romo, Héctor, 1984, Orígenes de la Crisis en México: inflación y dependencia externa 1940-1982 (ERA, México); and 2010 [2000], México hacia el siglo XXI: Crisis y Modelo Económico Alternativo (UAM/PyV, México); Hernández Laos, Enrique, La competitividad industrial en México (UAM/PyV, México); Llamas, Ignacio, Nora garro y Enrique Hernández Laos, Productividad y mercado de trabajo en México (UAM/PyV, México); Núñez De La Mora, Ramón, 1996, op. cit.; also 1991, Las Elecciones de 1991, in Examen, Año 3, num. 27, Agosto 1991; Loeza, Soledad, 2003, Gustavo Díaz Ordaz: el colapso del “milagro mexicano”, in Bizberg, Ilán and Lorenzo Meyer (Ed.), 2003, Volume 2, op. cit.; De La Madrid H., Miguel et al, 1987, Cambio estructural en México y en el Mundo (FCE, México); Secretaría de Programación y Presupuesto, 1980, Plan Global de Desarrollo (SPP, México); 1983, Plan Nacional de Desarrollo 1983-1988; and 1989, Plan Nacional de Desarrollo 1988-1994 (SPP, México); Córdoba, José, 1991, Diez lecciones de la reforma económica mexicana, in Nexos # 158, febrero 1991 (Nexos, México); García Alba, Pascual y Jaime Serra Puche, 1984, Causas y efectos de la crisis económica en México (El Colegio de México); Aspe, Pedro, 1993, Economic Transformation: The Mexican Way (MIT Press)

state after the postrevolutionary first restructuring, as well as the nation's political reorganization put into practice. Thus the general scope of the crisis and its character is structural.

As such, this crisis encompasses not only the economy but also politics, state, culture, nation and what can be called Mexican capitalism, namely, the whole society. Stemming from the exhaustion of postrevolutionary reorganization of production, in 1982 the national economy collapsed and decreased 0.6% of its GDP, having come from GDP growth average rates around 7% in the period 1940-1981, and having reached in the immediate previous years' annual GDP rates of 8.9, 9.7, 9.2 and 8.8 percent points of growth in 1978, 79, 80 and 81 respectfully. In 1982 a variety of economic and financial factors overlapped and took the economy to crash. As for politics, the lack of fair elections and the preeminence of authoritarian presidentialism were unsustainable. The country's history has multiple examples though the greatest degenerating precedent is the sociopolitical movement of 1968, triggered by the dynamics of discontent extended until 1982, due to the fraudulent presidential election that year. The state is at the center of all this systemic decomposition, and it has to do with the anti-democratic and oligarchic conditions under which it has evolved through national history. However, by 1982 its own institutional crisis had reached extremes in public matters such as lack of accountability, government size and explicit generalized corruption showing the whole societal character and not only economic dimension at the dawn of a new cycle of economic globalization.

In this context, the second restructuring stands for the *vía* taken by government to reposition and correct the national economy in need of reorganization since the sixties and delayed until 1983. It was conceived starting from two principles: the free market and the de-statization of the economy, being two faces of the same coin. This time interests of important sectors of Mexican society previously rejected by the burned-out state economic intervention (mainly those of entrepreneurs and investors, of conservative academic centers, and of a "neoliberal" wing within PRI to which PAN ended up adding itself) saw in the

free market the alternative for modernizing the asphyxiated economy. Nonetheless, decision makers did not correctly valorize the importance of gradually restructuring.

The second restructuring was implemented as a 180-degree-turn strategy to “reorder” national production and public finances by means of a program of “structural adjustment”<sup>60</sup> This program focused on economic liberalization, privatization and deregulation along with a shrinking of state participation in the economy. This program, launched by government of president Miguel de la Madrid as Immediate Program for Economic Reordering (PIRE by its acronym in Spanish), was welcomed by entrepreneurs. PIRE countered the way México had grown economically and provided welfare since 1935. Now, as before the international economic crisis of 1929, the State tried in 1983 (five decades later) both to surmount the national economic crisis of 1982 and to rescue its deteriorated national leadership, this time granting the economic leadership to private sector, markets and investors reversing its own previous economic role. Without a doubt, this restructuring was designed to favor the private sector and markets, regardless of impacts on social welfare, though the first restructuring was also focused on markets as main beneficiaries.

Economic growth was PIRE’s preeminent goal above any goal for social development. Protectionist barriers were eliminated to open the economy to international investment flows. Public finances were gradually stabilized and aligned to international financial standards recommended by multinational economic agencies. Also public enterprises were prepared for their “de-incorporation”

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<sup>60</sup> De La Madrid H., Miguel et al, 1987, op. cit.; Aspe, Pedro, 1993, op. cit.; Ortiz Martínez, Guillermo, 1994, La reforma financiera y la desincorporación bancaria (FCE); García Alba, Pascual y Jaime Serra Puche, 1984, op. cit; Córdoba, José, 1991, op. cit.; Krueger, Anne, 1978, Foreign trade regimes and economic development: liberalization attempts and consequences ([National Bureau of Economic Research](#)); Williamson, John, (Ed.), 1990, Latin American Readjustment: How much has happened (Institute for International Economics, USA); also (Ed.), 1994, The Political Economy of Policy Reform (Institute for International Economics, USA); Nelson, Joan M., (1990), Introduction: The Politics of Economic Adjustment in Developing Nations, in Nelson, Joan M. (Ed.), 1990, Economic Crisis and Policy Choice. The Politics of Adjustment in the Third World (Princeton University Press); Kaufman, Robert R., 1990, Stabilization and Adjustment in Argentina, Brazil and México, in Nelson, Joan M. (Ed.), 1990, op. cit.; Balassa, Bela et al, 1986, Towards renewed economic growth in Latin America (Institute for International Economics, USA); Dornbush, R and Sebastian Edwards (Ed.), 1992, The macroeconomics of populism in Latin America (The University of Chicago Press); Sachs, Jeffrey and Warwick Mckibbin, 1991, Global Linkages: Macroeconomic interdependence and cooperation in the world economy (Brookings Institution Press); Summers, Lawrence et al, 1991, World Development Report 1991: The Challenge of development (World Bank); Rogozinsky, Jacques., 1998, High Price for Change. Privatization in Mexico (Inter-American Development Bank); Martínez, Gabriel and Guillermo Fárber, 1994, Desregulación económica 1989-1993, (FCE, México); Vidal, Gregorio, 2011, Privatizaciones, Fusiones y Adquisiciones. Las grandes empresas en América Latina (Anthropos, UNAM, UAM-I, México y Barcelona); Prasad, Monica, 2006, The politics of free markets: the rise of neo-liberal economic policies in Britain, France, Germany, and USA (The University of Chicago Press)



(privatization) from state as their owner. Most economic activities were deregulated and government institutions were submitted to a functional and administrative “rationalization”. All these restructuring measures were applied after 1983 and over the second half of eighties and the nineties during the government terms of presidents Miguel de la Madrid, Carlos Salinas and Ernesto Zedillo (1983-2000). They made the Mexican economy one of the most liberal in the world. As a result, investments, manufactures (primarily the *maquila* subsector) and exports grew, and they rose even faster after NAFTA was implemented in 1994.

Two of the most important meanings of second restructuring were (i) that possibilities of growth and wellbeing were submitted to the self-regulatory rationality of markets and their potentiality, and (ii) that the state was displaced by markets in the general administration of the economy. Indeed this was an economic re-organization however, it has not reached neither growth nor social welfare as expected from this “structural change”. Growth fluctuated, concentrated in export-oriented industrial branches (mainly *maquiladoras*) and localized regionally. This economic “model” was re-taken at the ending eighties and beginning nineties it crashed in 1995-1996 and was unable to recover until 1997. Thereafter some growth has been attained intermittently at reasonable rates, albeit it has not reached the previous “Mexican miracle’s” historic growth rates. Meanwhile, the social impacts were severe for the majority of population and small firms, making income distribution more unequal, and extending and intensifying poverty to an unexpected extent that in 2012 more than a half of Mexican population lives in poverty. In point of fact, one reality was uncontested: this program was preeminently oriented on growth, with formal references to social and spatial issues just acting as window-dressing for its economicist and oligarchic character, paradoxically led by the state.

Concomitantly, at the turn of the century, eighteen years after the economic crash of 1982, Mexican politics was effective enough to convert the multiple impacts of the crisis (those of either crisis-generating restructuring or restructuring-generated crisis) into practical and public usefulness, taking a new

political party to the nation's presidency (National Action Party, PAN by its acronym in Spanish) in the federal elections of 2000. The losing party, the PRI, had been in power for seven decades. Partially understandable, the new political party in power kept the free-market model applied by PRI over its previous eighteen years in power. What the government did in 1983 was not out of context or against worldwide reality. It sought to apply a "model" that had been relatively more successful in other countries. However, applying a model conceived for developed economies to an economy comparatively backward, with a different culture and a dissimilar productive structure created multiple issues. The most significant inconsistency of imitating policies developed for more advanced nations had to do with markets as the model's axis. How can one apply a free-market model in a country lacking free markets, or, even worse, without markets to some extent? There is an outstanding element of this failure of negligence that cannot be undervalued: not only that markets have failed (one more time), but that the state was the leader of the experiment.

In hindsight, the second restructuring (1983) was preceded by strong criticisms from the Mexican private sector to government because of "erratic" economic administrations by previous presidents Luis Echeverría and José López Portillo (1970-1982), and notwithstanding the restructuring of 1983 that ceded the economic leadership to private sector. Now must consider whether the latter was fully prepared to lead the economy. That is, whether the private sector was properly developed and prepared for such a challenge having to do with an open, market-based economy since it had been protected by first economic restructuring. Critically speaking, this challenge was not a simple one. The task had to do with modernizing the existing capitalism in México in order to balance from its historical social lag. Over time, the second restructuring's reality was uncovered: neither markets nor the state had fully thought out the implications on society and capitalism. While markets limited themselves to de-statize the economy, the State simply shared power between the two historical political currents after the revolution of 1910, but the state did not

understand development, markets or the evolution of capitalism. And the challenge continues and in the meanwhile growth and wellbeing continues to decline placing more at risk today<sup>61</sup>.

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<sup>61</sup> Soria, Victor et al, 1997, Transformaciones económicas y bienestar (UAM-I, México); Soria, Victor, 2000, Crecimiento económico, crisis estructural y evolución de la pobreza en México (UAM-I /PyV Editores, México); Boltvinik, Julio y Enrique Hernández Laos, 2000, Pobreza y distribución del ingreso en México (Siglo XXI, México); Boltvinik K., Julio, 2005, Ampliar la mirada: Un enfoque de la pobreza y el florecimiento humano, Ph. D. Dissertation in Anthropology, INAH (INAH, México); Cortés, Fernando, 2000, La Distribución del Ingreso en México en épocas de Estabilización y Reforma Económica (CIESAS, México); González Casanova, Pablo and Jorge Cadena Roa (Eds.), 1988, Primer Informe sobre la democracia, México 1988 (Editorial Siglo XXI, México); Tello, Carlos, (Ed.), 1989, México: Informe sobre la crisis 1982-1986 (Siglo XXI, México); Cordera, Rolando y Carlos Tello (Ed.), 1984, La desigualdad en México (Siglo XXI Editores, México); Tello, Carlos, 2010, Sobre la desigualdad en México (UNAM-FE, México); Cordera, Rolando y Carlos Javier Cabrera Adame (Ed.), 2005, Superación de la pobreza y universalización de la política social (UNAM-FE, México); Ibarra, David, 1989, Ajuste y Progreso Social en México, in *Investigación Económica*, 1989, Num. 190, Octubre-Diciembre (UNAM, México); Gutierrez Garza, Esthela (Ed.), 1990, Testimonios de la Crisis. Volume 4: Los saldos del sexenio 1982-1988 (Siglo XXI, México)

## CHAPTER II

### THE POLITICAL OPERATIONALIZATION OF MEXICO'S MAKING PROCESS

#### 1. The Mexican Nation-State

After Independence, México devoted itself to constructing a new nation, and building the State by enacting a federalist republic as its government form, and then functionalizing it and operationalizing it<sup>62</sup>. The republic provided the new nation with the institutional frame for administrative government and political governance, and in turn it would struggle in two directions: first, the development of political, territorial and juridical constitution of the nation-State as the operational scaffolding to make the country evolve towards a democracy, and secondly, the configuration of capitalism as the economic-organizational pathway for development.

The nation and the State can be viewed either as one joint body or as separated constitutive components of the nation-State. Each of the three dimensions (the nation, the State, or the nation-State) acquired different structural shapes with distinct meanings for the organization of the emerging country.

The nation-State is the broadest of all socio-institutional constructions for governance, development and administration accomplished through history from its ancient dawn to the present has passed from basic territorial purposes and community interests until reaching a societal scale. The modern nation-State today is organized into socioeconomic and political bodies such as the production system, the political system and regime, and the government form. However, its two constitutive components, the nation and the State have developed different dimensions and functions. The nation comprises a wide

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<sup>62</sup> Vázquez, Josefina Zoraida (Ed.), 1994, *La fundación del estado Mexicano* (Nueva Imagen, México); (Ed.), 2008 [1997], *Interpretaciones sobre la Independencia de México* (Grupo Editorial Patria, México); 2009, *Los primeros tropiezos*, in *El Colegio de México*, 2009, 11<sup>th</sup> Re-print [2000], *op. cit.*; and (Ed.) 1999, *Recepción y transformación del liberalismo en México. Homenaje al Prof. Charles A. Hale* (El Colegio de México)

mosaic of historical, social and territorial configurations, of anthropological, cultural, social and civic meanings, and of natural resources and geographical features and delimitations, that jointly give it identity in the worldwide community of nations. The State is also a historical, social and territorial creation that stands for the nation's most representative social entity but it encompasses only the institutional organization of the nation (and of society). The State, as the organizational component of the nation-State, coordinates the nation and represents institutionally all public, private and social sectors of society's life but its dimension is narrower than the nation. While the component "the nation" includes all cultural, social, political, economic, institutional, demographic and geographical spheres of a country as well as all continental, maritime and aero spatial resources located within its territory, the State is comprised by all the political and administrative organized action of society and its institutional infrastructure.

Thus the state is in charge of regulating the nation's society and economy's interrelations and means of the productive and political systems. The state constitutes the maximal operational entity of the nation, and as such it is responsible of fostering and guaranteeing governance, growth and wellbeing in every nation. Since the existing state is a joint evolutionary byproduct of national contributions from all over the world's nations, today every nation's state contributes to both the unfolding of worldwide democracy, development and capitalism and the continual perfection of each nation-state as the challenge of every national society. How much do states comply with these two contributions for their nations? In hindsight, their institutional evolution shows states often perform resiliently, that is, contracting and broadening their functional scope, in response to their cultural/political history and conjuncture national/international interests. Starting from the Era of Revolution, this resilience has taken them to deform their modern organizational mission and regulatory complementarity among the nation-states peers falling into failed states.

The definitions above are valid for classical western nations but might not cover the contemporary specificity of countries rooted culturally in non-western origins and traditions. A country like México

stemming from a pre-Columbian cultural/political tradition of authoritative social organization and far from the Enlightenment, though convergent with the Era of Revolution as a colony was unprepared based on its previous (cultural, institutional, technological and social) background for building a nation-State of republican accountability and market capitalism. The evolutionary line of progress by the western modern civilization represented by the English Industrial and French Political Revolutions did not encounter (starting from its Independence) the enormous obstacles experienced against the republic and capitalism, first by clerical and landlord powers (1821-1867), then by the Porfirian dictatorship (1877-1911) and later until now by a combination of the postrevolutionary state, the recent participatory at work and the low participation by the citizens of the nation. This could explain why México, having passed through the concomitant processes of colonization, Christianization and “civilization” deployed by the Spanish crown, had such a hard time with the configuring of both the republic and capitalism and resulted in a failed State. Nonetheless, as each of the nation-State’s two components are delimited, it is the State that fails and not the nation, since the former performs as the active, adjectival part of the nation-State through the statutes encouraged over two hundred years. The result today: a state-nation above a nation-state.

Building the Mexican nation-State was the primary enterprise for an independent Mexico. It was launched through a series of sociopolitical and institutional vicissitudes around the struggles for the republican government form and the configuration of capitalism. Notwithstanding, its course is rooted into ancestral ascendancies from its pre-national (Mesoamerican and colonial) societies. Some ascendancy represents a heavy historical baggage making the process difficult in the journey toward nation-State building especially those from the traditions of authoritarianism and colonial protectionism. Not surprising, independentist and nationalist liberals sought to inscribe Mexico into the western modernity targeted on democracy and development. Its two-century journey has struggled against the tide to overcome the cosmogonic Mesoamerican baggage and Novo Hispanic heritage contradictions with setting the new

country on a path toward the western model of democracy and capitalism. Nonetheless, history did not provide any other option. That is, the significance of path dependency in the evolution of societies.

Following two centuries of independent life, the Mexican nation-State results from a combination of diverse and determinant origins:

- a) the pre-national Aztec and Novo Hispanic baggage and heritage;
- b) the wars of Independence and Revolution;
- c) the internal vicissitudes that exposed the country to external military interventions and territorial loss; and
- d) the postrevolutionary resilient processes of the state, market and democracy.

These origins stand for a series of structural processes and conditions and events that through time have shaped the nation.

- a) the political traditions of the pre-colonial theological authoritarianism, the Santana and Porfirian dictatorships, the postrevolutionary State's "perfect dictatorship"<sup>63</sup> and the current system of patriarchy
- b) the social trauma from the atrocious colonial exploitation and plunder;
- c) the defeat of the popular movement with independence and the voracity from the independence war's victors to hold on to their privileges and control the country;
- d) the new nation's clerical and feudal and military limitations before the military power of imperial nations; and
- e) the recurrence of militarism by civil authorities to suffocate social movements as it befell:

In the Nineteenth Century--

- in the war of independence,
- the Santa Anna dictatorship,
- the Maximilian empire,

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<sup>63</sup> Grayson, George W., 2010, Mexico: Narco-Violence and a Failed State? (Transaction Publishers); Cockroft, James D., 2010, Mexico: "Failed States", New Wars, Resistance, in *Monthly Review*, Volume 62, Issue 06 (November).

- the Porfirian regime.

In the twentieth century, and up to now

- the military period of government (1913-1934)
- the revolution of 1910,
- the movement of 1968, and
- the governmental war against organized crime of 2007-2012.

This historical combination of origins, conditions and events restrained the evolution of the nation-State and halted the unfolding of a national capitalism. History proves it. Once independence was reached, the new nation was not capable of promoting a human and civic “civilization” beyond that of religious character undertaken during the colony. A new “civilization” was needed to educate the masses. By the same token, the leading class to overcome their shared ignorance, social lag and civil backwardness. Only in this way could it surmount its inability for institutional productive, market and technological development, and to privilege political stability and social development as a path towards a democratic and just country. This restraint hindered the creation of social, institutional, entrepreneurial and political abilities to guarantee stability, growth and democracy and wellbeing, life quality, development and a law-State.

In practice, the nascent State was devoid of the required political class to lead the nation-State building, and it was instead was endowed with practitioners of licentiousness, discretionality, improvisation and wickedness. These characteristics were the seedbed of counter-evolutionary practices that led to the birth of Mexican political class and entrepreneurship. Three examples illustrate the latter: the governmental factions and castes, the labor/management relations, and the regression in the constitutional text of 1917 that gave superiority to the executive power over the other republican powers).

The nation-State’s worst precedents affected the evolution of political tissues and the leaders of social organizations. Governments co-opted the leaders of labor and social sectors, communities, guilds, unions and chambers, and also intervened in the life of their organizations and their relations with



authorities. By this scheme, governments had leaders reject their guilds' political positions in favor of authorities and State bureaucracy instead of on the collective rationale and interests of their represented communities. When they complied they were rewarded in politics and business at the expense of their guilds' social and productive struggles, political demands and social expectations. This has been the classical corporate strategy that governments use to domesticate leaders and to neutralize social and entrepreneurial movements by submitting themselves to governments. In turn, this political tactic became a common pattern among leaders, as a model of political control on labor/management relations and social and entrepreneurial organization as well as on political representation and a pattern of society-State interrelations, always to benefit the State. This pattern gave shape to socially destructive politics, where the optimal objectives are, at any expense, keeping interest groups intertwined with the State, servicing bureaucratic and oligarchic rationalities of power, and thus sabotaging the building of the nation-State. It is on this basis that the political class and its bureaucracy, headed by PRI in the past and by a particracy today, control social sectors and political movements by recruiting (corrupting) their leaders in the name of the nation-State, democracy and development.

Furthermore the manipulation of politics was not an isolated event. It was decided at the post-Porfirian presidentialist and postrevolutionary regime in pursuit of control over the State and the nation. And to that end, governments took on a three-part political deployment on behalf of the State:

- a) crafting a scheme to negotiate the guilds' demands;
- b) taking the lead in political negotiations with the labor force's unions as well as with the social, entrepreneurial and political organizations;
- c) designing and managing (from above) economic policy and saliently industrial and labor policies, that by and large determined the components of the "mixed" economy; and
- d) censorship of the conflicts that could threaten the postrevolutionary statist arrangements for governance and development (woven among military, social, entrepreneurial and political leaders as well as government officials and other power factors).

Notwithstanding the latter politics, policymaking gave the country a temporary governance, growth (first sustained and then fluctuant), and betterment in social wellbeing (first increasing and afterwards declining). Such politics and policymaking essentially established, institutionalized and reproduced the superiority of the state over the nation and society. As a consequence, four critical aftereffects were yielded on the evolution of the nation-state:

- a) deviating the building process of the liberal nation-state to a state servicing itself, as an end in itself, and not society;
- b) twisting the State building process to a condition of a simplified sub-state: a governmental apparatus, submitted to political class and oligarchic purposes, and reduced to a simple bureaucracy at the service of parasitic state interests;
- c) deviating the country from the once illuminating pathway for the nation-state to be a socially narrowed and self-restrained government-nation; and
- d) downgrading the possibilities for both the nation's social progress and capitalism's unfolding.

Nevertheless the State has been the main beneficiary a two-century history comprising of a war of independence, a liberal reform, a civil war (1910), three national Constitutions, and two productive restructurings, yet today the State is considered a failed State. This characterization is based on a nation having difficulty with its largely unsolved problems of poverty, weak growth, corruption, crime, and a politics and policymaking "abuse"<sup>64</sup>.

Certainly such a two-century period has provided the country with a republican skeleton and a capitalist format, though they have not worked to craft conditions for *formal* democracy, capitalism or social development, while preventing *substantial* citizen participation and productive strategies<sup>65</sup>. Thence today

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<sup>64</sup> Chomsky, Noam, 2006, Failed States: The Abuse of Power and the Assault on Democracy (Harry Chomsky)

<sup>65</sup> Rueschemeyer, Dietrich and Evelyne Huber Stephens and John D. Stephens, 1992, Capitalism Development and Democracy (The University of Chicago Press)

the Mexican nation-State is at a crossroads to vindicate the pre-national and national goals of its Mesoamerican/Novo Hispanic/Mexican social dream and to have them value a re-“civilizing” societal enterprise to re-direct the processes of State building and capitalism configuration; and along the way, to de-statize the nation and re-socialize and modernize the State and to re-launch construction of internal markets. A societal enterprise is needed to re-incorporate the citizenries, re-accommodating the political class, and re-aligning the interest groups into a new civilian State as actors to interact in more committed ways before the nation’s accountability, democracy and development, and, above all, putting society back in the center of the path.

## **2. The Society-State relations underlying democracy and development: Eight Processes**

For over two centuries Mexican society has been more concerned with building (re-building and de-building) the State<sup>66</sup> than the nation. This allows us to understand better why the attention on other fundamental components for a new nation have been belittled: among them are markets, institutional accountability, technology, a culture of social co-responsibility in democracy and development, a vision of eco-productive sustainability, and sociopolitical self-organization. By crowning the State, as if replacing the

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<sup>66</sup> Silva Herzog, Jesús, 1975, *La Economía Política en México 1810-1974* (Edición de Cuadernos Americanos, México); Pimentel, Francisco, 1995 [1866], *La Economía Política Aplicada a la Propiedad Territorial en México* (CONACULTA, México); Fernández Bravo, Vicente, 1963, *México y su Desarrollo Económico: panorama económico, ingreso nacional e intervencionismo del estado* (Costa-Amic Editor, México); Aguilar M. Alonso y Fernando Carmona, 1991, *Hagamos Cuentas ... con la Realidad* (Editorial Nuestro Tiempo, México); Romero Sotelo, María Eugenia (Ed.), 2008, *Algunos debates sobre política económica en México, siglos XIX y XX* (UNAM, School of Economics, México); Medina Peña, Luis, 2012 [2004], *Invencción del Sistema Político Mexicano. Forma de gobierno y gobernabilidad en México en el siglo XIX* (FCE, México); and (Ed.), 2010, *El Siglo del Sufragio. De la no reelección a la alternancia* (FCE, CONACULTA, IFE, CONACYT); Aguilar Rivera, José Antonio (Ed.), 2010, *Las Elecciones y el Gobierno Representativo en México 1810-1910* (FCE, CONACULTA, IFE, CONACYT); Leal, Juan Felipe y José Woldenberg, 1980, *Del Estado Liberal a los inicios de la Dictadura Porfirista 1867-1884* (Tomo 7 de “La Clase Obrera en la Historia de México”) (Siglo XXI Editores, México); Leal, Juan Felipe, 1991, *Del Estado liberal al Estado interventor en México* (Ediciones El Caballito, México); Hernández, Octavio A., 2006, *Mil y un Planes, Tres revoluciones, y una última Constitución* (Miguel Angel Porrúa Editor, México); Solís, Leopoldo, 1970, *La realidad económica Mexicana: retrovisión y perspectivas* (Siglo XXI Editores, México); Aguilera Gómez, Manuel, 1975, *La Desnacionalización de la Economía Mexicana* (FCE, México); Rey Romay, Benito, 1989 (2<sup>nd</sup> edition), *México 1987: “El país que perdimos”* (UNAM / Siglo XXI Editores); Cothran, D.A., 1994, *Political Stability and Democracy in Mexico. The ‘Perfect Dictatorship’?* (Praeger); Cockcroft, James D., 2001, *La Esperanza de México. Un encuentro con la Política y la Historia* (Siglo XXI Editores, México); Montemayor Seguy, Rogelio, 2006, *El cambio que No Llegó: Las reformas que México requiere* (Diana, México); Meyer, Lorenzo, 2007, *El espejismo democrático. De la euforia del cambio a la continuidad* (Océano, México); Anguiano, Arturo, 2009, *El Ocaso Interminable. Política y Sociedad en el México de los cambios rotos* (México); Merino, Mauricio, 2012, *El Futuro que No Tuvimos. Crónicas del Desencanto Burocrático* (Temas de Hoy, México)

Spanish Crown, Mexican society has misread both the State's historical origin and foundational pertinence and the evolutionary (and not definitive) physiology of capitalism and State and their inherent complementarities. Then the nation misconceived the State and markets as antithesis of each other, as either regulator or "self-regulator" of development respectfully, stumbling to the internationally invented and false dichotomy of state versus markets. This means that upon the immanent capacities of capitalism for social equilibrium, the country confounded the dimensions of the nation and the State, and their single but inter-complementary roles in development and democracy in capitalism.

After the revolution of 1910, a new military authoritarianism emerged to re-build the nation-state, headed by the revolution's winners: Generals Carranza, Obregón, and Calles<sup>67</sup>. Similar to Porfirism, the postrevolutionary regimes would be directed to frame a "system for elections and a domestic capitalism functional to the internationally dominant powers, both sealed by a pragmatic authoritarianism the symbiotic entity of the state and the nation's President just as the dictatorship and General Diaz under Porfirism. This electoral and capitalistic platform would norm the way the state and most political actors processed public conflicts and managed society-politics and society-economy relations. In turn, it re-functionalized the ways of making politics and production shaping a pattern of society-state relations, that distorting the nation's evolution. Even though the state has successive deployed a continuum of modernization programs over almost a century (1925-2012), all the latter post-Madero relationships (society-politics, society-economy, and society-state) were enclosed by the post Porfirian postrevolutionary state within a vicious circle of dynamics that have made the victors wealthier and more powerful and the poor and less empowered the losers. As such they have yielded four global aftereffects:

- the unexpected course for a postrevolutionary chapter in the nation-state (re-) building process;

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<sup>67</sup> Gilly, Adolfo, 2010 [1971], *La Revolución Interrumpida*, (ERA, México); Cosío Villegas, Daniel, 1972, *El sistema político mexicano. Las posibilidades de cambio* (University of Texas, Institute of Latin American Studies)

- the shortness and exacerbation of the control of social deficits in development and democracy;
- the counter-evolutionary direction to the post-revolutionary stage, up to the current virtual status of anti-democracy<sup>68</sup> and “anti-development”<sup>69</sup>, and
- the current categorization of Mexico as a “failed” state<sup>70</sup>.

These omissions by the State across the twentieth century and until now underlie the postrevolutionary course of the nation. However, the latter is not simply a reflex of the state’s global omissions or policies but of a more concrete set of sociopolitical events and processes that have generated the prevailing postrevolutionary society-State relationships. Among such events and processes, some of the most critical are:

- (i) the post-Madero emergence of a caste of leaders with more military than social legitimacy, who became the revolution’s winners and the founders of the postrevolutionary State;
- (ii) the disarticulation following the Revolution, after at least one million of deaths and organized military groups;
- (iii) the reversal of important counterweights among republican powers in the Constitution of 1917;
- (iv) the response to the Revolution’s primary demands (effective suffrage and no reelection) with the creation of the National Revolutionary Party in 1929;
- (v) the State’s trend since 1935 as the “public sector” of the “mixed economy”;
- (vi) the cession starting from 1983 of the State’s function of economic regulation leaving it up to national and international investors and agencies, in the name of free markets; and
- (vii) the pandemic degeneration of politics and the “normalization” of social discretionality within the State.

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<sup>68</sup> Chomsky, Noam, 2006, op. cit.

<sup>69</sup> Peña, Sergio de la, 1999 [1971], *El antidesarrollo de América Latina* (XIIIth edition, Siglo XXI Editores, México, España)

<sup>70</sup> Miller, Frederic P., Agnes F. Vandome and John McBrewster (Eds), 2010, *Failed State*; Chomsky, Noam (2007), op cit; Ortega, José A. (2010), *México: ¿Rumbo al Estado Fallido?*, Ed. Planeta, México; Ghani, Ashraf and Clare Lockhart, 2009, *Fixing Failed States: A Framework for Rebuilding a Fractured World*

Each of the latter events/processes has its own specific causality and meaning. The caste of revolutionary winners gained power by reestablishing the military authoritarianism as the unofficial, operational premise the State building. This military caste fought against all the original revolutionary leaders (Flores Magón, Zapata, Villa) seeking to control the postrevolutionary course, and hegemonize decisions regarding the Constitution of 1917's content. The preeminence of the executive power above the others in the Constitution of 1917 distanced governments from the revolutionary struggle against the monarchy-like Porfirian presidency, establishing the (legal and dysfunctional) cornerstone for presidentialism. Likewise, the creation of the PNR as a State political party led to a mono-party political system that was counter-evolutionary and a regressive one, since it counteracted the revolution's demand for a fair and effective electoral system ("Effective Suffrage, No Reelection"). By the same token, the suffocating statism imposed upon society starting from 1935 was a stratagem of the revolution's "winners" to control democracy and development, and to assimilate themselves into the postrevolutionary oligarchy. Similarly, the emergence of an economic technocracy within the PRI since the ending seventies that undertook a second economic restructuring, ceded control of the economy to international and domestic investors and only theoretically and rhetorically to markets. Regarding discretionary politics<sup>71</sup>, it has been propagated in all public spheres across the whole postrevolutionary period to the extent that it has contaminated the national social tissue and the human and social essence of politics, gaining salience as one cause of the unsatisfactory outcomes in poverty, democracy, internal markets, competitiveness, public security, development, and life quality. Tellingly, discretionality in politics and policymaking began from the initial twisted nature of the republican balance of powers to today's consideration of Mexico as a "failed State".

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<sup>71</sup> Arce Bravo, Enrique J., 1987, op. cit.; Rey Romay, Benito, 1989, op. cit.; González Llaca, Edmundo, 2005, op. cit.; Sandoval, Irma Eréndira (Ed.), 2009, op. cit.; Morris, Stephen D., 2009, op. cit.; Merino, Mauricio, 2012, op. cit.; Hernández, Octavio A., 2006, op. cit.

Since the quality of politics ends up shaping the quality of a nation-State, over two centuries Mexican politics has camouflaged development and democracy, by patterning a series of society-State relationships that have favored the accumulation of power in the hands of the State, disfavored the unfolding of a market culture in the economy and an electoral culture in politics, and affected seriously the wellbeing of the least empowered sectors of the country<sup>72</sup>. These relationships have taken shape under the postrevolutionary State's leadership, by way of eight processes that in turn are eight institutional and socio-territorial patterns through which democracy and development has faltered in the last century. I have organized them in two watersheds.

A democracy watershed consisting of four processes:

- (i) presidentialism,
- (ii) corporatism,
- (iii) statism, and,
- (iv) democratism.

And a development watershed comprising another four processes:

- (i) free-marketism,
- (ii) urban-regional-rural imbalances,
- (iii) technological lag, and,
- (iv) human development.

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<sup>72</sup> García Treviño, Rodrigo, 1953, *Precios, Salarios y Mordidas* (Editorial América, México); Aguilar M., Alonso y Fernando Carmona, 1968, México: *Riqueza y Miseria* (Editorial Nuestro Tiempo, México); Cordera, Campos y Carlos Tello, 1981, *La disputa por la nación. Perspectivas y opciones del desarrollo* (Siglo XXI Editores, México); Padilla Aragón, Enrique, 1982, *Pobreza para muchos, Riqueza para pocos* (Editorial El Día, México); 1971, México: *Desarrollo con Pobreza* (Siglo XXI Editores, México); Levy, Daniel y Gabriel Székely, 1985, *Estabilidad y Cambio. Paradojas del sistema político mexicano* (El Colegio de México); Carmona, Fernando (Ed.), 1986, México, *el curso de una larga crisis* (Editorial Nuestro Tiempo/UNAM, México); Gilly, Adolfo, 1985, México, *la Larga Travesía* (Nueva Imagen, México); 1988, *Nuestra caída en la modernidad* (Joan Boldó i Climent Editores, México); Rey Romay, Benito, 1989, op. cit.; Aguilar M., Alonso y Fernando Carmona, 1991, op. cit.; Barkin, David, 1991, *Un desarrollo distorsionado: la integración de México a la economía mundial* (Siglo XXI Editores/UAM-X); Rueschemeyer, Dietrich and Evelyne Huber Stephens and John D. Stephens, 1992, op. cit.; Meyer, Lorenzo, 1995, *Liberalismo Autoritario. Las contradicciones del sistema político Mexicano* (Océano, México); Becker, Guillermo, 1999, México. *¿Tiene salida?* (FCE, México); Cockcroft, James D., 2001, op. cit.; González Pedrero, Enrique (Ed.), 2003, México: *Transiciones múltiples, gobernabilidad y estado nacional* (INAP/FCE, México); Attili, Antonella (Ed.), 2006, *Treinta años de cambios políticos en México* (Porrúa/UAM-I/Cámara de Diputados, México); Schlefer, Jonathan, 2008, *Palace Politics. How the ruling party brought crisis in Mexico* (University of Texas Press); Rodríguez Araujo, Octavio, (Ed.), 2009, México. *¿Un Nuevo Régimen Político?* (Siglo XXI Editores, México, Argentina, España)

Each of the eight processes has its own dynamics and together they constitute the society-State relationships that have configured the nation's current condition. They are rooted in the ways the country processed its most salient historical events (Independence, Liberal Reform, Porfirian stage and 1910 Revolution) up to its current course. Each process represents a share of the whole picture of relationships, and together the eight configure the Mexican historical specificity. Their methodological pertinence resides not only on the singularity of each, but also on their complementary and joint unfolding as the dynamics that have underlain the evolution of both the nation-State building and the capitalism configuration. Indeed, they took place in México as part of a worldwide context extending capitalism and building nation-States. Their unfolding constitutes a national-territorial case.

### **3. Democracy Watershed: Seedbeds of (anti-) democracy?**

#### **3.1 Presidentialism: the real political system**

After 1917, the political and institutional unfolding of Mexico was not flowing as claimed for by the revolution, or as needed by the nation although the demand for effective voting and no presidential reelection had been incorporated into the Constitution of 1917. How is it possible to affirm that the country did not evolve according to the revolution and the nation's needs? The evidence is clear. One is the Constitution of 1857 that created a division of government powers with a counterweight from Congress to the executive branch was violated constantly by Porfirism to the extent that the Mexican constitutional republic acted as a monarchy. The second evidence is that the Constitution of 1917 added an amendment arguing that the country needed of a strong State, a "strong" and "stable" government giving preeminence to the executive power over Congress<sup>73</sup>. "[In] the project of Constitution presented by Carranza ... changes ... strengthened ... even more the executive power; they consolidated the conception of a strong

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<sup>73</sup> "Mensaje del Primer Jefe ante el Constituyente de 1916", in Tena Ramírez, Felipe, 1989, *Leyes Fundamentales de México* (Ed. Porrúa, México)



executive”. Actually, the Carrancist project was not proposing “... a break with the preceding (constitutional) regime, but ... reinforcing both the executive and the central government ...” which was to make it “... able of achieving the revolution’s social objectives.”<sup>74</sup>

A wide variety of amendments were introduced into the constitution of 1917. Though the most significant of them were those in favor of the executive branch guaranteeing the “strong and stable” government called for by Carranza. The amendments are of two characters:

- a) Other amendments stemming from the previous Constitutions of 1824 and 1857:
  - the presidential exclusivity to initiate legislation (*iniciativa de ley*), to regulate laws, and to appoint the ministers of federal government (from 1824’s);
  - the preeminence of the federal level of government over State and municipal ones, by authorities such as the abolition of *alcabalas* and interior custom houses; the authority to issue mining and commerce laws in the whole country, and the authority to prohibit States to set up licenses for free commodity circulation (from 1824’s);
  - the presidential attribution to appoint temporary governors (from 1857’s); and
  - a medley of (new) amendments to benefit the President in issues of health, education, labor negotiation, intervention in land properties, natural resources, and deportation of foreigners.
- b) The new design of the Constitution of 1917:
  - a unique annual session period for Congress; the Presidency’s exclusiveness right to call for extraordinary sessions, and a new presidential attribution to veto laws initiated by Congress;
  - the proscription protecting presidential violation of the constitution (wherefrom only in exceptional cases could the president be the object of a lawsuit);

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<sup>74</sup> [En] el proyecto de constitución presentado por Carranza ... los cambios ... fortalecieron ... aún más al ejecutivo; consolidaron la concepción del ejecutivo fuerte ...”. En realidad, el proyecto Carrancista no proponía “... una ruptura con el regimen (constitucional) anterior, sino ... el fortalecimiento del ejecutivo y del gobierno central ...” lo cual lo hiciese “... capaz de lograr el cumplimiento de los objetivos sociales de la Revolución” Marván Laborde, Ignacio, 1997, pag. 77, op. cit

- the presidential authority to appoint the head of Mexico City's Department of Justice (*Procuraduría de Justicia del Distrito Federal*) and to establish a currency issuing bank (*Banco de Emission*).

As if an effort for compensation, some attributions were enacted simultaneously in favor of the legislative branch, though the balance is overwhelmingly advantageous to the presidency<sup>75</sup>.

These were top-down political and technical decisions to reverse the constitutional division of powers, in order to comply with the revolutionary leaders' desire for a "strong government", and hence endowing their efforts with legality, a certain rationality, and discourse as well as political and institutional operationalization. This also was the way to control a wide matrix of revolutionary military factions fighting each other for power at a time when mostly or only military officials had access to the executive branches staff positions, taking advantage of the political instability triggered by themselves.

As the constitutional amendments and ratifications of 1917 weakened the pre-existing republican division of powers, they notwithstanding gave legal legitimacy to the plenipotentiary discretionality that General Porfirio Díaz exerted as the head of the executive branch, along with other presidents after 1917. Likewise, although the amendments were political and technical contradictions with the liberal republican government form, they made (beyond the military copulas) sense for population, given the social need for a strong leader to attain peace and public security following the post-Madero context of military disputes that kept the country immersed in political instability and public disarray. A military "strong" government, endowed with authoritarian licenses, would not be enough or enduring to face the nation's subsequent challenges. The country would soon need to count on civilian and peaceful governments to obtain both the

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<sup>75</sup> Marván Laborde, Ignacio, 1997, op. cit.

required stability and governance for the path of industrialization and a State headed by civil politicians and not military leaders. Finally, the postrevolutionary State got rid of military leaders in the nation's presidency but not of their authoritarian character or the "meta-constitutional" discretionality<sup>76</sup> underlying the unbalance of powers. This was determinant on the State building process; and strength and authoritarianism gave birth and physiology to the process of presidentialism.

What can be said about the true motivation that revolutionary leaders had in mind to amend and ratify the Constitution of 1917? Not solely was the predilection for a "strong government". The strong leaders were already a reality due to the absolute military control they maintained on society, tellingly, their political imperative for having a legal "strong" executive branch and their technical need for it. To judge by the bloodshed and abusive way that post-Madero military leaders kept themselves on power (1917-1934) there emerges an interpretation. That the amendments sprang from the ambitious political pragmatism of General Carranza. No less a stratagem by him, the revolution's greatest winner, to displace his contenders for power, in a context of violent "politics" dominated by the correlation of forces among military factions in which partaking from social or citizen organizations was almost a need for reasons of elementary personal and familial security. Therefore amending the constitution and having a new one was not strictly necessary for the interests of a nation urged for reconstruction. It was only the presumed personal strategy to survive within the political/military crisis unchained after the assassination of President Madero (1913-1917), in order to hegemonize the crisis' political process.

Accordingly, there was no urgent need to reverse the existing division of powers from the Constitution of 1857 (which in anyhow was permanently violated by Porfirism) or to enforce the superiority of the executive. As with the case of the necessity for a "strong" government, Presidents anyhow made use

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<sup>76</sup> Carpizo, Jorge, 2010 [1978], *El Presidencialismo Mexicano* (Siglo XXI Editores, México, Argentina, España)

of the military force (with or without amendments). For instance, Juárez had faced the extraordinary difficult circumstances of Maximilian's invasion, or Díaz' crafting and sustaining his dictatorial scaffolding to keep himself on power. Neither Juárez nor Díaz proscribed the division of powers in the constitutional body. In sum, constitutional amendments and ratifications were a byproduct of the military-based politics of then, when society was in turmoil under guerrilla conditions, and only the military was able to take on the politics regulated by military conventions. It was not until a dozen of years later (1929) that another General, President Plutarco Elias Calles, called for the country to leave behind the military leadership of the nation and moving towards a political stage regulated by civilian institutions and not by the strongest militaries anymore<sup>77</sup>. Notwithstanding, President Calles never mentioned a word about reversing the constitutional softening of the division of powers in the Constitution of 1917.

The uneven division of powers endowed the nation, and tellingly the political class, with a political path that would be definitive both for the continuity on power of the Post-Madero military leaders' successors and for the flourishing of presidentialism and the evolution of the State. And it was precisely through this path that the transition from military to civil governments took place, though completely controlled by headed by the General Calles by camouflaging the scaffolding of "civic" governments known as the *Maximato* period (1929-1934)<sup>78</sup>. This transition ended with two subsequent governments still presided by militaries (General Lázaro Cárdenas and General Manuel Avila Camacho, 1935-1946) that

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<sup>77</sup> Garrido, Luis Javier, 1982, *El Partido de la revolución institucionalizada* (Siglo XXI, México).

<sup>78</sup> Buchenau, Jurgen, 2006, *Plutarco Elias Calles and the Mexican Revolution*, (Denver: Rowman & Littlefield); Meyer, Michael C. and William L. Sherman, 1995, *The Course of Mexican History*, 5th E., (Oxford Univ. Press); Krauze, Enrique, 1997, *Mexico: Biography of Power. A History of Modern Mexico, 1810-1996* (HarperCollins Publishers Inc. New York); Córdova, Amaldo, 1995, *La revolución en crisis. La aventura del maximato* (Cal y Arena, México); 1980, *En Una Época de Crisis (1928-1934)*, in Pablo González Casanova (Ed.), 1980, [La Clase obrera en la historia de México](#), Volume 9 (Siglo XXI, México); Delgado Martín, Jaime, 1992, [México: los caudillismos de Calles y de Cárdenas](#), in RIALP, *Historia General de España y América. Hispanoamérica en el siglo XX* (1ª edición, pp. 370-390) (Ediciones Rialp, Madrid); Solares, Ignacio, 2011, *El Jefe Máximo* (Alfaguara, México); Lieuwen, Edwin, 1968, *Mexican Militarism. The political rise and fall of the revolutionary army, 1910-1940*. (University of New Mexico Press); Blasco Ibáñez, Vicente, 1979, *El Militarismo Mexicano* (Plaza and Janes, Barcelona); Lozoya, Jorge Alberto, 1969, *El Ejército Mexicano 1911-1965* (El Colegio de México); Alba, V., 1959, *El Militarismo* (UNAM, México)

came from the (post-)Porfirian tradition of authoritarianism<sup>79</sup>. Nonetheless, these governments were provided with a wider vision of development than that of the Post-Madero military Chiefs and successors of General Carranza. In a nutshell, constitutional amendments and revalidations of the Constitution of 1917 along with the latter transition were became the platform for Presidentialism.

In 1947, the military was replaced in the nation's presidency by civil politicians, as foreseen by President Calles as the political perspective for the country through the foundation of the PNR. It was put into practice in 1946 when the presidential candidacy of the lawyer Miguel Alemán was launched. However, political practice and government procedures of civil Presidents and their accompanying ruling class were not civic or institutional at all, but rather significantly authoritarian, "Bonapartist"<sup>80</sup>, and permanently discretionary with the use of military force,<sup>81</sup> "if necessary", as a "meta-political" option to keep social stability and political governance<sup>82</sup>. In fact, these civilian politicians exerted the military "strong" as well as constitutional and "institutional" postrevolutionary characters to comply with what became the Carranza-Calles political engineering comprised of five transitional "civic" principles:

- a) Keeping the weakened division of powers;
- b) Ensuring the military-institutional transition;
- c) Training the political class, including the army, for the discretionary, pragmatic, presidentialist practice of politics according to the Carranza-Calles political agenda;

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<sup>79</sup> González, Luis, 1998, *Los días del presidente Cárdenas* (Clío/El Colegio Nacional, México); Martínez Assad, Carlos, 1993, *Los rebeldes vencidos. Cedillo contra el Estado cardenista*, 2ª ed. (FCE/UNAM-IIS, México); Mertz, Brigida von, et.al., 1988, *Los empresarios alemanes, el Tercer Reich y la oposición de derecha a Cárdenas* (SEP/CIESAS, México); Sosa Elizaga, Raquel, 1996, *Los códigos ocultos del cardenismo*, (UNAM/Plaza y Valdés Editores, México); Agustín, José, 1990, *Tragicomedia Mexicana I* (Planeta, México)

<sup>80</sup> Sevilla, Carlos, 1975, *El Bonapartismo en México. Surgimiento y Consolidación* (trabajo elaborado en la Universidad de Essex, Inglaterra, traducción de Araceli Carranza Contreras); Aguilar Mora, Manuel, 1982, *El Bonapartismo Mexicano* (two Volumes, Juan Pablos Editor, México); 1989, *Huellas del porvenir 1968-1988* (Juan Pablos Editor, México); 2000, *El escándalo del Estado. Una teoría del poder político en México* (Fontamara, México).

<sup>81</sup> Lieuwen, Edwin, 1968, op. cit.; and 1961, *Arms and Politics in Latin America* (The Council on Foreign Relations, Praeger); Blasco Ibáñez, Vicente, 1979, op. cit.; Lozoya, Jorge Alberto, 1969, op. cit.; Alba, V., 1959, op. cit.; Costa Pinto, L. A., 1970, *Nacionalismo y Militarismo* (Siglo XXI, México); Johnson, J, 1966, *Militares y Sociedades en América Latina* (Solar-Hachatte, Buenos Aires)

<sup>82</sup> Carpizo, Jorge, 2010 [1978], op.cit.

- d) Rendering a political cult to the military-sustained presidential figure, as the highest rank of the State, the political class, the country and,
- e) Guaranteeing synchrony among the latter four principles in applying them to the entire state building process.

Thus the Carranza-Calles political agenda was no less than the Porfirian authoritarian practice now effectively constitutionalized, institutionalized and operationalized as the postrevolutionary state, disposed likewise against political opponents or that were emerging to resist the authoritarian presidentialism, since the founding of the PNR in 1929<sup>83</sup>.

Thus postrevolutionary presidentialism was structured with a renewed government practice focused on dominating the state building process, in an identical centralized way to that of the dictatorial presidency of Díaz, though symbolically different. While Porfirism was legally limited by the existing Constitutional counterweights (at least those from the legislative to the executive power) that made aware its explicit violations, postrevolutionary presidents governments starting from 1917 were free of such counterweights since they had been suppressed along with the “strong” “institutional” and military traits of the Carranza-Calles agenda perverted the post-revolutionary pathway. This is how the new Constitution, its makers and its benefited Presidents presented the transition from a military regime to an institutional one that in fact would put the nation, the State and government apart from the revolution’s demands<sup>84</sup>.

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<sup>83</sup>González Casanova, Pablo, 2009 [1965], *La Democracia en México* (-32<sup>nd</sup> re-print- ERA, México); 1981, *El estado y los partidos políticos en México* (ERA, México); and (Ed.), 1985, *Las Elecciones en México. Evolución y Perspectivas* (Siglo XXI Editores, México); Rodríguez Araujo, Octavio, 1991 [1979], *La Reforma política y los partidos en México* (11<sup>th</sup> re-print- Siglo XXI Editores, México); Garrido, Luis Javier, 1982, *op. cit.*

<sup>84</sup> Córdova, Arnaldo, 1989, *La Revolución y el Estado en México* (ERA, México); Gilly, Adolfo, 2010 [1971], *op. cit.*; Cosío Villegas, Daniel, 1972, *op. cit.*; Lieuwen, Edwin, 1968, *op. cit.*; and 1961, *Arms and Politics in Latin America* (The Council on Foreign Relations, Praeger); Blasco Ibáñez, Vicente, 1979, *op. cit.*; Lozoya, Jorge Alberto, 1969, *op. cit.*; Johnson, J, 1966, *op. cit.*

Soon the executive power, as the postrevolutionary regime's pillar was reverted to a monarchic presidency or as an "imperial presidency"<sup>85</sup>. Subsequent nonmilitary presidents were able to exert their constitutional authority with unlimited arbitrariness comparable to the Porfirian dictatorship. The new presidency was situated atop the hierarchy of a republic that in 1857 had been conceived as self-balancing among its peer branches and solely a half century later was adjusted to meet the "revolutionary" ambition of the new military elite. Later, the President was endowed technically and politically with a centralized institutional circuit for all processes of decision- and policy-making undermining the equilibria among the branches of government thus setting up multiple society-power relations, arrangements and conventions across the whole State apparatus. Thus presidentialism was set up as the true political system, and hence division of powers and federalism<sup>86</sup> were sacrificed on behalf of a "strong presidency" and state and a stable nation. With presidential power as the heart of the nation-State, a constitutional superiority was imposed on the whole society and over its development. With presidentialism as the military-based postrevolutionary masterpiece, a popular military saying was, "to shoot one's own foot" of the national state and rebuilding process. The original revolutionary projection for a republic endowed with division of powers and federalism prevented and in its place an anti-democracy and anti-development presidentialism was installed instead. The overall performance of presidentialism has not been successful either for growth, wellbeing, development or electoral democracy, as shown in the centuries to follow.

Furthermore, abuses and excesses on behalf of the presidential figure have been endless, taking it to formal and practical extremes such as:

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<sup>85</sup> Krauze, Enrique, 1997, *La presidencia imperial: ascenso y caída del sistema político mexicano, 1940-1996*. (Tusquets Editores); Castañeda, Jorge, 1999, *La Herencia. Arqueología de la sucesión presidencial en México*. (Extra Alfaguara, México).

<sup>86</sup> González Oropeza, Manuel, 1995, *op. cit.*

- “the Chief of the State”,
- “the Supreme Commander of the military”,
- “the maximal Leader of the PNR-PRM-PRI”,
- “the nation´s First Magistrate”,
- “the Chief of the Nation”,
- (as a consequence of the latter), the president’s wife is still called “the Nation´s First Lady”,  
and
- (it is not an exaggeration to say that sometimes the presidential figure has been or is considered) as a divine entity in some social spheres of México.

These extremes should not surprise us, since they are rooted in the historical evolutionary specificity of the nation. Such extremes are no other than the Mesoamerican / Novo Hispanic/Mexican political genome, active at the twentieth century in the shaping presidentialism. Vertical presidential leadership and authoritarian sociopolitical relations today have their origins in distinct political DNA stemming from their common social past which has not been absent from contemporary Mexican state-building process. Tellingly, this genetics is the carrier of a diversity of cultural, social and political roots, strongly charged by symbolic and mythological backgrounds<sup>87</sup>, latent in the Mexican political culture and “... extended through many years on a country’s or a region’s history”<sup>88</sup>, through the patriarchal heritage from the pre-colonial, colonial and Porfirian times to the (now) classical modern period of the beginning twentieth century. When the revolution’s “chief” becomes the nation’s “chief” it shows the lack of domestic genes and background for democracy, and the incapacity of national leaders to incorporate the country despite two centuries and three internal civil wars (Independence, Reform and Revolution) in search for democracy, progress and modernity. “Unfortunately the Mexican social and cultural floor, with its tremendous inequalities of colonial origin, did not result to be the most adequate for liberalism to root

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<sup>87</sup> “... political culture is not comprised fundamentally of what usually is called ideology. (...) In political culture there is ideology, indeed, but there is above all mythology.” Bartra, Roger. 1999, *La Sangre y la Tinta. Ensayos sobre la Condición Postmexicana*, Pag. 130, (Océano, México)

<sup>88</sup> Bartra, Roger. 1999, *ibid.* pag. 131.



itself<sup>89</sup>. And certainly, beyond the glorious battles of Benito Juárez and the liberal minds of the nineteenth century Reform, liberalism did not find a good seedbed in Mexican postrevolutionary relationships, and much lesser in their crowned masterpiece: presidentialism--- both the twisted Porfirian and postrevolutionary liberalism and the process of authoritarian presidentialism. Instead they yielded anti-liberal outgrowths such as the excessive centralization of decision-making, the from-above determination of elections (“*dedazo*”), the comprehensive and absolute control of all the State apparatus, and the excessive State regulation (or de-regulation) on practically all public activities and especially on those of the economic and political arenas.<sup>90</sup>

With presidentialism elevated to extreme dimensions, now the Mesoamerican /Novo Hispanic/Mexican continuity that has fed it comes to the forefront as an evolutionary record of a rooted tradition of authoritarianism. This continuity has spanned across the five historical stages through which the country has evolved:

- the pre-colonial (before the Spanish conquest of 1521),
- the colonial (1521-1821),
- the post-colonial (1821-1911), and
- the postrevolutionary (1912-1934).

All in all, these stages describe the historiography of how authoritarianism has always been present across the evolution of the Mesoamerican/Novo Hispanic/Mexican nation and the cumulative ascendancy of it upon the contemporary configuration of the state and capitalism, as the coming sequence follows. First, the violent pacification accomplished by the Aztec Lord Tenoch on the tribes living in the Valley of

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<sup>89</sup> Meyer, Lorenzo, 1995, *ibid.*, pag. 22.

<sup>90</sup> Meyer, Lorenzo, 1995, *ibid.*, pag. 22.

Mexico in pre-Columbian times. Second, the bloody and cruel violence committed by Spanish conquerors and colonizers against the indigenous population. Third, the Inquisition-like and politically sick dictatorship of General Antonio López de Santana, and the autocratic and despotic regime of General Porfirio Díaz. Finally, the populist, presidential and “Bonapartist” regime resulting from the revolution of 1910.

Throughout the twentieth century, and up to now, combinations of the latter past practices have been present in Mexican dynamics of democracy and development, feeding the presidency as the cornerstone of the nation-State. As if heading a kingdom, presidentialism domain is almost limitless due to several characteristics. It is only contained by the revolution’s mandate of no presidential re-election, which in practice did not work as a limit since for fifty years elections were based on a one-party system. Thus presidentialism reproduces its authoritative relations on a basis of political hierarchy, supremacy and corporate organization, thereby submitting or “coordinating” the other constituents of the political system, all of them “disciplined” by force within a wide and dense political circuit controlled by the president. He disposes everything inside and outside government to control society, formally and informally. Internally, presidentialism controls all political, budgetary and bureaucratic resources with no institutional limits. Externally, presidentialism controls directly and indirectly public and private activities of social, economic and political groups, mainly of workers, peasants, urban occupational nuclei, political opponents and small entrepreneurs. All issues having minimal relations with the government and State have to pass through the almighty presidential circuit.

This is how presidentialism as a system controls the nation’s main political dynamics of social organization, decision- and policy-making, political-electoral representation, social mobility and entrepreneurial political convergence, all of them almost always submitted to the President. As an authoritarian system, presidentialism has worked to reproduce itself, since the Constitutional power granted to it guarantees its political superiority above society, nation and state as well as upon states, municipalities

and regions. In this context, presidentialism's priority is to insure its survival, based on three meshes that regenerate itself before any kind of crisis:

- (i) keeping unchanged the constitutional preeminence of one power above the other two,
- (ii) the social clientism as the channel for sociopolitical participation and representation, and
- (iii) the anti-democratic political culture that maintains the latter two meshes.

"This authoritarianism ... is one of profound historical roots that, after concluding the revolution, crystallized in a presidential power with only few effective controls -any of them of institutional character- and a State political party that converted the electoral process in a formula lacking content. This combination of presidentialism and a 'almost unique' political party was the essence of the Mexican postrevolutionary stability and the most formidable lock to the country's political modernization: to its democratization and to the diminution of the noteworthy social inequalities."<sup>91</sup>

In the same vein, when the first presidential alternation of 2000 deviated the course of the nation's transition to democracy, it was arranged by the alternating party -PAN- and the new President to keep presidentialism at work, by means of crafting a threefold party basis sustained by PAN itself and the other two national parties PRI and PRD. The results illustrate the particracy servicing presidentialism to sustain it regardless of the political parties in power. Thus, PAN's presidential alternation has passed into history as the political party that having historically combated the one-party system since its postrevolutionary origin, and have had its hands the real possibility to dismantle it, took paradoxically the regressive, contradictory and perverse choice of rejecting the opportunity for an actual presidential alternation and national political

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<sup>91</sup> Carpizo, Jorge, 2010 [1978], op.cit.

transition to democracy, and, instead supporting the continuity of presidentialism. As a result today, after a dozen years of PAN-led particracy a couple of substantive questions arise: how much has PAN benefitted presidentialism? And, how alive is presidentialism today? An assessment on presidentialism's main characteristics and dynamics (until the national elections of 2012) results in a list of ten indicators that help us understand better its State of affairs:

1. Presidentialism persists dominating as the principal watershed of the national political culture;
2. Presidentialism continues so much in effect as well as highly interventionist on both the State's electoral policy and the internal life of political parties, working as a very conservative obstacle for the transition to democracy;
3. The authoritarianism, corporatism and clientism that have historically worked as the original operational agenda of presidentialism continues exerting a pragmatic and noxious influence on policy- and decision-making for democracy and development, tellingly on both those direct social issues of poverty, discretionality and public insecurity and national strategies of markets and technology;
4. The party alternation at the republic's presidency has generated a type of sub-presidentialisms or governorisms in the States and municipalities, which frequently are more centralist, authoritarian and anti-democratic than presidentialism;
5. The parasitic particracy has kidnapped the transition process taking place since 1997-2000, confirming thus that particracy is a byproduct of presidentialism, and, as such, a multi-party cycle of itself (versus that of one-party's);
6. All electoral activity across the country is exposed to three territorial perils of absolute character: presidentialism, governorisms and national and regional particracies;
7. Since transitions to democracy at the regional level are determined by the presidentialist national political class; presidentialism and its instrumental political class hampers all possibility in States and municipalities to go in advance of presidentialism to democratize elections and development; that is, politics and policymaking;

8. Particratic electoral alternation in the three levels of government lack legislation that obligate elected authorities to achieve the institutional reforms, changes and decisions promised by parties before voters;
9. Coming from the political crisis of 1968 and the political reform of 1979, presidentialism has re-cycled as the creator of both participatory and policratic alternations, mounting itself on a real and socially demanded transition to democracy;
10. "Citizen" organisms of government work practically under the same corrosive logic of participatory presidentialism to camouflage the non-transition to democracy.

It seems unconceivable how after a century of its constitutional and operational crafting, that presidentialism survives largely under its original design and even more enriched through time as patriarchy can show. As the latter ten points show, it has reproduced itself multi-dimensionally, abusing its "State condition" to the detriment of the macro and micro dynamics, and delaying the territorial transitions from backwardness to modernity in the country through distinct stages of national development. Thence what has transcended from the revolution (that is, the revolution's heritage) is the creation of the state, in continuation to the previous work of nation-state building, which unfolding has unpacked into the processes of presidentialism and statism, and made society's culture one preeminently presidentialist and statist.

However, these two processes, that of the creation of the state and that of its transformation into presidentialism and statism, stem from wider historical forces, and not purely from their original political demands (and much lesser if the latter are taken apart from their previous political causalities). That is, these two processes do not stand for solely the path-breaking consequence of the revolution, but also for the ascendancy from the precedent events that took place after President Juárez's death in 1872 and that inflicted a political reorientation on the country's direction. I am referring Díaz's takeover of power by military force in 1876 and the resulting Porfirian regime as well as its path-dependent impact that later on caused the revolution itself and influenced the subsequent creation of the state; or what equals to say the

proscription of the period known as The *Restored Republic* (*La República Restaurada* 1867-76) and the superimposition of a dictatorship instead, along with the path-dependent effects on the next constitutional and postrevolutionary stage. This historical path-dependence reveals the postrevolutionary state as an evolutionary byproduct forerun by both Porfirism's and the Revolution's causes, due chiefly to their similar anti-republican causality guiding the post-Juárez and the post-Madero episodes (those of 1876-84 and 1913-34 respectfully), the two giving shape to the Porfirian and the postrevolutionary regimes. Both episodes responded to the same anti-liberal, anti-republican causality that has underlain the historical nation-state building, led by presidentialism, structured by corporatism, organized by statism, and, starting from the political reform of 1979, politically administered by an additional process of democratism.

For many decades (from 1913 on) presidentialist governments have kept artificially alive the revolutionary demands of effective suffrage and no-reelection; though subsequently they became as mythical and conservative as discursive and polemical. While no-reelection has fed the nationalist and populist rhetoric of the revolution; effective suffrage, after having been suppressed by PNR (1929), was supplanted five decades later (1979) by a formal party plurality that preceded the current participacy as the new cycle of presidentialism. Slightly different in its form, this cycle's political logic continues to bargain effective suffrage to citizens, keeps alive presidential no-reelection, and adds participacy. The slight difference, however, is the annulation of political plurality for participacy: a regressive difference.

Since the nation's dawn, liberalism was theoretically embraced as the paradigmatic principle for the organization, balance and administration of public power. As such, liberalism was formally and pragmatically adopted to sustain the nation-state building process, tellingly its branch of the government form. In parallel, democracy was also incorporated as the societal mean to institutionalize politics, support and complement the making of development, underpin the correction of social disequilibria, and deconcentrate and decentralize power. After the first three decades of independent life, the nation crowned

its liberal vision establishing the republican government form in the Constitution of 1857. However, as in parallel the assimilation of the utopia of democracy became more into a discourse than a practice, since then the novel country has recurrently fallen prey of, or entered to, a large succession of open dictatorships and authoritarian regimes, such as those of Santa Anna, Maximilian, Díaz and PNR/PRM/PRI, through which ways were brought about the revolution of 1910, the postrevolutionary state and presidentialism. Across two centuries, both revolution and state were transformed into dogma and myth, and the principles of effective suffrage and no-reelection were reshaped as the revolution's commandments and properly catechized; the same as presidentialism was structured as the political cathedral for Mexican politics (but not for democracy and development), or as the real political system.

Once presidentialism was virtually enacted to guarantee the no-reelection of presidents in both legally and factually by the practice of a formal political ritual every six-year presidential term ("*sexenio*"). Tellingly, out of this constitutional and political engineering, a political safety valve was developed to arm presidentialism from political crisis with a de-personalized "meta-constitutional" continuity<sup>92</sup> it was precisely the difference between the personalized and the non-personalized ways of getting the presidency what makes Porfirism distinct to presidentialism as political regimes. Hitherto, however, all has to do with the dimension of politics and as such presidentialism could have worked better for the nation's politics,

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<sup>92</sup> The Mexican Liberal Party (PLM by its acronym in Spanish) was founded in 1906 seeking to reorganize the followers of the Mexican liberals that headed by Benito Juárez had in 1857 crowned the Federal Constitution of that year. Its creation's political purpose was to vindicate the liberal, republican and federalist program of the latter national Constitution, and thereby combat and throw out the Porfirian dictatorship; as such it was to call for and articulate all sociopolitical groups as the way to prepare the struggle against the dictator. PLM is considered the great intellectual and political precursor of México's Revolution of 1910. Its political program's main postulates were workdays of eight hours, prohibition of child work, minimal salary for workers, indemnity for them because of work accidents, and laic, obligatory and free education for all population. Later on, all PLM's postulates were the base for the new National Constitution enacted in 1917. See Cockroft, James D., 1981, *Intellectual precursors of Mexican Revolution 1900-1913* (University of Texas Press); Hernández Padilla, Salvador, 1984, *El Magonismo: Historia de una pasión libertaria 1900-1922* (ERA, México); Trejo, Rubén, 2005, *Magonismo: utopía y revolución, 1910-1913* (Cultura Libre, México); López, Chantal y Omar Cortés (Ed.), 1985, [El programa del Partido Liberal Mexicano de 1906 y sus antecedentes](#) (Primera edición cibernética, México); Garcíadiego Dantan, Javier, 2005, [La Revolución Mexicana: crónicas, documentos, planes y testimonios](#) (UNAM, México).

governance and electoral democracy. The problem arises from the concurrence of presidentialism with the dimension of development.

It is at the latter concurrence that the revolution's winners overlooked to mesh the constitutional and political crafting of presidentialism with an effective performance of government in development to be that efficient for growth and wellbeing as it was in the no-reelection for "stability". Missing this condition was unfortunate for national development, since the preeminence of presidentialism guaranteed a system working for politics around the president on behalf of political stability, but it lacked to have a president that worked for society, nation, development and progress and not only for politics. A serious omission incurred by the Post-Madero leaders, who, having eliminated the counterweights among republican powers, did not device a sort of compensation within the own lack of counterweights (at least) to relax the excessive concentration of power disposed by them on the hands of the president. That is, they missed to armor development from economic crises with, for instance, a planning, budgeting and performance more in line with social demands and more open to social participation of beneficiaries of public works. A safety valve as the latter example was not foreseen, and then the "meta-constitutional" discretionality of presidentialism was extended to the dimension of development, which exploded in distinct, successive crises such as the social movement of 1968, institutional crises at the end of several presidential terms, the economic crisis of 1982, the citizen movement of 1985 (in social reaction to the earthquake of that year in Mexico City), the indigenous guerrilla of 1994, the economic Tequila crisis of 1994-1995, and the presidential election of 2000.

Neither the Mexican Liberal Party's program of 1906<sup>93</sup>, nor Madero's political-electoral personal platform<sup>94</sup>, nor the National Anti-reelectionist Party and its Plan of San Luis of October of 1910, nor the

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<sup>93</sup> Madero's political platform was what he stated in the book Madero, Francisco I., 2006 [1909], *La sucesión presidencial en 1910* (facsimile print, Editorial Colofón, México); see Garcíadiego Dantan, Javier, 2005, [La Revolución Mexicana: crónicas, documentos, planes y testimonios](#) (UNAM, México).



Zapatist Plan de Ayala of November of 1911<sup>95</sup> foresaw the institutional need to go beyond the dictatorial principle of no reelection and its demagogic discourse to harmonize in practice the spheres of politics and development within the state building process. This omission took place through the two state-led development models applied from then to now. Contrariwise, the revolution's winners only complied with the principle of no-reelection that gave pace to the post-Porfirian presidentialism. The revolution had been politically and socially deviated

One substantial enigma on presidentialism is how to understand or interpret the relatively easy downfall of president Díaz (in just few months of violent combat). Speculations and conspiracy theories have been formulated about it. The one comprehensive conclusion is that the empowerment and reproduction of presidentialism did not take place solely by of the conversion the revolution's winners into interest groups, but accompanied by three social factors that made it much less difficult: (i) the existing political culture, (ii) disarticulation of society, and (iii) social inequality and poverty. All three factors are of a structural character endowed the revolution with an elitist political exit and a magisterial institutional resolution which was presidentialism because of their meaning in terms of social apathy or insufficient collective action, such factors were manipulated to hamper possibilities to reshape the presidency at the

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<sup>94</sup> Both the National Anti-Reelectionist Party (Partido Nacional Anti-Reeleccionista) and the "Plan de San Luis" were created by Francisco I. Madero in October of 1910. Whereas the former was the political party that launched him as its candidate for the presidential election of 1910, the latter worked as his electoral-programmatic platform in which he called for population in October of 1910 to take arms and struggle to throw the dictator out, and to restore free and democratic elections as well as to give land to peasantry. See Madero, Francisco I., 1910, *El Partido Nacional Anti-Reeleccionista y la próxima lucha electoral* (Talleres Tip. De "El Demócrata", Coahuila, México); and Garciadiego Dantan, Javier, 2005, op. cit.

<sup>95</sup> The "Plan de Ayala" was the political program of the revolutionary leader Emiliano Zapata who considered that President Madero had betrayed the Mexican Revolution's peasant postulates. In Plan de Ayala Zapatists called for taking arms against *hacendados* and big landowners (*latifundistas*), who continued to monopolize the great majority of national land, and thereby to restore land property in favor of peasantry. Plan de Ayala's slogan was "Reform, Freedom, Justice and Law". See Ulloa Ortiz, Berta, 2009, *La lucha armada 1911-1920*, in *El Colegio de México*, 2000 [2009], *Historia General de México* (Xlth re-edition, El Colegio de México, Centro de Estudios Históricos); Garciadiego Dantan, Javier, 2005, op. cit.

service of democratization of power and development; and thus they fed back the politician character of presidentialism and worked as seedbeds of anti-democracy and anti-development in the country.

Since then, many social potentials, opportunities, movements or projects largely desired by Mexicans in the perspective of a national liberal democracy have today ended up manipulated by presidentialism (or stopped, delayed, deviated). Indeed, highly important social achievements have been attained starting from the Revolution. However, they have turned out to be only palliatives, or analgesics, in front of the damages and shortfalls that presidentialism has inflicted on Mexican democracy and development.

Substantially the latter enigma and conclusion comes up with a futile conceptual debate about the revolution character as either a political one or a social one. The pure autocratic character of presidentialism positions the revolution as a political one. There is overwhelming evidence that states it as one factoring explicitly a political elite and not society as a whole. Certainly the nation's evolution after the downfall of Díaz took place through two relatively leaderships that of Carranza, Obregón, Calles and that of Cárdenas and his successors. These were different passages of a same postrevolutionary course. It cannot be denied that the two have brought the country in a path towards modernity. None of the two have distanced from the circumscribed political perspective of a political revolution. The former, a leadership in search of leaving it behind military disputes and instability to move towards constitutional (Carranza) and institutional (Obregon and Calles) governance, but without surpassing the presidentialist Constitution factoring in practice an effective transition from military to institutional leadership (the postrevolutionary passage (1913-1934)). And the latter: a leadership of valuable efforts to build institutions seeking to retake growth, operationalize corporate politics, and inaugurate a national welfare system but with insufficient or failed scope and also without touching presidentialism in the Constitution as if to transcend the threshold between a political and a social revolution.

Further than the above cited debate, postrevolutionary presidentialism should today be recovered for society. After being scrutinized historically, and in the light of its present everyday action, it turns out that whether the revolution is to be accomplished it is necessary to defeat presidentialism's own matrix (the revolution). It refers to the social demand of Mexican society to challenge presidentialism by transiting from its revolutionary and postrevolutionary conditions to the beyond-the-revolution character and contemporary reality of democracy and development in the country. This would go in search of overcoming presidentialism's own straitjacket, but also to update it with the current demands of the post-postrevolutionary Mexico, and to transform it into an institution at the service of society, and as a part of a democratic government form. Likewise, however, to better understand Mexican presidentialism in XXIst century, and to apprehend all its historical sources, it is also necessary to deepen into the pre-revolutionary causality that the revolution did not solve and that presidentialism has dragged since then without resolution either. It follows that achieving today the Revolution and going beyond needs to resolve the counter-Reform and counter-republican political knots inherited by general Díaz, and unresolved up to now, namely:

- To overcome, "exorcize" the post-Juárez authoritarian political culture protagonized by General Díaz. A cultural authoritarianism taking thorough time diverse classical shapes, but tellingly that of the juridical and anti-human abuse of power, so practiced nowadays, and so typically precedented by the military *coup d'état*, which both expelled President Lerdo de Tejada under death menace and prevented The Court's Minister José María Iglesias to succeed him as the Constitution stated. Thence Porfirism and its *heroe* is the precursor of the authoritarian continuity in the nation-state building course.
- To defeat, unknot, correct the Post-Madero constitutional amendments, which sustain the predominance of the Executive both above the other republican powers and upon states and municipalities. And

- To retake Juárez's heritage: to go on the construction of both a republican state and a market and social capitalism, by way of putting on its real dimension the most important political mean for politics hitherto (the presidency) and vindicating the end (social development).

Finally, all the latter also shows how presidentialism yesterday and today in focusing on the political "stability" and the state's "modernization" has restrained many social and institutional possibilities, and even external opportunities, to balance democracy and development as the paradigmatic example of the presidential alternation in 2000 proves. In a word, this section accounts for why presidentialism has historically taken advantage of keeping the no-reelection (and other anachronistic burdens associated to anti-democracy) in the paradoxical context of its need to stay transcend and recycle power. Thence a reality about everyday politics: presidentialism and its party base explain how political parties (all of them of presidentialist character) do not legislate or implement programs that affect their power.

### **3.2 Corporatism: the societal structuring method**

History is full of all types of long-term social transitions, and many of them have marked society's evolution from the medieval to the modern era. Out of these transitions, there are two that especially influenced social evolution: that from the single to the collective character of social action, and that from private to public spheres of society. Both transitions are intimately interlinked and together they transport a wide variety of microspheric frictions between privileges and privations within groups that are going to bring forth corporate interests (within a same social body or group) and corporate institutions representing those grouped interests in the public arena.

Transitions from the single to the collective character and from private to public spheres emerged as conventional practices or formal procedures respectfully. However, their collective and public arrangements practiced by families, guilds and castes turned out to be more effective than the single and private conventions practiced by persons, to defend their privileges. It is the flourishing of this

associational/public convenience in front of the single/private convention that imprinted a sense of common corpus or social body to common interests, or chained them and invested them with public identity and social rationale. Through time the two transitions and their corporeal dynamics opened an evolutionary pathway towards the historical configuration of different social forms of corporate organization, giving shape to economic systems and political regimes. Worldwide history registers an immense mosaic of shapes of such corporate evolution.

Some types of the latter collective/public corporate organization are:

- property- and patrimony-based fortunes;
- family or neighbor territorial nuclei;
- culture- and religion-based groupings;
- rural and urban productive guilds;
- representations of racial, political, economic and social interests;
- nobility-, community-, village-, town-, and city-based legal statues (*fueros*);
- hierarchical social castes ("*estamentos*"); and
- numerous collectively organized entities based on tradition and common life issues; etc.

Examples of these public types of corporate organization that have evolved as corporate institutions are:

- militaries and related orders;
- churches, convents, monasteries and religious orders;
- Masonic lodges and secret societies;
- merchant consulates, agriculture plantations, mining houses, factories, workshops, enterprises, firms, companies, corporations and industrial complexes;
- trade unions, unions and charities
- original productive platforms such as the "*mesta*" in Spain, *haciendas* and *ejidos* in Mexico, and others in Europe;
- conciliatory and compensatory bodies of justice: *Cortes*, town councils (*cabildos*), city halls (*ayuntamientos*) and municipalities; and
- colleges, seminars, schools and universities; to mention a few.

Collective corporate organization and their public corporate institutions are associational outcomes of long social and evolution, and as such their dynamics belong to the specificities of nations and they are disputed through conventional liberal-conservative spectrum. That collective/public character, however, was more than an evolutionary expression of institutional, productive or cultural unfolding, or of a behavioral pattern, or of a functional characterization, but also it was a dynamic factor stemming from the underlying frictional sociopolitical struggles taking place through specific transitions.

Thus political struggles have evolved continuously across societal transitions. Notwithstanding, the transition from feudalism to capitalism (and at well-defined capitalistic stages) when the corporate character and their corporate institutions flourish, the same as their sociopolitical struggling deepens to unprecedented extents, under forms of social privileges and privations, prosperity for ones and misery for others, and civil rights and responsibilities for everybody. These social forms have been institutionalized as exemptions ("*fueros*"), laws, ordinances and bylaws, through time groups have been defended or counteracted. In turn they have evolved circumscribed into the socio-structural political dualities of absolutism/liberalism, lordship/bourgeoisie, monarchy/republic, kingdoms/democracies, and serfdom and salaried work. Across the transition to capitalism, a latent historical continuity in the evolution of corporations and corporate institutions, which inter-relations had woven a worldwide corporate system of corporate organizations and corporate institutions and corporate networks that dominate nations. Thus multinational networked corporations have modeled the corporatism implanted in Mexico since its colonization by the Spain Crown and later through the configuration of domestic capitalism.

This continuity allows us to understand better the evolution of the collective/public character, in terms of the frictions between social privileges and privations and not only as an abstract organizational societal structure. Some modern examples of this sort of networked organization are:

- family and neighbor networks,
- civil and everyday life groups,
- agrarian and urban typologies,
- productive organizations,
- occupational and professional guilds,
- cultural and artistic clubs,
- religious fraternities,
- associations around traditions and customs,
- self-help and non-profitable entities,
- community associations for planning,
- politics and ideologies,
- human life-stage stratification,
- transnational migration networking,
- social and human solidarity
- human rights defense,
- environmental sustainability,
- gender and sexual-preference classifications, among others.

Likewise, modern examples of corporate public institutions are:

- religion- and military-oriented political bodies,
- a diversity of churches and associated brotherhoods,
- Christian-oriented political parties,
- All sorts of political parties,
- family parents societies,
- neighbor committees and territorial councils for public and social issues,
- rural and urban organisms for social development,
- associations for small and family businesses,
- producers/entrepreneurs/investors associations and cameras,
- unions and labor organizations in all agricultural, industrial and service activities,
- territorial political organizations,
- environmental networks,

- civil clubs for human, personal betterment, leisure, and sports, and
- peace and justice movements, etc.

As with those ancient societal transitions from the single and private to the collective and public dimensions of social and corporate organization, the transition to capitalism after the Era of Revolution also bore struggling forces towards manufacturing, markets, nation-States and democracy. By the time, the above cited precursory corporate examples evolved into vehicles for capitalism. Later they have been embodied as an international corporate system: corporatism, supporting the building of national capitalisms and nation-States. Stemming from the latter evolutionary pathway, corporatism has performed as a societal structuring method of political mediation, just at the emergence of capitalist relations among State, economy, politics, society and territory, and tellingly as both a contributor to the State building and a strategy for the development of capitalism.

During the Spanish colonial period in America, corporatism also acted as an organizational pillar to provide the Colony's regime with a comprehensive social channel of general intermediation that gave it social cohesion and institutional coordination and certain political legitimacy. However, at the turn of the nineteenth century, when American Hispanic colonies gained their political independencies, new nations suddenly had to facilitate a domestic corporatism based on colonial corporatism and without breaking with it. Nascent nations dealt with the process of power transference from the colonial construct to their national projects. Through this political transference new nations had to deal with the worldwide ancient corporations that had historically shaped the organizational evolution of Hispanic-American societies. The Military and the Church led the process of the colonial/national transference and transition, and as such engineered the continuity of Hispanic American corporatism that was convenient to them. Thus historic corporate institutions of the Colony were present in the nation building process, and their role was and has been determinant for the Latin American countries' future, for good and for bad.



It was the case of New Spain/Mexico where the military and church led the conversion of colonial corporatism into a Mexican one, creating their corporations and interests without the sponsorship of the Spaniard Crown, though now partaking more directly in the new nation's governance. In taking care of their corporations and interests, the military and church, re-baptized as Mexican directed corporatism to a conflictive political dynamic that decided the structural accommodation of corporatism in the new country. Through such dynamics, since the very beginning of Independence and ahead of the XIXth century, clerical and military corporations emerged in multiple ways during a disorderly and bloody scramble for power. The latter took shape under a radicalized dispute between liberals and conservatives that recurrently incurred into authoritarian ventures. They gave pace to the republican regime, which later was proscribed by the re-emergence of a long period of authoritarianism (Porfirism). This succession of events both the corporate church to submit itself under the military government and pre-destined the roles that the two largest corporations would perform in the future as an institutional power. In any case, across the century Mexicanized corporatism was gradually giving structure and a functionality to the incipient nation-State as well as a sense of national belongingness.

Indeed Mexican corporatism's evolution was not a single national phenomenon; it was already running in Europe and USA as a model and in other Latin American countries a similar period of corporatization of society was ongoing as well. The military was the corporate winner of Mexican XIXth century. Its preeminence would supervene during the worldwide inter-war period and right after the international economic crisis of 1929-1932. The revolution of 1910 and the constitutionalization of presidentialism in 1917 later give impetus to the call for a national transition from military to institutional governments, headed by the foundation of the PNR and the replacement of militaries in the nation's presidency. Thus the two most powerful Mexican corporations (the Clergy and military) were now going to be equally submitted to a postrevolutionary institutional leadership, though with no change in its corporate

and hence authoritarian character. In this way, following 1935, Mexican corporatism will consolidate a role within the State building process. This explains its current shape of today.

Confirmation of corporatism in Mexico converged with a broader political process of postrevolutionary institutionalization calling for strong civil governments. In such a context, this convergence took corporatism to flourish when President Cárdenas promoted corporatism starting from 1935 as a watershed of his government plan (1935-1940). Cardenas' promotion of corporatism as the axis for the agrarian and labor reforms attempted to "readopt" the "profound political sense" of them<sup>96</sup>. Likewise, President Cardenas government "coined" what would be its political "currency": "Collective organization impels [and] compels to forge characters."<sup>97</sup> Thus postrevolutionary institutionalization of Mexico "... should pass through the organization of all social sectors ...", however, "... single, selfish and dissolvent interests would not be the ones that would dictate politics in Mexico but the interests of groups"<sup>98</sup>, a contradiction with the "profound political sense" of both the Revolution and the Constitution, but in congruence with the foundational collective/public character of medieval corporatism.

Thus Cardenas corporatism became an active, fluent political dynamic creating seminal corporate institutions and implementing social policies that have benefitted many social sectors over the postrevolutionary time. That was the "institutional spirit of the Mexican Revolution"<sup>99</sup>, and the purpose of the Cardenist mass-politics-based corporatism in consolidating PNR "as a party of corporations", in which the party's social bases "were the organizations, while individuals resulted secondary elements"<sup>100</sup>. In fact, "the Mexican Revolution dismantled an old oligarchic State only to build a new one ... to reconsolidate the

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<sup>96</sup> Córdova, Arnaldo, 1989, op. cit., pag. 182.

<sup>97</sup> Córdova, A. op. cit. pag. 184

<sup>98</sup> Córdova, Arnaldo. op. cit. pag. 187

<sup>99</sup> Córdova, Arnaldo, 1989, ibid. pag. 182.

<sup>100</sup> Córdova, Arnaldo, 1989, ibid. pag. 188.

Mexican capitalist State”<sup>101</sup>. And that was what Cárdenas did, shaping a social, statist, populist and capitalist corporatism as the ground to construct a “social authoritarian State” as the base for a new stage of capitalism in the country<sup>102</sup>.

Mexican corporatism generated a great rainbow of public corporate institutions such as:

- unions in the textile, railroad, mining, petroleum, electricity and telephone branches, and in all agriculture varieties of either entrepreneurial (“*haciendas*”, “*parvifundios*”) or self-subsistence (“*ejidos*”) production;
- rural and urban community organizations;
- middle and low social strata associations;
- a multiplicity of guilds, cooperatives and unions of teachers, government employees, small merchants, taxi drivers and professional specialists;
- underground-economy practitioners, transnational migrant clubs and financial debtors;
- NGOs for all social activities and associations for human and civil rights defense;
- indigenous and environmental activists, and
- sexual preference and sex-selling practitioners; etc.

There was a proliferation in parallel of a variety of corporate organizational forms such as:

- centrals, federations and confederations, leagues and networks, fronts and forums;
- clerical conferences and military political organizations;
- business and entrepreneurial chambers,
- party- and nonparty-oriented organizations, and citizen associations;
- NGOs and social movements;
- rural and urban guerrillas, to mention salient examples.

Likewise, Mexican rationales feeding the corporatization of society addressed diverse purposes within the broader national context of State building and capitalist configuration:

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<sup>101</sup> Cockcroft, James D., 2001, *La Esperanza de México*, pag. 138

<sup>102</sup> Garza Toledo, Enrique de la, 1988, *op. cit.*

- military and civic vindications;
- institutional structures to hold on political stability and governance;
- agencies to combat ignorance and poverty;
- public economic institutions to reorganize production and promote growth;
- government bureaus to maintain access to and provision of social wellbeing standards; and
- organizations to shore up the national regime for democracy and development, among others.

It was a time when corporatism was the organizational pathway for the future and not only for Latin American nations (that in some cases were adopting similar approaches) but chiefly for the European and USA world (who invented it)<sup>103</sup>. However, after the Second World War corporatism began to decline and was discredited in those countries whose regimes had promoted corporatism the strongest. Then many Latin American nations decided to situate themselves away from corporatism and its most identified modalities, although they went on exercising the essence and forms of corporatism in their most important programs<sup>104</sup>. In the case of Mexico, corporatism continued to work through the “Mexican miracle” (fifties and sixties) and to now, certainly adjusting later the modality because of the subsequent implantation of the free-market model. It was trans-mutated into a sort of neo-corporatism but keeps its collective original political character, working under its complete corporate essence to guarantee all the privileges and forces (*fueros*) as well as its organizational rationale in favor of corporations.

Nevertheless, beyond the current reality of neo-corporatism and its associated role in economic restructuring, it is a critical point in thinking about the future role it could have in the perspective of a possible third Mexican productive restructuring and how it would impact the capitalist and statist political forms upon which it is embedded. The importance of the latter has to do with the fact that such a

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<sup>103</sup> Manoilescu, M., 1941, *El Siglo del Corporativismo. Doctrina del corporativismo integral y puro* (El Chileno, Santiago de Chile); Fernández Riquelme, Sergio, 2005, *Corporativismo y Política Social en el Siglo XX. Un ensayo sobre Mijail Manoilescu* (Isabor, Murcia)

<sup>104</sup> Howard J. Wiarda, 1997, *Determinantes históricos del estado latinoamericano: La tradición burocrático-patrimonialista, el corporativismo, el centralismo y el autoritarismo*. En Vellinga, Menno (Coord.), 1997, *El cambio del papel del estado en América Latina*, Siglo XXI Editores, México

foreseeable restructuring constitutes a pathway in Mexican capitalism. But also, by virtue of this particular time in Mexico the most qualitative new dynamics following its earlier transition to capitalism bore a more intensive socio-productive character, stemming mainly from both the frictional factor of labor and the technological imperative, for a different Mexican capitalism. In fact, it seems as if national neo-corporatism in effect is only ready for subsequent socio-institutional camouflages. Notwithstanding, labor and technology constitute today the ferment that will change the national shape and pace of both capitalism and the State, and hence most society-State relationships.

### **3.3 Statism: the organizational institutional strategy taken to extremes and needed of a center**

It is a political convention that Mexico became an autonomous country with its independence from Spain, or that a law State was advanced with the 1917 Constitution (especially by its amendments about individual and social rights incorporated from the revolution of 1910). However, today it is an aberration to say that the Mexican State has performed well in development in the light of the known terrible outcomes: more than half of national population survives today under standards of poverty; or the nation is ranked worldwide as first and second in child and adult obesity respectively; or the extremes reached in public security where seventy five thousand civil people have been killed in the period 2007-2012 despite not being the country at war; or the historical retreat of the state from the field having been its strongest promoter; to mention only a few flaws in Mexico's development. These aberrant outcomes explain why in the last years the Mexican state has been tagged as a "failed state", referring to its mistaken development policies and strategies. This evaluative label does not refer back to the historical broader failures underlying the state building and the configuration of capitalism, which help to comprehend and understand better the nation's evolution that account for its "failed" character.

Two centuries (as an own nation) or five centuries (summing up the other three ones of the colonial period) of Mexico's historical evolution cannot be explained by only "state failures", or "market failures" and much lesser if the explanation overlooks the anti-evolutionary performance of colony/country in its relations with Western governments (first with Spain and other European countries and later on with the USA).

Right after Independence, subsequent political polarization not only took the new country to undergo unstable governments, but tellingly to hamper it to focus on foreseeing the capitalist productive character of the state-building (in complementary to the finally excellent work made to institute the Republic). Entrepreneurial, labor, productive and market strategies and policies (that indispensably should have been undertaken since the) were missed and in parallel fell into the worst political scenario: Porfirism made it lose what it had gained with the Constitution of 1857 and the "The Restored Republic" made it pass through a twisted promotion of emerging national capitalism. Porfirian vision on capitalism was schematic, non-nationalism and non-technical (despite the dictatorial regime that was institutionally underpinned and performed by a group of "erudite" called "The Scientists". Regardless of the latter, the dictatorship did well in foreign investments, manufacturing, exports and growth but at the expense of the Revolution of 1910. The state building had deviated from its previous republican projection and capitalist intention. After the revolution both the economy and state were reorganized, though is important to ponder the different projects by Carranza and Cardenas (each in its particular political circumstances), considering their determinant influence on the postrevolutionary evolution of the state building. Carranza precipitated the creation of the new Constitution of 1917 because that was convenient for himself and his political group and to reemerge as the hero of the Revolution's Constitution, to lead the resulting post-constitutional political dynamics and thus to control the country, crowning himself as the military and constitutional winner of the revolution. As for Cardenas (1934-1940), he launched both the first economic restructuring of the country and the strongest impulse to the postrevolutionary state building, along with the statization of oil industry, supported by USA's president Franklin D. Roosevelt (within the context of having Mexico as a

favorable neighbor and ally of the USA at the First World War, its aftermaths and other worldwide military confrontations). In reality, President Cardenas sought to galvanize the domestic “political class” support within the context of an interpersonal political dispute for the nation’s power with ex-President Calles (who in the previous years had acted as the actual political chief of the former three presidents of the nation -the Calles’s *Maximato* (1929-1934)). As a result, after his “insubordination” or “rebellion” against Calles, Cardenas became the new postrevolutionary institutional *caudillo*, inaugurating thus the long period of presidentialist and corporate national development that exists now.

Projections of Carranza, Calles and Cárdenas were circumscribed into a broader, combined political context of global trends and internal dynamics towards development and democracy which profiled the state building and the country’s unfolding. The long European transition to capitalism, the specific one of the USA, and the national need of re-kindling development and capitalism (after their interruption by the revolution) provided the postrevolutionary state with a model of manufacturing and economic regulation. Indeed, Mexican postrevolutionary leaders were visionary enough to try to emulate the Western model, although it is uncontested they were incapable of doing it successfully, as growth was only sustained for three decades (“the economic miracle” of 40’s, 50’s and 60’s), then diminishing and finally collapsing at the beginning 80’s. By the same token, indicators of social wellbeing degraded slowly at first and then collapsed along with the growth rate.

Cardenas’ government’s innovative performance as well as his successors counted on sympathy and economic convenience by the USA because of the prevailing international confrontations during the inter-war period and the Second World War and the resulting American war economy. A policy failure of postrevolutionary leaders but more specifically of Cardenas and his successors is that they overlooked the need to create the necessary internal economic conditions for the country to go on by its own when the latter favorable international war context (before and after) was to change. It was undoubtedly a strategy failure, but even more. Rather the way they copied and transplanted the Western model and the political

management of society-state relations and market-state balances was at best a cartoon copy. They substantially neglected all consideration about what type of capitalism and of state was better for Mexico. As a result, the country is burdened today with an ineffective and impoverishing capitalism, and an amazingly bloated state acting under extreme discretionality.

Notwithstanding the latter assessment after the international economic crisis of 1929<sup>105</sup> and more specifically in the time between Cárdenas' government (1935-1940) and the "economic miracle's end (final 60's), the federal government submitted Mexican capitalism and the state to a structural reorganization, by creating a series of state-owned agencies and firms and implementing a wide diversity of economic and social programs. This political undertaking enlarged government action and not only economically (as befell Porfirism), bringing about the generous period of the "miracle" and its associated wellbeing. As a result, from the middle thirties to the beginning eighties (practically over half a century) this socioeconomic leap was unstoppable, while making the state apparatus larger with every six-year governmental term. State enlargement reached such a size and degree of regulation that it ended up suffocating the free unfolding of economic agents and productive flows. The state had fallen prey of a sort of *statolatría*<sup>106</sup> that put it as its own end instead of the nation.

Between 1925 and 1982 successive federal governments created a robust infrastructure of institutions that sustained the country's state-led development, which also included buying private firms. As a result, the state became the biggest capitalist in the country, multiplying its influence throughout the whole society by way of a variety of modalities of state participation, regulation and intervention in the economy as well as to craft domestic welfare institutions, such as:

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<sup>105</sup> Kindleberger, Charles P., 2009 [1973, original edition in English], *La crisis económica 1929-1939* (nueva versión en Español ampliada, revisada y actualizada), (Capitan Swing Libros, Madrid).

<sup>106</sup> Soja, Edward, W., 2000, *Postmetropolis. Critical Studies of Cities and Regions* (Blackwell Publishers).



- normative and operative governmental institutions;
- central and decentralized government agencies;
- organisms for the construction and maintenance of economic and social infrastructure;
- agencies for social security in issues such as health, housing, education, food programs, income, culture and leisure;
- entities for the coordination among territorial levels of government;
- banks and financial funds; and
- firms partially or totally state-owned, among other policy and administrative programs.

The hundreds of entities, organisms and firms that are shown below are an example of how the State was present in practically all socioeconomic sectors, and how in a number of cases its participation in economy and society was not strictly necessary.

**Finance:**

1. The Central Bank
2. National Bank of Credit for Agriculture
3. National Bank for Urban Mortgage and Public Works
4. National Financier (NAFIN)
5. National Bank of Credit for "Ejidos"
6. The National Warehouses (ANDSA)
7. Mexican Corporation of Exports and Imports (*Compañía Exportadora e Importadora Mexicana -CEIMSA-* that later became CONASUPO, the National Agency for Social Supplies and Popular Feeding)
8. National Labor Bank for Industrial Fostering (*Banco Nacional Obrero de Fomento Industrial* that later in 1944 became the National Bank for Cooperative Fostering -*Banco Nacional de Fomento Cooperativo*)
9. National Bank for Foreign Trade (*Banco Nacional de Comercio Exterior*)
10. Mexican Insurer (*Aseguradora Mexicana*)
11. National Bank for Retail (*Banco Nacional del Pequeño Comercio*)
12. National Bank for the Army (*Banco Nacional del Ejército y la Armada*)

13. Film Production Bank (*Banco Nacional Cinematográfico*)
14. National Bank for Transportation (*Banco Nacional de Transportes*)
15. National Bank for Sugar Industry (*Financiera Nacional Azucarera*)
16. National Bank for Agriculture and Cattle-Raising (*Banco Nacional Agropecuario*)
17. National Insurer for Agriculture and Cattle-Raising (*Aseguradora Nacional Agrícola y Ganadera*)

**Housing:**

18. FOVI (Fund of Operation and Deduction for Housing –Fondo de *Operación y Descuento Bancario a la Vivienda*),
19. FOGA (Fund of Warranty and Credit Support for Housing –Fondo de *Garantía y Apoyo a los Créditos para Vivienda* ), and,
20. FONHAPO (Fund for Popular Housing)

**Industrial Fostering:**

21. FOMEX (Fund for Manufacture Exports –Fondo *para las Exportaciones de Productos Manufacturados*)
22. FOGAIN (Warranty and Fostering for Middle and Small Industry –Fondos de *Garantía y Fomento a la Industria Mediana y Pequeña*);
23. FIRA (Fostering Funds for Agriculture –Fondos de *Fomento a la Agricultura*);
24. Fostering Fund for Tourism: INFRATUR (*Fondo de Promoción de la Infraestructura Turística*);
25. SOMEX Group, the Mexican Partnership Group for Industrial Credit (*Grupo Sociedad Mexicana de Crédito Industrial*), a controller of a variety of enterprises operating in diverse economic activities;
26. Regional Banks;

**Industry:**

27. PEMEX and subsidiarias,

28. CFE (the Federal Company of Electricity),
29. CLFC (The Electric Company for the Country's center -*Compañía de Luz y Fuerza del Centro*),
30. *Eléctrica de Chapala* (The Electricity Company of the Chapala Lake),
31. *Eléctrica de Ciudad Guzmán*, (The Electricity Company of Ciudad Guzmán, Jal.),
32. National Institute of Nuclear Research (ININ, *Instituto Nacional de Investigaciones Nucleares*);
33. *Altos Hornos de México* (a national-international Steel Company);
34. *Siderurgica Nacional* (The National Corporation of Metallurgy),
35. *Las Truchas* (An important steel national corporation located in the State of Michoacán),
36. *Peña Colorada* (An important iron national corporation located in the State of Colima),
37. *Aceros Esmaltados* (A steel corporation),
38. *Aceros Sonora* (A steel corporation);
39. Cement enterprises;
40. *Cobres de México* (A copper corporation);
41. *Viscosa Mexicana* (A mining corporation);
42. *Constructora Nacional de Carros de Ferrocarril* (the National Company Builder of Railcars);
43. DINA (*Diesel Nacional*), a subsidiary of PEMEX that also became producer of cars);
44. *Astilleros de México* (The national company producer of ships);
45. *Celanese Mexicana*,

**Sugar Refineries in:**

46. Zacatepec, Sugar Refinery
47. Central Sanalona, *Sugar Refinery*
48. Rio Guayalejo, Sugar Refinery
49. Fish packers;
50. Different firms producer of stoves and refrigerators (consumer goods);
51. Industrial firms CONASUPO;
52. *Bujías Champion* (a firm producer of candles for motors);
53. *Bicicletas Condor* (a firm producer of bicycles);
54. The National Center for Productivity (*Centro Nacional de Productividad*);

55. ARMO, A Company of Fast Training for Workforce (*Adiestramiento Rápido d la Mano de Obra*);

**Agriculture and the rural:**

56. The National Commission of Irrigation (*Comisión Nacional de Irrigación*);
57. PRONASE, The National Enterprise Producer of Seeds (*Productora Nacional de Semillas*);
58. International Center for the Betterment of Corn and Wheat (*Centro Internacional para el Mejoramiento del Maíz y el Trigo*);
59. National University of Agriculture (*Universidad Nacional Autónoma de Chapingo*);
60. Council for Agricultural Research and Graduate Education (*Consejo de la Investigación y la Enseñanza Agrícola Superior*);
61. FERTIMEX (a controller of several guano enterprises such as *Fertilizantes del Bajío, Fertilizantes del Istmo, Fertilizantes de Occidente*);
62. Forest firms: *Compañía Industrial de Atenquique, La Forestal, Chapas y Triplay, la Forestal Vicente Guerrero, la Compañía Forestal de la Sierra Tarahumara*;
63. CORDEMEX (a firm industrializer and trader of sisal);
64. CONAFRUT (National Commission of Orchards);
65. Found for Prickly Pear (*Fondo para el Fomento de la Producción de Nopal*);
66. INI (the National Indigenous Institute, coordinator of a network of regional indigenous centers, as well as different indigenous Patronage institutions for: Valle del Mezquital, Maguey, Palm, Handicrafts (Temoaya));

**Mining:**

67. Council of non Renewable Natural Resources (*Consejo de Recursos Naturales No Renovables*);
68. Commission for Mining Fostering (*Comisión de Fomento Minero*);
69. The Mining Company Real del Monte y Pachuca,
70. Several coal and sulfur enterprises.

### **Transportation and mass communication:**

71. *Ferrocarriles Nacionales de México* (The National Company of Railroads);
72. The National Commission of Roads (*Comisión Nacional de Caminos*);
73. CAPUFE, the public enterprise in charge of constructing and operating State-owned speedways (*Caminos y Puentes Federales de Ingresos*);
74. the national firm operator of airports (*ASA, Aeropuertos y Servicios Auxiliares*);
75. AEROMEXICO, one of two most important national aviation companies;
76. MEXICANA, one of two most important national aviation companies;
77. *Telégrafos de México* (The Telegraph Service National Company);
78. *Servicio Postal Mexicano* (The Mail Service National Company);
79. TELMEX, *Teléfonos de México* (the first Telephone Company in the country);
80. Different modalities of state owning in seaports;
81. The METRO, México City's Rail System of Public Transportation;
82. *El Nacional*, a national newspaper;
83. (the National Company Producer and Importer of Paper; *PIPSA, Productora e Importadora de Papel*
84. *Talleres Gráficos de la Nación*, The National Printing;
85. 12.5% of broadcasting time;
86. The microwave network, radio stations, cinematographic studios and enterprises;

### **Housing and Urbanization:**

87. Urban Development enterprises,
88. Local Agencies for Material Improvements (*Juntas Federales de Mejoras Materiales*),
89. INDECO, the Institute for Community Development and Popular Housing (*Instituto para el Desarrollo de la Comunidad y la habitación Popular*),
90. INFONAVIT, the Institute for Workers' Housing (*Instituto/Fondo Nacional para la Vivienda de los Trabajadores*),

**Commerce and Service activities:**

91. Hotel and Restaurant/Bar Networks,
92. The National Lottery,

**Education and culture:**

93. CAPFCE, the Agency for the Building of Public Schools (*Comité Administrador del Programa Federal de Construcción de Escuelas*),
94. CONALITEG, the National Commission for Free Textbooks (*Comisión Nacional de Libros de Texto Gratuitos*),
95. FCE, a state-owned company printer of books (*Fondo de Cultura Económica*),
96. COTSA, a state-owned company controller of museums and theaters (*Compañía Operadora de Teatros*).

**Health and social security:**

97. IMSS, the Mexican Institute for Social Security, which includes its own network of theaters and leisure places (*Instituto Mexicano del Seguro Social*);
98. ISSSTE, the Institute of Social Security and Services for the State's Workers, which also owns theaters and leisure places (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado*);
99. A national network of Hospitals for Specialties;
100. INPI, the National Institute for the Protection of Childhood (*Instituto Nacional para la Protección de la Infancia*);
101. DIF, Integral Development for the Family (*Desarrollo Integral de la Familia*), a national government institution always led by the nation's president's wife.

Since the beginning of Cardenas government, the state was devoted to consolidate the regime of the revolution, reinforcing it besides the creation of the latter public organisms, with an immeasurable power comprised by an immaculate social discourse and discretionary attributions and functions, in conformity with the postrevolutionary "social contract" of taking the nation to a stage of democracy and

development in pursuit of meeting the revolution's demands. However creating public institutions, agencies, banks and firms was not simply a crude exercise authority, but also an oversight in policy decisions the same as the exercise of such power was highly licentious by government executives and official leaders. In parallel dazzled by the attractive outcomes of industrialization, urbanization and state institutionalization in Europe and USA, the Mexican state acted decisively starting from Cardena's term to orient the country's economic unfolding in a direction as of that of the latter pathway (model) of capitalism but uncritically and mechanically. Policymaking for economic regulations and intervention was made without appropriate rigor in diagnoses especially overlooking existing asymmetries between Europe and the USA and Mexico in at least three senses:

- a) The Western model stems from millenarian social traditions translated into a long territorial evolution of the state and capitalism in Europe,
- b) Mexico as a young, non-Western country (with solely eleven decades counting from the enactment of its first Constitution in 1824, to the Cardenas term in 1934); it is abysmally distanced from the productive and social history of European country's development, and,
- c) Notwithstanding its youth, by 1934 Mexico had passed most of its national life under authoritarian governments, except for sixteen years of relatively republican stability at the beginning of the XIXth century's second half: a six-year period after enacting the Constitution of 1857 to 1863 when internal conflicts emerged and ended up installing the monarchy of Maximilian I, and the decade of "The Restored Republic" (1867-1877) when General Porfirio Diaz came to its end.

The latter historical asymmetries and its politically unfortunate first century as a nation, along with the backlog of social shortfalls, demanded from Mexico a rigorously technical, truly nationalistic and duly legitimate decision about the model to select for capitalist development. It really needed to craft their own model, making the adequate policy and strategic adjustments to include into the developmental equation

the largely excluded social variable, and especially the “socio-spatial”, “geohistorical” specificity of the nation<sup>107</sup>.

Later at mid- XXth century, although the state-led “economic miracle” reached outcomes that are conventionally considered successful they turned out to be temporary, quantitatively insufficient, and above all qualitatively remiss of the excessively-political specificity and the non-market abilities Mexican society for the Western, modern capitalist development. Intimately linked to the “miracle” a postrevolutionary state was building its own role in the economy by over-protecting the emerging national productive sectors from domestic and international competition.

Acting in the latter context, the state distorted the scope and exceeded the scale of its mission to the extent of displacing the nation as the center of development. This was counterproductive for its own rationality, its operational functionality and its postrevolutionary viability as the active constituent of the nation-state. Nevertheless, the worst outcome was to upset and transform state activities into a political, partisan movement which we call Statism. As state-led development was reaching some accomplishments and the state’s size gradually over scaling, state action became statism by putting itself apart from the nation-state. It is a truism that the consequences of this process of statism on democracy and development are highly critical and determinant. And although it achieved some progress for the nation it was at the expense of aggravating the national course. In hindsight, statism was born to over-direct the economy (an insane idea) and along with presidentialism, corporatism and democratism, to take over the

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<sup>107</sup> Tello, Carlos, 1980, La política económica en México 1970-1976 (Siglo XXI Editores)



postrevolutionary society. As such, statism can be presented as the societal ferment composed of six chains of connected and successive events:

- a) The chain of the trans-application or imitation of an alien model of policies and ironically not the foreign country's society including all its historical, cultural and territorial background along with the lack of the indispensable domestic policy and the professionalization of politicians and entrepreneurs for productive development;
- b) The chain of the negligence or abandonment of internal markets, technology, productivity and competition and thence the lost possibility for the country to count on a socioeconomic base for productive wellbeing (and not just an unproductive subsidy-based welfare);
- c) the chain of bureaucratic dynamics, national and international interest groups and oligarchic bets distanced away from and/or against the social and national sense of the country;
- d) the chain of the cumulative oversights committed since independence, to which the postrevolutionary state has added its inefficiency, opacity, authoritarianism and bloated size, and especially the state-led processes of ambitious statism with consequences to be discussed in later sections;
- e) the chain of dialogizing the non-ideological nature of the state's balances and markets' allocations, to extents of becoming dogmatic entelechies and oligarchic *modern* lordships which has delayed the civilizing development of capitalism; and
- f) the chain of the superimposition of the state above production, the de-embeddedment out of society of its twofold role as economic regulator and law authority, and the political denouement from its original legitimacy. Also the replacement of society and nation for the state in development, and the retraction, disavowal and/or retreat of the state from its social, juridical and historical constitution.

The process of statism, nevertheless, brought about undeniable advancements for the economy and society as a whole and for the work of state building, such as the industrialization achieved in the period 1940-1970, one of the nimblest and most resolute of the world with an annual average rate of industrial growth of 8%, reasonable improvements in employment and sustained endowments of public services. By the same token, the institutionalization taken on to bear the productive and political changes implemented by the state in response to the revolution's demands, headed by the creation of the PNR, the increasing state fostering of the economy and the functionalization of presidentialism on development. Since postrevolutionary advancements started before the state grew to its huge size, outcomes reached between the enactment of the Constitution of 1917 and the explosion of the social movement of 1968 are the postrevolutionary state's best achievements in the matters of economic development, social progress and institution building. In fact, there is no better Mexican half century in domestic history than the latter in industrialization and income distribution. Salient policies of this period include land reform, some spill-over of oil income on industrialization, public firms' orientation in favor of economic and social development, at the same time as public investments and government subsidies, and the revolutionary "pact" by presidentialist governments to maintain the stability and governance needed for growth, wellbeing and development. However, these achievements did not offer to every Mexican the opportunity for health, housing, feeding, education, employment, social security, citizenship and electoral democracy. By the end of the sixties, shortfalls in the latter were evident as social benefits began decreasing. Furthermore, stemming from the statist advancements, demands from a new urban middle-class grew as they became demographically larger than the rural population. The former was a more educated population was more aware of its individual and social rights, more demanding of basic endowments and of other more specialized and costly services, and more organized and politically active.

Conditions that allowed the 1940-1935 period of development were paradoxically surpassed by the succeeding masterwork of statism: (the "Mexican miracle") and its associated increase in public spending,

and ironically as well by the superimposition of the state above nation and society. Thereon economic and social results and leading institutions started to show signs of tiredness and incompatibility with the “Mexican miracle”-generating new needs and demands. It was evident that citizens were seeking a major political opening. Clearly economic growth claimed a major synchrony between the necessary protection of domestic markets and the convenient openness for international competition as a better balance in the relation of markets and the state’s regulation and participation in the economy. This approach seemed reasonable in the light of successful international experiences of those years. It was not a bad example to take the road used by other countries successfully that combined and strengthened their internal markets and outward economic liberalization, such as Germany and Japan, and those that by then were already successful like USA, England and France, among others.

By the time of seventies, it seems as if Mexican policymakers had unconsciously chosen to exhaust statism as a development strategy which accelerated its decomposition as a model. This is evidenced by the lack of attention to the economic and political crisis dragging the country down. Economic policies of Presidents Luis Echeverría and José López Portillo (1970-1982) exacerbated the model’s exhaustion, tellingly the issues of protectionism and low economic productivity that in 1982 would collapse the economy in a structural crisis. What the crisis of 1982 showed was how governments came to overlook unconceivable structural economic problems, such as:

- the excessive closeness with the international economy; the increased external debt; and the excessive state intervention in production and markets;
- the productive deterioration of *ejidal* agriculture and its incapacity to work as the source of income, employment and wellbeing for rural families and enterprises;
- the migration from rural areas towards Mexican border cities and USA cities with its concomitant urban marginalization of migrants, due to the state’s incapacity to meet their economic and social needs either in rural areas or in the migration-attracting cities;
- the increasing importation of food; and,

- the growing demand for basic endowments and social security services (health, housing, feeding, education, employment, income, among others), and the shortfalls in coverage and quality of such services.

The main obstacles inhibiting Mexican productivity up to 1982 were:

- high protectionism on internal markets,
- the differential between industrial and agricultural growth,
- weak insertion of the country in worldwide markets, and
- the organic crisis of the State as the leading institution of society's development.

A combination of the monopolist character of the economy and the overprotection of internal markets obstructed productivity. The control of imports by way of governmental permissions was performed as a new professional trade by public officers in collusion with importers, as part of a wide network of public/private discretionality. Import permissions made it possible for a few national and foreign enterprises to control internal markets and fix prices (administrative, monopolist, but non-market), thereby avoiding and preventing the concurrence of other factors and players of worldwide competition, and hence depriving Mexican consumers of innumerable potential advantages or productive economies stemming from international markets. Thus a form of an artificial economic profitability took shape in the country under protectionism, away of production and real markets, for which it was more important to control and administer the internal market than developing productivity or opening the economy. In fact, this was the underlying factor for the failure and exhaustion of the import substitution model in Mexico.

As for the nation's weak insertion in international markets as an obstacle to productivity, it arises from the internal inability to develop a domestic sector exporter of manufactures, competitive enough outside and able of gaining the necessary currencies for the required imports of capital goods. This, contrariwise, was prescribed and approached falsely, with recipes such as manipulating the foreign exchange rate, buying more external debt, or multiplying subsidies, all false solutions that masked the true

problems in spite of a formal policy promoting industrial exports. Later, this problem found an effective temporary palliative in the growth of oil exports and the simultaneous “petrolization of the economy”, though it was, once again, a conjunctural policy and not a structural one that ended up exacerbating and postponing a real solution for the lack of currencies<sup>108</sup>.

As a consequence, the crisis of statism became a bottleneck obstructing the economic and social development in the country, due to the degeneration of the active and leading role of the state to (now) break productive activities instead of fostering them. As the State apparatus’ size reached an unexpectedly larger dimension, industrialization began to deteriorate because of the state’s obesity and its own crisis of economic sclerosis. Furthermore, the State fell into an additional crisis of economic functionality whose two main expressions are: the government use of public finances to compensate for the decrease in private investments, and the enlargement of public expenditure for the state apparatus regardless of its social inefficiency or economic dysfunctional. As a result, public debt and fiscal deficit expanded from a share of 2% of the GDP in 1970 to around 18% in 1982. Therefore the crisis of 1982 precipitated public finances forcing the Treasury to seek formulas to finance the deficit, through measures such as offering titles of public debt in the financial market, cutting drastically both public investments and subsidies to private investments, and modifying the banking deposit rules, among other equally important measures. It was clear that traditional economic policies of overprotection, deficit expenditure and subsidy for public enterprises, all of which affected productivity in a vicious circle, were not working anymore and only aggravated the economic crisis itself, the crisis of the state, and the consequences of both on society.

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<sup>108</sup> Alonso, Antonio, 1972, El movimiento ferrocarrilero en México; Loyo Brambila, Aurora, 1975, El marco socioeconómico de la crisis política de 1958-1959 en México, in *Revista Mexicana de Sociología* Vol. 37, No. 2 (Apr. - Jun., 1975), pp. 349-362 UNAM, México); Poniatowska, Elena, 2006, *El Tren pasa primero* (Alfaguara).

In hindsight, although the state matured on its own due to the postrevolutionary political need to create a national administration apparatus and establish an institutional infrastructure for economic fostering and regulation, what escalated the state's decomposition was the creation of public enterprises that invested it with much greater regulation faculties on economy and society, (and on politics as well), positioning it as competitor with investors and entrepreneurs, where from the state strengthened itself in the process of Statism. Along the nation's postrevolutionary course, the evolution of statism has been favored by its convergence with other three processes that have facilitated its over-stature above the nation once the latter entered into its own republican and capitalistic restructuring starting from 1917 and 1935 respectfully. Such substantial processes are presidentialism, corporatism and democratism, all having to do with the systemic reorganization of postrevolutionary national society.

### **3.4 Democratism: the cosmetic legitimating procedure or the administration of a transition to democracy**

After the Revolution of 1910 Mexico had wide expectations for electoral democracy in four historical moments: after the presidential election of 1911 won by Francisco I. Madero; following the inauguration of the government term of President Madero (1912); the enactment of the Constitution (1917); and with the creation of the PNR was created in 1929. Notwithstanding, very soon the nation would enter into a two-decade period of (major, minor or recurrent) militarism (1913-1934) that was violent, overwhelming and tragic for the whole society. It was a period of bloodshed, inter-faction disputes, political instability and social uncertainty. Militarism in Mexico was present since the first moment of independence, and this time would not be different, despite Porfirian militarism had come to its end and particularly because a civilian movement had defeated it in the presidential election of 1911. This regrettable political period of military incivility resulted in the assassinations of the three main revolutionary leaders and the first

postrevolutionary Constitutional presidents: Madero (1913), Zapata (1919) and Villa (1923) as well as Carranza (1920) and Obregón (1928).

An outstanding characteristic of Mexican militarism in this period is that not even the civilian making process of the federal Constitution was enough to unarm or defeat it. The dominant military/political groups lacked the civic political vocation, the institutional capacity and the political culture to achieve the revolution's objectives under peace and political harmony. Unwillingness prevailed to move from the tempting militarism to an institutional politics. Even though a combination of military and civil groups finally galvanized different political positions and proposals to create a new Constitution, what was missing between the republican design and its political operationalization was insufficient political creativity to put into practice the Constitution's principles of democracy, or to settle elections (instead of military quarrels) as the organizational way to legitimize civic politics (instead of martial *Caudillismos*). An operational solution to dispose of politics through civilized procedures was increasingly demanded by the population and civil groups, rejecting the string of military uprisings. Nonetheless, dominant groups and political elites ruling the country by the time, most of them of military formation and ascendance were neither receptive nor reactive to such social demands but rather showed proclivity to keep militarism as a pillar of the postrevolutionary political regime. Clearly what the ruling elites sought did not match the rationality of democracy and instead put into place a twisted process to administer elections and camouflage democracy. This underlies the elites' cold reaction.

It was not up to 1929, a dozen years after the enactment of the new federal Constitution, that ex-president Plutarco Elías Calles founded the PNR looking to close the nation's chapter of postrevolutionary military *caudillos* and their methods and move toward a pathway of institutions and elections, and thereby trying to meet, at least formally, the magisterial demand of the revolution *Effective Suffrage and No Reelection*. The PNR's electoral exercise was to be the operational mechanism that would bridge the

transition between militarism and the revolutionary demand for having a system of elections. The contribution to democracy that such a transition would have was important but relative, symbolic or null since the presidentialist, corporatist and statist arrangements underlying the PNR kept all democratic endeavors under control. It seemed the important point was to provide the country not with a pathway and institutional channel for democracy but with a scaffolding to camouflage elections and thereby prevent a real transition to democracy.

This twisted political transition would take the nation by the end of the century to a centralization of power in the hands of the president of the nation, the PNR-PRM-PRI leaders, the ruling political class comprised of the governors and mayors of the country, the legislators and magistrates of justice, the entrepreneurial and labor leaders, and the high government bureaucracy as well as the oligarchy encompassing the latter actors. In turn, this political centralization kept the population involved in political formats that favored the authoritarian procedures of the one-party system and to take the people away from real politics and effective electoral participation. Indeed, some progress took place in matters of political rights throughout a successive political reformism from 1929 to now. However, the results of the desired presidential alternation at the end of the twentieth century was widely disappointing for all political and social actors, as it revealed the original inconsistencies and the narrow scope of a political system designed not for citizens to be involved in democracy but for bureaucrats who control it. This was a corporate system directed by the nation's president, political parties and their leaders, and the entrepreneurial and union heads, as the main players, but was never intended to be open to the free partaking of society in both elections and government.

It should not be surprising that when the alternation occurred in 2000, "the system" was kept under control by PRI's dense and pervasive structures and it was simply transmuted into an orgiastic particracy. That is, the conversion of an one-party ruling elite into a three-party elite which in turn has been controlled by the PRI under the original objectives of restraining democracy, this time not solely for the Presidency but



also Congress. In other words, electoral alternation opened “the system” to the political society but not (at least not yet) to the civil society. Indeed, administering this transition from one-party system to a three-party system has been a long journey in two political cycles: one from 1929 to 1979 and the other from 1979 to now.

### **Electoral Transition to Democracy, 1929-2012: Two Cycles**

#### First Cycle, 1929-1979: One-party political system and political reform

Since its creation in 1929, PNR has functioned as the electoral machinery of the postrevolutionary state and not as a political party. It is more like an agency to procure governance at any expense or an apparatus to justify its hold on power by force and not have to compete electorally for it. That is, a camouflaged entity servicing a top-down directed electoral form to get power (and this way a demagogic game to play at elections), but not at the service of democracy. PNR was adept at a game about how to bargain and prevent citizens the access to power---far from a real exercise of electoral democracy. This setting crossed vertically and horizontally the existing social dynamics and their leaderships as well as the electoral scaffolding mounted as part of the processes of presidentialism, corporatism and statism. PNR-PRM-PRI played a critical role linking the players, giving some coherence to the game, and providing it with institutional and legal substance. The emerging post-Cardenist society became more demanding in the heat of the three wider and overlapped phenomena converging in the country: industrialization, urbanization and (a very incipient) citizen empowerment.

In this context, the role of PNR, which was the formal, ideological, militarist and presidentialist heir of both the anti-Porfirian Revolution and the Constitution of 1917, was not just any role, but one of corrupting leaders and groups in a society anxious for material progress, thirsty for sociopolitical participation, and barely starting to receive benefits from the Mexican “economic miracle’s” first social programs. It was with the latter society that PNR-PRM-PRI imposed a process for the electoral game to feed it politically and to

control society corporately. This operational synchrony depended both on the political inclusion/exclusion of groups, leaders and citizenries and the income distribution range of the postrevolutionary regime. The issue was no less than about making the electoralist game work as it was to provide it with a control-oriented logistics for the correction, recycling and continuity of the regime within a virtuous (or vicious) circle foreseen under a systemic stratagem since the nation's presidency. The PNR-PRM-PRI worked for presidentialism continuation as the leading process of the political system. Each election of a president made that person the new, true political leader of the party and hence of the "system." As such the President also contributed to keep corporatism both as the structuring method of all action and flexibility of the "system" and as the unique channel for sociopolitical inclusion/exclusion. Likewise, PRI's work was pulsed and fed the social dynamics to make it as flexible as rigid as statism needed and as the institutional and developmentalist strategy of the state. Then the latter three processes were reinforced by a fourth one, that of electoral democratism which equals the electoral, galvanizing and cohering labor of PRI in a first cycle. Then it is accompanied by additional parties in a second cycle, "inspired" demagogically by the original democratic character of Mexican Revolution, though under the anti-democratic barriers of political contention and cosmetic action of the postrevolutionary regime.

The "success" of democratism, as the fourth process sustaining the post-Porfirian postrevolutionary regime, however, was possible only with the application of a martial, dictatorial "discipline" inside and outside PRI-system or what is called "the revolutionary family". Defying that party "discipline" was met with inconveniences and reprisals against either persons, families or daring dissidents in worker guilds. That was the case for a variety of single and collective political actors, such as politicians and social movements that stood in opposition to "the system", or those at the left and right wings of the national political spectrum. Salient examples are the dissident presidential candidacies against the PNR-PRM-PRI's official candidates: José Vasconcelos in 1929 (former Minister of Education) by the National Anti-reelectionist

Party (*Partido Nacional Anti-Reeleccionista*); General Juan Andrew Almazán in 1940 (former Minister of Communications and Transportation) by the Revolutionary Party of National Unity (*Partido Revolucionario de Unificación Nacional*); Ezequiel Padilla in 1946 (former Minister of Foreign Relations) by the Mexican Democratic Party (*Partido Democrático Mexicano* and PAN); General Miguel Henríquez Guzmán in 1952 by the Federation of People's Parties (*Federación de Partidos del Pueblo*); and Cuauhtémoc Cárdenas in 1988 (former Governor of the State of Michoacán) by the Authentic Party of Mexican Revolution (*Partido Auténtico de la Revolución Mexicana*), that was able gain support from all the Mexican left-wing parties. Collective cases in a similar situation are those of the Railroad Workers Movement (*Movimiento de los Ferrocarrileros*) of 1958-59<sup>109</sup>; the Doctor's Movement (*Movimiento Médico* of 1964-65)<sup>110</sup>; the Social Movement of 1968<sup>111</sup> the Earthquake Homeless Movement (*Movimiento de Daminificados del Sismo de 1985*); the Zapatista Guerrilla Movement (EZLN) in 1995, to mention only a few among the most relevant.

The latter cases of political dissidence against PRI, or those of original political opposition to the PRI-system, reached their worst and regrettable political experience in the Social Movement of 1968, when a bloody military repression was launched against the protesting population in the “*Plaza de las Tres Culturas*”, in Tlatelolco, Mexico City, causing unknown hundreds (or thousands) of deaths. The sociopolitical Movement of 1968 is uncontested proof that not only the national economic development model, but also the PRI political system arrived to their exhaustion since the middle sixties. Citizens and

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<sup>109</sup> Soto Laveaga, Gabriela, 2011, Doctors, hospitals and intelligence agencies: the Mexican medical movement 1964-1965 as seen from intelligence reports (UNAM, México); Pozas Horcasitas, Ricardo, 1993, Democracia en blanco (Siglo Veintiuno Editores); Nigenda, Gustavo and Armando Solórzano, 1977, Doctors and Corporatist Politics: The Case of the Mexican Medical Profession, *Journal of Health Politics, Policy and Law*, February 1997, 22(1): (73-99)

<sup>110</sup> Álvarez Garín, Raúl, 2002, La estela de Tlatelolco: una reconstrucción histórica del movimiento estudiantil del 68 (Editorial Ítaca, México); Poniatowska, Elena, 1971, La noche de Tlatelolco (ERA, México); Zermeño, Sergio, 2003, [1978, 11th Printing], México: Una Democracia Utópica. El Movimiento Estudiantil de 1968 (Siglo XXI Editores); 1996, La Sociedad derrotada. El desorden mexicano del fin de siglo (UNAM/Siglo XXI, México); Semo, Ilán (Ed.), 1993, La Transición Interrumpida. México 1968-1988 (Universidad Iberoamericana/Editorial Nueva Imagen, México).

<sup>111</sup> It was after the revolution, and especially following the enactment of the Constitution of 1917 that a positive and constructive political context was gradually emerging in favor of overcoming the repressive military modality of the postrevolutionary regime; and this was the context that took to act formally in opposition to the post-Constitutional governments and later to PNR.

sectors from all conditions demanded a change in the way to lead the nation. However, the government of President Díaz Ordaz lacked the political capacity to offer the movement a different solution to that of the massacre. The consequences of such a sanguinary event were traumatic for all sectors of the country. As an immediate reaction, in 1971 new President Luis Echeverría offered an open-door government, incorporating young political actors to PRI and to politics overall. Later, President López Portillo proposed in 1977 a political-electoral reform to incorporate clandestine political actors in the formal and public politics, starting from the federal elections of 1979 for which an important political reform was enacted by Congress.

The political reform of 1979 contributed to building electoral democracy in Mexico and was significant for the national political systems subsequent evolution. This reform represents an important advancement for the course of the country, because it incorporated to institutional life the political parties and groups that used to act at the fringe or against the state. By the same token, it established the institutional bases for inclusion, plurality, transparency, legality and competition among parties, as organizational principles for the election of authorities at the three government levels. All in all, these electoral innovations of 1979 brought about the current party system. However, constituting this reform itself is a significant asset for the Mexican transition process to electoral democracy, the latter has not evolved as expected or demanded by pro-democracy players. Actually, it has somewhat worked, but more for the bad than well, due to the flaws, weaknesses, imperfections deviations, temptations, and abuses incurred by all players. Among those to blame is first of all, PRI and government themselves (including IFE and associated organisms); voters and nonvoters; political parties and anti-election political organizations; the still orthodox electoral law, legislators, and the civil society specialized on elections; and, tellingly, the incipient, surface-rooted defense of votes far from being a cultural and political tradition. Thus the current electoral system suffers from strong internal conditions and external vulnerabilities. In sum, this first

comprehensive cycle in the transition process to electoral democracy has transformed the original one-party political system into a more-than-one-party political system that we call here Particracy.

### Second Cycle, 1979-2012: Electoral Plurality, Alternation and Particracy

Whereas the latter first cycle tried to institutionalize the anti-reelection demand of the Revolution under a well identified vision for a post-Porfirian, postrevolutionary political regime, the second cycle led to unbending and perfecting what was twisted in the first cycle. Both cycles turned out to be parts of the broader historical context of the state building process since Independence, and retaken past the revolution of 1910 and particularly with the creation of the PNR in 1929. Since then, Mexico's journey towards electoral democracy has already taken eighty three years (1929-2012), almost a half of its entire independent life. It is relevant to highlight that the vision about the political regime has not changed across such eight decades of institution building, and also that, although the second cycle (1979-2012) has so far been shorter than the first one (1929-1979), the former has been more intense, albeit not necessarily more fruitful. Notwithstanding, it seems that some degree of electoral plurality reached under the sponsorship of the 1979 political reform was paradoxically lost with the presidential party-alternation attained in 2000, since the resulting particracy is a reversion of plurality, or, even worst, a *retro-alternation*.

#### 1979 to present: Electoral Plurality

In practical terms, the political reform of 1979 was a government attempt to correct the regime's own political restraints. Since the end of fifties and beginning of the sixties new politically organized groups had been emerging (i.e., the doctor's movement of 1958-59 and the railroad movement of 1964-1965, etc.) as a result of the first national productive restructurings decrease of social wellbeing as well as the PRI regime's crude authoritarianism. However, the regime was closed to them. With the reform of 1979 government opened the doors for those groups to be incorporated into institutional politics. Some of those groups had been involved in opposition politics to the postrevolutionary regime since the revolution's period

(1910-1917) and even since its previous gestation, such as those that ended up shaping the Mexican Liberal Party (PLM), and the Mexican Communist Party (PCM) as well as the National Action Party (PAN)<sup>112</sup>. The corporate exclusionary character of the PNR left no other choice than organizing themselves (the political groups) under a rainbow of political and electoral modalities for political action, such as unions, political parties, guerrillas, against the former. Since its inception, the PNR's political rigidities and "discipline" was a political straitjacket for many emerging political groups, whose dissidence led them to shape a political opposition to the regime that reached its highest articulation at the social movement of 1968 and the guerrilla movement of Lucio Cabañas in 1973-74. The proposal of 1977 (enacted in 1979) from the government of president José López Portillo for a political reform was the answer to a wide range of postrevolutionary political exclusion represented by the PNR-PRM-PRI.

As a consequence, a mosaic of political organizations entered formal politics, most of them under the figure of political parties and mainly from the political left-wing since the reform had targeted them. Thus old and new political parties appeared at the public political scene starting from 1977 and took part in the federal elections of 1979<sup>113</sup>. Their visions and political practice represented an alternative for a regime change and gave shape to a political plurality that official politics had not previously known. The decades of seventies and eighties were rich in alternative viewpoints from such a plurality. This could have performed better in the Legislative had it attained more electoral support. But left social leaders were co-opted by the

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<sup>112</sup> González Casanova, Pablo, 2009 [1965], op. cit.; 1981, op. cit.; Rodríguez Araujo, Octavio, 1991 [1979], op. cit.

<sup>113</sup> Garrido, Luis Javier, 1982, op. cit.; Crespo, José Antonio, 2006, op. cit.; Rey Romay, Benito, 1989 (2<sup>nd</sup> edition), op. cit.; Meyer, Lorenzo, 2009, La institucionalización del nuevo régimen, in El Colegio de México, 2009, [2000], Historia General de México (11<sup>th</sup> Re-print, El Colegio de México, Centro de Estudios Históricos); Bizberg, Ilán and Lorenzo Meyer (Ed.), 2003, op. cit, four volumes.

PRI to the extent that some of them became “satellite” parties controlled by the government and thereby falling into discredit and devoured by the regime. At some point, the post-1979 political plurality had disappeared, to the extent that when the legislative and presidential alternations were reached in 1997 and 2000 respectively, all parties put away their original opposition platforms and gave shape to the current participatory, instead of taking the opportunity to lead the transition to democracy.

#### 1997: Legislative Alternation in the Federal Congress

A significant moment in the Mexican political transition occurred when in 1997 the legislative opposition parties reached their first majority in the Federal House of Representatives (*Cámara de Diputados*). The new legislative majority however was unable to change the status quo and move Congress toward the social transition to democracy. Instead, incredibly, it focused on guaranteeing not the sought political transition in benefit of the whole society but one for “the system in favor of the alternating government and parties” interests. This non-transition indeed negotiated in privacy and opaquely, preceded the participatory today in force. As such, the new government simply devoted uncritically to make established institutional programs continue in order to get some immediate short-term governance.

This co-opted Congress of 1997 was a disappointment in terms of the historical demands of innumerable social, political, territorial and cultural movements throughout the country, thus countering their demands and struggles and in some cases countering their own political existence as political opposition. Since 1997 the opposition diverted the transition process, towards an intermediate and superfluous station contrary and detrimental to the public interests of society: participatory. That is, a new corporate club-like modality of electoral democracy, in benefit of political parties as club-like members where they decide development policies and public budgets having party interests as their first priority and not those of society, and working with the same elitism, authoritarianism, corporatism, clientism and discretionality that they used to criticize to their historical enemy: the one-party presidentialism of PRI. This first legislative

alternation of 1997 did little for the Mexican transition to democracy, and, as such, it irresponsibly squandered a historical social opportunity that was a historical political patrimony of society and not of current parties. In 1997 that legislative alternation missed the opportunity to straighten, innovate and bring up to date the widely known shortfalls and vices of the “institutionalized revolution” of XXth century<sup>114</sup>. The poor performance of that first legislative majority paradoxically distanced even more the country from the social movement of 1968 and from the citizen demands after México City’s earthquake of 1985. Today that political deficit stands out for not contributing to straighten, underpin, reform, and normalize the transition process to democracy, and also for not questioning and holding accountable the leaders---a republican responsibility of legislators. The lack of transition during 1997-2000 would be completed with the sterile presidential alternation of 2000 -2006. It could have been different had legislators used this opportunity to conduct their transitional work.

What that legislative alternation lacked in 1997 was working in advance for the foreseeable presidential alternation of 2000, and hence legislating, for instance, a law for the alternation(s), but it did not do so. This oversight of that time continues at work today as can be seen after three alternating presidential elections, those won by Presidents Vicente Fox (2000, PAN), Felipe Calderón (2006, PAN) and Enrique Peña (2012, PRI), and the same occurs in the states and municipalities. Likewise, diverse reachable advancements were postponed in matters of poverty, unemployment, wages, pensions and food supply as well as taxation, monopolies, productivity, mass media, federalism and regional development, to mention only some additional outstanding issues where the Legislature did not act or incurred a mediocre performance in light of its majority in Congress. Furthermore, the legislature failed to provide public budget-based rescues for social sectors and firms under bankruptcy as the cases or most poor municipalities of the

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<sup>114</sup> Moreno Perez, Juan, 2009, Fobaproa: el costo del rescate bancario (Grupo Parlamentario del PRD en las LX Legislatura, Camara de Diputados, Mexico



country that were severely impacted by the Tequila crisis of 1994-95. The latter legislative failure, nevertheless acquired a contrasting and highly polemical dimension in front of the scandalous Fobaproa, which goes beyond a global economic rationality by benefitting firms and entrepreneurs of proven inefficiency<sup>115</sup>.

With the objective of moving ahead with the democratic transition of the country the discussion is centered on elections and alternation but should not be limited only to them alone. I argue that there are diverse issues that the legislature 1997-2000 could have legislated but did not and which could have made a difference like: the transparency of public works funding and the technical conformity of beneficiaries; the compulsory programming and budgeting of public works that are committed during electoral campaigns; or the modernization of government functions of regional and local development classifying municipalities according to four criteria of (i) economic resources, (ii) poverty, and (iii) productive and market potentials and, (iv) social strategic planning in order to encourage more self-sufficiency in their basic social services and to orient federal budgetary transferences transactions to productive projects for territorial development. This is just to cite some sensible examples of areas of legislative work that were not approached by the legislative alternation of 1997.

The insistence on stressing the overlooked legislative work in the period 1997-2000 has an analytical and political pertinence, because along with the successive legislature(s) of 2000-2003 and the nation's new President (2000-2006) they marked the present and the future of democracy in Mexico. The legislature's remiss work during 1997-2000 ended up procreating its masterwork: the invention of participacy which impacted, innovated counterproductively Mexican electoral politics in at least six senses:

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<sup>115</sup> Carpizo, Jorge, 2010 [1978], op.cit.

- i) the diversion of the transition process and the perversion of preceding transitional advancements (since 1979);
- ii) the proscription of political plurality for a monolithic particracy that focuses on a profitable electoral industry and political marketing and not on electing the capable authorities to govern. This upsets both the original spirit of politics and democracy and the Mexican post-1979 process of institutional of elections;
- iii) the legislative term or 1997-2000 that set precedents for Mexican political parties' unexpected conservative pragmatism to stay in power:
  - a. against social struggles wherefrom they stem,
  - b. against citizen participation,
  - c. against the state, in flagrant "alliances" the antithetic competitors as if to assault the public power, and,
  - d. against transition itself.
- iv) The commodification of political parties despite their Constitutional statement as main institutional actors of Mexican electoral democracy;
- v) The ratification of political parties, presidentialist, authoritarian and parasitic vocation, and,
- vi) The overwhelming fiscal cost of political parties and new electoral institutions in front of prevailing electoral corruption

Thanks to the latter six features, the actual state of affairs of Mexican transition to democracy cannot be in worse shape. Now the transition has to cope with not only presidentialism, corporatism and statism but also with parties and their new political pragmatism as electoral retailers. Their evolution from the postrevolutionary struggles for democracy to the present retail and open political *maquila* for

presidentialism has ossified them into the old bones of historical domestic conservatism. Oppositional political parties chose to assimilate themselves into the presidentialism, corporatism and statism they earlier had combated, and they have become co-operators of the process of democratism in its present stage: participacy. Hence the transition now has participacy as a new obstacle, since the latter does not seek to solve the problems of society, but exists solely to aid the parties' political-financial survivorship at the expense of citizens' taxes and political rights.

The concept of transition is often used as a synonym of democratization, but for the purpose of this research transition is a channel for the latter. Democratization is the political "social capital" in motion for both the dialectical cohabitation of anti-collective individual and anti-individual collective interests and the processing of their frictions and convergences into agreements, governments and policies, all to favor the persisting collective character of society. As such, democratization is a historically long-lasting and territorially wide-ranging political process contained by structures of authoritarianism and systems of patrimonialism equally historic, but motored by emerging and re-emerging dynamics of single-collective conciliation and common rights, duties, norms and modalities for private and public action in specific passages of time. Thence while democratization deals with cultures, traditions, nations, territories, and government forms, structural character transition copes with sort term norms and rules for everyday politics, immediate institutional resolution and middle term unfolding. This delimits the distinction, similarity and complementarities between democratization and transition.

Transition is thus an evolutionary and path-dependent process itself. Although associated to and overlapping with the long-term democratization, transition focuses on galvanizing bridges to concretize sociopolitical advances ripened by social action that cannot be postponed without a high societal expense of regressive perils. Then transition takes place at immediate and direct momentums of conjuncture, circumstance and action, through opportune rules and procedures of opportunity among institutional actors,

interest groups and organized citizens that decide (among more than one choice) to leave behind critical bottlenecks that in turn hamper the structural and conjunctural social struggles. Therefore when we address the political transition in today's Mexico, we are talking about the electoral transition which after two decades (1979-1997) of institutional performance and electoral maturation reached its momentum, but it was deviated by both the legislative alternation of 1997 and the presidential alternation of 2000 that abstained from taking on substantial transitional actions.

Certainly, the confluent processes of political democratization and economic modernization, both of deep social character and not only either political or economic, stands for different transitions that overlap each other. Thence Mexican transition to electoral democracy at the turn from XXth to XXIst century, although overlapped with the broader processes of society democratization and economy modernization, consists of a transition from a stage of simple formalization of political parties and electoral plurality (1979-1997) to a new one that matches and chains accountable elections with a reform to restructure the institutional performance of the political regime's actors. A transition that would have underpinned and provided the country since 1997 with a presidential alternation and regional alternations to create the structural and institutional changes which the evolutionary political trajectory of the country demands, at the same time as matching it with the other concomitant economic transition towards the need for a third productive restructuring (presented ahead in this chapter).

#### 2000-2012: Presidential Alternation

Soon after President Vicente Fox's (2000-2006) inauguration event, most sectors of Mexican society were quickly disappointed. A new government was needed that would make profound changes to the way previous governments worked to attain electoral democracy and development, in face of the prevailing democratic anxiety, the social precariousness and lag of many sectors and regions of the country, and the demand for changes in the conduct of development. As generally known, no real change

occurred. Citizens awaited a new government with hope that this presidential alternation would alter the nation's course but it was an alternation that in lieu of moving forward turned backward and paradoxically punished society with an ineffective and irresponsible performance. Substantially, the new government did not fulfill its goals of increasing employment, lowering poverty and reinforcing accountability. Rather it was characterized by administrative disorder and political populism. The Fox Administration lacked the will to limit the pervasive practice of power abuse and administrative discretionality. At the end of the term, his highly personal efforts in the internal process to elect a presidential candidate of PAN (the President's party) was antithetical, the same as regressive was the personal, illegal intervention of President Fox in the constitutional federal election of his successor.

Against all imaginable expectations, what surpassed by far PRI's authoritarianism and patrimonialism as well as its cult of the presidential figure was Fox's creation of the Kafkaian political-institutional player of the marriage-based "presidential partner". Aberrantly, this "presidential figure" conducted the nation through its first democratic alternation while disappointed citizens were demanding an end to the typical power abuse of PRI's governments and that the "alternating" government was imitating and, in fact, perfecting paradoxically. The President of alternation ceded to the presidentialist temptation and crowned himself as the winner of that genre with the innovation of the monarchical, atavistic "presidential partner". This act was regarded as a shameful one in light of the worldwide trends and state of affairs of electoral democracies. One more time history repeats itself in Mexico: just as the anti-monarchical movement for Independence ended up in a new monarchy paradoxically, so two centuries later the desired electoral alternation gave life to the monarchical figure of the "presidential partner". Likewise, just when Mexican society believed electoral alternation would cancel the anti-democratic presidential practice of imposing successor, President Fox not only kept that practice but it was aberrantly emulated (again) to favor President's party candidate, exactly in the same way that PRI used to do it.

The alternation government left afloat the serious problems of the country, particularly solutions for society's main demands, such as employment, poverty, competition and governance, public security, drug trafficking, organized crime and impunity, or rural lag and emigration to cities, or excessive economic liberalism and external openness while repressing internal markets. The Fox's government's inaction after the excellent democratic bonus with which he was elected did not provide any corresponding benefits to their electors nor did they govern. Mexico floated without presidential leadership and public administration barely survived from the inertial institutionality of both the presidential figure and government programs. Certainly the bureaucracy worked thanks to their own bureaucratic dynamics, their budgetary deadlines and social pressure. But from the beginning to the end of his term, President Fox was asleep as head of the nation's problems. In hindsight comparing 1910 and 2000, and taking into account the seminal impulse the Mexican Revolution gave to the nation in spite of flaws and shortcomings the experience of the presidential alternation in 2000 is that it did not offer a true vía or choice for effective suffrage and modern democracy and development.

President Felipe Calderón's term (2007-2012), was not much better than its predecessor. It began crippled by the incontestable and documented electoral fraud committed in favor of his candidacy. A polemic judiciary dictum declared the election as legal, in the middle of a nationwide political mobilization rejecting such a resolution, and bringing about an institutional crisis of political and legal legitimacy. This was an unfortunate event for the nation, for the unsuccessful postrevolutionary regime and political system but specifically for the transition that in the hands of PAN was frustrated in 2000 and in 2006 was halted. The wide social rejection of the electoral fraud and the judicial decision made the opposition stronger and more active against the new "legal" government's day-to-day activities. The opposition was concrete and not a phantom and it besieged the new government until its last day making governance difficult. Seeking to re-value his "legal" election, the President tried to compensate by working to solve the critical public

issue of public insecurity. Unfortunately, the strategy undertaken failed. To the end, the legal and security flaws persecuted this government during its entire term complicating its performance with unsatisfactory results taking it to its own political grave.

Combating crime was praiseworthy, and a good institutional choice to vindicate the new government from its original sin of illegitimacy. Crime had been growing at the end of the decade of the last century and then triggered exponentially in the succeeding years between the administrations of Presidents Fox and Calderón. Drug and armament trafficking and other modalities of organized crime yielded a ferment of public insecurity of unimaginable terror, social penetration and institutional incapacity. The facts speak for themselves: increase in drug consumption, emergence of criminal bands as paid employment leading to recruitment of “personnel” for crime among unemployed persons, complete families assassinated, penetration of crime into police corporations and the army, increasing amounts and modalities of money laundering, and above all the two most horrendous characteristics of this apocalyptic issue: death and impunity. At unstoppable rhythms, the number of people killed in public spaces grew amazingly each month and each year, until reaching figures around one hundred thousand at the end of President Calderón’s term (2012). It was exacerbated by both the institutional incapacity of polices and justice authorities to punish criminals and the effective ability of crime to bribe authorities and “buy” impunity. The latter is, in a nutshell, a picture of the most relevant impacts from the mistaken strategy of President Calderón to combat organized crime.

The political and social perception of the fraudulent presidential election of 2006 will always be present. Nonetheless, it had disastrous aftereffects on the possibility of retaking the course and inertia that political-electoral alternation brought before 2000. In sum, the invention of the “presidential partner” (2000-2006) to the electoral illegitimacy and ineffective performance against crime (2007-2012) situates the path for a democratic transition on a difficult road to regain social confidence and participation. It will take some

time to see the real outcomes beyond the presidential election of 2012 won by PRI rhetoric, good intentions, and initial measures that have gained certain public acceptance at first.

#### 1997-2012: Particracy

Today, after three decades, the political reform of 1979 established political-electoral competition among parties, its achievements are less than its original objectives in face of the unexpected particracy supplanting the hopeful democratic alternation. This reform was important as the first great opportunity for political plurality in the country since the end of Mexican Revolution. The reform is finished because in the following three decades it has degenerated into a particracy that centralized in a few party sects the spirit and virtues of democracy. In turn, this particracy, instead of acting as an institutional means for citizens to elect authorities among truly different political choices suppressed all substantive difference among electoral options. As a consequence the ongoing particracy differentiates electoral choices only by party labels. Candidates perform under the noxious continuity of networks of political and mercantile complicities among government officials, parties and interest groups destroying the most noble purposes of democracy and development, and marginalizing the most elementary and urgent problems of communities, localities, cities and regions. The everyday cases of parties practicing political commodification document an authoritarian, corrupt and inept particracy in which parties have appropriated public functions of government for their own benefit, encouraged by the stimulus and pragmatism of keeping themselves on power and always turning their back on the collective interests of society.

The axis of Mexican particracy is the old clientization of politics, an agenda historically associated with PRI, though today all parties have adopted it as well. Thence particracy is no less than a variant from the old one-party regime with satellite parties dressed in the latest fashion. Today's national opposition parties perform the same subordinate roles previously played by parties such as the Popular Socialist



(PPS), the Authentic Mexican Revolution (PARM), and the Socialist Workers (PST). This participatory, in conformity with its lack of commitment with society and democracy agree (at least PAN and PRI) with the free market model of development reducing the economy to an entrepreneurial clientism in flagrant collusion with government which restrains productivity and growth, entangles wealth distribution, and hinders development. By the same token, public administration has been simplified to a clientism of obscene electoral tricks by governments with social sectors and interest groups, understood to obtain fiscal favors for votes. This annuls the professionalization of the public sector and the purpose of electoral democratization. Likewise, governmental electoral administration has not escaped from this clientism and rather; it has been appropriated by anti-citizen parties that are parasites of tax-payers.

Thus participatory has taken the nation to a political decomposition that is denuding the state's social character and consigning the economic and social aspirations of Mexicans to a second place while infringing on their constitutional rights to elect and count on legitimate, efficient and accountable governments. While electoral democracy has not worked and its virtues continue to be halted by an anti-democratic hindrance, México will continue with governments that are semi-representative of society as shown by the fact that only half of electorate votes. Today's lack of electoral choices for citizens equals the historical lack of an institutional electoral method other than Porfirism, postrevolutionary militarism or PNR/PRM/PRI. History tells how Mexican citizens could not choose among distinct choices of government as used to occur before 1979. These missing elements in the political system reduce the possibility that efficiency, accountability and social productivity in the execution of public budgets be guided by principles of electoral democracy. Thence the major damage participatory infringes on democracy is having suppressed the political plurality among parties effectively distinct from one another. This cancels all real alternations between governments. This has derailed the alternations of 1997 and 2000 and the Mexican process of transition to democracy. The way to heal this sickness of participatory is the democratization of political

parties, understanding that this is not intended against them but in favor of a true (*ciudadanization*) in democracy.

Particracy has degenerated the virtuous circle of democracy into a vicious circle, headed by political parties collaborating with each other--a role is no less than that of the old PRI now divided into seven "new" parties which is far from fostering progress among families, firms and citizens, corrupt their productive, political and civil performance. That is, a circle that in passing from a virtuous one to a vicious one has deleted most of democratic practice and replaced it with political marketing, a model/fashion sustained by main three parties, the country's presidency, mass media corporations, and federal, state and municipal governments. Tellingly, marketing has submitted minor parties to a vassalage which has allowed them to round out a medley of electoral, political and marketing businesses with no significant difference from those made by the old PRI but now simply deployed (equally) among seven parties. Today's issues facing all elections is that political parties have perverted the spirit of electoral plurality among themselves and adulterated effective alternation between governments to the extent of manipulating which party alternates, or which party is submitted most or was "domesticated" to particratic alternations. Violating as a rule all collective and institutional order and assaulting all public spaces and government positions to benefit party interests takes away the political system to its political regression, the same as there is no state capability to foster growth and progress under such a particracy regime. In sum, Mexican particracy stands for the commodification of electoral plurality under the axis of clientizing politics and public institutions.

Today the entire society hears the creaks of its national circumstances seemingly without realizing that in the recent past "golden opportunities" were wasted when a more normal, more direct transition to democracy was possible with political parties being closer to the public interest and more centered on electoral and government plurality instead political parties set up the on-going particracy rather than

building better conditions for a democratic transition (that is before 1997-2000). Today, 33 years after electoral transition began (1979), 13 years after having reached the first national legislative majority seemingly in opposition to PRI (1997), and 12 years past presidential electoral alternation (2000), neither the Left or the Right, and no political party shows an interest in the transition from authoritarianism and free markets to democracy and socio-productive development; absorbed, as all they are, into maintaining that hybrid champion of superfluous political ambiguity called participacy.

Thence the future for democracy in México requires reactivating its process of transition, that is to say snatching it from the anti-democratic control of the President, governors and political parties. A transition that itself needs a broad crusade of citizen, social and legislative activation to guarantee matching electoral and political advancements of transition to concrete legal obligations especially for the three main institutional actors: the President, governors and political parties. In the spirit of pointing to viable and concrete ways that can work to change this situation are the following four examples: (i) legislation for the regulation of party alternations at the three government levels (ii) legislation to obligate rulers to comply with their electoral commitments; (iii) an amendment to existing legislation for public works to conform to the wishes of beneficiaries as a requirement for their decision-making; and (iv) amending the electoral law to highlight that electoral campaigns provide contrasting (among parties and candidates) solutions and proposals for pressing issues and problems.

**PAN-PAN-PRI Presidential Alternations (2000-2006, 2007-2012 and 2013-2018): Is it the same process of retro-alternation?**

Today with the PRI back in the nation's presidency as a result of July 2012 federal elections, is relevant to mention that the new government begins with its same traditional politicians, and competing with the same parties that in 1997-2000 decided together two political resolutions: the deviation of the political alternation and the structuring of participacy. It is precisely participacy the aftereffect of the deviation that

stands for the regressive character of the 2000-2012 alternation. However, since the PRI is back in the presidency and it is the same party of 1997-2000 and all the way back in the past (“the same party as always” -“*el mismo partido de siempre*”), then what is the meaning of its return in 2012? To judge from the outcomes of its previous federal governments, they are regularly evaluated as between insufficient and disastrous the same as its governments at the state and municipal levels won past 2000 are considered similarly or even as more ineffective performing in a much more vice royal and *caciquil* way than before 2000. And to top it all, there is considerable evidence that during the past twelve years PRI did not modernize or democratize itself internally as a party, nor as political opposition.

A logical political inference from the latter is that today in 2012 the nation’s immediate future is no less than an electoral *retro-alternation* since PRI is substantially the same anti-democratic party as before 2000. The possibility for an internal revolution within the PRI is unexpected and there is no room to think otherwise unless one approaches this from an ahistorical and uncritical approach. The PRI could take one of two roads: the way of 2000-2012 which is the deviated alternation, or the way of 1929-2000 which would mean a *retro-alternation*. In any case, just as the way taken by the deviated alternation of 2000 (not touching the old structures that had sustained the postrevolutionary regime) was unimaginable for both the winner (PAN) and the loser (PRI), so today in 2012 a democratization of the postrevolutionary regime (still well at work) on the hands of PRI is unimaginable. The expectation is that PRI will recycle its presidentialist, corporate, statist and anti-democratic foundations, structures and political culture. The same as PAN, a party finally and conveniently aligned with the postrevolutionary regime and the state-led free-market model of development did not dismantle the old regime and rather recycled it with a participacy, and continued with the economic model. Nonetheless, time needs to pass before one can conclude that the elements of analysis for the inference above have become fact.

Certainly, for PRI the unexpected decision of PAN (and President Fox in 2000) to keep in force the political system and regime included PRI. Within PAN the worst effect of the deviated alternation was on its historical position as the first, authentic opposition to PRI. The scenery in 2012 for a *retro-alternation* does not have PRI as the only protagonist since it draws from the participacy driving the regime of an option for multiparty choice. That is, *retro-alternation* cannot become true just because PRI came back to power in 2013, but because retro-alternation constitutes a collegiate, multi-party passage (2000-2012) of the postrevolutionary regime that has been forged since 1997-2000, and which, regardless of the party winner (either PAN, PRI or PRD); the ongoing (re)-cycle stage of the regime will be sustained by participacy. Thus PRI guarantees that the old party and an old regime's classical governments return, at the same time as PAN and PRD guarantee the same comeback in their new condition of participatic associates as patriarchy has undrawn their past differences with the PRI over the last dozen years. Therefore, it is the participacy factor that qualifies the current stage as *retro-alternating*, and that guarantees *retro-alternation*, be it PAN with its well copied "priist" continuity or PRD with its "neo-priist" platform.

Perniciously for the country's democratic evolution, the participacy factor persists as a reproducer of the political class that has corrupted the nation's course since the assassination of President Madero. Today with no renovation or democratization and without embarrassment it offers a perspective for development and democracy but now under a vision of political marketing. What replicating experience from either party's achievement or successful government cases sustain now the political class' offer to "save the nation from PAN"? What can citizens do after the deviated alternation of 2000, or as victims of the electoral fraud of 2006 and the subsequent government failures of PAN, or in face of *retro-alternation* now favorable to PRI? Is it possible for a normal alternation, especially when the party is going to *retro-alternate* is the old PRI?

There are few citizen choices for democracy and development coming from political parties, that is, from participatory. But there are wide avenues for citizens to work beyond political parties and elections, before, during and after elections. A work of civic, non-party and non-governmental character that can lead organized society to craft and frame a national citizen platform, in search of straightening a democratic alternation in coming elections. That is, a work of citizen organization of voters in and out parties, of addressing electoral proposals away from political marketing, and of seeking to legislate a *basic catalogue of electoral proposals and imperative projects* (integrated by both the electoral authority and the Legislature) as an institutional obligation for governments' planning and budgeting.

By the same token, another fertile boulevard for civic work is the citizen democratization of political parties. It would be an innovative alternative that internal democracy of parties include the action of "non-member" citizens and social sectors interested in their internal life as parties, since they are public entities financed by tax-payers and not only by their members. The democratization of parties should not be left to their leaders, rather it needs to incorporate action from non-members persons and groups. This would allow reinforcing the existing regulation on parties in a triple direction:

- a) To monitor more directly parties own day-to-day internal activities in order to armor the citizen and social interest from parties' temptation to discretionality, in critical circumstances, as it occurred in 1997-2000 with the political transition, for instance;
- b) To endow non-member citizens and social sectors with the right to participate within parties, seeking to bring to light their internal political life and especially their domestic democracy as well as construct a technical and social route to empower non-party citizens (*ciudadanizar*) and technicians and democratize planning.
- c) To clarify that members-based or non-members-based democratization of political parties is not against their institutionality. To the contrary, it is with them, not without them. However, it does intend to foster a transition that cannot go on without dismantling participatory.

This is not a simple process. It is rather a process riddled with resistances and complications of all sorts. Nevertheless it is a process to create operational, institutional and cultural conditions, of immediate term and middle and long term that lead to normal electoral alternations and thus to modernizing the ongoing political transition of the nation.

#### **4. Development Watershed: Seedbeds of (anti-) development?**

##### **4.1 Free-Marketism: the misunderstood vocation taken to extremes, an yet to be built**

After the Constitution of 1917 was enacted, postrevolutionary governments started institutionalizing politics and economic policymaking, and on such a basis gradually creating institutional capabilities for both the reorganization of the ex-Porfirian, foreign investment-oriented state (still in force by the time) and a program of industrialization. State reorganization sought to define the way for the joint participation of government and markets in the national economy. Industrialization would be launched later as the pathway for economic and social development. From this perspective, the nation's postrevolutionary institutional agenda was to restructure the autocratic, licentious, at-any-expense growth-oriented model of development that in the second half of the nineteenth century had been privileged by Porfirism. Under this model, foreign investments international markets and overseas projects were extraordinarily favored with little regulation and no planning while national interests, internal markets and social wellbeing were disdained. Thence, the postrevolutionary agenda officially tried to reorient the model and simply opened the nation's doors to foreign interests and had disposed the domestic economy to the will of international markets, at the same time as it had restrained policymaking and most state duties in growth and development. Underlying the Porfirian model and the postrevolutionary need for a different one there prevailed a friction between the libertine international markets and the pertinence of regulation and planning to foster development on the basis of internal production and domestic markets.

Placing a priority on top of the revolution's political and socioeconomic demands, what the revolution posed was not only the general need for an effective electoral democracy and a state more committed socially in both economy and politics, but tellingly also the specific need to reframe a new coordination between state and markets. In turn, acknowledging these needs would cultivate the promotion of productive conditions, public policies and institutional mechanisms for the development of internal markets as well as the reestablishment of the state's regulatory spirit in search of a nation-oriented growth, less social inequality and effective elections. Thus the postrevolutionary state would be endowed with all the economic, political and institutional resources to manage the country's industrialization as well as it would take on its own building process. As such, starting from the Cardenas government the state was invested as the social engineer and the economic engine as well as the political and institutional leader in order to promote and regulate production, compensate failures and inabilities of markets and upgrade social life levels. Unfortunately, the postrevolutionary state did not foresee its own ulterior excesses. Certainly all the latter seemed a huge bet in favor of the state, since all imaginable political flaws could have a space in a comprehensive institution led by human actors with all their social imperfections and political deformations as it occurred with General Porfirio Díaz' edict for no reelection that he later countered. His performance shows how the imbalance between his political ambition for power and his vertical and conservative conception about the nation took him to trade or impose his permanence on power above the country's interests. Nevertheless, the bet for the postrevolutionary state took place under political consensus, achieving a reasonable harmony with the economy (as growth and wellbeing indicators proved from the thirties to the seventies). Thus, the state became a genuine nation-oriented entity that, furthermore, reached the most consensual period of its short history. However, later the risk of the bet in favor of the State was lost when the postrevolutionary "ruling class" deviated the state to a statism that (one more time as comparably occurred with the Porfirian economic liberalism) submitted the economy and society to non-state interests. Once again, ruling leaders abandoned their public responsibility to become



members of the dominant oligarchy the same as they took the regulatory state to be the largest capitalist in the nation thereby making it lose its institutional arbitral role and its developmental mission.

As a result, the state protected excessively internal markets from international competition paving the way for its oligarchization. Inexorably, the course of development was devoured politically by the overarching political process of statism, in turn underpinned by the concomitant political processes of presidentialism, corporatism and democratism. Along the nation's development, political and technocratic interests dominated the economy's productive forces and specifically the development of internal markets, which would be postponed one more time. Instead, a disproportionate dominance of the state over the economy and society took place twisting its evolution as the societal and institutional arbiter of development. The result was the "economic miracle" started coming to its end in the second half of sixties and was taken to its full exhaustion through the seventies until it collapsed in 1982. The exacerbated statism broke the market-state coordination and complementarily crafted initially by President Cardenas.

In response, in 1983 President Miguel De La Madrid applied an economic program seeking to heal the economy's structural productive weaknesses, trying to straighten the course of growth lost in the crisis of 1982-1983, and to rescue, allegedly, the balancing virtue of the state in development. The crisis of 1982 was so severe that there were reasons to look to a "shock program" to "adjust" the economy. However, there was no nation-based rationality to justify an economic adjustment that put productivity, competition and creation of employment in the hands of an entrepreneurial apparatus that had been the beneficiary of the previous statism and its economic protectionism. This arrangement that had triggered the exhaustion of the state-led government-oriented economic development model and its implosion in 1982. The centripetal structural cause of the crisis of 1982 was the internal markets' lack of development, and notwithstanding the latter De La Madrid's government put in practice a free-market oriented program to liberate internal markets hoping that their productive potentials and (theoretical) possibilities for income distribution would

be solved by the convergence of international markets. This economic program shrank the state's size to deregulate the economy. Thus, international markets were given freedom to coordinate themselves and internal markets as a way to shore up the development of productivity, competition and employment generation.

Tellingly, this program was different to the economic model of 1935. Now the program made by decree the private sector and markets the leaders of the economy, and the state's economic role was reduced to that of a facilitator for growth. The program launched a series of government, labor and entrepreneurial adjustments to reach its goals. All expectations were placed on the freeness of markets and its potential advantages and benefits for the economy particularly, and for the whole society overall. It was "sold" as a program of "structural adjustment" under the name of Immediate Program for Economic Reordering (PIRE by its acronym in Spanish), and as such it was to "reorder" both the national production and the state role in the economy by means of a set of strategies such as international economic liberalization, privatization of the state-owned firms, general economic deregulation and shrinking state regulation and participation in the economy. PIRE was at a crosscurrent to the way México historically had evolved and provided wellbeing since 1935 on a state basis. Now it was granting the economic leadership to private sector, markets and investors, regardless of their lack of institutionality and societality along with their proven disfavor of internal markets and social wellbeing.

Once again in XXth century's Mexican economic history the nation's preeminent goal of growth entered into opposition with the goals of social development. This 180-degree-turn strategy was implemented and protectionist barriers were deleted to open the economy to international flows. State-owned enterprises were prepared for their "de-incorporation" (privatization); similarly, most economic activities began to be deregulated. Likewise, public finances were gradually aligned to international financial standards recommended by multinational economic agencies and government institutions were

shrunk as part of a functional “rationalization”. All these restructuring measures were applied in 1983 and have been in force throughout the government terms of Presidents Miguel de la Madrid, Carlos Salinas, Ernesto Zedillo, Vicente Fox and Felipe Calderón (1983-2012). They have made the Mexican economy one of the most liberalized of the world. The outcomes: investments, manufactures and exports have grown, and even faster after the implementation of NAFTA in 1994 while poverty, public insecurity and unemployment have increased.

Thus, growth and wellbeing were subordinated to the self-regulatory rationality and potentiality of free markets and to the capabilities of the new free market-oriented State focused on efficiency and a de-regulated economy. As it is known, the economic and social outcomes attained were neither positive nor consistent. Growth fluctuated over the remaining eighties and beginning nineties, concentrated in export-oriented industrial branches (mainly *maquiladoras*) localized regionally. Then the economy crashed in 1995-1996 as a result of policy mistakes and its recovery was only possible in 1997. Thereafter some growth has been attained intermittently at variable rates though it has not reached the previous “Mexican miracle’s” historical rates. Meanwhile, the impacts upon the majority of population and small firms have been severe, making income distribution more unequal and extending and intensifying poverty to unbearable extents.

A review of PIRE’s original policies and of the entire restructuring program applied since 1983 shows that the initial cardinal error was to abruptly “adjust” national institutions and policies without the recommendable gradual and cautious approach for this type of economic “shock”. Suddenly, the entire state apparatus and the economy were precipitously fitted (“re-dimensioned”) to meet the free market model even though the domestic market economy lacked the productive and market conditions for such a challenge. Besides its presumed ineffectiveness for social development, similar programs applied in other countries were not working that well to justify embarking the economy, the nation, the state and the entire

society on a course so foreseeably perilous. Paradoxically, the risks of this free market program annulled all its character of urgency and immediateness required to face the crisis. Thence the model's application was an excess of orthodoxy: a gross example of implementation errors and an unmistakable and non-understandable case of ideological attachment to the theoretical recipe.

Market policies were applied on an economy that historically had not counted on markets since it belonged to or was surrounded by a society lacking a culture for competitiveness. Previous to PIRE the two historical attempts to build a truly national capitalist economy (the Porfirian one and the one underpinned by Cardenas that later became the "Mexican miracle") did not go far. has not gone far after the two historical attempts: Until 1983 the economy had been one of protected markets, closed to international competition, and restrained by a backward society. In fact, Mexican economy had no major experience competing in international markets, beyond that based on its natural historical advantages in gold and silver. Perhaps the "stabilizing period" (underlying the "Mexican miracle") can be taken as an episode of competition, insofar as the country competed internationally with primary products. But even so, the latter is not a good example of exporting competitively since that international period had favorable political conditions of WWII and the Korean War priced Mexico's proximity to the USA's economy. So it was not a case of internal productivity but of proximity economics. Such a chapter cannot either be considered a good antecedent of domestic competitiveness, if it is taken as the referent to sustain the abrupt overturn towards international markets that was imposed on national economy in 1983.

Today, notwithstanding, the 30 years of the failed implementation of the free market model (1983-2013), and almost two decades after the enforcement of NAFTA (1994-2013), it is important to acknowledge some important advancements in exports and investments, employment (from the *maquila* industry mainly), macroeconomic ordering and public finance mending, and certain economic modernization, among others. The latter advancements are important by themselves. However they were

not reached based on the economic productivity and the social spill-over needed by national development before and after 1983. In fact, such productivity and spill-over are still missing and postponing to both the historical social debts and the present insufficiencies of Mexican development, that is:

- (i) Built-up social shortfalls;
- (ii) Employment opportunities for a contemporary quality of wellbeing; and
- (iii) Extreme poverty and its structural, socioeconomic and political factors.

Thus, having failed the ongoing deregulation of development, and whereas the economy continues to be trapped in the uncorrected ideological excesses of a false dichotomy between statism and freemarketism, shortfalls lacking solutions keep restraining the development of national capabilities to face new internal and international challenges, exacerbated by globalization.

Therefore, it was surprising that the government of President Miguel De La Madrid, against the tide of the societal needs (and not only economic) for a second socio-productive restructuring, did not understand the dimension and hence mis-diagnosed the variegated structural obstacles: productive market, political and institutional challenges the nation needed to surmount after the exhaustion of statism as model of development. Also, it over-read the international setting following the Cold War, and misunderstood the significance of the country's geographic proximity with the USA and its interests (now) for unipolar worldwide economic governance. In deciding mistakenly to apply the free market model the de la Madrid administration overlooked a singular opportunity to face, in depth and with a national perspective, the economic emergency of 1982-1983. Thereby, it dealt a knock-out to Mexican development advancing precipitously both a sharp turn on the economic regime's direction and a mechanical replacement of statism for freemarketism, in lieu of correcting the state's existing excesses that endure to this day. This was also the opportunity to re-weigh the combination of short-, medium- and long-term of economic policy to foster the unfolding of existing internal markets and to incubate new markets and liberalize the economy

gradually and appropriately. It did not happen that way and the abrupt imposition of the model was a shock to the system.

Among the economic restructurings applied in developing countries during the last two decades of the XXth century, the Mexican is the one is praised by the IMF and WB because of its adherence to free market's orthodoxy. In no other country were deregulation, privatization and international economic openness implemented so close to the policies identified as the Washington Consensus. It is not an exaggeration to say that more than the closeness to free market policies observed, it was a type of indubitable partisanship or militancy of Mexican policy makers with the cited "Consensus" that underlies Mexican orthodoxy. Suddenly the state economic role was significantly reduced ("rationalized") and state-owned firms were privatized and deregulated by government decree. The government abruptly ceded the national leadership of the economy to the markets and their theoretical distributive capacity, thereby transferring the foundational state attribution to guarantee social equilibria to the entrepreneurial sector. At the time, Mexican entrepreneurs were the same one that over the first restructuring period (1935-1982) had specialized in doing business and financial transactions with very weak competitive abilities, thanks to the shelter of state protectionism. Now they had to compete in global markets and above all would substitute and lead the state in the society task of income distribution, wellbeing and development. No doubt an advanced uncontested crisis of productive/market leadership and state suicide added to the country's general and structural crisis since performing historical social functions was much more delicate than managing protected businesses.

Accordingly, the country was projected to be liberated from an excessive state that responded to the old interests of corporate leaderships, to be "re-oriented" as a state at the service of markets, mainly the international ones, regardless of weakening the state to promote development. The state's role and work is socially different from that of production, trade and management of private firms, thus, the sharp change in

economic direction of 1983 stood for a false solution to the easily manipulated dichotomy between populism and the famed so-called “neoliberalism”. Then, a pertinent question arises: If postrevolutionary statism had already exhausted its capacity for development promotion and social equilibria, why is the technical knock-out inflicted by the De La Madrid’s government upon statism mostly viewed negatively in certain policy and academic circles?

Any government effort to solve the flaws of the statist regime should be welcome, and especially if it was able to mend public finances. Too many cases of financial mismanagement of budgetary resources (not to say scandals) had historically occurred and this was one of the primary demands from production actors since their disagreements with the previous governments of President’s Echevarria and Lopez Portillo (1970-1982). Yet the government fell into what would be a cardiovascular inconsistency in a human body: strategies of privatization and international openness suppressed some important postrevolutionary economic institutions, such as CONASUPO, which had been created to trade off the distributive insufficiencies and incapacities of markets (and of monopolies). This sudden change of model left Mexican economy in the worst of the possible situations:

- it deprived the state and society of the compensatory instruments for income distribution;
- regardless of all the acknowledgements from IMF and WB that presented Mexico as a worldwide example of economic excellence for the deregulation of markets, did not attain accomplishments in the national problems of productivity, competitiveness, and internal savings, or those of employment, underemployment, salaries’ consumer power, and informal economy;
- it magnified the social, regional, urban-rural and ethnic gaps between wealth and poverty; and
- on the top of all the latter significant issues, it did not do much for the development of internal markets and technology.

It is also important to point out that México in the eighties being a society with one third of its economically active population lacking access to labor markets, and having an economy endowed with State markets (that is, markets quasi-productive and politically protected), and damages from the crisis of 1982 do not stem solely from the crisis and policy prescriptions, but as well from a historically constitutive fact of the nation:

- the State, as the operator of deregulation, decided to self-exclude itself and quit its leading role in national development. The pertinence of that role should not be a choice, or a fashion, or even an ideological stance, but a foundational, society-forged institutional attribution still pertinent (to say the least). This determination from above was anti-constitutional, unilateral and abusive, and as such it undermined critically the social viability of wide sectors of production and population, making them dependent on the (more theoretical than real) self-regulatory and pro-distributive vocation of markets.

It is the national political economy underlying the replacement of statism for freemarketism where historically resides the implantation of the current conservative regime which has reigned Mexico since 1983. This regime has ruled the country militantly, fanatically, taking free markets as its banner and population as its army of consumers. Nothing can be more distant from the foundational and republican mission of the Mexican social state: governing with, in benefit of, and under all possible equilibria for the whole society. Implantation of this regime was unconsulted socially and took by surprise practically all social sectors, including the wide subsector of middle-size entrepreneurs that, allegedly, would benefit. Nonetheless, beyond excesses, mistakes, failures and incapacities, this regime had the opportunity to upgrade income distribution, on the basis of guiding certain potentialities of markets (that are real, albeit limited) in the promotion of growth, wellbeing and progress. Unfortunately, the opportunity was put aside or was widely suboptimal (in the best of the cases), and because an endless chain of implementation mistakes, it did not work.



México was in 1983, on one side, a society distant from the culture of competition, quality and markets as a productive system, and on another side, a society full of functionalities and procedures working still under feudal or feudal-phile format, with deep social inequalities with an economy dominated by monopolies and by corporate politics resisting liberal institutions and domestic projections. None were close to the necessary conditions for effective internal markets. Even conceding the benefit of doubt, these markets' abilities to influence changes were minor, because of their own technical constraints (productive lags and technology) and the general setting of (social, economic and political) backwardness surrounding them. In reality, Mexican productive apparatus, entrepreneurs, workers, institutions and society as a whole were not prepared for a model like the free market one, and lesser for an application so abrupt. In parallel, at a higher dimension starting from 1983, the global model of free market established in México functioned at the service of transnational, multinational and global corporations which hinders the territorial evolution of national society. This conservative model, with 30 years of unfruitful practice (1983-2013), has distorted and distanced even further the original social vision from the Revolution of 1910, precisely due to this model's lack of social commitment. Thence the modernization undertaken has been preeminently economic and politically subordinated to the structure of corporate social control, which in 1983 kept the PRI in power. As can be seen today, such a modernization has not worked as expected by the model's designers missing a social vision and keeping the state's corporate control.

In sum, the failure of free market model in México is unfortunate, not only because no one of good will and committed to the nation's progress wishes to see the frustration resulting from a model projecting development. Also because the free market model represented after the exhausted statist model, a second historical effort, a second evolutionary opportunity, to confront the old structural failures and shortfalls of Mexico, as well as its institutional weaknesses. The fundamental failure of the free market model is,

however, similar to that incurred when the previous model launched by Cardenas started losing economic growth and social coverage:

- imitating and overstating the international context, and having unrealistic expectations for all economy, politics, government and society; and,
- The Mexican version of free markets was poorly conceived either by not differentiating the copied model and the national reality or for not having made the necessary economic-political changes prior to its implementation. The results are a few partial advancements for few entrepreneurial segments and their beneficiaries and political partners.

This unfortunate free market failure accumulates along with the previous years of excessive state to eight decades of trying to give national viability to Mexican society. This leads to a historical assessment: In its contemporary history, Mexicans have abused of their own confidence and hastened to find solutions, to the extent of having exaggerated their development strategies until distorting them as extremes or *isms*, such as Porfirism, statism and freemarketism. In copying (miscopying) alien models and applying them with disproportionate non-territorial inappropriateness, they have historically failed to find the departure points, the equilibrating centers and the points of arrival. And today in 2012, an electoral year, once again the presidential candidates have lacked such departure, center and arrival points, and, as if unaware of their failure. Again, they have surrendered to a futile marketing and a mass-media political polarization that only vilify their superfluity.

#### **4.2. Urban-Regional-Rural Unbalances: Capitalism's Trap or the Failed State, or Both**

##### **Urban-Regional-Rural Imbalances: The urban-regional asymmetries of development, a political outcome of Presidentialism**

Starting from the Spanish conquest, México has passed through three stages of development: a first one, the Colonial, takes place over the period of New Spain (1521-1821); a second one goes by independent México which we are calling Post-colonial (1821-1910); and the third one is identified with the

period running from 1935 until today, named here as Institutional. Through time, development in Mexico has historically been centralized and national and regional development and planning has been limited. This has restricted the nation's capabilities to generate development and wellbeing, while most localities, municipalities, states, cities and regions have been excluded from partaking in planning its own development.

Historically relevant is that over the third stage (1935 to the present) development and policymaking rested first on an economic-statist vision, based on a Keynesian state and its pattern of mixed and protectionist economy, and a care-oriented welfare policy. Afterwards the vision turned to the anti-state, free market-oriented pattern managed according to markets' potentialities of self-regulation as the axis for development. The latter means that the same state-led development stage has passed through two variants in which an economic sectoral and urban focus dominated policymaking and spatial policy was ignored or played down. Across the entire period the federal government has deployed diverse strategies under the same centralist political conception: denying that spatial dimensions could contribute to development solely for their own spatiality (such as localities, ports, cities, metropolises, regions and other territorial meso-levels) imposing its economic, fiscal and political dominance; bargaining their capabilities for territorial policymaking. Thus transferring "republican" budgetary resources to regional governments and galvanizing private investments on their behalf. Thereby the centralist federal government decentralized its centralism to regions, casting aside their institutional and social leaderships such as state and municipal governments and middle-class, labor and entrepreneurial, rural and urban leaderships as well as all advantages they could possess because of their territorial localization.

This vision does not acknowledge regional dynamics in development either as complementary motors or as leading forces of territories, but only in subordination to the centralist purposes. Such a vision results in the high concentration of economic and urban growth in only three urban giants that have

become the nation's three most disordered metropolises: Mexico City, Guadalajara and Monterrey. Indeed, this anti-territorial political position and its negligence on the spatial watershed of development stems from the authoritarian ascendancy still norming the two variants of a same state-led model that has its origins in Porfirism after the Revolution, was reformulated under the influence of the two international stages of Cold War/Welfare State and Post War/Globalization. The resulting economic, social and spatial asymmetries and territorial political unrest evidence no less than the weakening and exhaustion of the approach since both metropolises and regions main territorial consequences are the prevalence and exacerbation of spatial concentration of economic activities, and the urban-rural polarization of regional development while regions, rural areas and lagged urban zones continue to be managed by the corporate presidentialism, or by a political/institutional variation drawn from the latter: presidentialist governorisms.

Certainly, the empowerment of such a non-territorial and corporate presidentialism would not have been possible without the political alignment by postrevolutionary Mexican governments within the setting of international confrontation and worldwide governance prevailing across most of the twentieth century. Of course, this Mexican alignment was not automatic. For the latter context was bipolar first and unipolar; also it first strengthened the state and later weakened it. The nation meanwhile passed through a set of society-state relationships (presidentialism, corporatism, statism/freemarketism and democratism) that sustained the bipolar/unipolar international transition and cushioned the national cover son from the government – oriented to the free market-oriented variations of development. In parallel, these relationships were complemented with an accommodating foreign policy and diplomacy that first wanted to be internationally conciliatory and then coordinated with the unique Western poles as seen by how Mexican authorities aligned the country with the four vectors of worldwide development across the century: the national-state, productive base of mixed economy first and free market later, the party-based electoral democracy, and economic internationalization first and “globalization” now. Such a formidable Mexican synchrony with the

international setting would not have been reached without presidentialism as the nation's and society's factotum for development. Nevertheless, and more important for the spatial theme, the latter comprehensive and trans-stage process has lacked all spatial emphasis or focus.

Therefore, the spatial dimension of internal development was sacrificed in search, first, of a strong and nationalist State and, afterwards, of a "proprietary" State and regulator of the economy. Both developmental orientations were imposed upon a society revolving around the President as the highest position within the State's political pyramid; a society suffering from weak domestic markets, untried technological development and non-competitive productive abilities for trade. This explains how the development stage here called institutional (1935-2012) spoiled the existence and beset the emergence of multiple territories, localities and regions at intra- and inter-national levels, suffocating thereby the rise of more varied productive and social possibilities of endogenous base for regional, national and Mexico's international development.

The force of centralism stemmed from the omnipotent and uni-personal power of presidentialism, the axis of the paradoxical "republicanism" that has prevented to make federalism a reality in Mexico. It is on the basis of such an absolute personalized and institutionalized power ("meta-constitutional"<sup>116</sup>), that the President was capable of deciding by decree and to extend and to contract not only the economy (protectionism first and economic openness later), the state (statism first and freemarketism later) and politics (one-state party and particracy), but also cities and regions. Territories submitted to the President's unappealable decisions over most local resources: natural, human, productive, financial, technological, political, social and institutional, which undermined "spatial justice", "regional democracy" and territorial

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<sup>116</sup> Soja, Edward, W., 2000, op. cit.; Pipitone, Ugo, 2003, op. cit.

development<sup>117</sup>. One can observe the combined materialization at spatial levels of the five processes previously approached in this chapter that have shaped the contemporary social relations of México, presidentialism, corporatism, statism, free-marketism and democratism.

There have been indeed some achievements and progress in cities and regions. However, they have come from a national, sectorally projected planning “from above”, emanating from presidentialism’s central power, and without the participation of territorial factors. Presidential planning has resisted efforts to implement programs focused on regions’ strengths and benefits and socially underpinned “from below”. Results from the latter planning have been attained at the high cost of spatial asymmetries as well as social and institutional polarizations and political excesses, triggering the prevailing imbalanced development in the country. And in this context, the imbalance between field and city has been widely neglected and exacerbated.

### **The field-city imbalance, a history of centralism**

Both industrialization and strong state participation in economy left behind the rural frame where the national economy unfolded from the Colony and Porfirism to the first third of the twentieth century. Through such a societal journey mediated by the Mexican Revolution the country changed its old rural paradigm for a new open of urban, industrial and state-led character keeping unsolved the previous social shortfalls and being challenged by the new paradigm. That is having scarcely implemented after the revolution a basic scheme of (Constitutional) vertical planning and controlled elections, it passed through from a system preeminently rural in combination with basic industries that was framed in an economy statized and protected to a system predominantly urban and industrially diversified reshaped with a de-

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<sup>117</sup> Corona Treviño, Leonel, 2004, *La Tecnología, siglos XVI al XX* (Volume 12 of the Colección Historia Económica de México edited by Enrique Semo) (Océano/UNAM; México); Gerschenkron, Alexander, 1968, *El atraso económico en su perspectiva histórica* (Ariel, Barcelona); Wionczek, M, G. M. Bueno, y J. E. Navarrete, 1971, *La transferencia de tecnología a nivel de empresa: el caso de México* (FCE, México); Uriel Aréchiga, José, 1988, *La transferencia de tecnología y el atraso tecnológico* (UAM, México).

statized economy in favor of private investments, self-regulation of markets and international openness. Simultaneously in this transition the country adjusted its electoral control to have plurality first and a participacy maintaining unchanged centralism and vertical development planning.

Contributors to this passage were the rural demographic growth rate and the migratory trend towards cities seeking employment and social opportunities. That, in turn, was a result of the failure of official agricultural and rural development policies as well as of the emerging urban leadership in economy, politics, education, health, income and consumption, and life levels. In addition, the migratory trend towards cities was fostered by the entrepreneurial preference to invest in big urban centers, appealing by their concentration of infrastructure, education, technological and service advancements, political and business decision-making, and markets of consumers. Although this centralized and concentrated urban breakdown was detrimental for rural development centers, on another side, it situated cities as the host spaces by excellence to attract the best opportunities for progress. Thence this transition from field to city was judging a revolution (1910) of deep rural roots, appearing as if its historical rural mission had come to an end, or as if it had been devoured or proscribed by another revolution (the industrial-urban one), but without having solved the field's structural problems. In any case, these trends are uncontestable confirmation of the 1910 Revolution's paradigmatic crisis.

Rural-urban changes are indisputable proof of the long Mexican transition from feudalism to capitalism. The state however did not act appropriately to regulate that systemic transition's dynamics, at the same time as it overlooked its most damaging effects on population, leaving the latter to both the tradition of centralism's indolence and the free personal will of presidentialism and its anti-democracy inertias and styles of government. By the same token, in neglecting the rural-urban trend, the state left society prey of the anti-productive excesses of statism first and of freemarketism later exposing rural areas

as easy victims of the commodification of urban land and housing construction as well as of the material advantages/disadvantages and conveniences/inconveniences of city life.

Over time, the field and its rurality were being dismantled. The state did not warn nor foresee its own indispensable policy approach at the two sides (rural and urban) of the transition's concomitant processes, such as migratory explosion; productive stagnation of the field; increasing demographic urban trend; and urban-productive centralization, concentration, agglomeration and metropolization in three city-regions of the country. Especially serious, the state did not act either to face urban crime, economic informalization and social marginalization in both field and city.

Underlying the latter processes is the widening character of the state regulation/ intervention in the economy. That is, the state versus market management of developmental dynamics, a scheme as false and noxious in national institution-building that equals the active dualism often incurred by the state's presence and absence in urban-regional-rural policy- and decision-making. This utterly un-useful but very present underlying scheme just obfuscates approaching adequately the field-city trend's dynamics, and complicates policy making for such delicate issues as: How much rural-urban migration is healthy for the field-city complementarity? What type of rural-urban productive transition is best for the field? How will the urban model be able to meet the rural emigration's needs? And to what extent do the urban worlds resist working as the preferred space for growth, welfare and development?

While development models, plans, international trade agreements, and even electoral alternations in all government levels have taken place, the state has not paid enough attention to the rural-urban flows, the rural-urban imbalances and rural-urban relations. Above all, it has not defined or decided how to regulate the human and productive transference from the field to the megalopolises. Reviewing critically Mexico today, both the rurality and its social reserve and the rural-urban relations is a Mexican imperative,



in order to balance them on a socio-territorial and planning perspective especially to straighten and update the overlooked role of the state in this social sphere.

### **Regional Planning: Two models of development, two histories of planning, but the same planning**

The two development models guiding the country over its third historical stage (1935-2012) stands for two histories of planning: one from 1935 to 1982 and another from 1983 to 2012, though planning actions of the former started earlier, in 1925, due to anticipated exercises of planning. The two development models refer to the two restructurings of Mexican development, and the two histories of national and regional planning tell us about the distinct specificity of problematic and how each was approached and deployed on a same corporate basis and only symbolically as collective or territorial planning. However, both development models and the two histories of planning are congenital expressions of the same process.

#### The first model and history (1935-1982)

The first model of development and its associated history of planning has in the Revolution of 1910 and the Constitution of 1917 its intellectual/academic/political trough and institutional pillars for institution building and policymaking. However, between 1917 and 1935 development and planning were not free of political disturbances. The nation experienced a constant political instability, triggered by power disputes protagonized by either military groups, military leaders (“caudillos”) or regional political bosses (“caciques”) that used to react adversely to institutionalization efforts meeting the revolution’s purposes, or simply because of their power ambitions. All this affected the economy and took it to recession, and growth only reappeared following the international crisis of 1929, reaching a sustaining pace past 1935 as a result of the productive restructuring implemented.

Since the latter restructuring's challenge was retaking growth at any expense, the first model of development went about setting up the macro-conditions for industrial capitalist development in the nation, on a basis of substituting industrial imports and producing primary exports as well as reaching political stability by corporate sociopolitical control and an increasing state economic regulation. Then the first history of planning is a tale about how a nationalistic, populist State was to foster the economy, and how internal markets, elections and justice were submitted to the priority of political stability for economic growth. Thus our first development model comprehends the continuation of the state building and its consolidation as the leading agent of development, and from this, our first history of (an incipient) planning process.

Planning was managed to establish order and the necessary conditions for capitalist development. Its intent was to reorganize the bases of economic growth, social wellbeing and political legitimacy. An early planning package was implemented in 1925 comprised of six central initiatives: (a) creation of the Central Bank; (b) inauguration of the National Commission of Roads; (c) creation of the National Commission of Irrigation, (d) foundation of the PNR (1929), (e) enactment of the first National Law of Planning (1930), and (f) the making and implementation in 1934 of the first national Six-Year Plan 1934-1940. In hindsight, the modern evolution of the country was initially shored up by those unprecedented planning exercises. Also, the nation was entering into a pathway in which public affairs started being managed by institutions, planning and civil officials, instead of military leaders, "*caudillos*" and "*caciques*". By the same token, it is now clear that the economic growth registered from 1935 to 1982 has been reached based on planning regardless of its success or failure, which, in any case, is progress in comparison to the Porfirian period, for instance.

Five primary planning policies stated in the Six-Year Plan of 1934-1940, served to underlay growth over almost four decades: a) land reform, b) oil and electricity expropriations, c) configuration of a national

financial system and implementation of financial organisms, d) use of public expenditure for social promotion and for capital formation, and e) creation of a social security system. These policies provided state institutions with a central role as the agents of economic and social promotion, and enforced both public budgeting and financial systematization. Likewise, in line with the creation of the central bank, national financial institutions were created to foster the development of rural, industrial, and public service markets as well as the enactment of the first Law of Credit Institutions. Land reform provided benefits to the peasantry; oil firms were expropriated; and the Energy Commission was founded to channel energy investments towards internal economic activities.

The first restructuring of development as a model and its concomitant planning and its history were in effect from 1935 to 1982, and through this period of time, distinct planning strategies for different terms can be distinguished. A first term from 1935 to 1956 is identified as one that reached important growth rates, but with recurrent inflation rates. It was an outward-oriented theme based on strengthening agriculture to increase primary exports. A second term from 1956 to 1972, unlike the first one, went back to inward development by strong industrial growth on the basis of imports substitution, a slow increase of agriculture and primary exports, and almost no manufacture exports, attaining historical rates of growth with stability of prices and exchange rates. A third term, from 1973 to 1982, gained a lesser growth rate, fell in an inflationary inertial trend, and eventually lost political stability.

Throughout the whole period 1935-1982 a protectionist policy was applied to keep the internal market as growth's main motor, though it discouraged the country's international competitiveness. At the beginning of eighties Mexico was one of the most closed economies of the world, with low internal productivity and international competition, an enlarged public sector present in most productive activities, and an expanded external debt, as well as high and increasing unemployment and sub employment, low wages, inflation of around 100%, recurrent economic crises at the beginning of every government term,

corruption, and social irritation. This was the context previous to our second model of development and history of planning.

#### The second model and history (1983 to the present)

The second model of development regards the organic need to modernize the capitalist economy by reducing state participation in production and its corresponding history of planning reports how such a “modernization” was implemented on the strength of free market rationale combined with the same previous corporate planning. Both the model and the history tell us about a power dynamic. It is an interlocked tale on how important sectors of Mexican society (mainly groups of government technocrats, entrepreneurs and academics) differing over state intervention in the economy saw in 1983 the free-market model and its associated quasi-parliamentary system as an authentic alternative to the economic and political Mexican crisis. Notwithstanding, electoral democracy and wellbeing were subordinated to a market allocation of resources and income, and an incipient parliamentarism was restrained by the same old presidentialism and the same centralist planning.

The second model stands for an attempt to restructure the closed economy of then, within the frame of the same postrevolutionary presidentialist institutions and the ambiguous channels for democracy. It pursued a growth path opening the national economy to the free mobility of international economic flows as well as making national firms capable of transacting at international and global markets. The model, notwithstanding, was launched without any internal productive correction and political consensus and planning was that of the first model based on the old centralist and authoritarian state apparatus but now emphasizing free markets instead of state economic intervention. However, before the severity of the crisis of 1982 and the economic orientation of the second model, expectations for overcoming the crisis were not promising since the model to confront the crisis suffered from two main political inconsistencies. First, an orthodox shock solution was applied without trying another less radical or heterodoxical formulas of

economic policy (recipes). And second, the solution swung from one extreme to another extreme: from statism to freemarketism.

Underlying the latter policy decision was the internal power struggle to apply the model in the country, interlocked with the international rekindling of the free market model in the worldwide context of both the economic weakening of the USSR and the increasing economic internationalization and Western launch of globalization. The governing PRI took a chance supported by the international financial institutions--the World Bank and International Monetary Fund--and the US government. The crisis of 1982 was the strongest sign that the model of political stability and economic growth, in place since 1925 but undertaken on a system-basis starting from 1935 was completely exhausted. Palliatives were not sufficient to overcome the deep structural corrections necessary in all productive, market, institutional, political and social spheres of society, including that technical-political terrain of planning. A new nation-based solution does not usually go to the other extreme of the policy menu since most policies stand for particular sociopolitical interests. However, in this case, going to the other policy extreme meant choosing between the national interest groups under one political extreme's interest group to the opposite extreme's interest groups.

In 1983 the new government of president Miguel De La Madrid proposed an anti-crisis strategy of structural change through the "Immediate Program of Economic Reordering". It included a package of constitutional reforms that pointed the State's new functions in economic matters and a proposal for a structural change in the economy. The Immediate Program posited a variety of measures to face the structural aspects of the crisis: rationalization and diminishing of public expenditure, protection of employment, selective continuity of public works and guarantee of basic food basket for low income population as well as increasing the fiscal income, financial credit for priority projects, recovering the peso's value, and reorganization of federal public administration. It guided the economic strategy up to 1985, since

it had to be modified in 1986 to face a downfall of international oil prices that impacted Mexico's revenues. A new program was introduced in 1985, "Program of Encouragement and Growth" postulating the urgent need for growth to face the crisis by establishing the base for a solid growth in the future. These two planning instruments were applied along with a set of reforms to the Federal Constitution, in matters such as the mixture of the economy, planning, and rural development, among others. In 1989 under the administration of President Carlos Salinas, the strategy for structural and institutional change was intensified. The economy was submitted under an active process of economic de-regulation, privatization of public firms, rationalization and re-functionalization of public administration, trade liberalization, industrial "reconversion", and strong international promotion, all which culminated in 1994 with the enactment of NAFTA.

It was under governments of Presidents De la Madrid and Salinas (1983-1994) that the substantive and breaking transition from one development model to another was achieved. Successive governments of presidents Ernesto Zedillo (1995-2000), Vicente Fox (2001-2006) and Felipe Calderón (2007-2012) continued the free-market policies and applied the model deeper still to sectors and regions. Tellingly President Zedillo's government had to face at its very beginning (December of 1994) a peso devaluation as a result of both a mismanagement of the country's macroeconomic financial variables in the preceding years and a grotesque inability to manage them at the transition between Salinas' and Zedillo's administrations. That was the "Tequila Effect" and it marked a very vulnerable start for the new government, affecting seriously social and entrepreneurial bases of the economy. Setting a precedent since the years following the Revolution of 1910, Mexican GDP decreased two percent points. The Fox and Calderón governments did not make any creative contribution to the second model and its planning, they simply followed the same path and inertia maintaining the model's macroeconomic conditions and advancements. In fact, even though their governments took advantage of the model's first outcomes

growth began to fluctuate and they were not able to sustain it. Through 30 years in power (1983-2012) five federal governments worked under a constant: planning has always been subordinated, and even more at the regional scale.

Free market-oriented restructuring has not been successful. The evidence shows a sharp downfall of living standards, the industrial apparatus has not acquired the international competitiveness expected, unemployment increased, wages are lower in relative terms, development of internal markets continue to be repressed, and NAFTA did not work as expected. Certainly, there are some favorable outcomes, however they are not greater than the negative aftermath of the market-based restructuring: indigenous guerrilla movements, the acute political crisis in 1994, severe financial, productive and social crisis in 1995-1996, increases in poverty and inequality, and the unleashed crime and public insecurity (linked to both unemployment and international traffic of drugs and weapons). In the meantime during these three decades, political-electoral alternation took place in the federal government (2000) but it did not changed the model and planning in any sense.

### **A Third Model of development for Mexico and of national and regional planning?**

Throughout the two development models applied in Mexico over its third historical stage (1935-2012), planning has been institutionalized, and as such has advanced important experiences for both development and the state, thereby giving content to the history of planning in the country. Albeit this planning practice has privileged the national level over regional levels, an interesting process of institutional evolution of planning has taken place to the extent that today it counts on a national system of planning. Notwithstanding, nine decades later planning in Mexico stands out by its corporate and centralized character as well as by its technical inconsistencies, technocratic discretionality and non-collective formats while imbalances between national and regional levels persist.

Therefore, since both restructurings have failed in balancing development, at the same time as the eight processes underlying the society-state relations in Mexico have subordinated all existing planning experiences, a national model of territorial planning can be projected, conceived as part of an emerging pathway for a third restructuring. This alternative package of both restructuring and planning would be focused on the three different types of existing development issues:

- First, those old shortfalls from the state-led government-oriented restructuring's failures;
- Second, those more recent impacts from the state-led free-market-based restructuring's failures; and,
- Third, all those old and new issues marginalized at the national and territorial dimensions by corporate planning.

Approaching the latter three Mexican development issues stands for the integration of a package for both restructuring and planning, meant to de-corporatize, de-politicize and de-marketize development in favor of a social Mexican way for balanced development. In a word: a planning/restructuring that de-presidentializes and de-centralizes development.

Political interests always surround planning. One flaw underlying it technically and operationally is the lack of a theory/policy framework to deal with Mexican localities, cities and regional development. This missing framework could help territories perform as development factors, regardless of either the political regime or the political party in power. By the same token, it would be useful to re-examine Mexican federalism and reconsider the role that states, municipalities, cities and localities as well as metropolises, ports, regions and economic districts can play in territorial and national planning, in order for them to participate more actively in their own development.



At the international arena meanwhile, since the last decades of the twentieth century, by the time Mexican free-market-oriented restructuring was being implemented, increasing economic internationalization and globalization began to take place, generating national economic specializations and productive regionalizations that in turn have shaped both an economic trend and an emerging type of regional growth. As part of the latter territory-based new processes have profiled a space-oriented development, that repositions territories' own assets and potentials for local and regional economic growth, and thus for national/international, regional-international and glocal development, as well as territorial and global governance, territorial democracy and spatial justice. Since then, innumerable new successful territory-based cases have emerged in many countries. These cases prove that new patterns based on local un-substitutable processes were gaining ground, as qualifying roots of spatial economic specializations as well as in many social and political dynamics. As part of this space-generating development trend the theory/policy framework called Industrial Districts Theory gained academic reputation, among other theories, in stating the emerging phenomenon of "territoriality" and "new regionalism" as a complementary counterpart, or the space-rooted face of globalization with no pretension to replace, but just to complement, the general economic policy framework.

As in a myriad of places in the world since postwar capitalism, local economic specializations have taken organizational form as economic districts, as a way of giving order and system to local economies and regional societies. Considering Mexico's last century history of regional development and planning, and the spatial disorders at different dimensions, scales and spheres prevailing today, Industrial Districts Theory is a framework, within the scholarship of regional development and planning, that can shed light and feed alternative ways for diverse territorial problematic in Mexico.

México has some experience with industrial districts' policies but they have not corresponded to official policymaking and planning. In the context of a wide range of Mexican territorial meso-levels such as

zones, industrial poles, seaports, localities, *ejidos*, municipalities and cities as well as economic districts and corridors, metropolises, states, regions and city-regions---each needed their distinct sectoral/territorial policymaking and planning. Approaching them is not a simple issue of only allocating, providing, transferring or decentralizing policies and resources, but above all freeing action from below. In this way territories can make use of their own resources and specific advantages and face their potential risks and failures, in coordination and complementarity with other levels of national and international development. Accordingly, what Industrial Districts Theory can do is to provide territories with alternatives for regional/national development, in a perspective of armoring them from any broader developmental restructuring or from the state's and markets' failures seeking to promote an economic-policy framework for a political-economy pathway for balanced development in México on the basis of three public policy dimensions.

The first dimension is the need for a theoretical/policy framework seeking national balanced development since regional development. The second dimension is in regards to the search of a pathway for national balanced development since a third restructuring of development that includes the convergence of not only the state and markets but also of territories. And a third dimension that refers to the institutional articulation of a national system of territorial planning, which should be able of generating substantive guidelines for a regional-urban-rural reform of Mexican federalism. This is the pathway: one comprehending the latter tri-dimensional balanced development, spatial justice and territorial democracy. This proposed alternative is an exercise for the continuous institutional and societal effort to domesticate the civil, controllable forces of capitalism.

### **4.3 Technological Lag: the great urgency for a real development, or the missing link**

#### **Historical location of technological lag: a continuous process**

Of the eight national processes in this chapter that explain the socio-institutional relations underlying democracy and development in Mexico, the one regarding technological lag has a distinct meaning because of its determining and un-substitutable character for the configuration of Mexican capitalism. A meaning similarly valid for any other national capitalism and particularly for those societies that over time succeeded with the technological factor.

New Spain began its autonomous course under the inspiration of the political reforms and technological-industrial innovations of the Era of Revolution, and took for granted the corresponding risks, vulnerabilities and requirements of the journey. Mexico had two “revolutionary” undertakings: of *de facto* and of subsequence (like immediate and middle/long term) that were imperative to fulfill. It was able to achieve important advancements at the former but not at the latter. *De facto* undertakings were the political-administrative and military de-incorporation from Spain, as well as the establishment and establishing the functions of an independent government, and enactment of an inaugural Constitution. These undertakings were to draw productively and unlink normatively the neo-national economy from the Iberian economic apparatus to restructure it accordingly, and to launch the new nation-state building procuring a productive continuity in the setting international economic and political national transition (feudal-mercantilist-capitalist and republican-democratic) likewise taking place in Europe and USA. Mexico, furthermore, should have protected itself from the international siege upon its resources and territory in order to position itself and launch its national, democratic and capitalist transition.

New Spain was not just any colony, but the wealthiest, the biggest territorially and the most socially active among Spain’s colonies in American (though one of the most exploited, spoiled and repressed). Legitimizing the latter is the fact that it was named “New Spain” unlike the other Spanish colonies in the

world. The new country or more specifically the nascent state had the obligation to adopt the most convenient government form and most viable productive-technological economic path for its national viability and to create the necessary internal conditions that would allow it to plan and foster the best possible Mexican development. Failure to do so could expose the neo-national project to international and domestic risks. Under this panorama México devoted efforts to come to grips first with the nation-state building and only then with the transition to capitalism. Later at the turn of the century, these efforts would yield two cardinal accomplishments for the new nation building: setting up, behind a sinuous process, the republican government form, and framing power conditions (not precisely institutional nor nationalist) in favor of the configuration of a first domestic capitalism and with it achieving a sustained economic growth. Both the government form and configuration of capitalism synthesize respectfully the *de facto* and subsequent institutional undertakings of Mexican state. However, the country exacerbated existing social shortfalls (stemming from the Colony) and serious political imbalances as well as delicate technical inconsistencies, which jointly caused severe national weaknesses and fatal international vulnerabilities such as the technological one.

The unfolding of Mexico as a nation exhibited on the societal side, a lack of leadership to reach technical-productive innovations and rural/industrial capabilities for wellbeing and, on the institutional side, the lack of State technology policies to base its independent economic growth in association with the worldwide technological evolution of that time. At the nineteenth century's second half, Mexico introduced railroads and electricity and created research institutions such as those on Geology, Astronomy, and Medicine. However, their institutional management incurred fractures ("rupturas")<sup>118</sup> that caused technological-productive unlinkages, outer technological dependence and delays in technical diffusion, and a widening in the technological gap with developed countries.

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<sup>118</sup> Corona Treviño, Leonel, 2004, op. cit

In the twentieth century, after the international economic crisis of 1929, the Mexican government created (as part of the industrialization and the institutionalization processes starting in 1935) scientific-technological institutions, among which the most important are the National Council for Graduate Education and Scientific Research (1935), the National Institute of Scientific Research (1935), and the National Council of Science and Technology (1970)<sup>119</sup>. These institutions soon suffered from bureaucratic-structural constraints and functional inconsistencies as they had been created “without solving the uncouplings and break ups” of technological and institutional character. In turn, perhaps by that they have caused the technological breakdown of “three modernizations<sup>120</sup>. Thus the nation is technologically incompetent as evidenced by the technological challenge, which made it delay both domestically and internationally. This tardiness hampered its ability to concretize its own technological-scientific scaffolding in face of the technological blossoming underlying the worldwide emerging expansion of capitalism.

Since Independence, a combination of the long internal political crisis (1821-67) and the technological lag set the country aside from a better pathway towards both a territorial capitalism and a democratic nation-state. Still such a combination was exacerbated by its condition and its new national challenges and imperial risks. Namely, the new country stumbled upon its own path-dependence. The results: a weak state that lost half of its national territory, a republican government that became dictatorial, and an incipient capitalism defenseless technologically. Notwithstanding, as a new national economy and an emergent market, México had to concur with worldwide economic flows during a global cycle full of transcontinental extension of markets, which, due to its technological weakness, left it positioned disadvantageously in front of the emerging international division of work.

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<sup>119</sup> Corona Treviño, Leonel, 2004, *ibid.*

<sup>120</sup> Corona Treviño, Leonel, 2004, *op. cit.*

Certainly, technological disadvantage was not generated automatically by the international extension of capitalism triggered by Era of Revolution. Rather, it was path-dependently germinated from the mercantilist and protectionist policies sponsored by the Spanish Crown over three centuries. With this enormous weight of history the nation was overburdened by other factors that aggravated its technological disadvantages. Some of the factors are:

- i) Productive recession and financial bankruptcy caused by Independence;
- ii) A vicious circle of credit needs, foreign debt, financial insolvency, and international reprisals;
- iii) External military interventions and losses of territory;
- iv) Lack of foreign investment;
- v) International economic liberalization underpinning both the superiority of countries in the technological race and the deployment of their political hegemony above countries technologically neophyte (the case of Mexico);
- vi) Unqualified workforce;
- vii) Impotent internal markets;
- viii) Critical stalemate causing delay in republican government form's institutionalization for the first half of the nineteenth century;
- ix) A polarized and inefficient political leaders and entrepreneurial class including segments whose interests were neither national or societal; and
- x) The economic-social asymmetry from the Porfirism causing the costly 1910 Mexican Revolution.

These factors characterized the mercantilist-protectionist heritage from the Colony and exacerbated the incapacity of the first Mexican political and entrepreneurial leaders to conduct the nation

with political stability and administrative efficacy. In addition, ultra-conservative segments acted with total lack of national insight. They were caught up with feudal reminiscences or absolutist intolerance with the best example being the plot to set up the empire of Maximilian of Habsburg. All in all, they left the country with unfortunate disadvantages to begin as a nation or to mount an economy, and more specifically they distanced the country away of the possibility for a more productive-technological-commercial insertion and a more competitive positioning in international markets.

Independence meant having to perform two historical opportunities for the nation-building process. First, transforming the vice royal administrative apparatus (which had been designed to exploit mining regardless of the human degradation and social lag) into a modern socioproductive state able to develop the economy including all its productive sectors and giving priority to the unfolding of internal markets. The latter is associated with combating ancestral social marginalization and extreme inequality in conciliation to building an institutional organization of politics and democracy. Secondly, to define the type of industrial capitalism for the country--an assignment intimately coupled to implementing the possible and most convenient technological prop for national development, in a planning perspective for short, medium and long terms based on synchronizing internal productive potentials and international market dynamics. However, taking advantage of these two historical opportunities needed its own technological system to support internal economic performance and to sustain the country's international competitiveness in face of the technological (and political) hegemony of leading countries.

Mexico did not use these opportunities and this remains true today. Subsequent outcomes of institutional and entrepreneurial performance show their mis-understanding as can be seen through Porfirism's different anti-social economic growth "taking advantage" of the economic liberalization and globalization as well as the economic concentration of wealth and political centralization of power, all at the

expense of a revolution that resulted in at least one million deaths. In 1910, Mexico had re-densified its concentration of wealth, exacerbated the State.

### **Technological lag, international division of labor, and entrepreneurial-political class: Subcapitalism**

The primary force underlying the transition from mercantilism to capitalism is indeed productive-technological, and that is the contribution of the eighteenth century technological revolution to contemporary development: to provide manufacturing with a technical and organizational infrastructure based on mechanical production to replace manual production of goods. This took the productive process to the momentum to produce tools and machines in a mechanical way as well. These two steps (strides in fact) empowered manufacturing as the new procedure to combine labor and technical resources in producing both manufacturing and machines factoring the whole process of operationalization and administration of production. The two steps underpinned producer's capacities for competitiveness in markets and also for producers to control markets since soon monopolies emerge and would shape an evolutionary economic-political stage in the mercantilist /capitalist transition and the development of capitalism. These two steps made manufacturing a part of a broader productive-institutional base, led to innovate social development now consisting of dominating chiefly techniques of production and only secondarily to abilities and scales to trade, thereby materializing the mercantilist-capitalist transition and opening the pathway of industrialization. It was the replacement of human-manual abilities for machine-automatic mechanisms that changed the organization of productive processes. This asset converted the countries inventors of mechanic devices into technological leaders and hence the leaders of the technological-productive transition. In turn, this precursor capitalist leadership positioned themselves upon American colonies and nations, though only the English ex-colony in North America would take advantage of the revolutionary technological boom and promote itself in international capitalism. Finally, they also would become the future worldwide capitalist empires.



This new technological scaffolding, which ascended since the minor technical operation in local productive organization up to the most complex technological deployment of worldwide production, reformulated the technical-productive-commercial base of international economic competition and the source of international political domination inasmuch as countries leading by then traditional production and trade of goods became the ones capable to head the new production of manufactures and capital goods. Hence the consequential delay of Hispanic American countries in substituting hands for machines, and their tributary role as “specialized” producers of non-manufacture raw materials and their historical technological delay in manufacturing production.

However, in the context of international division of labor and worldwide trade, this submission and delay condemned those “specialized” countries to the role of supplier of primary provisions for manufacturing nations; indeed, in an economically and politically despair relation of interchange of cheap supplies for expensive manufactures and capital goods. Substantially, this submission and “specialization” came from an evolutionary process of both worldwide productive structure (that of feudal/mercantile/capitalist continuity) and a productive, technological and commercial concurrence (that of competition for markets), that were not central or familiar to them by virtue of colonial isolation.

Perhaps the latter can explain why the struggle for Independence centered on breaking that isolation, since the latter had restrained the own development of dominant elites and of Novo-Hispanic society seeking for a way to acquire a political personality denied by the Crown or as a way to attain a certificate of “national” adulthood that similarly had also been bargained by the Colony. Likewise, perhaps the latter isolation and bargained political personality explains why the conservative/liberal polarization unleashed after Independence focused on emancipating the nation from clerical economic power and was not centered on international competition for markets, nor on a productive transition towards a national capitalism, or on creating technological advancements. Later when the Mexican republican government fell

into the hands of military Porfirism (a leadership ignorant of the substantial processes befalling in the world of then and of Mexico's potential relation with them), the country surrendered at all the domestic productive apparatus to the nations more advanced in the international capitalist transition, and did little for internal development of a national capitalism.

In reality, political independence should have generated economic independence. The former certainly made some progress on the latter in secularizing the clerical property of land over vast property holdings thereby opening basic conditions for the formation of internal markets (at least for those of land) and for a capitalist transition. This undertaking, important in itself for political independence, it was only a partial advancement in economic independence (or in the coupling of both economic and political independence. In parallel however as the required entrepreneurial technological and institutional unfolding did not progress, that is, in missing its own technological engine and a political-entrepreneurial leadership committed to the nation's societal interest, political independence was exposed internationally and it was neutralized by worldwide technological, productive and market leaders and political and military ones as well. The result economic independence began without a fight to couple and to reinforce political independence for the nation's development and democracy. The best proof of the latter is the surrender of the economy to foreign investments and the lag of internal industrial production and markets, during Porfirism.

More specifically, historical roots of technological disadvantage reside on the incapacities and lack of resilience of the new nation to interact internationally since a disadvantageous domestic context without the burden of their pre-capitalist heritage. It was then when transmutation of political independence into economic independence required to convert to the national economy: from a colonial, mercantilist economy producer of goods and primary supplies (mainly mining and agricultural) oriented to export, to a national capitalist economy producer of both agro industrial and capital goods oriented to internal markets

strategically for which it was indispensable to mount a technological-scientific apparatus to attain a proper balance of payments. Failure of this step limited the productive development of internal markets (then and so far), and subsequently weakened the Mexican insertion in international flows, prefiguring a capitalism of short-term competitiveness and chronic dependence on international cycles and conjunctures<sup>121</sup>.

In the continuous process of colonial-national transition and until now domestic authorities have applied economic policies both protectionist and liberalist. They have fluctuated since the rancid colonial economic protectionism (which at last is only comparable to that postrevolutionary protectionism of 1935-1982), up to the crude economic liberalization promoted (precursorally) by the Bourbon Crown at the end of colonial period, then decreed ephemerally in 1821-1824 by Emperor Iturbide, subsequently retaken by Porfirism in 1876-1911, and today reedited by the free market model in progress (1983 on). Both protectionism and liberalization have historically overlooked national technological development, and thereby obstructed the domestic evolution of internal markets. In following this thread of colonial-national continuity in Mexican economic policy, we can now approach now the technical process underlying the (Shumpeterian) formation of domestic entrepreneurial-political class and its unqualified role promoting national capitalism. And successively proceeding to posit how Shumpeterian and Weberian ahistoricity of this entrepreneurial-political “class” ended up frustrating the capitalist configuration in Mexico and vomiting a yielding subcapitalism<sup>122</sup>.

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<sup>121</sup> Arcila Fariás, Eduardo, 1974, *Reformas Económicas del siglo XVIII en Nueva España*. (two volumes, SEP SepSetentas, Mexico); Vázquez, M., Luis, 1985, op. cit.

<sup>122</sup> Marx, Karl, 1980, *Tecnología y Capital* (Editorial Terra Nova, México).

Historically, entrepreneurial-political leadership in México did not emerge from the classical social process of capitalist evolution as that of European industrial countries, because in Mexico (as with other countries) this process was abducted and distorted by the state and rather the latter mounted on the process and tried to shape artificially a State capitalism. Thus Mexico's production was not nourished by the productive-entrepreneurial-political dynamics that have typically fed the formation of national bourgeoisies and a State bourgeoisie was created instead. Early, the evolution of Mexican entrepreneurship was contained by bureaucratic colonial Viceroy ship (analogously to the way the Crown did so with the metropolis capitalism) to such an extent and form that the required productive technological-scientific forces that have sustained capitalist productivity and competition<sup>123</sup>. Entrepreneurial-political leadership in México, orphan of genuine capitalist paternity and vision, and, rather, bureaucratically accommodated as a patched capitalism "*a la Mexicana*", missed the foundational interlocking generation of production and market feedback, technological gestation and risk-taking entrepreneurial leadership, since its first steps in industrial evolution.

At the very moment of independence, existing leaderships (military, clerical, political and entrepreneurial) were not focused on how to incorporate the nascent nation into those discoveries and technical innovations from both The Enlightenment and the Era of Revolution; nor did they know how to take advantage of or defend the new country from the benefits/damages of technological globalization and international expansion of capitalism. Contrariwise, their policy-making gave priority (well in vein with the Iberian lag within Europe) to secure the continuity of their privileges and maintain the wealth amassed.

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<sup>123</sup> Marx, Karl, 1980, *Tecnología y Capital* (Editorial Terra Nova, México).

Novo Hispanic/Mexican elites that consummated independence turned their back on the political principles and banners of self-determination, democracy and development that led the inspiring the war for autonomy. They distanced themselves from a capitalist vision emerging in Europe in search of changing the production system and came to grips to the task of nation-state building. Thus, they confounded somehow constructing the new nation and capitalism with building the state. There was an evolutionary abyss between European and domestic elites. On the one hand, the Europeans, stemming from lordly/imperial cultures of inhumane traditions of exploitation and absolutist domination were well involved in projecting a vision for bourgeois capitalist progress which according to the Era of Revolution's pathway was considered "revolutionary". On the other hand, the domestic elites stemmed from the Spanish colonialism's multi-racial vassalage, consisting of a system of social stratification, feudal-mercantile productive exploitation and human humiliation and who unlike the European peers, were committed to restraining the capitalist evolution of Mexican society. Beyond the latter abyss, however, once domestic elites hurried up Independence, they focused on guaranteeing clerical, military and landlord interests<sup>124</sup>.

Furthermore, implicit in the latter's vision and interests of domestic elites was, tellingly, the colonial economic protectionism from external competitors. This closeness set Mexican elites apart from economic opportunities, linkages and path dependencies that could have driven a positive and distinct evolution as productive leaders of the new nation and for Mexican capitalism. Having been subtracted from such windows of opportunity, they sought first of all to defend their status quo in a counter-evolutionary sense. Elites' vision, experience and format were not different than those of economic exploitation, plunder, and closed markets transmitted by Viceroy ship and incapable of seeing other options. Their vision went no

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<sup>124</sup>Vázquez, Josefina Zoraida (Ed.), 2008 [1997], op. cit.; (Ed.), 1994, op. cit.; and 2009, op. cit.; Guedea, Virginia, 2010, Discursos del Centenario de la Independencia en 1910 (UNAM, México).

farther than maintaining what they had amassed *vía* original accumulation of capital. They did not “buy” the perspective of market-technological orientation since it worked against their historical condition of feudal-mercantile social existence<sup>125</sup>.

Therefore, Mexican unfolding over its first national century until the Revolution of 1910 is technically and politically:

- a *sub-economy of sub-markets without its own technology*,
- a *sub-industry* (of raw materials mainly, submitted to the hierarchy of capital goods because of international division of labor),
- a *sub-State* (at the service of an entrepreneurship –not a bourgeoisie, that is, more political than productive),
- a *sub-democracy* (prey of Porfirian dictatorship), and
- a society persistently isolated from the world, sub-summed in social inequality and poverty, which disparity often did not leave clear by then whether Mexico was social and institutionally a nation.

As for the XXth century, national unfolding run under the protection and projection of the postrevolutionary regime, trying to counter the hierarchical conditions of inferiority (the “*sub´s*”) stemming from Porfirism, though those efforts were not sufficient and ultimately “*sub-s*” reemerged and aggravated the country’s shortfalls due to the ulterior application of statist and freemarketist models.

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<sup>125</sup> Marx, Karl, (1974) [1867], *Contribución, Introducción, a la crítica de la Economía Política* (Ediciones de Cultura Popular, México); 1999, *El Capital* (three volumes, FCE USA, USA and México); 2004 [1865], *Wages, Price and Profit* (University Press of the Pacific); Polanyi, Karl, 1977, *The Livelihood of Man* (Academic Press, Inc. London); 2001 [1944], *The Great Transformation. The political and economic origins of our time* (Beacon Press, Boston); 1957, *Trade and Markets in the Early Empires: Economies in History and Theory* (Free Press, New York); Adolph Lowe, 1948, *The Price of Liberty: An essay on contemporary Britain* (Hogarth Press); and 1988, *Has Freedom a Future?* (Praeger); Heilbroner, Robert L., 1989, *Naturaleza y Lógica del Capitalismo* (Siglo XXI Editores, México); 1997, *The Crisis of Vision in Modern Economic Thought* (Cambridge University Press); and 1996, *Visions of the Future: The Distant Past, Yesterday, Today, Tomorrow* (Oxford American Lectures); Kula, Witold, 1987, *An Economic Theory of the Feudal System: Towards a Model of the Polish Economy 1500-1800* (2nd Revised edition, Verso Books); Anderson, Perry, 1996, *Passages from Antiquity to Feudalism* (Verso Classics); Bonnassie, Pierre, 1993, *Del esclavismo al feudalismo en la Europa occidental* (Crítica, España); Semo, Enrique, 1993, *The History of Capitalism in Mexico: Its Origins, 1521-1763* (University of Texas Press, Translations from Latin America Series).

On balance, at the postrevolutionary XXth century (and until now) Mexico has reinforced its previous *sub-economy*. In opening indiscriminately the doors for international markets to establish themselves into and over the nation's structure of production and consumption, internal markets have been seriously undermined and their condition of *sub-markets lacking an own technology* have been exacerbated. The country's *sub-industry* has been transformed from exporting raw materials to one of mainly oil exports and *maquila* byproducts and some agriculture exports. Across this transition, the country has been incapable of producing its necessary capital goods, and rather it has been used as a host of *maquiladoras* of industrial parts aggravating the country's lack of its own technology. In a nutshell, XXth century has witnessed the reestablishment and exacerbation of Mexico's former *sub-economy*.

By the same token, in the XXth century the country has recorded how supplanting entrepreneurial structures with political scaffoldings has taken the country to surrender the major and better productive assets and spaces of the nation to the national/international private initiatives. In this journey from the postrevolutionary sub-state to the postrevolutionary state, Mexico reduced its own regulatory economic attributions; an extreme in this matter has been containing, unfulfilling, annulling and ceding industrial policy-making in favor of international markets.

The country defeated its condition of Porfirian *sub-democracy* with the installation (though authoritarian as well) of a one-party system that at last evolved to reaching certain party plurality and circumscribed elections. Later, paradoxically, presidential alternation of 2000 cancelled electoral plurality to inaugurate the current participacy. Notwithstanding, what the country has not overcome throughout the XXth century and until today is its Porfirian condition of social inequality and rather it has worsened, as shown by increasing income mal-distribution and poverty. With this hindsight what the latter "*sub-'s*" explain is the underlying structuring of an international sub-capitalism in Mexican territory castrated since its origin by its technological weakness and consequent productive disadvantage.

#### **4.4 Human Development: subhuman development**

##### **Economic history and capitalism, origins of social inequality**

Nature biologically includes human beings but social inequality refers to human conditions of social production and is not part of that nature. Rather inequality is a consequence of the socioeconomic organization man has given itself in the course of its socio-productive evolution. Beyond nature, humanity has forged relations of production and systems of collective and institutional organization that have sustained its development. An imperfect development as proved by historical and ceaseless social disparity among persons, families, groups, classes, regions and nations.

Since primitive social production and first divisions of labor there emerged inequalities in both production-making and its social distribution. Since then the latter already shaped social hierarchies and patterns of social mobility. Later on, when the evolution of society left behind primitivism, a system of economic organization emerged that is considered the socioproductive relationship more openly unequal among men: Slavism. This system was organized starting from three axes: a) obligatory human work in land cultivation, b) primitive technologies and larval capital forms, and c) a real-state property regime. In slavism, human lives of slaves (as those of their families) were part of the slavist's patrimony, no less than as beasts of burden and available for rude activities. History has not registered a social form of human exploitation cruder and more unjust, and more unequal than the slavist one. The configuration of slavism stems from the merciless form of human exploitation that treated workers as animals and the productive scaffolding of slavism which is the birth of social inequality as a part of "nature." These two took place as part of a socioproductive and institutional system organized by man and not as an extension of nature<sup>126</sup>.

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<sup>126</sup> Una coordenada historiográfica del esclavismo es que precisamente en su época tuvo lugar la prosperidad de la civilización grecorromana (siglo V a.c. a siglo II d.c.), en la cual florecieron las bases filosóficas del individualismo teórico hoy dominante en las ciencias sociales.



No other system (or subsystem/regime) of production and work exploitation is more directly cruel, more inhuman than slavism. It has diverse social explanations but the most accepted in academia stems from the naturalist reason that considered slaves/workers as lacking virtues and aptitudes for social evolution, and thence making them equivalent to beasts of burden for production. This in turn explains how that socio-organizational relationship, indeed an anti-evolutive made equal persons unequal and as such constituted the base of social inequality. Seen through the advancements that social struggle and technological progress have conquered after at least three millenniums of transition from primitivism to slavism, understanding slavism today reveals itself to us as a divine mission, as a naturalist misrepresentation, as a theo-philosophical construction, and as an economic libretto, to comprehend the “animal” condition of the immense majority of human population. It is for that reason that social inequality has been the object of deep studies, and of artful academic debates in social sciences providing different interpretations: either as a spontaneous and isolated process in search of freedom, or as an event of biosocial nature, or as the inexorable social destiny of slaves. These variegated interpretations have rationalized social inequality conceptually and positioned it in academia as an immovable structure of society.

However, for political economy the slavist origin of inequality has transcended as the socio-organizational and productive-technological base for a human system of production treating the producers inhumanely. This is the evolutionary starting point for unequal social evolution. Inequality results from a social system that confiscates economic value created by slaves, the same as is going to change the dynamics of production and accumulation of wealth as well as of its social distribution in nations and societies.

From the socioproductive seed and pattern of slavism will emerge inequality and its social and not individual nor natural character, on which relational base will later on germinate feudalism and capitalism; the former on a basis of exploitation of land and unpaid work of agricultural slaves/workers, and the latter

starting from exploitation of salaried work mainly industrial and urban. Both are descendants from social relationships of slavist production. Thus slavism is the embryo of inequality that ultimately is going to be fertilized by capital to project it up to its modern capitalist version. Slavist inequality itself will transcend historical evolution of society and constitutes today the most influential and most noxious productive ascendancy of work and material possibilities for human development<sup>127</sup>.

Along with social inequality, a structure of equalitarianist institutions has been constituted in parallel (has evolved in fact), administering to the unequal character of social production and, in that sense, performing as the organizational apparatus sustaining and “rationalizing” (“legitimizing”) the submission of pre-work and work under capital. These institutions have become the evolutionary structure feeding the building process of nation-states, which in the capitalist era has reached its best expression with the welfare state. However, institutionalization and administration of social inequality has paradoxically become part of the problem and not of the solution, since very often or systematically equalitarianist bureaucracies and technocracies have devoted much more time to rationalize their institutional role than to really abate directly social inequality. An illustrative and scandalous example of the latter is how historically they have insisted on making work their liberalist or interventionist reason with unsuccessful outcomes, and also how, beyond the latter, they rationalize certain pertinence for inequality as their alibi to become into administrators of inequality; it follows that they perform with more misery and political conservatism than ambition for profits focusing on administering palliatives by creating national systems of social (in)security that beforehand are structurally unequal. All this informs us just about a political and productive heritage, alive today twenty five centuries later, that has restrained social evolution and human development. It is a transfigured and sophisticated heritage underlying the day-to-day practice of social inequality in contemporary capitalism, at the same time as feeding the inequalist reproduction of the latter.

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<sup>127</sup> Polanyi, Karl, 2001 [1944], op. cit.

Of course, social inequality of today is different from that of the times of slavism or feudalism, or mercantilism, or monopolist capitalism. Throughout history, labor and life-quality conditions of workers and population was mainly of two mutually exclusive types: exploitation or indigence, submission or prison, surveillance or death; that is, subjection to surplus regime, marginalization coercion and reduced social options such as slave or “free citizen” in slavism; serf, common shareholder –*comunero*– or unskilled laborer –*peón*– in feudalism; and industrial/service worker (urban or rural) or *ejidatario* in capitalism. Across time, the slavist, feudal landlord, merchant and capitalist have prioritized attaining the greatest economic surplus at the expense of workers’ productive, social and physical life while keeping them under surveillance exposing their basic and immediate uncertainties and vicissitudes of the political middle and long term despite the later rebounds of labor’s productivity, market competitiveness and profitability. In lieu of guaranteeing within the production sphere the work and life-quality conditions of laborers, the slavist landlord and the capitalist abandoned them to the state’s hands; that is, the capitalist and its predecessors have alienated the productive issues of social income and life of workers to the state. However the latter has been historically ineffective in the specific social role. Over a long time the state has lacked social policies in favor of workers, condemning them to misery and human degradation, social exclusion and death. All in all, historical dominant classes and state have only accepted fostering demographic growth, as a coarse measure to make sure of regenerating a sufficient workforce to the extent that, at the beginning of the nineteenth century, in full mercantilism and transition from feudalism to capitalism, theories calling for halting demographic growth emerged<sup>128</sup> seeking to avoid economic and food crises.

Before the State’s formal existence, or before it assumed institutional roles to relieve inequality and poverty, primitive communities organized themselves for individual and collective subsistence. Afterwards fraternities for support emerged in Greece and Rome (*Hetaires* and *Collegia* respectfully) directed to help

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<sup>128</sup> Malthus, T. Robert, 2003 [1798], *An Essay on the Principle of Population* (Second Edition, Norton Critical Editions)

guild club's members in facing their lack of social protection, with a great participation of the Church. Throughout the Middle Ages, noblemen were in charge of their serfs' subsistence, and the Clergy voluntarily provided charity works for the most miserable people in convents, charity houses and hospices, already fully in the feudal/capitalist transition. Notwithstanding, it is at the end of medieval era when previous forms of mutual help, of family and community solidarity, and of lordly protection and clerical mercy evolved towards organized guild figures of fraternity by craftsmen and merchants, with the explicit purpose of procuring wellbeing for their members.

In the England of the seventeenth century the state assumed a policy of public beneficence for the most dispossessed people by the Poor Law in 1601, becoming the first formal and modern antecedent of policymaking for social protection in the international history of policies to mitigate social inequality and favor wellbeing. Other important laws and legal statutes for English social wellbeing followed the latter Law<sup>129</sup>, such as the Law of Settlement in 1662, the Decrees of Gilbert in 1782, the Law of Speenhamland in 1785, and the Amendment of 1834 to the Poor Laws. Tellingly, at the end of the nineteenth century the Poor Laws were replicated and adapted as a model in the Germany of Otto Von Bismarck. Later, thanks to the political and social horizon opened by the French Revolution and because of workers' social struggles in many countries, national systems of social security started being institutionalized by the state since the end of the XIXth century and up to the last decades of the XXth one, when the master work was reached at the post-war era with the welfare state. Those was the case of Germany with the introduction (1883-84) of social security measures against diseases, work accidents and elderly; and other similar legislation in Austria-Hungary (1887), Switzerland (1891), Norway (1894), Denmark and France (1898), Belgium (1903), Italy (1905), Switzerland (1906 again) and Great Britain (1908).

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<sup>129</sup> Polanyi, Karl, 2001 [1944], op. cit.

Despite the social policies that molded national institution of welfare against the crudest expressions of inequality, their character and scope was limited, since they were only designed as palliatives to detain the deterioration of workers' level and quality of life but they excluded the remaining unemployed population. Furthermore, such policies had been conceived and focused preeminently to upgrade labor productivity and competitiveness. A chief inconsistency of these policies is that they lacked the tools to try to eradicate the productive-organizational and surplus-directed origin of inequality, transmitted since slavism to the present. Namely, they were self-limited to the welfarist palliatives with no step towards removing the structural causes of inequality and largely restricted to the sphere of administration. Likewise, and no less important, welfare State social policies were intended under the international ambient of the XXth century's worldwide wars, as a counterweight for the "socialist" wellbeing policies being implemented by the Soviet block of countries of Eastern Europe. Welfare was thereby a countermeasure to avoid trends in other countries and social sectors within them and thus was part of the worldwide geopolitics of then (Cold War).

Starting from the decade of the eighties, when "socialist" countries imploded and simply were substituted with "new" nations servicing "free" markets, poverty (more than inequality) was reinterpreted as the lack of liberties, patrimonial goods, capacities and basic social functions able of facilitating access to better opportunities for freedom and income. With this post-Rawlsian statement, however, the possibility of overcoming poverty has been moved from the civic domain of liberties and basic patrimonial goods to the sphere of consumption, since liberties and goods as well as basic social capacities and functions have been fetishized and commodified and hence expelled (theoretically) from their structural shelter by the productive sphere and thereby thrown into the arena of markets for their interchange.

Whatever the reason---error, confusion or concoction of mainstream economics---this re-conceptualization is self-limiting, if not failed, because it tries once again to de-root and uncouple the

common origin of poverty and inequality (which in fact are not different issues by just a same phenomenon), as part of an ambiguous skew favorable to “free” markets.

### **The national historical specificity and inequality and poverty: The case of Mexico**

Some academic research that obfuscates the conceptual understanding of inequality and poverty; there exist structural conditions that directly hamper their understanding and policymaking. Such conditions are of three types. First of all are the historical antecedents of pre-capitalist evolution, and particularly every country’s transition to capitalism. The second condition is the unbalanced character of conflictive cooperation between production factors, which generate inequality. And third, it is the nation-state building and its watershed of institutionalization of development and democracy. Comprehending these factors send us necessarily to national histories to weigh how each of the three conditions evolved in a country.

In the Mexican case, historical records of its past evolution and specifically of its capitalist transition which consign its pre-Columbian, colonial and postcolonial history widely illustrate the structural causality of today’s national inequality. Since the beginning decades of the conquest, wise ecclesiastic and civil actors postulated such a causality whose intellectual thought and political voices was embodied as Novo Hispanic Renacentism. Renacentism would later converge synergistically with the Industrial and Political Revolutions in Europe at the end of the eighteenth century. Both revolutionary matrices were precursors of Mexico’s independence, and subsequently inspired its republican Reform and then oriented the Revolution of 1910. However, nothing is more illustrative of today’s Mexico’s inequality than the humanist, liberal and social dream registered by the Mesoamerican/Novo Hispanic/Mexican continuum: Aztec authoritarianism, traumatic events from the Columbian discovery, Cortesian conquest’s subjugation, death and destruction, and the savage process of colonization based on plunder, exploitation, racial discrimination, and westernization. Hence nothing describes better the desperate call for ending and overcoming Mexican inequality (in hindsight) than the socially committed humanism from religious missionaries and the field

work from civil persons against colonial regime's injustice, as well as the loud reporting from international illustrated explorers (Humboldt), whose civilized vocations would together forge a whole vision for justice: a Renacentist and humanist, a social, libertarian and nationalist vision, that later on would become the intellectual trough for the Mesoamerican/Novo Hispanic/Mexican evolution.

The latter call for eradicating injustice was clearly certified by Brother (Fray) Antonio de San Miguel:

*"Population of New Spain comprises three classes of men: white or Spaniards and Indians and castes. I consider that Spaniards encompass the tenth part of total mass. Almost all properties and wealths of the kingdom are on their hands. Indians and castes cultivate land; they serve to well-off people and only live of their arms' work. It is from the latter that the opposition of interests between Indians and whites, such a reciprocal hate, that so easily is born between those who have everything and those who have nothing, between owners and slaves...I do not ignore that such misfortunes are born everywhere from the great inequality of conditions. But in America they are even more horrendous because there is not an intermediate State; one is rich or miserable, noble or infamous by law and by fact"<sup>130</sup>.*

Or as it was reported by Alexander von Humboldt:

*"Mexico is the country of inequality. Perhaps there is no place where it is more horrendous in distribution of fortunes, civilization, land cultivation and population... Capital city and many other cities have scientific establishments that can be compared to those of Europe. Architecture of public and private buildings, daintiness of women's everyday dressing, air of society; all announces an extreme of meticulousness that contrasts extraordinarily with the nakedness, ignorance and rusticity of populace. This immense inequality of fortunes not only is observed in*

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<sup>130</sup> Cited in Cordera, Rolando y Carlos Tello (Ed.), 1984, La desigualdad en México, page 7 (Siglo XXI Editores, México).

*whites' caste (European and creoles), but similarly it is manifested among indigenous people.*"<sup>131</sup>.

Or as Mexican historian Luis González y González gives account about the second half of the Mexican XIXth century: (about Porfirism)

*"...wellbeing, still, reached by very few and at the expense of majorities' good...By the time all was favorable to the six hundred owners of haciendas with extensions of around one million hectares...(“Los latifundios”---landed estates)... in five cases, reached to size greater than one million hectares for each case. Passing over them was possible only by railroad, and making it from one end to the other took a whole day. Most part of the country's total area was on the hands of a small group of individuals.”*<sup>132</sup>.

Later on, Arnaldo Córdova, a Mexican political scientist, states historical inequality in a similar way:

*“Nothing in the modern world suggests the idea that some men were born to command and others to obey,... as (it occurred in Porfirism with) the relation between the great owner of lands and the rural worker depending of the former. Inspired in the most dissimilar positivist currents of the epoch, Porfirians affirmed, without more ado, that some men in society were ‘superior’ and others ‘inferior’ and that the latter should be submitted to the former ...”* Further Córdova adds: *“If we take the four categories in which landowners were divided: hacendados, ranchers, small owners and peoples, for 1910 land ownership was distributed as follows: 97% of land under census belonged to hacendados and ranchers;...small owners possessed only 2%,... while the remaining 1% was distributed between peoples and communities. 96% of rural population was constituted by unskilled*

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<sup>131</sup> Cited in Cordera, Rolando y Carlos Tello (Ed.), 1984, *La desigualdad en México*, page 7 (Siglo XXI Editores, México).

<sup>132</sup> González, Luis, versión 2000 [2009], *El Liberalismo Triunfante*, pag. 681-682, in *El Colegio de México*, 2000 [2009], *Historia General de México* (Xlth re-edition, El Colegio de México, Centro de Estudios Históricos).



*workers of haciendas (“peones”)...40% of total land was distributed in half dozen of ‘latifundios’. A concentration of territorial property of land in just few hands,... in a country in that the crushing majority of population lived mainly from working land, made Porfirian Mexico the most explosive society of Latin America. As in any other part of the Continent, the sign of social life was violence...Armed rebellions and banditry that proliferated for all directions...had in general the same origin: spoil, misery and the forced exploitation to which worker masses were submitted... In the beginnings of the decade of 1890 oppositionist press used to criticize openly ... the progressive concentration of land on the hands of only few persons”. And Córdova deepens his account in a round footnote (no. 17): “In 1893 Ricardo Flores Magón (considered the great precursor of Mexican Revolution of 1910) attacked against privileges of ‘hacendados....: each one has become into a feudal baron. He has the power of life and death above the miserable unskilled rural workers (“peones”). Attractive daughters and women of the latter are at the mercy of the hacendado. And there is no authority that says anything to him. When he sells his properties, they are enumerated consisting of thousands of hectares, and amounts of oxen, cows, peones and other animals. [That is the way it is written indeed.] God help Mexico! where human beings are treated worse than cows or pigs.”<sup>133</sup>*

To all these statements it is necessary to add that the postrevolutionary México of the XXth century (and until now) has achieved some specific institutional, social and entrepreneurial advancements (mainly those associated to the “Mexican miracle”) but they were not integral enough as to abate effectively inequality and poverty. A singular proof of the latter is that around half of population of working age has fallen into poverty. Currently, in parallel the country deconstructs itself on a daily basis due to its high levels of corruption, discretionality, opacity, and particularly scandalous juridical laxness and impunity favoring

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<sup>133</sup> Córdova, Amaldo, 1985, “El Pensamiento social y político de Andrés Molina Enríquez”, Prólogo del libro Los Grandes Problemas Nacionales de Andrés Molina Enríquez, pag. 16-17 (ERA, México).

organized crime. By the same token, the economy has been unable to grow again at the levels and sustaining rhythm reached in the Post-Cardenist golden period though the nation-state has been capable to make a Mexican entrepreneur the richest entrepreneur on the planet. This case along with the existing high concentration of national wealth has been the result of a national accumulation of capital more “originary”, discretionary than productive in the modern sense that recent internal growth cannot explain or legitimate. This accumulation in the XXth Century’s is due to processes of statism and freemarketism is outstanding contributors.

Looking at past and present inequality of México leads to automatically question: What could the Mexican state have done across two centuries of national life to avoid the inequality and poverty that has reached the exorbitant levels of today? Why after celebrating religiously the Independence, Republican Reform and Revolution of 1910, and presuming Porfirian growth and subsequent “economic miracle” does the population stay in misery?

The responses are found in the historical trans-course of Mexico and the creative forces of each of its development stages that did not evolve as to feed its societal evolution in a manner comparable to the “normal” Western vía so long as it can be said in that this country passed through slavism, feudalism and capitalism. Likewise, over three colonial centuries (1521-1821) the Novo-Hispanic regime structured, restructured and processed those three production systems. Certainly, the Viceroy ship condescended with Mesoamerican slavist and feudal features and transferred some other of similar kinds from Spanish society to engineer a combined regime of slavism, feudalism and mercantilism in New Spain for its purpose of exploiting the colony’s mining and agricultural wealth. However, each of such components never unfolded by itself in colonial Mexico as if to generate multiple creative forces and flow out in a more “regular” transition to capitalism after the Era of Revolution.

Later, when Porfirism focused on fostering a domestic transition towards capitalism, Mexican social formation was a hybrid of different structural components, all of them previously transcended, adopted, prescribed or processed by the colonial regime. Some were of its own making, and others artificial, superimposed and incomplete, but all transcended or implanted. As a result of this medley of components, creative forces of the Porfirian society did not evolve in a roadway to unchain a better perspective for a national capitalism. That explains how in Porfirism there was no systemic or national force demanding that the dictatorship opt for a real capitalism, that is, one that was to work on a basis of internal productive capacities, markets and own technology as well as accountable and fostering institutions. Contrariwise, the dictator imposed with no opposition a bandage that sum up to that chain of features of presumed similarity to what modernist academic perspective call slavist, feudal, and mercantilist.

Thus, what has been accomplished or not over two centuries of the national course shows that the inseeded processes of slavist/feudal/mercantilist/capitalist character into the evolution of México along with those processes of democracy and development and nation-state building did not translate into the necessary institutions of genuine character of State to reduce inequality and poverty as it has finally and successfully occurred in the most developed countries and exemplarily in the Scandinavian social democrat countries. Along these lines, what stands out is the conflictive and unbalanced character of the contentious struggle/cooperation between Mexican production factors generating inequality which has not been institutionally managed by the state to correct the roots of inequality but only provided palliatives. However, it is not only the state failure to eradicate inequality; other social bodies: institutions and actors regularly took similar stances:

- Recurrent political movements: “nationalists”, “progressives”, “left-wing-oriented”, “right-wing-oriented”, and “center-oriented”;

- Analogous national institutions and bureaucratic segments: Presidents of the nation, political parties, parliaments and legislative groups, unions of workers, chambers of entrepreneurs, universities, and ecclesiastic orders; and
- Citizen and non-governmental organizations as well as citizens, journalists and researchers.

All the latter actors claim themselves as banners of equality and social justice. Nevertheless, many of them have ossified to oligarchies, interest groups and national bureaucracies whose common interest is keeping the existing savage, incompetent and impoverishing “national” capitalism.

In this setting, the Mexican economic structural crisis showed its first symptoms in the middle sixties and exploded in 1982. It dragged the government down to replace a model of excessive economic statism by one of excessive State abstention and flagrant abandonment of its foundational attribution to regulate the national economy. And in this replacement of one model for another, social policy was marginalized. The first model’s social policy channeled basic provisions among poor sectors and achieved minimal supports for subsistence and wellbeing on a basis of administering the benefits of an, “industrialization of high GDP increase and of formal employment”. Notwithstanding its minimalist, corporative and stratifying inconsistencies, this social policy has become a referent certainly imperfect, inefficient, costly, of low social coverage, and discriminatory. However, since this system was dismantled, the country has not reached its previous imperfect standards of wellbeing and the coverage and quality of national social security has been downgraded up to unmanageable levels affecting half of Mexico’s population. In addition, this distances the country even more from the imperative universalization of social policy due in part to the social deficit from that first policy was followed by its dismantling and consequences starting from 1983: unemployment rose and the existing agencies of social security are overwhelmed, salaries contracted, and public expenditures for social protection were reduced<sup>134</sup>.

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<sup>134</sup> Cordera Campos, Rolando y Carlos Javier Cabrera Adame (Ed.), 2005, *Superación de la pobreza y universalización de la política social*, (UNAM, School of Economics, México).

## **Subcapitalism and political system in México, aggravations of inequality and poverty: sub-human development**

The history of capitalism is a double history---that of market competition and that of the original socio-productive struggle---both causing the recurrence of productive crises, social inequality and income misdistribution. The worldwide history of capitalism shows how core national capitalisms have first developed their internal markets and only afterward entered in international competition. This cannot be accomplished the other way around, as a condition *sine qua non* for an initial capitalist growth that first underpins and nourishes nation-State building and then counteracts social inequality and leads to better wellbeing. This order of sequence is present in the history of English, German and American capitalisms of the XVIIIth and the XIXth centuries<sup>135</sup>, and to some extent in the Japanese one. In conformity with the latter, a national economy that does not develop the productivity and competitiveness of its internal markets first or cedes their control to external markets or other economic forces, locates itself far from being considered a national capitalism<sup>136</sup>. As such it also situates the nation much more distant from the indispensable State arbitrage to regulate both the structural inequality and the developmentalist poverty and the injustice generated by lack of democracy.

Further, the world's historical progression gives past and present account of countries presumptively capitalist that neglected their national base in front of internationalization and globalization of their economies. These countries failed to protect their natural, productive and financial resources. They did not develop their internal markets nor achieved a competitive insertion into the worldwide economy and

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<sup>135</sup> Polanyi, Karl, 2001 [1944], op. cit.; List, Friedrich, 2012 [1856], *The National System of Political Economy* (Reprint from the collections of the University of California Libraries); Raymond, Daniel, 1964 [1823], *The Elements of Political Economy* (Augustus M. Kelley, Bookseller, Reprints of Economic Classics).

<sup>136</sup> Polanyi, Karl, 2001 [1944], op. cit.; List, Friedrich, 2012 [1856], op. cit.; Raymond, Daniel, 1964 [1823], op. cit.

perilously, they were incapable of developing their own technological “black box”. The inexorable consequence was the lack of growth that took their societies to fall into an inequality and poverty which has reached inhuman extremes. This downfall obeys to a rainbow of factors, though in the latter sort of countries is due to a great extent to their (“failed”) States’ incapacity to deal with, policymaking and balance the structural and dynamic causality of their national retrogression. It is this chain of developmental disorder of sequence, omissions, negligence and incapacities which we are calling Subcapitalism. Among countries with this profile is Mexico.

Subcapitalism does not draw from solely comparing what historical capitalist countries did conventionally “well” and what new countries are inscribed in capitalism’s path did “poorly.” The case of Mexican subcapitalism stems from two national stages: on one side, that of its pre-capitalist, colonial and postcolonial route and on another side that of its anti-productive positions before the international capitalist expansion of the XIXth and the XXth centuries and the economic globalization of the end of the XXth and beginning of the XXIth centuries. Both stages of Mexican subcapitalism record a series of productive undertakings and political implantations from international capitalisms, which affected its own capitalist unfolding and aggravated its nation’s social inequality and wellbeing. Thus Mexican subcapitalism embodies itself in the sum of aberrations of large scale perpetrated by both the colonial and postcolonial regimes of the XIXth century and the national one of the XXth century. That is, as the conjunction of the cumulative foreign implantations and undertakings of slavist, feudal, mercantilist or capitalist sort and the domestic ventures and negligence. Mexican subcapitalism is the most solid barrier disposed by foreign/domestic resistances seeking to halt the civilizational development of worldwide capitalism (in Mexico), the same as it is a great conservative and global platform for the free market-oriented vision of capitalism and its national experiments. All in all, the whole foreign/domestic series of developmental disorder of sequence, of omissions, negligence and incapacities as well as of productive undertakings,

political implantations and large-scale aberrations keep Mexican society under subcapitalist backwardness. Thus Mexican subcapitalism maintains pre-capitalist structures, dynamics and privileges, and restrains the blooming of liberties, markets and opportunities. That is, a pre-capitalism that does not end, and capitalism that does not emerge.

From the perspective of the political economy, Mexican subcapitalism is the expression of a multiple, chronic societal stagnation, suffering hyper-atrophies and lacking national options<sup>137</sup>. This hybridness constitutes an “inter-world” in its history (“*entremundo*”)<sup>138</sup>, a niche or seedbed in its capitalist social formation. Its length is entangled in vicious economic circles, political bottlenecks and social asymmetries, well at work today. Three trans-historical reasons specifically Mexican are at play. First, national evolution has been politically oriented more on the nation-state building than on the transition and/or development of capitalism. The second reason is the absence of a national leadership in the modern sense, particularly the lack of a bourgeoisie in the strict productive and national meaning. Thirdly, an expensive and sterile state of twisted capitalist rationality and high fiscal cost resulted in a scarce number of outcomes for the nation due to its regulatory/deregulatory incapacity on growth, development, wellbeing and democracy.

From the perspective of a national capitalism, Mexican subcapitalism reveals itself as one without force, atrophied, and paralyzed by a triple crossfire game among:

- (i) unbalanced capital/labor relations,
- (ii) the lack of nation-based market/technology structures,
- (iii) a state failing to balance the economy and wellbeing/inequality’s dynamics

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<sup>137</sup> Becker, Guillermo, 1999, op. cit

<sup>138</sup> Bloch, Ernst, 1984, *Entremundos en la historia de la filosofía* (Taurus, Madrid).

- (iv) feudal and mercantilist resistances to lose their privileges;
- (v) free rider-like subordination of Mexican entrepreneurial elites under USA economic, financial, technological and political leadership, more emphatically after the enactment of NAFTA; and,
- (vi) the unbearable lightness and permissiveness of State (discretionality, opacity and oligarchization) before the exacerbated escalation of inequality and poverty particularly in the most recent decades.

From the entrails of this accommodating subcapitalism, the domestic statist/freemarketist dichotomy has surged. However, it soon entered into crisis, as it is today, with five distinct crises needing urgent resolution:

- (i) restoring the regulatory capacities of the state for growth and wellbeing<sup>139</sup>, stemming from statism that freemarketism has not surmounted;
- (ii) that of freemarketism which up to now makes irresolute the tasks of internal-markets- and technology-building, productivity and international competitive reinsertion on a national basis;
- (iii) the structural crisis of social inequality, poverty and human development;
- (iv) the republican form of government, and,
- (v) the cumulative crisis that has hampered the conversion of Mexican subcapitalism to a more “normal” national capitalism.

The experiences of quantitative increases of production in the Porfirian and postrevolutionary periods show that growth itself is not enough to correct inequality, mitigate poverty or re-direct policymaking since their prevailing productive-structural roots. This illustrates how revolutionary reforms (on the state, development, democracy and wellbeing) can swiftly turn into counter-revolutionary at the hands of subsequent dynamics of oligarchization. It happened in México that way which is preeminently responsible

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<sup>139</sup> Soria, Victor et al, 1997, Transformaciones económicas y bienestar (UAM-I, México); Soria, Victor, 2000, Crecimiento económico, crisis estructural y evolución de la pobreza en México (UAM-I /PyV Editores, México).



for engendering the current subcapitalism, and for which a third productive and institutional restructuring cannot be postponed.

Thus, the institutional processes and dynamics generated by development and democracy over two centuries of national life have aggravated inequality, poverty and human development. I refer to the processes of presidentialism, corporatism, statism and democratism as well as freemarketism, urban/regional/rural disequilibria, technological lag and human development. By the same token, these processes have become formidable obstacles to recover from subcapitalism and its severe human consequences affecting Mexico's population's quality of social life and social and human evolution.

## CHAPTER III

### ARBITRALISM AND DEVELOPMENTALISM: POLITICAL CAPITALISM AND SUBCAPITALISM. THE TWO COMPREHENSIVE PHENOMENA MAKERS OF MÉXICO

#### 1. Arbitralism and developmentalism: path-dependent outcomes of the interaction among the Political Class, the Oligarchy, and the Socio-state relationships

##### 1.1 Politics

Since its beginning as a country, the greatest challenges México has dealt with are the government form and capitalism, that is, the ways the nation has dealt with politics government and with production for markets (including technology). It has been highly complex to institute ruling political bodies, market mechanisms, and institutions for broader societal coordination, in a country with a past lacking territory-based governments, domestic markets, and political freedom because of the political and economic conditions since the colonial period. When New Spain became a country, many national governments and leaderships were ineffective and shortsighted; others were chronically authoritarian and critically anti-national, among which the most outstanding example is the dictator Antonio López de Santa Ana<sup>140</sup>; still some others ended up extrapolating their stay in power and auctioning the nation's economy as the dictatorial regime of Porfirio Díaz did. Fortunately a few rulers were well positioned in favor of society's interests, subjecting their performance to a more realistic national politics, like Benito Juárez as its highest representative. Nevertheless, the future of such past times in México results in the inability to get out of backwardness. A primary factor for this account is the shaping of a conservative politics that has dominated the national economy and the general course of the country.

Immediately after Independence, politics suddenly emerged as an accessible public activity for everybody. However, such politics was not the politics prefigured by the Novo Hispanic Renacentism<sup>141</sup> or

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<sup>140</sup> Veraza, Jorge, 2011, Santa Anna en la política Mexicana actual. El presidencialismo entreguista y el imperialismo (Itaca, México).

<sup>141</sup> Velasco Gómez, Ambrosio, 2009, La Persistencia del Humanismo Republicano en la conformación de la Nación y el Estado en México. (UNAM, México);

that projected by the national socio-liberalism of either the independentist popular leaders or the nineteenth century generation of Statesmen. The conservative politics that emerged after the dénouement from Spain authored the paradox of having fought to overthrow the Spanish monarchy only to end up installing a new monarchic regime instead (Agustin I, 1821-1824). The result of the Independence War was not a promising start for a new nation in the liberal times of the Era of Revolution. There is a similarity here with the betrayal three centuries earlier of the *Tlaxcaltecas* (from the people of the Mexican state of Tlaxcala) at the conquest of Tenochtitlan. With such missteps, politics in the new country evolved as one against all others configuring a vicious circle of social and institutional disorder by the actions of improvised by politicians and their manipulating influence on popular guilds, labor unions and the population overall. In many cases, social actors of the new country involved in a war for independence discovered politics as a trade or an employment that allowed them to attain unimaginable accomplishments in the colonial regime. Certainly, their political performance was often managed by the Church and the Army since the initial course of Independence. These two powers continued acting and interacting together under a state agreement until the *Cristera War* (1928-1932) where both fought against each other militarily, thereby ending a shared dominion over the country and subordinating the Church to civil politics, an arrangement that continues to this day<sup>142</sup>.

Since Independence, conservative politics has imposed its dynamics and interests upon development policies, at the same time as it has distorted the foundational socially oriented functions of the state thereby altering their implementation. This imposition and distortion has taken politics out of the social dream-oriented service, to the private, profit-oriented goal in the service of the privileged elites. Although opposition between public and private spheres can be viewed as simply dualistic, it is important to

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<sup>142</sup> Meyer, Jean, 1997 (on), *La Cristiada*. (three volumes, Siglo XXI, México).

understand the ulterior systematization that such imposing, distorting character of the nascent Mexican politics had in shaping Mexican conservative politics. This politically conservative character does not stem simply from the (true) new characteristic of how politics emerged as a choice for social participation in the nascent nation, but, beyond, it stems from an underlying extraordinary dispute for power that motivates political actors to protect their interests at the expense of the whole society, surrounded broadly by the weak transition towards capitalism. The political rationale of this dispute for power springs from three factors, two of them had colonial roots and third one emanating from the aftermath of Independence:

- a) The vice royal prohibition for Novo Hispanics to engage in politics and the repression they suffered for over three centuries;
- b) The colonial excessive social inequality prevailing and,
- c) National political actors' lack of state character in conducting politics most of the time from 1821-1867.

From the latter factors, two political dynamics emerged from the XVIIIth to the XIXth century in the making of politics. Socially-oriented actors trying to direct politics toward the goals of the War for Independence and anti-social politicians and political groups were attracted by the benefits of politics and all the while managed by the Clergy and the Army. It was both the combination of the cited factors and dynamics and the confrontation of political actors/groups which transformed the underlying dispute for power into the conservative politics that inaugurated the new country. Since the War for Independence's last years, there were endless examples of public action in search of not the most convenient Independence for a new nation but the most accommodating negotiations to protect existing privileges of interest groups. Thus conservative politics and its individual and collective actors have historically normed the structuring and unfolding of Mexico the same as it has not circumscribed to politics nor comprehended state-building production, markets and technology and wellbeing. These politics have always resisted democracy and development. As a result, a first historical privatization of public space was made by the

Clergy and Army starting with the privatization of politics across the whole XIXth century. Today, after a century and half (1857-2012) of formal confrontation between the republic and capitalism and the authoritarian and anti-development governments the nation's state of affairs is technically a privatized and de-nationalized republic and an unduly politicized capitalism, focused on an extravagant, contra-nature supremacy of one republican power above the others, and, on profits with insufficient attention to the market conditions and the technological imperative, privileging the concentration of wealth and undermining its social generation and distribution. It is not only the conservative politics that has taken the country to such over-politicization rather, a series of reflexive, path-dependent society-state relationships and overarching oligarchic phenomena that have led the nation to its current sub-capitalist status.

## **1.2 Political class and Oligarchy**

The national course of México has to do with the political way Independence was finally achieved, and how its aftereffects ultimately determined the nation-building pathway and the shaping of Mexican society. The nineteenth century's first half ( from the Viceroyalty's last years: 1810-1821, to the new nation's first decades: 1821-1867) brought forth a social ferment, from which new public spaces for national organization and power distribution emerged. These new spaces are, among others, the government form, the political system and the public administration as well as the oligarchy and the political class. The public spaces generated by the new country's unfolding and tempered by politics shaped the first political and economic system of the country, though each was forged by distinct rationalities and interests. The first three public spaces (government formation, political electoral system, and public administration) are official organizational entities endowed with public purposes and direct social goals negotiated by social politics, led to the regulation, administration and fostering of development and democracy, and formally exercised to benefit every individual and social group. The last two public spaces (oligarchy and political class) are also official organizational entities endowed with public purposes as well,

but, differently, with intermediate goals, and arbitrated by either private profits or corporate politics seeking to benefit interest groups and political corporations first, in order to control the inherent power dynamics of development and democracy. That is, while the former public spaces are operational public policy instruments of society as a whole for progress, the latter two are also policy tools but of public/private interests for the retention of power, control of profits, political organization and, tellingly, the state.

Therefore, the prevailing idea that external politics led the evolution of México does not make sense, since the nation's origins can be found in the post-independence's new internal political spaces, that is, in the leading disputes between the political class and the oligarchy. Although both share a common evolutionary and structural origin, the nation's unfolding is best explained by how the two bodies took the lead to build the new nation and set the stage for the entire political process under a Mexican specificity: the political class took the lead first before the oligarchy began to control the country.

This leadership focused (accidentally at best) gradually on the building process for a new nation-state and the latter kept itself stagnant in protecting its old oligarchic conditions, privileges and interests which positioned it backward from the revolution of independence and hence against shaping a new nation. Certainly, the nation's first actions of politics and policymaking came from the Independence's victors who were none other than the vice regal oligarchy; and both positions (victors and oligarchs) acted immediately to conserve their political and societal status, but by no means moved ahead to lead the construction of the new nation. Thus, the oligarchy hegemonized both the independence's end and the nation's start. Initial Mexican Constitutional and policy measures were enforced to build the social-dream-based new nation but moved backwards to keep it under the prevailing old colonial conditions. This explains why the political class took the nation's lead (with less success than failure) while the oligarchy stayed behind temporarily. The most important of such early oligarchic measures were:

- The decision in favor of a monarchic regime;
- The political consensus around Agustín de Iturbide (Agustín I) as the monarchy's Emperor;
- The implementation of a liberal political economy that applied a 180-degree change regarding the previous three centuries of protectionist policies; and
- The enactment of the Constitution of 1824 which established a presidential and federal regime with a monarchic Executive.

The latter political decisions guided the political birth of the country under the momentous leadership of the surviving Vice-regal oligarchy, and not under the emerging political class due to the hegemonic character of the former, though it soon changed. As years went on, the nation fell into an intricate process of political and administrative de-colonialization that took the expiring colony to the new nation's process of constitution writing and the vice regal oligarchy to its demise and transformation into a "national" oligarchy leaving the political class to its accidental process of societal-institutional configuration. Thus, the existing oligarchy ceded its momentous leading role to the emergent political class which was created starting from the Independence social and military leaders who quickly became acknowledged nationalist and progressive political actors of the new nation. As such they began shaping the political class and leading the country while the ex-colonial oligarchy resisted the "creative destruction" undertaken by the nascent Mexican political class. It is in this sense that we posit that the national political class emerged first, based on the fact that the old oligarchy formalized the nation's independence did not work at the service of the new country but only for the colonial interests. Nonetheless, both come from different societal processes: while the vice regal oligarchy was an articulated and rooted social body, the pretending new political class stemmed from the very recent and thorny process of disagreements between New Spain and the Crown that unleashed the path for Independence in the late eighteenth century. Thence when the vice regal oligarchy's interests were put under threat by the metropolis' fiscal policies and the War of Independence, it took the lead of the political movement positioning itself above the emerging national political class hastening the end of Viceroyalty. Ultimately, the nation has been historically conceived and

operationalized by the interaction of both political class and oligarchy, under the lead of the latter at the beginning and the longer lasting lead from the former.

Once Independence was formally declared both the vice regal oligarchy and the independentist political class came together to make the first decisions and measures cited above. It was starting from the latter interaction that the emerging political class took the forefront and became the main protagonist during several decades (1824-1884 approximately), while the surviving colonial oligarchy subsumed itself temporarily under a low profile and disappeared from the highest levels, as the new country passed through the critical process of conversion from its vice regal to its national form. The oligarchy's functional leadership was partially out of picture as the reconstitution of its main components (Church and Military) were in progress, at the same time as an emerging stratus of liberal and conservative government officials and politicians fighting for power consolidated themselves as the political class of the nascent country. It was until the second term of the Porfirian regime (1884-88) that the oligarchy reemerged soon after the downfall of the Maximilian Empire (1867) and following the republican governments of Benito Juárez and Sebastián Lerdo de Tejada (1867-1876). Thus first Mexican oligarchy took shape when the country was economically overtaken by international monopolistic firms, on the basis of the internal political stability attained by Porfirism and the international expansion of capitalism.

After the civil war of 1910 and following the international economic crisis of 1929-32, around the middle twentieth century a regenerating process of the oligarchy took force amalgamating and consolidating its Porfirian and Cardenist antecedents into a second national shape under the government of President Miguel Alemán (1946-52) and onwards. After the Mexican crisis of 1982 and under the influx of the emerging cycle of globalization, the national oligarchy entered into its third reconfiguration with the support of the governments of Miguel De La Madrid, Carlos Salinas (1983-1994) and Ernesto Zedillo (2000-2006). As such, the latter two historical reshapings of the national oligarchy have accompanied



respectfully the state-led government-oriented and market-oriented restructurings of the country's development.

### **1.3 Interaction among the Political class, the Oligarchy, and the Socio-State Relationships: Ferment of Arbitralism and Developmentalism**

Throughout different stages, México has forged conservative politics and the state as the prime vehicles for democracy and development and restrained the evolution of markets and wellbeing by way of eight society-state relationships portrayed in the second chapter: presidentialism, corporatism, statism and democratism as well as free-marketism, urban-regional-rural imbalances, technological lag and human development. The postrevolutionary period of México is significant, not only because of these eight relationships have taken place in it, but also due to both how the state has been institutionally reorganized since 1917 and how capitalism has been led by the state through the two postrevolutionary restructurings policied across the twentieth century. At face value, the eight processes and the two restructurings have generated a national political-institutional ferment that has continuously shaped, reshaped and de-shaped the Mexican State as well as adjusted the development of domestic capitalism. The outgrowths of this ferment are those of a typical capitalistic character, in the context of a societal transition from feudalism to capitalism present still and which Nobel prize author, Mario Vargas Llosa, has categorized as "the perfect dictatorship", a "perfection" reached across a long history.

From this evolution and its path-dependent ferment two concomitant phenomena have been forged: those of **arbitralism** and **developmentalism**, as the global instruments for the control of the nation-state building and to manage domestic capitalism within the international capitalistic context. Arbitralism and developmentalism are macro-policies embedded on the eight socio-state processes, working as the oligarchy's operational axes of public action. They were politically structured through the two economic restructurings launched in 1935 and 1983 that have performed successfully as midwives of the

postrevolutionary oligarchy. That is, the two restructurings acted as midwives for the birth and re-birth of the oligarchy across the twentieth century, while the state performed as the owner of the hospital, meaning that the state has authority upon the restructurings, on which basis it over-politicized markets, corporatized politics and distorted growth, democracy, wellbeing and development. Thus, the state exceeded its institutional role and violated the nature of capitalism complicating seriously the management of development and democracy, namely, the socio-institutional coordination among markets and technology, politics and elections, growth and wellbeing, and the overall synchronization for the societal quality of Mexican capitalism. As a result, the state lost a fundamental share of its relative autonomy, fell prey to the oligarchy and gained fame as inefficient and discretionary incurring what we call arbitralism and developmentalism. In any case, development and democracy in México s an outgrowth of the twisted relationships tolerated by the constitutive spheres of the country: society and nation, capitalism and state resulting from the horrendous work by the domestic oligarchy and political class.

Arbitralism and developmentalism have taken the state and political class to work on an interest-group basis in lieu of the interest-society basis, thereby distancing them from Mexico's sociohistorical sources of the nation-state building. This diversion has neutralized the state's and the political class' institutional roles the same as it has deprived them of partaking with a more nation-oriented perspective in the domestic dynamics and in front of the international unfolding of worldwide capitalism. Thus arbitralism and developmentalism have derailed the joint efforts made by society, political class and state to conciliate a combination of growth, income distribution and governance affecting as well the state's capacities to deal with the cyclical crises of capitalism.

It follows that this diminished state often falls into the necessity of sharing the operation and management of domestic events with the World Bank, the International Monetary Fund and the United States of America government, or with other international agencies as has happened in México over the last eight decades. This national/international co-operation occurs when domestic authorities in need of

international support acquiesce because of national crisis. Mexican examples are those of when President Cardenas became involved in a domestic dispute of power with ex-president Calles in 1935-36, or when president De La Madrid started his administrative term under a severe financial and structural crisis (1982), or when President Zedillo had to take monetary decisions in December of 1994 that brought about the Tequila crisis of 1995-96 (and in this case, not to change the development model at work but to rescue it from the crisis and reinforce it). Tellingly, presidents Cárdenas and De La Madrid rested on such co-operationalization to implement the state-led government-oriented and the state-led free market-oriented restructurings, respectfully.

It is the economic and sociopolitical dynamics by the two restructurings and the identified eight socio-state relationships that has brought the two phenomena of arbitralism and developmentalism. In turn the latter phenomena---the two restructurings and the eight relationships are in control of the oligarchy (the operator of the two phenomena). Then this explains how over the XXth century the making of Mexican democracy and development was targeted more on power itself than on democracy; more on the state itself than on society; and more on growth itself than on development. By the same token, this phenomenalization of Mexican society (that is arbitralization and developmentalization together) has allowed the oligarchy to recycle itself twice in the same period. As a consequence Mexico suffers from one of the worst existing capitalisms in the world, under a national sub-capitalism.

While arbitralism has to do more directly with the state, democracy and politics, through the processes of presidentialism, corporatism, statism and democratism; developmentalism is directly related to socioeconomic development and policymaking, by means of the processes of free-marketism, urban-regional-rural imbalances, technological lag and human development. As the oligarchy's instruments to lead the country, arbitralism and developmentalism have politicized and adulterated Mexican society's course, diverting it away from social justice, productivity, effective democracy, wellbeing and accountability as the revolutionary's demands insisted. Both arbitralism and developmentalism are expressly disposed for

capitalist profits and absolute political control and away from capitalism's possibilities for income distribution and political representation and closed to many technological, market and social opportunities for the civilizational evolution of Mexican capitalism. Both phenomena have created a political capitalism in México, a backward variety of national capitalism hindering the development of its own societal assets and dynamics. As such, arbitralism and developmentalism have distorted the creativity and complementarity of the relations among society and production, state and markets, and work and politics, and thereby alienated many social, productive and political possibilities to build a pathway for a balancing capitalism and a balanced social development.

More specifically, while arbitralism has distorted the state-building process, developmentalism has adulterated the market-based capitalism. This has been accomplished with a mono-party system and a state-led government-oriented model in the past, and a particracy-based system and a state-led free market-oriented model today. Therefore while arbitralism works as a parallel political structure to the formal political system (presidentialism), developmentalism performs as a parallel policy scaffolding to the formally existing policy system (statism/freemarketism). On the basis of a false dichotomy between markets and the state, arbitralism and developmentalism have deified, dogmatized both state and markets, limiting the historical development of the country's market opportunities and institutional capacities. In a nutshell: balancing social development in México today needs to create a pathway that opens spaces for the secularization of capitalism.

In hindsight, the two restructurings, the eight processes and the two phenomena are rooted in the foundational nineteenth century, and in the dynamics stemming from pre-colonial and colonial periods, but they have consolidated their current structure after the revolution of 1910. Likewise, although influenced or inspired by international experiences, each of the above is present in the Mexican specificity and all are

outcomes of the postrevolutionary relations among society, state and capitalism, and together they have configured four consolidated leading dimensions of the contemporary Mexican nation:

- a) political class,
- b) state building,
- c) national oligarchy, and
- d) national capitalism

While the two restructurings and the eight socio-state processes are institutionalized outcomes of the interaction between the first two dimensions, the two phenomena of arbitralism and developmentalism emerged as the overarching agendas for the national oligarchy to control all the dimensions. However, none of the restructurings and the eight processes has responded to make work to develop the fourth dimension's organic engines and windows of opportunities: production and markets and technology and fostering institutions. No government programs, political initiatives or even the electoral alternation have met (prior to the Revolution) the organic needs of national capitalism to work as the socio-productive, organizational, societal and civilizational system of human life. National capitalism however can become one revolving around itself when its productive market, technological and institutional organs work out of synchrony and lack a nation-based political directionality and societal rationality. Mexican state and capitalism have historically been repressed and today the oligarchy has repositioned itself based on the ongoing second restructuring. Meanwhile the fourth dimension remains latent. It is this way as arbitralism and developmentalism have controlled accomplishments and masked failures in the last eight decades, embedded in the state and on the possibilities for capitalism, and on the emerging civil society, by centralizing a wide spectrum of micro-, meso- and macro-political decisions over the postrevolutionary period.

## **2. Arbitralism**

In the nineteenth-century's first half political instability reigned over the nation. The social system was instable and it lacked a political order. Rather there prevailed a critical combination of high unemployment with a missing civic culture for dealing with labor issues. This was time when manufacturing was barely nascent and industrial or service jobs were insufficient for such a large population having no land for subsistence farming or other sources of income. This situation created a civil idleness consisting of popular groups loitering in both the field and the cities. This was the context of an initial transition from an agriculture-based to industry based society still dominated by the colonial social hierarchies as well as by a ruling apparatus of general arbitrariness and social discrimination, all of which marked the economic and political evolution of the nation. As for politics, actors were immersed in continuous power disputes, and politics as a trade or profession was primarily for corporations (military, churches, landowners, government powers and agencies, political parties and economic units) and their officials who acted as well in the prevailing context of arbitrariness and discrimination. Their power was exerted under events such as military riots, conspiracies, spoils, betrayals and guerrillas and only a small number of citizens got involved in politics. Most individual and collective actors performed as if engrossed in race of demagoguery and as part of the lack of civic culture. As a general consequence, a vicious cycle of banditry, brigandage, cattle theft and social vagrancy proliferated in the population. All this was an outgrowth of the misleading and self-destructive methods the most military and church officials as well as many civil actors allowed to occur in making politics.

This difficult start for a new nation gave shape to an abnormal political duality in the making of politics, which then twisted the future of México's development and democracy. The duality consisted, in one phrase, "saying one thing and doing another." That is, on the one hand, stating a normative social rationality through the public deployment of utopian schemes, progressive programs, Constitutional initiatives, developmental discourses as well as institutional actions for governance and different ideas for social participation in public processes. On the other hand, the practice of anti-institutional actions using

misleading facts, conspiracies and rebellions fed by the lack of a political culture for legality, social governance and accountability. It was a duality addicted to power in favor of a few individuals and influential interest groups, and against a socio-institutional pathway for the unfolding of a nation, the state and a domestic capitalism under a double perspective of institutional democracy and social development.

This dual practice deformed many efforts to provide the country with a societal rationality, since it worked preeminently under the logic for power and with weak (not to say no) institutional coordination for the human, social, political and national purposes of the Independence: building the nation-state and forging a national *vía* for democracy, wellbeing and development. Both parts of the duality worked with too much distance between each other. On the one hand, juridical and legislative pronouncements in favor of democracy; a social rhetoric for development planning and civic oaths and social bets on behalf of the national/independent paradigm. And, on the other hand, single or group interests, discretionality, opacity and systematic arbitrariness in perfect opposition to the other flank of the duality. This has happened in the country on a constant basis at distinct times and scales.

All this duality between Constitutional law and illegal practices, between discourses and counter-discourses evidence both the lack of civil politics and the difficulty of postcolonial political actors to comply with the pretended republican model of government. It seemed as if law norms and politics were not constraints of the same social-dream-based Mexican paradigm. As a result, military officials, religious hierarchies, *hacendados*, presidents, ministers, governors, legislators, politicians, entrepreneurs and *caciques* used extra-institutional procedures to solve regular public issues, the same as they often plotted violent and intricate masquerades against the legal institutions as the way to avoid the legal procedure, ending up creating new conflicts. These additional conflicts sometimes were fixed, but recurrently they were newly activated and in turn channeled again under the same illegal methods, thus shaping a juridical and political disorder and an anti-institutional labyrinth that exacerbated issues and protected interests in favor of minorities and against the social majority. It was common to see how one day a government was

established, a law was enacted, or a property was bought, and the day after they were respectfully overthrown, revoked or spoiled. These are the prototypical events that the existing politics used to propagate and conventionalize as the nation went on its way to be built as a republic.

Later, based on this state of affairs, a concomitant antithetical phenomenon gradually began to take shape, paradoxically accepted and practiced by society and embedded above the duality: a sort of a supra-structure for both a generalizing arbitrariness from interest groups and a weak arbitration from the state, that we are calling Arbitralism. Thus the original duality of “saying one thing and doing another” was extensive as a quasi-institutional ferment of arbitrariness and lack of arbitration, fed by a cascade of politically regressive dynamics that only benefited social elites while most social sectors were trapped into “from above” succession of adjustments, re-adjustments and de-adjustments of a dual political “system”. I have coined the term arbitralism on the grammatical basis of the noun *arbitration* and the adjective *arbitrarian* seeking to describe two functional deformations of the state: political arbitrariness and political arbitration.

It follows that the lack of all societal responsibility from powerful minorities, the lack of sociopolitical integrity from leaders, and the lack of a political culture for legality and democracy from public representatives took the nation into a blind alley. The result was the shaping of a political arbitral caste sociologically called “political class”, short of societal spirit for institutional representation and of impartiality for social intermediation. Leaders and state officials were short of a societal sense and of State condition who thereby neutralized in practice the rationality of the national paradigm and left the country with no other choice but that of the vicious duality: rational in its discourse and counteracting their words with in its most substantial practices.

This duality is not an outgrowth solely of the post-Independence political disputes for power. And public leaders and representatives of that time are not the first practitioners of such duality. They are only forerunners of the current political system. In the simplest political-anthropological statement about the



historical evolution of Mexican political culture, it is undeniable that a popular cultural sense of authoritarianism and a practical appeal for a monarchy-like society exists in the structural bases of social life, whose origins are deeply housed in Mesoamerican history. This popular attraction for hierarchical leaderships is rooted in both Aztec and Spanish ascendancies that have shaped the individual and collective political culture of contemporary Mexican society. A historical record of undeniable social verticalism and political authoritarianism underlying the Mesoamerican/Novo Hispanic/Mexican continuity is well evidenced by numerous historical accounts such as:

- The bloody pacification that the Aztec Lord Tenoch applied on the tribes dwelling at the beginning of the second millennium in the Valley of México, in order to subject them at all costs by authoritarian procedures;
- The extreme violence that Spanish conquerors and colonizers committed against indigenous populations leading to racial extermination, today regarded as crimes against humanity;
- The condescending “civilizational” work of the Catholic Church with the exploitative and despotic system of plundering applied in New Spain by the Crown, thereby legitimating the authoritarianism of the colonial period;
- The feudal-like productive system of rural slavery developed in the Novo Hispanic haciendas that controlled *campesinos* with inhuman, authoritarian and discriminatory means;
- The “national” monarchy of Agustín I that ended the War of Independence and inaugurated the new nation;
- The dictatorship of General Antonio López de Santana at the first half century of independence;
- The “Mexican” empire of Maximilian in the decade of sixties of the same century;
- The (cruel) dictatorship of General Porfirio Díaz;
- The military *caudillos* and their “strong” leaderships that directed the country over two decades (1913-1934) after the *coup de etat* that overthrew the revolutionary president Francisco I. Madero;
- The 1917 Constitution that states the need for “strong” Executives and a “strong” state;
- The postrevolutionary authoritarian presidentialism of the modern present;
- The political intolerance of the government of Gustavo Díaz Ordaz that led to the repression and assassination of students in 1968;

- The electoral presidential alteration of 2000-2012 that did not change the essence of the old authoritarian regime (PRI) and, that rather reaffirmed single party dominance; and,
- The partially militarized regime of President Felipe Calderón

These historical chapters, episodes or events of the country's evolution stand for the cultural and political heritage of authoritarianism, underlying the two-century history of the nation in its journey towards democracy and development. By and large they signify the ascendancy of the domestic authoritarian past into the contemporary recurrence to authoritarianism in the present. Particularly, they show the determinant influence on the two most path-breaking decisions after Independence: the republic as the government form, and the institutionalization of the postrevolutionary state. However, from the latter list of historical episodes, two recent events illustrate their autocratic ascendancy upon the renovated, refined authoritarianism of the modern present:

- a) The 2000 Presidential election that should have made deep institutional changes and electoral democracy could have been reinforced, but it did not. Contrariwise, the new government ceded unexpectedly to the regime's resistance leaving everything as it was under the previous regime (PRI), and loyalty of the alternating political party to the old regime; and,
- b) Having been de-militarized in the middle 1940's the country was partially demilitarized by the "alternant" administration of President Felipe Calderón and was taken to extents not ventured by previous PNR/PRM/PRI governments.

Indeed structural authoritarianism is hereditary and present throughout the national course of democracy and development. Since we are explaining the anti-democracy and anti-development dynamics of the country, we need to give some account of them to better understand the nation's trajectory. The historical authoritarian political culture is present in contemporary state of affairs of the national political system, to judge by many historical indicators, trends and facts and especially by the eight socio-state processes described earlier. However, the influence of the path-dependent Mexican authoritarianism on

the nation of today can be singularly appreciated in the political class' "know-how". For instance, the political and popular value and high regard held for the figures of feudal Emperor and modern President as successors of the Spanish Viceroy and Aztec Lord. Or the extra-legal normative action imposed by the Presidential figure upon the processes of democracy and development, despite being only one of the three republican powers. That valoration and practice have been re-edited and enriched through the permissive and openly authoritarian and anti-democratic interventions by presidents De La Madrid, Salinas, Zedillo, Fox and Calderón at the federal elections of 1982, 1988, 1994, 2000, 2006 and 2012 respectfully. Since the nineteenth century, this monarchical political culture of Mexican society has distorted the understanding of power within democracy, feeding to a backward idea of patrimonial democracy from above, and integrating the continuum of pre-, colonial and post-colonial political culture of national *caudillismos*.

It follows that out of the four processes forming the democracy watershed of our framework, presidentialism and statism have registered a more determinant role upon the shaping of the nation's socio-state relationships.

With respect to presidentialism, the clearest evidence that the Constitution of 1917 was decided as a legal and political maneuver from the revolution's winners was their evident plan to annul most counterweights among the republican powers, in order to heighten the technical preeminence of the Executive over the Legislative and the Judicial branches as well as above the state and municipal levels of government. It was an autocratic adjustment expressly tailored to the arrogance of those who won the revolution: General Venustiano Carranza and General Alvaro Obregón. Both leaders knew that they were going to benefit from the lack of balance of power in the republican government form. Technically, it was somehow equivalent to the 1824 Constitution's decision to create a monarchical Executive, though that of 1917 incorporated the revolution's social demands. This maneuver against the Republic's counterweighing

essence represents the postrevolutionary cornerstone of Presidentialism authored by no less than the “revolutionary” political class that at last empowered the former as the successor to Porfirism.

Each presidential government term makes institutional efforts to take the nation out of backwardness, but the results are insufficient and fail to question the issue’s true cause: the superiority of one republican power (as it was Constitutionally legitimized) over the other two republican powers. Every new federal government makes constitutional reforms, implements new economic and social programs, and deploys overarching strategies to “reinforce” wellbeing, democracy and development, as shown by presidential slogans such as “Democracy and Social Justice” (PNR), “Up and Forward” (*Arriba y Adelante* - Echeverría), “We all are the Solution” (“*La Solucion Somos Todos*” -López Portillo), “Moral Renovation” or “Democratic Planning” (De la Madrid) as well as “Solidarity for Progress” (Salinas), “Wellbeing for the Family” (Zedillo), “Opportunities” (Fox), and “Living Better” (Calderón) among others. These presidential efforts have been widely insufficient since governments have not dared to deal with the constitutional inconsistency. Their programs have prevented the country from retaking and proceeding with its original republican and federalist pathway.

It follows that the anti-democratic and anti-development course is neither a circumstantially accidental evolution (as that of the nineteenth century’s first half) nor a destiny plotted by external powers, but, categorically, one determined by no less than the internal actions of the postrevolutionary political class and oligarchy. This explains how the Constitution was tailored by the “revolutionary” political class to underpin presidentialism, seeking to limit political competition for power or social participation in its distribution, but, above all to enable the President, the political class and the oligarchy to control the state and the regime and to keep them as intermediaries between “institutional” and social power. Despite all, postrevolutionary presidentialism contributed to the pacification of the country following the revolution, the same as it institutionalized a government, created diverse development programs and capitalized political and social arrangements to build the state and implement industrialization.

It is a platitude to say that presidentialism is the first beneficiary of the Constitution of 1917, while the same cannot be said about the state. Presidentialism is a denial of the republican system and as such has utilized the Constitution to craft a regime of weak state condition and that has degenerated into statism. However, there is a fine border line between presidentialism and the state translating into an ambiguous relationship between them. This ambiguity has caused substantive confusions, misconceptions and mis-assumptions about their legal limits and extent of power. The state is the greatest organizational form of society, and the President sits at the top of the hierarchy of the state. Thus the border line is thin and becomes blurred when both interact and enter into relationships. There are three examples that, clearly demonstrate the multidimensional artificial quasi-reality on which presidentialism is embedded on the state:

- a) First, beyond the president's constitutional, political and administrative hierarchy within the state, this hierarchy has become a fetish, built and fed by the ideological doctrine of the Mexican revolution of 1910: Revolutionary Nationalism;
- b) Second, the president's preeminence is based on a technically contentious constitutional legality, stemming from the fact that the constitutional text states contradictorily both the republican political principle of the division of powers and the operational administrative superiority of the Executive.
- c) Finally, the president-state relationship is one where both political class and oligarchy are the operators of practically all fundamental relations between the president and the state, which, hence, reveals the political class and the oligarchy as the actual beneficiaries of presidentialism and statism.

These president-state interactions uncover the twisted constitutional origin of the artificial (non-social) legitimacies of both existing entities, showing how the presidential figure dominates at the expense of the State. By the same token, these interactions leave clear that both the fetishized presidentialism and the presidentialized state acts as a single body led by the oligarchy and the political class, thereby shedding light to understand that Mexican statism is an outcome from multiple factors: the Constitution, the dominant presidential figure, the political class, presidentialism and the oligarchy under "perfect" articulation (Vargas Llosa *dixit*). Mexican presidentialism is much more than the preeminence of one republican power upon another when it acts in association with statism. Thus statism and presidentialism stand for

respectfully the structural and operational arms of arbitralism. In the last years, a new political trend has emerged toward reordering and de-fetishizing such president-state artificiality, to the extent that the president's legitimacy and authoritarianism have finally started to be severely questioned. This uncovers the contentiousness of presidentialism and the social demand for its political and legal reform manifested today as an opportunity to straighten its original balance and thus open a path to challenge and re-found the nation. Many proposals for a new Constitution testify to this though any change will not come from the president and/or its "ism", but from a broader modernization and democratization of the state.

It has been a long iterative process between presidentialism and statism that has already lasted a century (1917-2012) stemming from a simple "traditional" modernization" of the country that has privileged the economic sphere without steps toward "reflexive modernization<sup>143</sup>". After the two development restructurings of 1935 and 1983, presidentialism and statism procreated a corpulent State that "specialized" in trying to catch temporary international economic opportunities to render good economic growth rates. An outstanding example is that of the "Mexican miracle." However, it eventually collapsed as soon as the favorable international economic circumstances disappeared. Later, México tried to catch worldwide economic opportunities particularly that of "maquiladoras" resulting from NAFTA. This try focused on national growth on the basis of external economic dynamics instead of domestic competition and internal markets and technology. With this type of economic free-rider character, presidentialism and statism attained for some decades important growth and prosperity rates that ended up benefitting mostly outward dynamics and internal export-oriented activities while impacting negatively internal growth and social wellbeing. As a result the national economy and also its development and democracy and the whole society have periodically come to crises at the close of each government term.

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<sup>143</sup> Beck, Ulrich, 1994, *The Reinvention of Politics: Towards a Theory of Reflexive Modernization*. In Beck, Ulrich, Anthony Giddens and Scott Lash, 1994, *Reflexive Modernization. Politics, Tradition and Aesthetics in the Modern Social Order*. (Stanford University Press).

Therefore presidentialism, statism and arbitralism have worked together for a presidentialist political control of society, demonstrating its incapacity for both endogenous socioeconomic development and counterweighing democracy. They do not work for democracy, development and capitalism, and they will not until they get rid of the known arbitral arrangements between the political class and the oligarchy in favor of a client-based, anti-political practice of politics. Until they reach the best synchrony and complementarity among society, technology, markets, state and nation. Instead they keep devouring most opportunities of development and democracy, and reduce themselves to sub-administering the *sexenio* crises. In the meantime both progress and capitalism will stay in the horizon. This is perhaps the most noxious contribution of the state and the president to arbitralism, since the latter keeps the country under the prevailing national subcapitalism. Meanwhile, Mexican corporatism has been reduced to be an instrumental method that allows to structure and organize arbitralism, and democratism to work as the newest theatrical stage of Mexican democracy---particracy at work.

In addition, the state evolved mainly through the creation of public enterprises that became the core of the entrepreneurial arm of Statism under the leadership of presidentialism and in coordination with corporatism and democratism. These four processes that integrate the democracy watershed of our analysis subordinates the state under either statism or presidentialism and reduce it to a role of policymaking. Out of the four processes feeding arbitralism, it is statism, the one endowed with an integral social coverage and inter-institutional coordination above the other three. The president, corporate bodies and democracy are institutional constituents of the state. Their actions converge and complement the state, owing to the latter as the maximal representative entity of the nation and their highest authority. However, interacting with statism they become a network of a broader structure at the service of power and not of the state or society, which is arbitralism. Thence both state and statism give shape to the two-head monster that the country has to combat since its own national roots in order to re-posit the convenient type of capitalism and the concomitant necessary state. Therefore democracy and development will not flourish

under presidentialism, corporatism, statism and democratism, but with the eradication of statism and the re-foundation of the state, This re-foundation needs to go deeper in de-presidentializing the state-building authentic federalist republic and the Law State seeking to make elections work, markets function, wellbeing permeate, productivity grow, social participation increase in governance, and human development be an objective and a purpose at the same time. Likewise, re-founding the state means eradicating the circle comprised by the political class, the oligarchy, the arbitralism and the politicized capitalism that have devoured the country since the Porfirian dictatorship.

### **3. Developmentalism**

Soon after the assassination of President Francisco I. Madero in 1913, dual politics and its practitioners reappeared on the scene, and, as a century earlier, came to dominate the country on the back of population, not in support of the democratic goals and development aims that the Revolution of 1910 had addressed. Political instability and economic stagnation were present anew, as a consequence of the sociopolitical struggles that at the end of the nineteenth century emerged seeking to invest the nation with political rights and social opportunities that Porfirism had concentrated in the oligarchies and political class's hands and in disfavor for the population. This was the Porfirian heritage that triggered the Revolution: a proscribed republic, an authoritarian and militarized political regime and a trans nationalized economy—all at the expense of social development, the state and national capitalism. The bloody fight for power unleashed among the postrevolutionary factions became sharper with the assassination of Madero who led the Revolution.

Post-Madero instability was triggered by the revolution's historical social leaders, military *caudillos* and political *caciques* as well as by emergent union leaders, whose final conciliation was achieved with the agreements reached in the Constitution of 1917 and the ambiguous and contradictory regime defined



therein. Again, conservative politics were re-fashioned by military revolutionary factions under modalities of military confrontations, riots, conspiracies, spoils, betrayals and guerrillas. In this context of upheaval politics was reserved for military generals and prohibitive for everyday citizens and society. As occurred in the period between the Independence and the Empire of Maximilian of Habsburg (1821-1867), banditry and brigandage bloomed across the national territory, frequently in the name of both the revolution of 1910 and the “constitutionalist revolution” of 1917, to the extent that one of the hegemonic military factions led by General Carranza reached such fame thereat that population coined a new verb as synonym for stealing: *to carranze*, (*carrancear* in Spanish), still commonly used even now as a Mexican colloquialism. Thus the ancestral demagogic duality of “saying one thing and doing another” reemerged with force for politics-making and policymaking.

The post-Independence sociopolitical disorder that upset the country around the decision for a government form was now re-edited seeking to channel the revolution’s social impulse to retake the nation-state building that Porfirism had delayed. For a second time in national history, the lack of a political culture of legality, of political tolerance and accountability in politics, in policymaking or in public affairs management characterized Mexican society. This historical trait was rekindled now in the name of both the Revolution and the Constitution to legitimate the national course.

This time, the political class and the oligarchy launched a societal and long-term re-ordering of Mexican society to reorganize the state and restructure the economy, starting from the enactment of the Constitution of 1917. This reordering’s main actions were the creation of the Central Bank in 1925 by President Calles, the foundation of the Partido Nacional Revolucionario in 1929 by ex-President Calles, and the implementation of the development restructuring of 1935 by President Cárdenas. This time the postrevolutionary political class, taking advantage of both the Revolution’s social support and the postrevolutionary consensus to replace military governments and open a stage of civil institutions would control the persistent ambitions of the post-Porfirian oligarchy, and would lead the postrevolutionary regime

to proscribe authoritarianism and elitist growth and inaugurate electoral democracy and social development at one time. However, the national course did not take that path, and the post-Porfirian oligarchy hegemonized the new regime and took the lead above the political class. In retrospect, one can see the similarities between Porfirian and postrevolutionary regimes---the latter revealed itself as a continuation of the former.

What arose was a new phenomenon consisting of a pervasive creation of state-owned enterprises, regulatory organisms, new public offices replacing private activities as well as legislation, programs, public policies, agencies and budgets that acted ceaselessly on most spheres of society in the name of development and its planning. This feverish policy phenomenon we are calling Developmentalism. It was anchored in the political duality of “saying one thing and doing another” and installed in the false, dichotomic terrain where the state and markets confront each other for development-making. Later, within this context, when the state took a temporary lead on markets important GDP and wellbeing rates were achieved from the thirties to the seventies. Along the way, however, developmentalist market-state dynamics were not only temporal and insufficient to cover vast sectors of population, but also it ended up benefitting entrepreneurial elites. This left the “mixed economy” of then trapped into a succession of interest groups-based adjustments, re-adjustments and de-adjustments of both the economic policy for growth and development and the role of the state in the economy. Underlying all this pendulous deployment was the struggle for the national production of wealth and its social distribution, passing through the “mixed”, “proprietary”, and productive character of the country’s economic and social unfolding.

Approaching this developmental management of Mexican economic policy, a landmark thesis called “the dispute of the nation” emerged in 1981, addressing two economic models fighting each other the ways for growth and the distribution of its outcomes<sup>144</sup>. However, this thesis did not posit integrally the

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<sup>144</sup> Cordera, Rolando and Carlos Tello, 1981, México, La Disputa por la Nación, Perspectivas y Opciones del Desarrollo. (Siglo XXI Editores, México).

actual structural impediments that hindered the “mixed economy” to attain growth and wellbeing at one time, nor appointed all the sources of such structural incapacity: the political, productive, technological, market, institutional and social lag of the domestic engines to develop the existing (sub-)capitalism and (sub-) republic. These lagged engines are: i) the internal markets and the technology base; ii) the relations between the political class, the oligarchy, and the rest of society and their social struggles; iii) the interrelation between the state and the economy; iv) the interaction between the state and the emerging civil society; and v) the republican government form and the domestic capitalism along with their associated possibilities for democracy and development. The “dispute of the nation” thesis, while still staying circumscribed within the anti-capitalist Mexican discourse of revolutionary nationalism, overlooks the lag of the nation’s engines and the historical sociopolitical dimensions that shaped the postrevolutionary societal logic and political regime: revolution, political class, oligarchy, capitalism, and state. It also situates the “national dispute” within a normative and traditional route for “peripheral” countries, lacking all statement about the structural weaknesses and adulterations that have distorted the socioproductive dynamics of capitalist development, or about the constitutional amendments that have since 1917 deviated the spirit and hampered the virtues of republican democracy, or about how these structural and constitutional factors have taken the country to an anti-national and anti-capitalist developmentalism. Likewise, reduced to a “polar” dualist vision, it also positions itself far from viewing the “national dispute” as a window for the nation to evolve from a traditional approach to a reflexive perspective for the republican democracy, productive development and civilizational capitalism. Still today valid as a diagnosis, more than three decades later it seems that the “dispute of the nation” thesis has ended up nourishing the “dispute” itself in favor of the participacy at work today. Tellingly Cordera and Tello overlooked the balances Mexican society needs on its way to democracy and development. Although social disputes are substantial to the histories of nations, balancing development becomes methodologically mandatory for all socio-critical analysis and policy

making in search of opening democratic and justice opportunities for society, the republic and the domestic capitalism of Mexico.

Anyhow inexorably the Mexican economy and society as a whole fell into collapse in 1982, leaving the country's management in the hands of a state bourgeoisie that has been shaped jointly by the five dimensions of the postrevolutionary regime and the five lagged engines of the nation but not by the development of Mexican capitalism. As a result it has demonstrated its incapacity to successfully lead the country. This bourgeois entelechy ended up in the decade of eighties taking the country through the slippery and spiny international process of the Cold War Era's end and the emergence of the worldwide unipolar worldwide political stage of free marketism and globalism (commonly called globalization), which has made it even more difficult to reactivate the nation's lagged engines.

As indicated in the second chapter, Developmentalism is fed by four specific policy processes: Free-Marketism, Urban-Regional-Rural Imbalances, Technological Lag, and Human Development. It equals to a supra-structure for development imposed upon the state which along with the parallel watershed of Arbitralism have taken the country to the prevailing political capitalism and subcapitalism. Thus the process of Free-Marketism, pretending to be an alternative to statism, is the most recent developmental paraphernalia to accumulate wealth and power on behalf of a theoretical "freeness of markets" that has replaced the interaction of state and markets by a type of Clearinghouse for all economic flows and decisions altering the course of growth, development and capitalism. As for the spatial dimension of developmentalism, both the government-oriented and free market-oriented models understated the space's territories' contribution for development, exacerbating the existing structural socioeconomic imbalances with the addition of urban-economic metropolization and rural abandonment. Technological Lag highlights the historical lack of Mexican technology in the unfolding of the country's capitalism as well as the lack of a national policy of science, technology and innovation affecting qualitatively the course of the

internal economy and of the whole society. The overarching process of Human Development focuses on the ongoing social inequality and poverty that the political class, the oligarchy and arbitralism have mis-administered disfavoring the society, nation and capitalism.

Developmentalism's processes shed light upon the lack of synchrony among the main state policies: the whole body of policymaking, decision-making, politics-making and development-making has been shapeless and disjointed lacking coherence among economic social and political policies and generating a latent ferment of political instability, financial volatility and economic uncertainty and social discontent, as recurrent as economic crises; a political transition interrupted by unemployment, poverty, public un-safety and electoral frauds and corruption can prove across the entire postrevolutionary stage. Furthermore the territorial structure and dynamics of cities, metropolises and regions emerged after the Revolution has entered into a severe crisis owing to governments' lack of an urban-regional-rural policy and also to a federalism that has been passed over by the emergent re-localization of industry and services, the urban and metropolitan re-configuration, the demographic explosion, the polarization of regional and local development, and the economic internationalization and globalization. In other words, the spatial and institutional assumptions of the republic, the state and development have been subjected to arbitralism and developmentalism.

In hindsight, the postrevolutionary process of national reordering continued through the twenties with a preparatory perspective until 1935, when the state embarked on a comprehensive program to re-organize productively the economy, re-functionalize institutionally the government apparatus, and reposition the state politically as the catalyst of development all under a hierarchical plan operationalized by presidentialism and statism. Accordingly, new institutions were created to meet the revolution's demands, the same as they became the basis to take on the restructuring which was in force up to the internal crisis of 1982. Over the latter period, a wide variety of protectionist policies benefitted internal markets and

private and public under protective statism that was taken to extremes by the government and entrepreneurial leaders at the expense of internal markets and the nation's public finances. For example, state interventions were often not associated with its regulatory role, but presented as either "emergency", "strategic", or "priority" measures to save employment and capital, to resolve market failures and structural incapacities and above all to maintain the postrevolutionary state "rectoria" on the economy. Thus, statism prevailed based on three reasons: its own political obsession that took it to become enormous in size; "market failures"; and the excesses of the political class and the oligarchy. In this setting, the state and markets abused one another affecting consumers and citizens and adulterating the essential state regulatory role for the economy and the autonomy for markets. This adulteration has acquired a structural character that has not been approached either by the State or by markets so far and rather it has enriched the existing array of unsolved national structural matters.

The first unresolved task to be approached is the exhaustion of state intervention, viewing the state as both an indispensable actor of development and a space of confluence for the socio-institutional consensus-building of economic, political and social policies. At the beginning of its post-revolutionary regulatory enforcement, the state established between 1920 and 1940 the institutional and political bases to undertake a first period of national industrialization sustained from 1940 to 1970 and acknowledged as one of the world's most successful national industrializations of the twentieth century's second half. By the seventies México was considered as preeminently industrial, while hardly three decades earlier it was mainly rural. The "Mexican miracle" increased GDP and *per capita* salaries, especially starting from the fifties. The redistribution of land to peasants increased through the seventies, although President Echeverría's program did not reach the populist benefits attained by President Cárdenas because the latter complemented land distribution with the tools for economic productivity. Likewise in the seventies industrialization had already generated important social and cultural changes in Mexican society, bettering

significantly the wellbeing of the population compared to the 1940s. For example, by the seventies, a majority of population lived in cities; 9 out of 10 children of ages between 6 and 12 years attended to primary schools; and life expectancy had grown up to 62 years.

Notwithstanding betterments, the “miracle’s” scope was insufficient and it came to an end at the beginning of seventies. The postrevolutionary conditions were unable to meet the basic social needs of population in matters such as health, housing, food, education, employment, citizenship, democracy, social security and human development. Social benefits started declining; the state began to show signs of productive and institutional exhaustion in face of the new urban economy. The economic and political crisis at the end of the sixties that signaled the contraction and inconsistencies of Mexican development were ignored. During the seventies, international long and middle term trends in productive, institutional and political matters were overlooked and short-term policies applied, thereby avoiding the country’s structural issues. Mexican popular writers creatively call the period 1970-1982 the “tragic dozen”. Finally, low economic productivity detonated the crisis of 1982. Earlier aspects of developmentalism have been discussed in detail in Chapter II. However, the social sector that most suffered the crisis’ ravages when hopes and expectations were placed on industrialization was the rural society, which a half century earlier fought for the Revolution of 1910.

During the forties and fifties the agriculture sector grew dynamically, albeit under a dual productive structure comprising a modern sector based on big hydroelectric works and a traditional *ejido* sector bereft of government support. As it turned out, this agricultural growth was insufficient by the sixties to accompany the rapid industrial growth. Agriculture was already exhibiting the regional imbalances between the Northern modern agriculture and the backward agriculture of central and southern México that persists today. Even worse, this imbalance between agriculture and industry required increased food imports, because of the country’s inability to produce sufficient food for its own population. Government efforts to

improve the situation were ineffective. It is illustrative to recall the failure of the government program Mexican Nutrition System (*Sistema Alimentario Mexicano* –SAM) introduced during the term of President López Portillo, who was unable to restructure the conditions for rural production and instead aggravated the fiscal deficit and enriched the largest farmers with SAM's subsidies. The causes of the rural lag did not come solely from its low economic productivity, but from prior causes reaching back to pre-revolutionary factors and others of the postrevolutionary period. Among such factors, the most relevant are:

- a) The decline of seasonal small agriculture, because of demographic pressure on land;
- b) The de-composition of the previous familiar agriculture (*ejidos*) as a consequence of industrial development, and its lack of correspondence with the requirements of entrepreneurial agriculture;
- c) The exhaustion of the old revolutionary rural leadership, of corporate political character, and its conversion into autocratic *cacicazgos* owners of local and regional political powers;
- d) The performance of *caciques* as channels for financial credit and other state services, who became rural lordships in transition towards an agrarian bourgeoisie; and
- e) The consolidation of conservative rural bureaucracy mis-managing government resources that further strengthened the *caciquil* structure.

By the same token, other key problems caused the crisis of 1982, such as: the low productivity that hampered the economic insertion of the country in worldwide commodity markets; the crisis of the corporate state in economic and social development; and the *de facto* financial bankruptcy of the federal government. The governments of Presidents Echeverría and López Portillo contributed to the rise of the crisis with fiscal policies that perpetuated internal economic imbalances or that of misusing external credit and oil income. This prevented a true productive modernization to spur the economy based on the domestic industrialization and not on strategies of speculation or external investments. Both governments ignored the growing social unrest. Their policies failed because they only tried to “administer” the crisis and did not understand the impact of emerging globalization, did not change the state's role in domestic



production, technology and markets, and focused instead on keeping the control of the state and society. As a result, these Administrations precipitated in 1982 of both the domestic crisis and derailment of the development model which had already erupted socially and politically in 1968. It is interesting to observe President Echeverría's self-criticism about the crisis' causes made at the inauguration of his government term.<sup>145</sup> By the time, the private sector's leaders emphatically blamed the government without acknowledging their co-responsibility as generators of the crisis, since both private and public sectors went to extremes with their actions harming both the economy and political institutions. Over the seventies, an agitated context prevailed, with entrepreneurs accusing government of shirking its public responsibility in the face of the advent of crisis, and in 1982 they specifically targeted President López Portillo for nationalizing the banking system. In return, President Lopez Portillo blamed the private sector of economic irresponsibility and monetary crimes. Regardless of the "blame-game" entrepreneurs and investors demanded an urgent economic adjustment to surmount the crisis<sup>146</sup>.

Soon after the nationalization of the banking system, the new government of President Miguel de la Madrid, aware of the intense friction between the private sector and his antecessor, launched the Immediate Program for Economic Reordering (PIRE by its acronym in Spanish). The PIRE was welcomed by entrepreneurs. However, according to economic and political analysts at that time, PIRE ruined the opportunity for a societal, negotiated solution. Instead of seeking conciliation for the underlying State-market frictions, PIRE's economic policies were market-driven---once again seeking to create economic growth and secondarily focused on wellbeing and development. PIRE launched the second restructuring of the country's development and although preeminently focused on growth it allowed at least rhetorically

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<sup>145</sup> Secretaría de la Presidencia, 1971, Discurso de Toma de Posesión del Presidente Luis Echeverría ante el Congreso de la Unión (SP, Discursos Presidenciales, México).

<sup>146</sup> Rey Romay, Benito, 1984, La ofensiva empresarial contra la intervención del Estado (Siglo XXI Editores/Instituto de Investigaciones Económicas UNAM, México).

some references to social and spatial balance that soon proved to have a window-dressing to camouflage PIRE's economist character.

PIRE's approach was in contrast to the way México had grown since 1935. Now, five decades later, the state tried to surmount the economic crisis of 1982 and to rescue its deteriorated national leadership. This time, the State granted economic leadership to the private sector, markets and investors, and marginalized social sectors. It was clear that the historical conditions and institutions that made possible the "Mexican economic miracle" had already been surpassed by the national transformations during the period 1935-1982 and which the crisis of 1982 demolished. By the end of the seventies, the original functions and political consensuses, the focus on growth and the high oil income sustaining the state-led government-oriented model were not working anymore. Nonetheless, the country insisted on following a state-oriented *vía* of development misreading national and international trends and obstructing a national path towards a better organized economic development that first meets domestic needs and only then those from international markets. In 1982, statism was unable to contain the demands from the all the production sectors overall, and especially from those more internationalized subsectors of entrepreneurs though anti-state criticisms came from the whole society seeking to open avenues for a broader restructuring that were not only productive. Ideally, this restructuring included a productive reorganization,, political reform and a state reorganization supported by the deep disarrangements and discontent prevailing throughout Mexican society: debt, lack of cash flow in government, hyperinflation and recession, as well as governability questioned because of the illegalities in the federal elections that year, high unemployment, increased poverty and falling incomes, among other indicators.

In 1983 the federal government collapsed when it was unable to comply with its international financial commitments. In addition, PRI's legitimacy was shaken when the opposing PAN party won the governorship of the State of Baja California. Social discontent exploded against free market policies and

the state's dysfunctionality to regulate and balance development. And in the middle of everything, the political class and the oligarchy also showed signs of exhaustion as seen by their incompatibility with an urban society demanding the human and social and institutional development. Once again in its history, México's goal of growth (PIRE's) collided with the demands of social development. Furthermore, the liberalization of markets was adopted from above with no social consensus and under an inconceivable and reckless ideological undertaking. This 180-degree-turn strategy was implemented as protectionist barriers were erased to open the economy to international investment flows. By the same token, state-owned enterprises were prepared for their "de-incorporation" (privatization) and most economic activities were deregulated. Likewise, public finances were gradually "mended" according to international financial standards and government institutions were administratively shrunk and functionally "rationalized".

These restructuring measures were applied since 1983 and have been in force throughout the government terms of Presidents Miguel de la Madrid, Carlos Salinas, Ernesto Zedillo, Vicente Fox and Felipe Calderón (1983-2012). They have made the Mexican economy one of the most liberalized of the world. As a result, investments, manufacturing and exports have grown---and even faster after the implementation of NAFTA in 1994. However, the opportunities for growth and wellbeing are trapped within the (more theoretical than real) self-regulatory rationality of markets. Thus the results attained have not been positive for the whole of society. Growth has fluctuated over the eighties and up to the middle nineties, and the impacts upon population and small firms have been severe, exacerbating income gaps and allowing pervasive poverty to reach unacceptable levels. Finally, the economy crashed in 1995, declined in 1995-1996 and recovered around 1997. From then to now, economic growth has been intermittent at variable rates and not reached the "Mexican miracle" historical rates.

Today, 30 years after the failed implementation of the free market model (1983), and 18 years after NAFTA was enacted (1994), it is important to acknowledge the progress achieved in exports and

investments, in the generation of employment (particularly the maquila industry), in macroeconomic and financial stability, and to some extent economic modernization, among other achievements. However, they failed to improve the productivity or to have the spill-over effects needed to deal with the historical social debts and to surmount the accumulated insufficiencies of Mexican development, namely:

- a) The historic and persistent shortfalls in social betterment;
- b) The lack of employment, services and opportunities needed to upgrade the social life quality and,
- c) The extreme poverty and its structural socioeconomic and political factors.

In the face of a failed deregulation of development, the economy continues to be trapped within the uncorrected ideological excesses of the false dichotomy between state and markets, and hence between statism and freemarketism. This type of development promotion will continue to undermine the unfolding of national capacities to face the new domestic and international challenges, spurred further by ongoing globalization. Thus, it was surprising that the government of Miguel De La Madrid, counteracting the need for a second restructuring (of societal character and not only economic), had not understood the full dimensions of the nation's crisis and misdiagnosed solutions for the old and existing structural obstacles that required change to redirect the exhausted statism as model of development. Likewise, the De la Madrid administration over-read the international environment following the Cold War and misunderstood the significance of its geographical vicinity with the United States. In deciding to apply the free market model, the country lost a singular opportunity to redirect the national perspective and resolve the economic crisis of 1982. The State was institutionally marginalized and omitted from policymaking by the entrepreneurial sector of the oligarchy, in the name of a new mercantilist creed. As for the political class, it was bureaucratically submitted to the new model.

It is precisely this abrupt turn to implant the free market model what makes it a shortsighted tactic unable to deal with the scale, severity and complexity of the economic and social problems of Mexican

development. It is its inadequate productive application, internationally opportunistic and politically authoritarian that has hampered the exploration for a better model in the matters of productivity, quality and competition in favor of consumers and the opportunity for society to develop political confidence in markets. The free market's own economic and political limitations as a model took the political class and the oligarchy to commit excesses and to fall into multiple political scandals, made the free market's failure more than what it is and its social perception more confusing. As it has happened with Arbitralism, the state has been used by free-market operators to keep their control of the economy to halt the free market model's developmental virtues for social mobility. And it is the latter excesses and manipulated by the political class and the oligarchy that has played down the potential contribution of markets for quality, income and consumption, prompted by their failure, magnified their association with the crisis, and precipitated them into the phenomenon of Developmentalism.

Therefore a series of unavoidable substantial questions arise:

- How can we interpret the failure of the free market model as implemented in Mexico, since it was enforced not only by the political class and the oligarchy overall, but also and more specifically by the Presidency of the country in association with the internationalized entrepreneurial faction of the domestic oligarchy?
- Or how to understand that negotiations to install the model excluded most of the political class (even the PRI) and its leadership; other important factors of the oligarchy and the huge galaxy of small and middle-sized firms, workers and society in general?
- Which Mexican productivity and market culture with could the free market and expect a successful performance?
- Based on which productive curriculum vitae and social legitimacy could the Mexican entrepreneurship co-responsible for the crisis make the market economy work?

Suddenly, from one day to the following, PIRE and its programmatic successors decided by decree and without any social consultation to privatize and deregulate state-owned firms. Many

of the state owned firms were inefficient, inflationary and unprofitable, however, they used to comply with a socially legitimate function for national development. By the same token, the state, by Presidential decision, ceded leadership to markets and transferred to entrepreneurs (in an arrangement as if among friends) its fundamental responsibility to regulate market working and to promote a development with social balances. Extremism in the name of the free market model is abundant in the Mexican case: entrepreneurs specialized in establishing businesses under state protectionism (and without facing any competition), were given license to profit and replace the State functions fostering growth and of procuring social equality and wellbeing under freemarketism.

A major inconsistency of the model was that its strategies of privatization and free trade eliminated some important postrevolutionary economic institutions like CONASUPO for instance<sup>147</sup> that used to compensate for the failures and insufficiencies of markets both in production and competition in income distribution. Privatization of basic products and services to population left social sectors in a critical situation. It deprived society (and the state) of the institutional instruments both to attract investments to economic segments producing for low-income consumers to balance income distribution. The displacement of the state from such economic activities magnified the social, regional, urban and ethnic gaps between wealth and poverty.

In reality, the nation was unprepared to participate in the free market model's dynamics. In 1983, the México economy was far from the culture of competition and lacked quality markets as a productive system. Rather, it was full of arrangements created under a typical feudal format (almost anti-capitalist) and a state overseeing excessive economic protectionism in favor of monopolies and dominated an

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<sup>147</sup> Mitchell, Kenneth E., 2001, *State-society relations in Mexico: clientism, neoliberal state reform and the case of CONASUPO* (Ashgate).

arbitrary culture resisting more liberal approaches. Nothing could be more distant for the necessary conditions for free markets. Clearly, the Mexican productive apparatus, entrepreneurs, work force, institutions and society in general were not prepared for a free market regime and much lesser for its abrupt application. While it was imperative to reduce and restructure the overly protected economy it is undeniable that the state must not abdicate the role to reverse poverty levels and social inequality since markets cannot play that role. All this shows the Mexican nation-state had been created historically as an apparatus that was more state than nation, but overnight the state was liberated by decree from being a dominant state at the service of the whole society to being converted into one working strongly for markets. The state was under the influences of the worldwide economy since internal markets had not been developed in many productive sectors or they did not exist. All these factors made the Mexican free market-oriented state a weakened one unable to eradicate injustice and poverty or even to guarantee an effective electoral democracy and democratic governance. The state also had to deal with its own economic development challenges: to promote domestic savings, to foster the development of socioproductive internal markets and a national technological base and to balance income distribution. In the face of such chronic weaknesses and incontestable incapacities, the existing free market-oriented state of today was an easy prey for the rooted arbitralism and the phenomenon of developmentalism facilitated by globalization.

#### **4. Political Capitalism and Subcapitalism**

Since its beginning as a nation, México has passed through different political stages such as those of Independence (1810-1821), establishing the Republic (1825-1876), the Porfirian dictatorship (1876-1911), the Revolution of 1910, and the postrevolutionary period (1935 onwards). Throughout these stages capitalism emerged as hybrid capitalism---“*a la Mexicana*”---subjected to its authoritarian leaders’ economic and political whims and due and to historical deeply-rooted factors. These factors are: First, the old pre-Columbian Mexican tradition of authoritarianism; Secondly, the colonial heritage of political despotism and

culture of discretionality; Thirdly, Porfirism; and lastly, the postrevolutionary phenomena of arbitralism and developmentalism. As framed earlier, it was the Porfirian enforcement of Mexican capitalism in the nineteenth century's second half that marked its unfolding and enhancement. The Porfirian enhancements marked thenceforth capitalism's politicized character which in turn reaffirmed the country's histories of pre-colonial non-capitalism and colonial anti-capitalism. This situated México away from the western evolution towards a capitalist system of production, competition, democracy and development. After a century and a half, three different cycles of Mexican-style capitalism can be identified: first, its initial fostering under Porfirism (1876-1910); second, the postrevolutionary government-oriented restructuring (1935-1982), which sought to re-establish capitalism after the interruption of the 1910 Revolution; and thirdly, the restructuring undertaken in 1983 and at work today.

Beyond the failures and achievements of the Porfirian period, the revolution of 1910 could have opened an opportunity for a nation-oriented capitalism. However, postrevolutionary Mexican governments wasted that opportunity and instead surrendered to short-term political temptations, thereby reshaping a new "nationalist" oligarchy which in turn favored a political capitalism instead of a typical market-based one. In fact immediate postrevolutionary governments and the political class (and later the oligarchy) favored a capitalism that would be under their political control. This politically-controlled capitalism did not spring from social forces disputing the transition from backwardness to modernity, but from an engineered postrevolutionary political plan led by the military and with scarce participation of capitalists that impeded the evolution of internal markets and technology, the promotion of a culture for socioproductive wellbeing, and the practice of institutional accountability. Governments and the political class (and later the oligarchy) control over the nation as in a continuity from Porfirism to a post- (or neo-) Porfirian stage. This politicized and non-market capitalism promoted by the Revolution's winners was distanced from the convergence of democracy, markets and wellbeing that normal capitalism propitiates, depriving the country both of the



relative opportunities or potentials for capitalist development (though imperfect) and of the possibility for a national evolution in parallel to that experienced ultimately by the most developed capitalist countries<sup>148</sup>.

Across this century and a half period México has unfolded through a series of productive, sociopolitical and institutional dynamics that have shaped the existing state and capitalism in the country. As we have seen earlier in detail, these dynamics are of twofold type: the eight structuring processes that have shaped the society-state relationships and the two synthesizing phenomena that have kept the latter relationships under interest-group control. Together these processes and phenomena have historically guided all what the country has experienced on its way towards democracy and development, passing through the foundational nineteenth century when the republic was established and capitalism emerged as the two pillars of the Mexican nation-state, and the postrevolutionary twentieth century when the state was strengthened and two productive restructurings have been undertaken. However, all they have kept the state and capitalism under a structural crisis: a crisis of both the way of building the state and the way of welcoming and fostering the unfolding of capitalism, in spite of good choices and advancements such as the Revolution of 1910 and the Constitution of 1917. It has been a historical, structural crisis owing to the existing state and capitalism go on dragging down a backlog of unsolved national issues from Independence, Porfirism and the postrevolutionary state, and thereby reproducing the crisis now under arbitralist and developmentalist traits. And it has been thus as the country has been endowed with, and dragged down to, a national specificity that we are calling political capitalism and subcapitalism, being both distinct but interlocked dimensions of a unique crisis. The former stands for the internal state of affairs

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<sup>148</sup> Teorell, Jan, 2010, *Determinants of Democratization. Explaining regime change in the world 1972-2006* (Cambridge University Press); Santiso, Javier, 2006, *Latin America's Political Economy of the Possible* (MIT Press); Schettino, Macario, 2007, *Cien Años de Confusión. México en el Siglo XXI* (Taurus, México); Elizondo Mayer-Serra, Carlos, 2011, *La Economía de un Crecimiento mediocre. Por eso estamos como estamos* (Random House Mondadori); Rodríguez, Esteban David, 2006, *Caciques, Dinosaurios y Santones. Las Castas Políticas que oprimen a México* (Grijalbo, México); Aguilar Mora, Manuel, 2000, *op. cit.*; Rodríguez Araujo, Octavio, (Ed.), 2009, *op. cit.*

resulting from the nation-state evolution processes, and the latter is the country's international position springing from the interaction between the existing Mexican capitalism and other capitalisms of the world.

Historically, Mexican political capitalism and sub-capitalism have not worked to overcome the (still present) effects of the Porfirian economy or to build a national capitalism thus condemning the nation to the mercantilist dynamics that most advanced capitalisms of the world have imposed upon the least developed sub-capitalist countries. This has hampered Mexico's ability to convert the prevailing political capitalism into a balancing capitalism and its international subcapitalism into one more competitive and profitable one and benefit of domestic markets, of internal savings and national development. In other words, throughout its history México has been unable to evolve from arbitralism and developmentalism to a balancing capitalism and a balanced development; unable to shape a national pathway to allow Mexican capitalism to unfold from its international status of sub-capitalism to a self-determined one, appropriately internationalized, as technologically self-sustainable as possible, economically oriented to its internal markets first, socioproductive for both private and public markets, and politically and institutionally manageable within a reasonable trade interaction with worldwide capitalism.

It follows that the issues-generating crisis and the crisis generated issue which political capitalism and subcapitalism that remain unsolved are:

- the underdeveloped domestic markets,
- the lack of an own technological base,
- the poor quality of Mexican entrepreneurship to make capitalism flourish,
- the stifling social inequality and poverty conditions,
- the absence of an effectively democratic modern political class,
- the continuation of a state that overlooks its own Constitutional inconsistencies, and
- the need of counting on a state and Law State that rescues the nation from the prevailing political capitalism and subcapitalism, in search of making capitalism balance in order to balance developments.

Therefore, Mexican capitalism's challenges are situated in two dimensions, both rooted in the history of the country: one refers to its socioproductive shortcomings and the other to its political leaderships. The shortcomings refer to those socio-technical issues of internal/external markets, technology, productive restructurings and life quality. The political leadership refers to the roles of the political class, oligarchy and state within the political-institutional vices of arbitralism and developmentalism. As a result, Mexican capitalism is trapped into the venture of domestic leaders trying to imitate what leading capitalisms have accomplished, while overlooking the distinct national histories and paths that in Europe and México have taken to the building of different economies, different states and dissimilar economy-state relationships. Thence the problem of Mexican capitalism is not properly and solely the state, or the socio-institutional trends that resulted in statism, but also substantially, the lack of Mexican state leaders to understand and foster the necessary convergence between markets, democracy and wellbeing for development to take place. Rather, Mexican leaders have established a state-centrism that invariably has over-politicized capitalism and development absorbed in a vicious circle of productive abstinence and brevity and of political restraints and conservatism, that has halted the normal unfolding of markets and election of authorities. Thus the problem of Mexican capitalism has to do not only with the cultural and political, institutional and productive evolution of the state, but also with how past and present Mexican leaders have overlooked, simplified or twisted their institution-building work or misunderstood the inspiring model of Western nations.

After México's Independence, it was clear that neither Spain nor the colonial New Spain had passed through the dense and sophisticated transition to capitalism that occurred in England and France. This took the nascent country to the difficult mission of projecting itself as a nation and facilitating the configuration of a domestic capitalism. In retrospect that undertaking was not fruitful and rather unsuccessful in both republican and capitalist horizons. Since then the new country set aside its own historicity and overlooked the deep specificity of the European national processes that forged path-

dependent and specialized entrepreneurial and political abilities required to “capitalize” their economies, states and societies. The past processes of “public markets”, “market economies” and transitions to capitalism lived by European nations throughout a “millennial” history show us what México overlooked when its foundational leaders decided to foster the configuration of capitalism, inspired by the path breaking European Era of Revolution<sup>149</sup>

The current unfortunate reality of México’s corrupt participacy is not surprising given the combined failure of the government- and market-oriented restructurings of the twentieth century. Mexicans have historically abused their own authoritarian ambitions and hastily precipitated progress, to such an extent that they have distorted the nation’s viability with extremes or *-isms*: Porfirism, presidentialism, statism, and freemarketism. Mexicans have historically failed in finding a balance for the development models applied to resolve their national crises. During this electoral year ( 2012), once again, México’s leaders continue to lack a sense of balance, inebriating themselves of backward politics and paradoxically celebrating a mediocre and commodifying electoral polarization despite its vile and superfluous outcomes.

Meanwhile national development and capitalism await a new pathway, one that learns from the previous failures and successes attained at the first and second restructurings of the past century. A new pathway conciliating both the nation profiled by the civil war of 1910 and the social movement of 1968; and encompassing a new national restructuring, beyond the extremes of either state or market domination. A

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1. <sup>149</sup> Marx, Karl, 1867 on [1999, 2000 and 1959], *El Capital. Crítica de la Economía Política* (Three Volumes, FCE, México); Mill, John Stuart, 1948, *The Principles of Political Economy: with some of their applications to Social Philosophy* (William J. Ashley Editor); and 1861, *Considerations on Representative Government* (Parker, Son, and Bourn); List, Frederick, 1856, *The National System of Political Economy* (Reprint from the collections of the University of California Libraries); Polanyi, Karl, 2001 [1944], *The Great Transformation. The political and economic origins of our time* (Beacon Press, Boston); and 1977, *The Livelihood of Man* (Academic Press, Inc. London); Braudel, Fernand, 1979, *Civilización Material, Economía y Capitalismo* (Editorial Armando Colín, Madrid); and 1986, *La Dinámica del Capitalismo* (FCE, Breviarios, México); Adolph Lowe, 1948, *The Price of Liberty: An essay on contemporary Britain* (Hogarth Press); and 1988, *Has Freedom a Future?* (Praeger); Heilbroner, Robert L., 1989, *Naturaleza y Lógica del Capitalismo* (Siglo XXI Editores, México); Gerschenkron, Alexander, 1962, *Economic backwardness in historical perspective* (Belknap Press); Echeverría, Bolívar, 2006, *Vuelta de Siglo* (México, Ediciones Era); Chomsky, Noam, 2006, *Failed States: The Abuse of Power and the Assault on Democracy* (Harry Chomsky); Dabat, Alejandro, 1991, *Capitalismo Mundial y Capitalismos Nacionales* (México, UNAM/FCE); Pipitone, Ugo, 1994, *La salida del atraso: un estudio histórico comparativo* (CIDE/FCE, México).

pathway that will help México escape from its parasitic political capitalism and that endows México with an alternative to upgrade sub-capitalism. Until a new approach is taken wellbeing continues to decline, poverty grows, and institutions and the legal State risks weakening further.

## CHAPTER IV

### **A NATIONAL PATHWAY FOR A BALANCING CAPITALISM AND A BALANCED DEVELOPMENT: FROM POLITICAL CAPITALISM AND SUBCAPITALISM TOWARDS DEMDEVELOPMENT**

México's history with capitalism is brief because of the nation's youthfulness—only 191 years old (1821-2012). Other countries' capitalisms have become international models in a similar time as the case of USA. Indeed with the assets inherited by England unlike the poor heritage of Spain to Latin American nations. In addition, México was involved in violence over 41% of its national life (79 years = 41%), at two different episodes: one by the implantation of the republican government form (1821-1876 = 55 years), and another by the 1910 Revolution up to its pacification (1910-1934 = 24 years--55 + 24 = 79). Over these 79 years the country missed the basic conditions of sociopolitical stability and economic fluency that capitalism needs to flourish. The remaining 112 years of a relative stability include Porfirism that covered 34 years (30%, 1876-1910) and the postrevolutionary period has taken the remaining 78 years (70%, 1935-2012) (34 + 78 = 112). Although Mexican capitalism emerges strongly during Porfirism, this is considered a period where the feudal-mercantilist-capitalist transition of the country takes place. And then it is only after the Revolution of 1910 starting from 1935 when capitalism has attained a formal, technical and political shape. Therefore it has worked as the predominant economic system for only 78 years (1935-2012).

The development of Mexican capitalism can be viewed at different dimensions and by distinct methods. Based on our previous diagnostic chapters, this research has drawn on a retrospective and evolutionary sequence to portray the course of the nation. We started by focusing on and scrutinizing the two strongest social forces that have shaped the country: the state and capitalism. Accordingly, we have identified eight processes of socioinstitutional relationships that have been linked by two broader phenomena of arbitralism and developmentalism, which together in turn have twisted both the internal evolution of capitalism that we are calling Political Capitalism and its international subordination that we are calling Subcapitalism. In tracking back those eight processes and two phenomena we have identified a

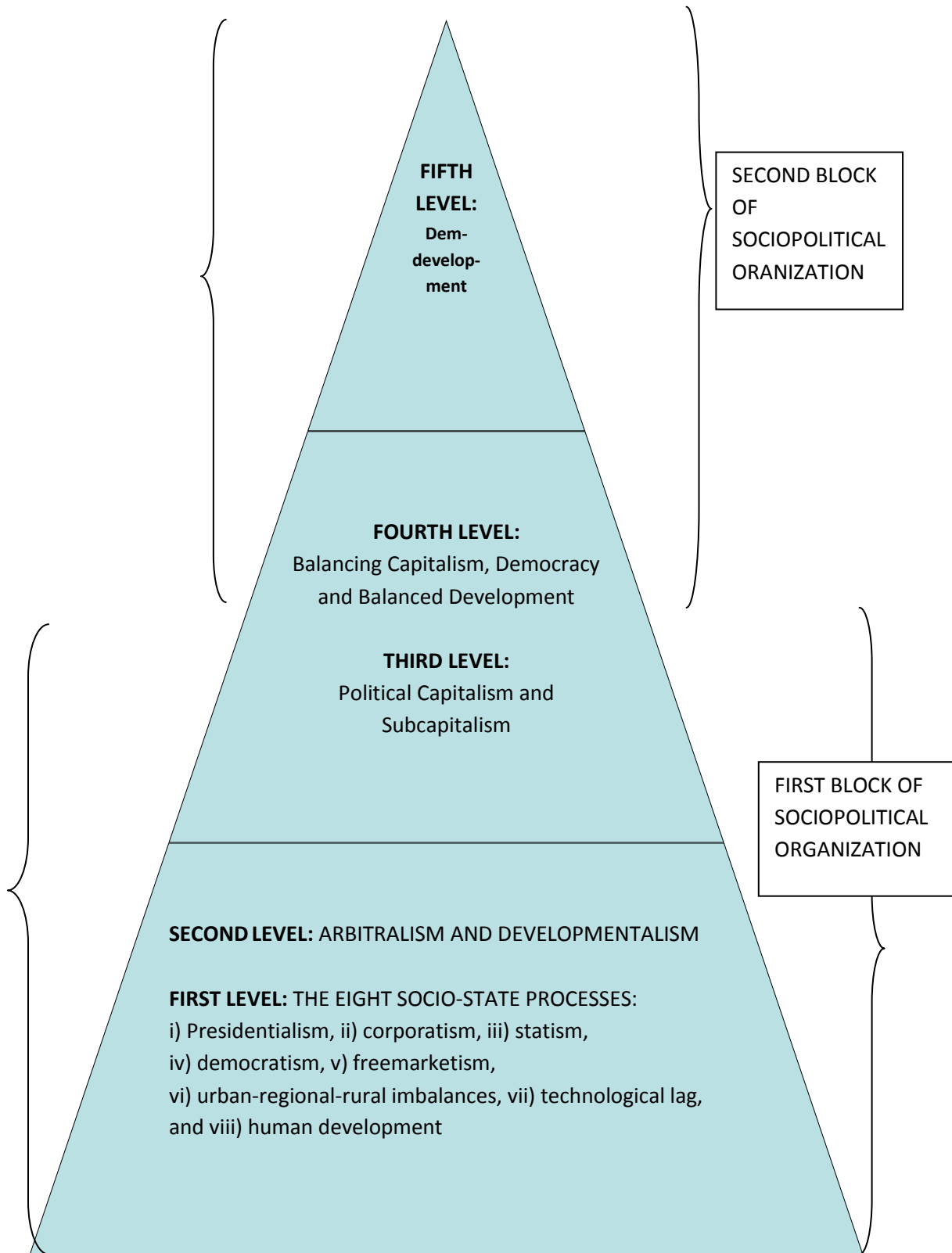
sequential pathway which runs today from political capitalism and subcapitalism and could/should continue to run according to ongoing trends:

- through a better process of institutionalization of elections and electoral democracy;
- to a third socioproductive restructuring for the country to convert both capitalism into a balancing capitalism and development into a balanced development, and,
- towards a pathway of demdevelopment: a higher dimension of civil democracy and of a more socioproductive growth and balanced human development.

We have conceptualized the sequential course of the nation in five levels of sociopolitical relationships which in turn have been compacted in two blocks of socioinstitutional organization. The five levels are:

- i) the eight socio-state processes of presidentialism, corporatism, statism and democratism as well as freemarketism, urban-regional-rural imbalances, technological lag and human development;
- ii) the two phenomena of arbitralism and developmentalism;
- iii) political capitalism and subcapitalism;
- iv) a balancing capitalism, electoral democracy, and balanced development; and,
- v) demdevelopment.

As for the two blocks of sociopolitical organization each comprises half of the five levels of relationships with a perspective of shaping a new type of capitalism and a new political regime of growth/development and governance. The first block refers to National Capitalism and The Exhausted Regime of political capitalism and subcapitalism, and the second block regards Territorial Capitalism and The New Regime of balancing capitalism, electoral democracy and balanced development towards Demdevelopment.





In previous chapters we have described the first three levels of social relationships. In Chapter IV we will define the fourth and fifth levels. Presented earlier is a diagnostic depiction of how the eight socioinstitutional processes have historically been articulated by arbitralism and developmentalism, and how these two phenomena hampered the making of México as both a *modern State* and a *national capitalism*. Here we will view arbitralism and developmentalism as the comprehensive agents now invested with the shapes of political capitalism and subcapitalism. We will show how the ongoing struggling dynamics are profiling a new pathway for the country in two concomitant senses: one sense is that of Balancing Capitalism and Balanced Development tempered by democracy towards Demdevelopment, and the other refers to a succession from the traditional *national capitalism* to a nation-based territorial conveniently internationalized capitalism.

### **1. Arbitralism and Developmentalism: The postrevolutionary Regime of Political Capitalism and Subcapitalism**

Alongside the foundational nineteenth and postrevolutionary twentieth centuries, México founded a nation-state, shaped a formal domestic capitalism, and established a hybrid form of democracy and development. The nation has been re-launched several times as shown by macro-historical events. In the nineteenth century, after coping with the colony's inherited powers (clergy and military), it was able to galvanize (at least Constitutionally) old "dreams" and overwhelming interests in favor of a republican government form in search of a way to create the nation-state and introduce capitalism. Once the foreign empire of Maximilian of Habsburg was overthrown, the nation was provided with a rail infrastructure for its national integration and political stability. As a result economic growth was attained for three decades (80's, 90's and new century's first decade). Over the twentieth century the sequence of macro-historical events are as follows: 1) after the Revolution of 1910 deposed the Porfirian dictatorship, a new variation of the republican form was established; 2) Following the internal postrevolutionary process of institutionalization

and the international inter-war period, the country built a “strong” state that in fostering a proactive industrialization reached important accomplishments in governance, growth and wellbeing around the middle-century; and, 3) México fell recurrently in the decades of the seventies, eighties and nineties into a series of economic and political crises of a structural character that at the turn of the century took it to the electoral defeat of the PRI in 2000 which was supposed to end the presidentialist and statist system but it did not occur.

Since its outset, the postrevolutionary government sponsored socioinstitutional relationships seeking to re-invigorate the nation-state and capitalism wherefrom a societal pathway emerged. These relationships gave shape to the postrevolutionary pathway through which the state’s role in society was re-dimensioned, domestic capitalism was rekindled, and the nation’s capitalist character was statized on the basis of a triple set of factors and actors: (i) production, (ii) state, and (iii) society. That is, relationships (i) between entrepreneurs and workers, (ii) between state and the rest of society, and (iii) between governmental and “non-governmental” and anti-governmental, anti-State and anti-capitalist actors. The latter did not address democracy and development and furthering social justice or add any organizational innovation to the ongoing nation-state building process, since it was a simple implantation of this model soon to be reproduced by its own inconsistencies upon the country mainly of two congenital capitalist character: that of the “de-embeddedment” of the economy out of society<sup>150</sup>, and that of the “mixed economy” operationalized by the State by a mixture of public and private sectors<sup>151</sup>. Even so, Madero’s successors copied state capitalism as such, and applied it mechanically with the same autocratic and “pragmatic” procedure as Porfirism and without appropriate considerations about what type of capitalism

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<sup>150</sup> Polanyi, Karl, 2001 [1944], *The Great Transformation. The political and economic origins of our time* (Beacon Press, Boston); 1957, *Trade and Markets in the Early Empires: Economies in History and Theory* (Free Press, New York); and 1977, *The Livelihood of Man* (Academic Press, Inc. London).

<sup>151</sup> Keynes, John Maynard, 1964 [1936], *The General Theory of Employment, Interest, and Money* (Houghton Mifflin Harcourt).

was viable and appropriate for a nation as the México. Capitalism was re-introduced on the triple aforementioned basis, right after the international crisis of 1929, as the national industrialization of the middle twentieth century shows. It has been the interaction among three factors and actors what has shaped the nation's unfolding during the postrevolutionary 78-year period and across which several macro-social events occurred: two productive restructurings; eight processes of economy-state-society relationships that in turn formed two overarching political phenomena. Saliiently, the latter events result in a series of trends, oligarchic disputes, state/market "failures" and dichotomies, social struggles and sociopolitical movements.

Meanwhile, the world also passed through a set of international landmark events such as the international economic crisis of 1929, the Second World War, the international by-polar Cold War, and the Wars of Korea and Vietnam as well as the oil price international crisis. Additionally, the launch of the mixed economy model and its breakdown along with the subsequent implantation of the free market model and its "failure", the collapse of the international "socialist" model and the pervasive economic globalization, and the international economic crisis of 2008. All the above internal and external events have contributed to shape the postrevolutionary nation. Notwithstanding, but particularly important is the interaction of the two economic restructurings and the eight socioinstitutional relationships (with the social struggles and political movements underlying them), because they generated the root of the two comprehensive political phenomena of arbitralism and developmentalism that have profiled México's contemporary society.

A sudden deviation on the institutional deployment of the revolution was inflicted by an accidental, path-breaking event: the assassination of its main leader, President Madero triggered a long-lasting political crisis that endured longer (1913-1934) than the revolution itself (1910-1911), and changed the nation's postrevolutionary horizon due to the actions and direction taken by Madero's successors. The Porfirian context was one of a detained democracy, of a mercantilist economy, of severe social inequality, and of a weak state. Thus the anti-Porfirian social movement demanded democracy, a viable republic, a profitable

economy for the nation, wellbeing and progress for all, and fostering a social-oriented state. These demands shaped a national perspective that endowed the revolution with an integral vision for a state servicing the nation, an electoral democracy, and a development beneficial for all sectors. Correspondingly, Madero tried giving institutional continuity to the revolution's vision during his legitimate but brief government. His assassination brought about a serious political crisis deviating the revolution's horizon and vision. This deviation was counter-revolutionary privileging a state-nation more than the nation-state, a State party more than an electoral system, and a State capitalism more than a liberal national capitalism. This shift twisted the subsequent evolution of Mexican state and capitalism, and specifically the evolution of vital issues such as the electoral integrity, market and technology conditions and the social character of the state. It was precisely the lack or insufficiency of the latter issues that configured the postrevolutionary socio-state relationships and shaped the comprehensive arbitralism and developmentalism, that together have constituted the Mexican specificity of political capitalism and subcapitalism. This specificity has forged the postrevolutionary regime of governance and growth/development that we are calling the Regime of Political Capitalism and Subcapitalism.

This regime is connected to the presidentialist republic and the ultimate phenomenon of arbitralism that resulted in political capitalism; it is also linked to the State capitalism and the ultimate phenomenon of developmentalism that took the national "mixed" economy to the international rank of subcapitalism. Indeed, arriving to these phenomena was not a linear process; they emerged with the institutionalization of the revolution and the fostering of industrialization around the middle century. It is precisely through these tasks that political capitalism takes place in association with the evolution of the postrevolutionary state, and subcapitalism takes shape at the industrial interaction between the Mexican emerging industry and the leading worldwide industrial countries, especially USA. It was here, at the confluence of this institutional work where the operational and interrelated actions of arbitralism and developmentalism configured the regime of political capitalism and subcapitalism. Politically, arbitralism and developmentalism have

performed as the two operational political scaffolding of the hegemonic bloc ruling the country (economic oligarchy, political class and governments). Historically, this regime's contribution to the nation has been the transformation of the Porfirian mercantilist economy into a first "national" capitalism.

However, as the country advanced through its external-internal relations during its postrevolutionary period the new national regime sought to work with the worldwide capitalism (under multinational governance sustained by a state-led international development) rather than for the internal/domestic industrialization and institutionalization. The regime worked well for the postwar multinational and monopolist capitalism, by opening or closing the economy to worldwide economic flows regardless of social and productive internal costs. Actually, the regime did not work to synchronize the development of internal markets with technology and wellbeing with democracy. The regime did little to develop the productive forces and national synergies of capitalism, since all postrevolutionary relationships were based on power, political clientism, economic statism, or discretionality. Omitted from consideration were a focus on democracy, productivity and markets, effective elections, social and citizen participation, and accountability. Thus, the logic of the postrevolutionary regime of political capitalism and subcapitalism disfavored the creation of the capitalist machinery for development and democracy and discouraged the territorial possibilities for capitalist growth unlike other Western national capitalisms working within the national and international possibilities for capitalisms at that time. The result was that the internal side of the postrevolutionary relationships did not perform with the same efficiency as that reached by external sectors. This difference did not emerge on its own. It stemmed from the interests of the postrevolutionary ruling class as well as its lack of state condition and institutional capacity for democracy, development and wellbeing. It is uncontested that the nation's leaders could have acted differently.

They were incapable of formulating and implementing the political economy and economic policy needed. Indeed, coordinated efforts have been made in México to correct the twisted performance of state actors. However, the space they left void and unattended paved the way for our eight processes and the

inertia filled by arbitralism and developmentalism to erect the regime of political capitalism (instead of a market-based, democracy-counterweighted one) and subcapitalism (instead of a conveniently internationalized capitalism starting from the development of domestic markets and technology).

After the evident exhaustion of the Mexican regime of political capitalism and subcapitalism, the emergence of different social relationships clearly show that it is time for a new regime making converge social capitalism, democracy, modernity and development. A new regime of re-foundational character is needed as a new opportunity to correct the course of nation giving priority to meet the socioeconomic and sociopolitical demands of society. This is more than the coordination between markets and state. It is about building a regime to recreate capitalism socially in order to take advantage of its opportunities, and re-create the state's role in society. The recreation of Mexican capitalism implies a new national perspective seeking to civilize capitalism to manage its instincts for profits <sup>152</sup> endowing it with self-balancing qualities and thereby exploring institutional and policy possibilities to balance development.

## **2. From the exhausted regime to a New Regime for growth, governance and development: Balancing Capitalism, Democracy and Balanced Development = Demdevelopment**

Approaching the prospective Mexican change from the exhausted postrevolutionary regime of political capitalism and subcapitalism to a new regime for growth, governance and development requires consideration of the issues that took the postrevolutionary regime to its exhaustion. This approach demands that we also take into account the earlier structural roots of the country, along with the political conditions, socioeconomic disparities and institutional malfunctions that triggered the revolution of 1910 and gave birth to its punitive regime. Research on this transition requires delving deeply into the nation's cornerstones, focusing on the nation's societal origins to explain how oligarchies, political parties and

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<sup>152</sup> Echeverría, Bolívar, 2006, *Vuelta de Siglo* (México, Ediciones Era).

interest groups wasted the opportunities (in just a few decades) of the postrevolutionary regime, shedding light on the need for a new socioproductive and civic regime.

Soon after the 1910 revolution, the nation's governance began to go off course stemming from the pre-revolutionary ascendance upon the postrevolutionary course of the country. Structural inertias, social forces and public conventions from the former affected the latter, bringing back hierarchies and interests that many had been taken for granted as overcome. I refer to three streams of the nineteenth century Mexican society: the path of mercantilism, the resurgence of authoritarianism and the lack of convergence among markets, democracy and wellbeing. Likewise, some years later, when the nation counted on a new federal Constitution and a "political system", a political policy decision was taken: the model of corporate "State capitalism" was adopted (starting from Cardena's term) for the national economy's unfolding and institutional management. Much later, the fatigued national regime resulting from the revolution was replaced starting from 1983 by a libertine capitalism, as part of the wider process of the ongoing globalization. Tellingly, the three nineteenth-century streams continue to obstruct the nation-based synchrony between the internal social relationships and the external economic concurrence in the country. As has been indicated earlier, the missing synchrony is the basis of the postrevolutionary phenomena of arbitralism and developmentalism that in turn have shaped the regime of political capitalism and subcapitalism.

It is the overlooked convergence of markets, democracy and wellbeing that underlies most directly the exhaustion of the current Mexican regime. However, it is the combination of state capitalism (having the state as the main capitalist) with the latter missing the convergence that derailed all efforts and hope for a normal evolution of capitalism and distanced the nation from possibilities for convergence and arbitration among markets, democracy and wellbeing. Mexican State capitalism distorted capitalism as the state replaced markets. The state also overlooked the development of technology in the country. This was not a process stemming either from capitalism itself or from society itself but springing from the terrain of

international politics in the worldwide contentious context between the USA and the USSR after the Second World War. The Western pole offered nations an appealing state-oriented model of development, in opposition to the internationally novel “socialist” model which at the time was promoted by the Eastern bloc. Actually worldwide capitalism of the middle twentieth century was not need for the pleonasmic economic mixture of public and private sectors as a way to enforce state capitalism. Early forms of capitalism were not needed with such an artificial public/private separation. On the contrary, what capitalism required was to take the economy back into society and reconcile markets with society, in search of making economy and society work anew together for profits and wellbeing<sup>153</sup>; all within a reordering socioinstitutional vision of four axes seeking the development of capitalism according to its “nature” and “logic”<sup>154</sup>:

- a) vindicating markets for what they are (one of the highest social and institutional engines of society),
- b) taking them back to the bosom of society they belong to,
- c) reconciling and coordinating their function with the historical sociopolitical struggles of society, and,
- d) re-dimensioning the state’s role in economy and society.

The proper place to undertake the latter reordering vision was (is) precisely the convergence of markets, democracy and wellbeing. Nonetheless, it was postponed, and then the postrevolutionary regime came to its ultimate exhaustion.

As occurred since the assassination of President Madero, the three nineteenth century streams were back and were mismanaged marking the subsequent unfolding of Mexican development: Porfirian authoritarianism was present anew both in the political confection of the Constitution of 1917 and in the

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<sup>153</sup> Polanyi, Karl, 2001 [1944], op. cit.; 1957, op. cit.; and 1977, op. cit.

<sup>154</sup> Heilbroner, Robert L., 1966, *The Limits of American Capitalism* (Harper and Row, New York); 1989, *Naturaleza y Lógica del Capitalismo* (Siglo XXI Editores, México); 1997, *The Crisis of Vision in Modern Economic Thought* (Cambridge University Press);



foundation of the PNR, the same as Porfirian mercantilism was once again norming economic development and thereby neglecting on behalf of growth the required societal convergence among markets, democracy and wellbeing. It is specifically at this mismanagement and negligence when the Mexican Revolution's window to modernity was closed. It is here wherein the postrevolutionary *hegemonic bloc* ventured to guide the nation, based on a (vertical, economicist, post-Porfirian) vision that had already proven its short horizon to course (after the Independence and the republican reform) the successive national step: Mexican society's transition to the civilization of capitalism. It was (it is) at this civilizational dimension and convergent meso-level where the nation's transition's dynamics can unfold and open path for the evolution from mercantilism to capitalism, from authoritarianism to democracy, and from the oligarchic concentration of wealth and power to socioeconomic and political balances. Unfortunately, this did not occur.

As the Mexican postrevolutionary context was riddled with Porfirian, post-Porfirian and postrevolutionary interests, the resultant socio-productive regime of high profits and low wellbeing was far from meeting the productive "nature" and struggled "logic" of capitalism<sup>155</sup>. That is, the destroying (natural and logic) inherent forces of capitalism upset its "civilizational"<sup>156</sup> sense in different ways for Mexican society's evolution:

- obstructed a balancing convergence among markets, democracy and wellbeing;
- distorted the convergence's concertational choice;
- de-embedded production from society; and,
- privatized capitalism and its resulting political arrangements.

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<sup>155</sup> Heilbroner, Robert L., 1989, op. cit.; 1997, op. cit.; and 1995, *Visions of the Future. The Distant Past, Yesterday, Today, and Tomorrow* (Oxford University Press).

<sup>156</sup> Echeverría, Bolívar, 2006, op. cit.

This Mexican state capitalism became a race for high profits and low salaries, for corporate employment/income and vertical in lieu of the development of markets and technology, life quality/human development, and the institutional and citizen self-organization of society. In a nutshell, the productive trends and social struggles of capitalism were adulterated. Thence the “disputing<sup>157</sup>” “motion<sup>158</sup>” of capitalism and state needs to be “brought back in<sup>159</sup>” the development of markets and the distribution of income in order to re-mesh and to re-motion the indispensable societal convergence. In Mexico, following its emerging pathway at the turn of the century this convergence could be approached by way of three concentric circles of policymaking:

Circle A: among profits, wages, and plus value,

Circle B: among productivity, social distribution of income, and wellbeing, and

Circle C: between economic and political powers.

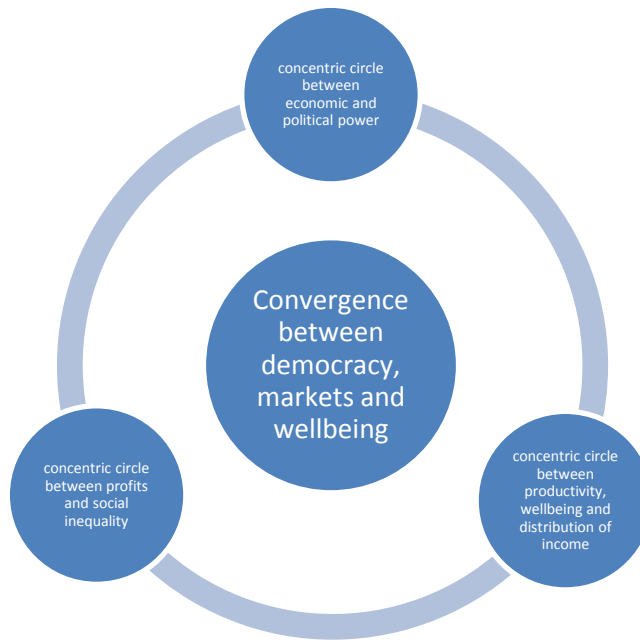
It is through them that the convergence can occur and Mexican capitalism can take a civilizational path for the inter-complementarity of markets, democracy and wellbeing, in the perspective of a balancing convergence and thus awakening capitalism as a balancing “system”.

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<sup>157</sup> Cordera, Rolando and Carlos Tello, 1981, México, La Disputa por la Nación, Perspectivas y Opciones del Desarrollo. (Siglo XXI Editores, México).

<sup>158</sup> Lowe, Adolph, (Ed.), 1969, Economic Means and Social Ends: Essays in Political Economics (Prentice Hall); 1985, Essays in Political Economics: Public Control in a Democratic Society (New York University Press);

<sup>159</sup> Evans, Peter et al, 1985, Bringing the State Back In (Cambridge University Press); Strange, Susan, 1996, The Retreat of the State (Cambridge University Press); Hancké, Bob, Martin Rodhes and Mark Thatcher (Eds.), 2007, Beyond Varieties of Capitalism: Contradictions, Complementarities and Change (Oxford University Press); Hall, Peter and David Soskize (Eds.), 2001, Varieties of Capitalism (Oxford University Press); Schmidt, Vivien A., 2006, From State to Market (Cambridge University Press); 2002, The Futures of European Capitalism (Oxford University Press).



These three circles are operationalized jointly by the economic oligarchy, the political class and governments. It is within each circle where they recurrently fail to deal with the entire convergence due to their lack of a will or vision about the structural need to re-embed the economy within society. Every time the latter occurs the economic oligarchy, political class or governments lose their historical pertinence to act in the national transition towards the civilization of capitalism and not only for the capitalist production “system”.

As we saw earlier, the postrevolutionary regime of political capitalism and subcapitalism, still in force now, was implemented through the government- and free market-oriented models, both of which have demonstrated their incontestable failure because of their incapacity to manage the master convergence illustrated by the functional concentric circles. Thus the negligence or rejection of the convergence constitutes the most important technical cause underlying the backlog of historical disequilibria in the country. This is where and when national unbalances lead to the regime’s exhaustion. Nevertheless, it is possible to overcome it by counterweighing democracy and development, namely, an alternative *vía* for growth, democracy and development built on a balanced convergence between entrepreneurial profits and

socioproductive wellbeing. This can be accomplished by combining the existing national capitalism and the emerging intra-national and inter-national territorial capitalisms---which we are calling Demdevelopment.

### **3. Demdevelopment: the rising pathway, stemming from the ferment of both the nation's prior lessons and the emerging flow of different social relationships**

#### **3.1 Mexican Lessons**

Through its 78-year period of national capitalism (1935-2012), México has been acclaimed twice by leading international financial agencies and some of the most developed countries (USA and England), on occasion of its "economic miracle" after the Second World War and the adoption of the free-market model to confront the crisis of 1982. Due to its course of arbitralism and developmentalism, or to its *stata* of political capitalism and subcapitalism, México stands for a distinct case to better understand the existing "variety" of national capitalisms in developed nations<sup>160</sup> as a way to compare them with less developed countries and their socioeconomic systems (in case of the latter can be considered capitalisms). Whichever the case, the Mexican course can shed light on a wider understanding of how worldwide capitalism reproduces itself through "national" capitalisms, and how its study can point México as one of the these "national" capitalisms which historic course and current trends are today profiling a new national regime of growth, governance and social development that we are conceptualizing as one of Balancing Capitalism, Counterweighing Democracy and Balanced Development, or Demdevelopment.

The Mexican case is the typical state capitalism of the twentieth century to which nations arrived under the shelter of the Cold War. As such, it confirms the general statements that productive restructurings of capitalism is a cyclical condition for its reproduction, and that they take shape as the productive and social pressure valve of the non-convergent capitalisms. However, the Mexican historical

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<sup>160</sup> Hall, Peter and David Soskize (Eds.), 2001, op. cit; Schmidt, Vivien A., 2006, op. cit.; 2002, op. cit.; and 2007, op. cit.; Boyer, Robert, 2004, How and Why Capitalisms Differ. MPIfG Discussion Paper 04/5. Cologne: Max Planck Institute for the Study of Societies. URL: [http://www.mpifg.de/pu/mpifg\\_dp/dp05-4.pdf](http://www.mpifg.de/pu/mpifg_dp/dp05-4.pdf); Whitley, Richard, 2005, How National are Business Systems? The Role of States and Complementary Institutions in Standardizing Systems of Economic Coordination and Control at the National Level, in Morgan, G. Whitley, R. and Moen, E. (Eds.), 2005, Changing Capitalisms? (New York, Oxford: Oxford University Press).

specificities invite a deeper study where substantial lessons can be learned from this research as a revisited perspective to study the political economy of a “national” capitalism:

1. Nation-State building process has forged the supremacy of the state above the nation: México is now much more state than nation, or the nation lies subordinate to the state;
2. Productive restructurings can attain different social and temporary results in society, depending on the quality of the state’s role in fostering capitalism, but more specifically and importantly, on its performance at the convergence between markets, democracy and wellbeing;
3. Restructurings have been more a political than an economic process and away from being integral as Mexico’s second restructuring has taken us to categorize Mexican capitalism as a political capitalism;
4. The Mexican state has been the leading internal actor that has politicized capitalism, complicit with the economic oligarchy, political class and subsequent Presidential administrations;
5. Social and productive outcomes of two restructurings and the whole Mexican course sustain today national and international consideration on the domestic state as a “failed State<sup>161</sup>”.
6. Mexican national capitalism cannot be considered as national or as capitalism, so long as it remains incapable of developing its own technological base and internal markets;
7. Shaped by the postrevolutionary regime of political capitalism and subcapitalism and the emerging pathway for a new regime, México holds possibilities for both a better convergence of markets, democracy and wellbeing and a third development restructuring;
8. Demdevelopment as a new regime or vía is part of a wider national process of different social relationships that are emerging, but it is conditioned by anti-capitalist and anti-national interests from the oligarchy, the political class and governments;
9. Production relations in México have been decided more within the political domain of the state (which acts inefficiently and submissively) than at the technical sphere of production;

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<sup>161</sup> Ortega, José A., 2010, México: ¿Rumbo al Estado Fallido? (Planeta, México); Miller, Frederic P., Agnes F. Vandome and John McBrewster (Eds.), 2010, Failed State; Chomsky, Noam, 2007, Failed States: The Abuse of Power and the Assault on Democracy; Grayson, George W., 2009, México: Narco-Violence and a Failed State; Rotberg, Robert I. (Ed.), 2003, When States Fail: Causes and Consequences; Ghani, Ashraf and Clare Lockhart, 2009, Fixing Failed States: A Framework for Re-building a Fractured World.

10. “Underdeveloped”, “developing” or “emerging” countries are less able than the “developed” ones to undertake the de-embeddedness of markets out of society, since it is structured globally, but it can be done internally through the development of domestic markets and technology.

The latter ten lessons are consequential outcomes of the continuous leading action by presidentialism and statism; the same as they are intertwined outgrowths of Mexican political capitalism and sub-capitalism. As such, they stand for both the problems to be approached by the state itself, and the steps by society since a clear pathway and via are already open. The pathway: the social, structural and dynamic need for a new regime of balancing capitalism, counterweighing democracy and balanced development. The via: a third restructuring of domestic capitalism. And both the pathway and the via move toward Demdevelopment.

### **3.2 An emerging current of different social relationships**

During the last decades in México, a new current of social trends have been taking shape as reflexive byproducts against the eight postrevolutionary processes or relationships and their phenomena of arbitralism and developmentalism. Continually, they shed light on the exhaustion of the revolution's regime and the prospective rise of a new regime. These emerging trends have been forged in the resistance against the State capitalism that dominated México up to the crisis of 1982, and more recently against the free market model and its incapacities or "failures". It is impossible to ignore the social impacts, theoretical and modelistic inconsistencies that have taken the country to two distinct periods wherein the state has distorted development; albeit the second one (the free market model), unlike its worldwide referential experiences has been paradoxically led by the state. Furthermore these new civic trends clearly show that the institutional malfunctioning and oligarchic avidity do not work anymore. These new civil actions are part of the country's evolutionary course that has taken shape through a series of historical and current trends, oligarchic disputes, state/market "failures", social struggles and sociopolitical movements, out of which the most salient are:

#### Historical trends

- The formation of a State bourgeoisie relying on the state leadership dominating state capitalism;
- Excessive economic protectionism first, and then excessive economic liberalization, with big public and private firms as the prime beneficiaries, at the expense of workers, citizens, families, small firms, and unemployed population;
- Weak development of the capital goods sector, associated with the poor development of technology;
- Scarce development of internal markets;
- Some progress in social wellbeing, but widely insufficient;
- Discretionality, corruption and impunity (lack of law State);
- General institutional inefficiency of the state, lack of accountability, and loss of its capacities to regulate development

### Current trends

- Government inefficiency, lack of accountability, and a state in retreat from its foundational mission to provide wellbeing and justice: scandalously in the matters of poverty and public insecurity;
- Cession of state attributions in internal development in favor of entrepreneurial and political interest groups;
- Practical abandonment of industrial and technological policies, along with a weak performance to foster internal markets;
- The visible exhaustion of electoral democracy due to its degeneration into participacy;
- Persistent bloated state in spite of privatization of public firms and assets and economic deregulation, as well as the alleged citizen and non-governmental sector which is as huge as inefficient and costly;
- Outrageous discretionality and impunity among government officials and political parties;
- Consolidation of drug traffic-dealing as a power in the economy, politics and state;
- Revitalized presidentialism and statism;
- Recurrent losses of political order.

### Oligarchic disputes

- Between high state officials and entrepreneurial groups;
- Between foreign and domestic investors;
- Between politicians for budgets and State resources;
- Between political factions within the PNR/PRM/PRI;
- Between political parties (after the electoral alternations of 1997 and 2000);
- Between the Legislative and Executive republican powers (after the electoral alternations of 1997 and 2000); and,
- Between the President's party and governors' parties.

### State/market "failures"

- State dominance of markets,
- State retreat from domestic markets,
- Market "self-regulation" instead of State regulation,
- Deceit of markets: no "real" markets,
- Joint failure of state and markets to serve citizens and consumers,



- Failure to synchronize wellbeing, social justice and progress,
- Paradoxically, the “failed state” and markets have performed in conformity with the worldwide de-embeddedness of the economy from society.

### Social struggles

- The struggle for land, political representation and political rights;
- The struggle for the social appropriation/distribution of wealth and income between entrepreneurs and the rest of society;
- The struggle within the corporate state among social sectors for basic opportunities and social endowments such as employment, salary, health, housing and education;
- The struggle between corporatized and non-corporatized social sectors;
- The struggle in defense of existing employment, salaries and social endowments to avoid social marginalization;
- The struggle for electoral and human rights; and,
- The struggle for public security.

### Sociopolitical movements

- The early anti-presidentialist political/electoral initiatives of presidential candidates opposing the electoral authoritarianism represented by the PNR/PRM/PRI: José Vasconcelos (1929), Juan Andrew Almazán (1940) and Ezequiel Padilla (1946) as well as Miguel Henríquez Guzmán (1952), Cuauhtémoc Cárdenas (1988), and Andrés Manuel López Obrador (2006 and 2012);
- The Social Movement of 1968;
- The political confrontation between entrepreneurial leaderships and the nation’s presidency (1976-1982);
- The emergence of the non- and anti-governmental civil society in 1982-1985;
- The PRI’s Democratic Current of 1987;
- The guerrilla movement of the Zapatista Army for National Liberation (EZLN) in 1994;
- The electoral alternations of 1997 and 2000;
- The electoral frauds of 2006 and 2012;
- The shaping of the Movement for Peace and Justice with Dignity (MPJD) in 2011; and,
- The student/citizen movement of “YoSoy132” during the federal elections of 2012.

These emerging trends, movements and events are the result of the deviations and shortfalls of the postrevolutionary regime. Not all stem exclusively from the last century since many were gestated in the nineteenth century, but most of them have been forged through the 78-year postrevolutionary period (1935-2012) and together have determined the alleged national “modernization”. Indeed, some progress has been attained over this period in matters such as institutional public organization, political representation, growth and social wellbeing, infrastructure for human, social and economic development, political stability and governance. However, a longer term evaluation shows that too many shortfalls and persistent anti-democracy and anti-development practices outweigh the progress achieved. These shortcomings triggered social resistance, political dissent and negative academic judgments pointing for the need to consider a new social and national pathway for democracy, governance and development.

The most substantial finding is that, as it occurred in the pre-revolutionary regime and now again with the postrevolutionary regime, the convergence among markets, democracy and wellbeing has been dominated by state markets. In México, these markets have taken the leadership since the initial Porfirian capitalism, leaving democracy and social wellbeing behind. This has limited the nation’s economic convergence and sociopolitical coordination of the three components, delaying the regime’s social evolution and thus democracy and development due to a political context riddled with anti-capitalist interests such as quasi-market initiatives, populist politics, and self-willed policymaking. As political capitalism can testify the lack of convergence and balance continue to hinder the nation’s progress. The propensity to resist the status quo has been taking shape. Today, social and civic action is demanding convergence and balance. The importance of these trends is in the opening of new relationships that result from the listed trends: oligarchic disputes, state/market “failures”, social struggles and sociopolitical movements. Indeed, having greater social pressures and concurrence regarding the need for convergence does not guarantee automatically a better balance among its components, though these new discussions and debates are opening and diversifying societal approaches towards the prospective demdevelopment.

Thus, convergence is being activated and projected by the rise of a formal civil society and its citizenships, which, as a social force from below, is more prone to diversify the control of power that now rests on novelistic schemes, dichotomous proposals, or straitjackets from corporate interest groups. In this way, civil society attempts to liberate the convergence from the post-revolutionary oligarchy, seeking to de-marketwise and de-statize the correspondent excesses of markets and state respectfully, with the perspective of a more balanced and balanceable society in the context of the “civilizational” capitalism<sup>162</sup>.

The dynamism of these emerging relationships is that they result from political capitalism and subcapitalism and, at a time, are evolving against them. Thus, they project a different interplay between continuity and change as a State vision which propitiates a new relation between political conciliation and social accountability that in turn recreates a more progressive state social vision. This speaks to the dynamics between continuity and change as an evolutionary state vision, though not as a functional goal solely, otherwise it would return to enforce state power itself. We are talking about a state vision led socially to qualify and empower the societal purpose of the “common”<sup>163</sup>. It is precisely the lack of these intermingled relations between conciliation, convergence, accountability and the common purpose that has led to crises’ responses and authoritarian operations that have derailed democracy’s and development’s opportunities with Mexican episodes of participatory and social decline.

These rising relationships are taking place on a daily basis, forging a different national vision and a societal perspective. They are promoting a more organized civic action focused on surmounting the postrevolutionary from-above arrangements that in dealing with making the economy work and building the state, have left society out of the game. As such they are struggling to inaugurate a non-corporate, decentralized, socioinstitutional room where the indispensable coordination among markets, electoral

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<sup>162</sup> Echeverría, Bolívar, 2006, op. cit.

<sup>163</sup> Hardt, Michael and Antonio Negri, 2009, *Commonwealth* (The Belknap Press of Harvard University Press).

democracy, citizen/social participation and wellbeing reintegrate the lost convergence between economy, society and state for development. Thereby this convergence is becoming the vehicle and the operational space to prelaunch Mexican capitalism, reorder the institutionalization of electoral democracy, and balance development. In historical (national and international) hindsight, the national perspective is to re-embed the economy back in society after being taken out of it in the 19<sup>th</sup> century as a result of a free change-oriented experiment wherefrom the case of Mexico stems. International history tells us how some of the consequences of such de-embeddedment took place around the historical crisis of worldwide capitalism in the first third of the twentieth century: “*The Great Transformation* tries to explain the crisis of the liberal project which, following a long period of peace, flowed out in two worldwide wars, an unprecedented global economic crisis, the collapse of the gold standard, and the emergence of distinct non free-change alternatives such as fascism, Sovietic socialism and developmentalist projects.” This has meant “the terrible effects from the conversion of the production factors into simple commodities, that is, the transformation of stable production systems, with several millenniums of antiquity, into a feverish free change-led essay<sup>164</sup>.”

Thence the prospective historical convergence can be foreseen: on the societal side, at the points where the convergence re-embeds the economy into society; on the national side, at the points where the convergence can be managed by the political economy, economic policy and planning for a Mexican third restructuring, profiled by the tension that a new interplay of continuity and change is exerting upon the exhausted regime and the emerging socio-institutional relationships, towards demdevelopment, projecting thus a new post-postrevolutionary stage.

#### **4. Demdevelopment as a *Vía* for a Societal Third Restructuring of Mexican Capitalism: A Conceptual and Policy Framework**

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<sup>164</sup> Rendueles, César, 2009, “Presentacion” to the 2009 Spanish edition of Karl Polanyi, 1958, *El Sustento del Hombre* (The Livelihood of Man), page 14. (Capitan Swing Libros, S.L., España).

#### **4.1 Two Restructurings: Two National Models and the Same Regime. A Third Restructuring: for Nations and a New Regime**

Demdevelopment takes shape as a trend rising in the last decades under the forms of silhouettes of new social relationships and a profile of a new regime of development in reaction to the social shortfalls and costs inherited by the eight processes and two phenomena featuring the postrevolutionary regime of political capitalism and subcapitalism. Therein lays the source of demdevelopment, whether as a process itself of society's unsatisfied needs or as a mosaic of organized social resistance. However, it is through the combined exercise of retrospection and prospection made herein that we have identified a different, forthcoming integral trajectory of national development taking shape overlapped with the country's postrevolutionary course, and to which, as if a pattern, we are conceptualizing as demdevelopment, for the immediate and ulterior unfolding of the country. Demdevelopment has been identified as both pathway and *vía*, that takes shape through a concomitant new set of reactive social relationships. The *vía* also suggests the implementation of a corrective third restructuring for a civilizing development and a programmatic democracy. As a *vía*, this third restructuring emerges demanding to synchronize development and democracy, and, outstandingly, seeking to be not only productive, as the previous first and second restructurings resulted to be, but also societal and territorial.

As we saw earlier, from 1935 to present the state has restructured Mexican development twice on the basis of adjusting each time the extent governments and markets partake in the economy: first restructuring was based on government leadership and intervention in the economy, and the second one on the government decision of leaving the economy free for markets leadership or state abstention, though led and coordinated by the latter anyhow. Both restructurings have rested on developing the industrial sector, de-stimulating agriculture, and promoting trade with the USA's economy. In the two prior restructurings the State played either a major or a minor role in the economy, but keeping its lead in both

cases. Tellingly, this defines a similar postrevolutionary development regime with differences in state-market roles in the organization of the economy. Both restructurings were focused similarly: the first one on growth and state-provided welfare, and the second one also on growth and a combination of state-provided and market endowments for wellbeing. Each restructuring re-functionalized development in its respectful way and attained important accomplishments, but each has forgotten its own limits stemming from either state or market sources. Notwithstanding, both restructurings have been led by the State, and the two have failed to meet pre-revolutionary, postrevolutionary and more recent and current social expectations.

In spite of the latter dissimilarities and similarities in productive restructuring, the postrevolutionary development regime of political capitalism and subcapitalism remains at work. The state has kept itself as both the modernizing productive leader in the first restructuring, and the economic director in chief in the second restructuring, reserving for itself in both cases the attribution of economic regulation or deregulation, indeed based on its law legitimacy, but, above all, taking advantage of the republican government form's flaws and failures. This is the historical role the state has performed in Mexican development and democracy throughout the XX century and up to now; however, it also shows the lack of institutionality with which both state and markets have shared the nation's lead. Thence neither the Porfirian weak state nor the postrevolutionary strong state developed the state character of the state, and rather, they have ruled based on the promotion of interest groups that by definition work against the state's institutionality and in disfavor of society. That is the reason explaining how the Mexican state has unfolded lacking a societal, state vision, thereby pre-conditioning the fate of restructurings. Then it is precisely the exhausted character of the postrevolutionary state-led regime what has been shaping socially and politically the threshold for demdevelopment.

Demdevelopment seen from its broadest to most specific dimension or as a part of a sequence of development, begins at the political confluence of citizens and organized social groups, follows at the convergence between markets, democracy and wellbeing, passes through the pathway underpinned by the

friction caused by the overlap between postrevolutionary and emerging social relationships, and takes a more socio-territorial shape involving all the latter in the prospective planning, policymaking and institutional reorganization for a third restructuring of domestic capitalism, as a Mexican *vía*.

#### **4.2 A Conceptual Framework for Policymaking: Principles, Premises and Policy Dimensions**

##### **Principles**

The difference between pathway and *vía* in this analysis consists of the general prospects of the former, and the specific possibilities of the latter: while the pathway considers conditions, potentials and a vision, the *vía* embodies initiatives, plans and policymaking; that is, whereas the former outlines a direction (towards), the latter represents direct action. This time a new (third) restructuring as a *vía* is socially demanded to recreate and synchronize democracy and development on a national basis, and to be not only productive as the first and second restructurings were projected, but also societal (in terms of covering integrally the society's plurality) and civilizing (in the sense that advancements in wellbeing and democracy allow society to evolve towards the original threshold of capitalism as a "civilization"<sup>165</sup> We are calling this threshold and horizon Demdevelopment. That is to say, a new restructuring considering both sectoral and territorial dimensions of development, focused on a socioproductive growth and a socially upgrading wellbeing, on a basis of developing internal markets and a national technological base as well as armoring the state from interest groups. All in all, a *vía* arising from below, and not from the other way around: a *vía* for the demdevelopment of Mexican society, in a glocal perspective towards 2050.

It follows that a third restructuring constitutes a societal strategy that the nation, state and economic actors could deploy in pursue of growth, wellbeing, democracy, governance and development, and as such it is an institutional platform of productive, organizational and sociopolitical character. It thus

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<sup>165</sup> Echeverría, Bolívar, 2006, op. cit.

encompasses a productive adjustment and a state reorganization to make the economy grow the state work and the society prosper. Productive adjustment is to underpin market competition, growth, wealth and income distribution, while state reorganization is to galvanize the arrangements making sure growth and wellbeing, governance and development take place in good synchrony. Accordingly, profiling this third restructuring has to do with four operational principles:

1. How the State can regulate or de-regulate the economy;
2. How permanent or temporary restructuring policies should be;
3. How to make flow ahead the overlapped postrevolutionary and emerging relationships; and
4. How to institutionalize the latter operational principles into a State vision and how to incorporate it into the Law State, seeking both to enforce the societal purpose of the common and to avoid the shaping of State bourgeoisies.

### **Premises**

The implementation of a third restructuring needs greater precision of the shared responsibilities between state and social agents, in order to guarantee on a national basis that itself works as a factor of balance growth wellbeing, development and democracy. That is, a third restructuring making sure of the self-balancing opportunities of capitalism and the possibilities for a balanced development. Otherwise imprecision in market-state co-responsibilities can be fertile field for excesses in both parts, as it has been the case in the two previous restructurings.

Therefore, profiling a third restructuring in México needs to take into account the contextual premises that caused the exhaustion of the postrevolutionary regime, and which now rise as conditions for the coming third effort. This research has identified nine leading premises:

(1) Acknowledging the new cardinality of democracy and development, consisting of the indispensable two-side, non-self-excluding, modern functionalities:

- Social and individual,
- Public and private,



- Sectoral and territorial,
- National and regional,
- Global and local,
- Profits and social income,
- Common interest and interest groups,
- Corruption and transparency,
- Democracy and development,
- Work and happiness.

(2) Overcoming the artificial duality, or dichotomy, between markets and state, which today prevails and has distorted the two previous restructurings;

(3) Learning from the previous restructurings' inconsistencies and flaws which have traumatized Mexican growth and development, such as the excessive discretionality of the State in regulation and State-owning as well as the excessive licentiousness of markets (led by the State);

(4) Correcting the national reading of globalization, along with that of its counter-face of territorialization, and hence acknowledging the dimension of glocal development;

(5) Formalizing the complementary character between territories and territorial policies and sectors and sectoral policies;

(6) Distinguishing appropriately between self-regulatory and temporary/permanent regulatory policies, in order to buttress the abilities of markets to contribute to growth and income distribution;

(7) Fostering a comprehensive Reform of the Republic that include six indispensable dimensions:

- a) Democracy,
- b) Development,
- c) Space,
- d) Socio-State relationships,
- e) Law State,
- f) The State itself, and

(8) The latter Reform should be unpacked to correct historical shortfalls in substantial national matters such as:

- Markets and technology;
- The division of powers, along with the assessment to set up a fourth power: the civil power, comprehending the existing civil society's institutions (IFE, CNDH, ...) and foreseeably the State function of accountability;
- Planning as a State function to be conditioned by Congress;

- Decentralization, federalism and regional/urban/rural development dimensions, together with a reform on local, metropolitan and regional development, especially those of México City, Border Cities, Indigenous Communities, and Towns;
- Poverty, the relation between salaries and profits, an unemployment insurance, social security, and human development;
- Effective suffrage to finish state financing of political parties;
- Reorganization of the state and of public administration and public security.

As a better policy floor for demdevelopment:

- (9) Incorporating the criteria of balancing capitalism and balanced development as principles into the economic and social policymaking.

### **Policy Dimensions**

The unfolding of capitalism in México based on attaining power and profits at any expense has taken the institutional organization of governments to ignore technical assessments, feedback from society and self-criticisms from their own state. Accordingly, it is pertinent that a third restructuring proceeds incorporating all technical work from academia and civil society in order to reorganize policymaking by setting up (at least) three policy dimensions:

1. A Sectoral Dimension, underpinned by the creation of a National Statute of Political Economy and Economic Policy, to make capitalism balancing;
2. A Spatial Dimension, enforced through instituting a National System of Territorial Planning, to balance development; and,
3. A Sectoral-Regional Dimension to be set up by way of enforcing a State Clearing House, to offset arbitralist and developmentalist policy-and decision-making as well as to feedback the other two dimensions.

### **4.3 A Policy Approach for a Third Restructuring: Scope and Limits, Unbalances, and Institutional Reforms**

#### **Scope and Limits**

As we have seen across this research, demdevelopment emerges from the Mexican causalities and specificities approached herein. In addition, it draws from both the orthodoxical and heterodoxical scholarship that has focused on México and Latin American countries. The present research has not overlooked a variety of frameworks interpreting the national *vías* to democracy and development in Latin America, especially those of the Mixed Economy, Dependency Theory, the State- or Market-oriented Models, and other development approaches. All of them end up prescribing either state- or market-policy proposals to overcome underdevelopment, lag and dependency in the sub-continent's countries; some of them singularize the unfavorable economic interchange of Latin American countries with "central" nations and particularly with the USA, as the preeminent cause (if not the unique) of their backwardness. However, this research views the case of México differently (and by extension those of Latin America).

Therefore, to understand demdevelopment as the coming trajectory resulting from both the historical Mexican specificity and the interaction with "developed" nations, we have identified the following scopes and limits for demdevelopment:

- Countries as México and those of Latin America (and no doubt those of Africa) own certain historical inappropriateness for capitalism (or at least for the original, strict kind of capitalism evolved over milleniums in Western civilization), which explains their current lag in the development of their state accountability; election of authority and social and human development, that is, a lag in the unfolding of their own development and "civilization" for which capitalism is the existing path; which explains their current lag in
- Their own socio-territorial history is the engine for their own modernity;

- The modern condition of countries whether as “underdeveloped”, “developing”, “emerging”, “newly industrialized” or “latecomers” obeys to a mixture of internal and external factors, out of which, in the Mexican case, the former more than the latter have shaped its history;
- The either-or duality of “backwardness” and “development” is inappropriate and partial as a parameter to compare national societies, since it omits their societal evolutionary baggage (ethnicity, culture, nationality, regionalisms, politics, productive vocations, institutional experiences, and history), simplifies their national specificities, and forces countries to go through a pre-determined outer pattern;
- Most issues of the latter duality can be better processed, struggled or overcome through the internal dynamics of nations, and not only through the trajectories of State/market models from other societies;
- Surmounting most issues of democracy and development can be better managed starting from each nation’s sectoral and spatial specificities and causalities than from other nations’ cooperation, support, interests or models;
- Most specificities and causalities of nations constitute nations’ roots, potentials and limitations for capitalism, and prefigure the internal, path-dependent evolution of development and democracy in each country; and,
- México’s historical regime of political capitalism and subcapitalism in generating its own (evolutionary) choice which is the pathway of demdevelopment.

### **Imbalances**

As to the imbalances caused by the postrevolutionary regime, we have identified ten which have remained dysfunctional to democracy and development as well as unsolved, so that they need to be directly policed in order to make it evolve towards one of balancing capitalism and balanced development:

1. Democratize presidentialism by liberating it from the interest groups that have de-embedded it from the republican form of government and of society, and taking the President’s figure back to its republican dimension within the division of powers;
2. De-concentrate the republic’s power by federalizing the exercise of government to territories, to regional governments and to local citizenships and civil societies;
3. De-statize politics, markets, society and the State itself;

4. Rescue elections from the participatory that has distorted them in benefit of its own interests, strengthen elections as the purpose of democracy and armor them from interest groups, and reestablish political parties as the “public” intermediaries defined by the Constitution;
5. De-fetishize and set out the contribution of markets to growth and wellbeing, and re-state them as an axis for the nation’s development, especially re-functionalizing the domestic ones within the policymaking for strategic national and regional development;
6. Re-policy the existing urban/regional/rural unbalances on the basis of the preceding points 1, 2, 3, 4 and 5 as well as the coming 7, 8 and 9;
7. Set up the development of an own technological base for production, competition and social wellbeing;
8. Reestablish the policies against social inequality and poverty as State policies, and especially de-politicize them and take them out of the domain of political parties, *caciques*, *caudillos* and interest groups;
9. Support the development of entrepreneurship and labor, in order to make markets flourish and capitalism evolve towards a balancing capitalism, the same as to make prosperity balanced and balanceable;
10. Regulate the political class, governments and oligarchy, seeking to commit them in favor of balancing capitalism and balanced development;

It follows from all the latter that there is no model for nations’ development and lesser for national restructurings, and hence much lesser for demdevelopment. The only model is the one profiled by the specific geo-historical processes of democracy and development of every nation. Namely, the nation’s geo-historical specificity proving that in the Mexican case, demdevelopment is not only a probable national trajectory but also a socio-historical national learning experience, coming out from an own history of social evolution and policymaking interacting with mainstream frameworks around either the state or markets, though resisted and opposed internally as national history shows.

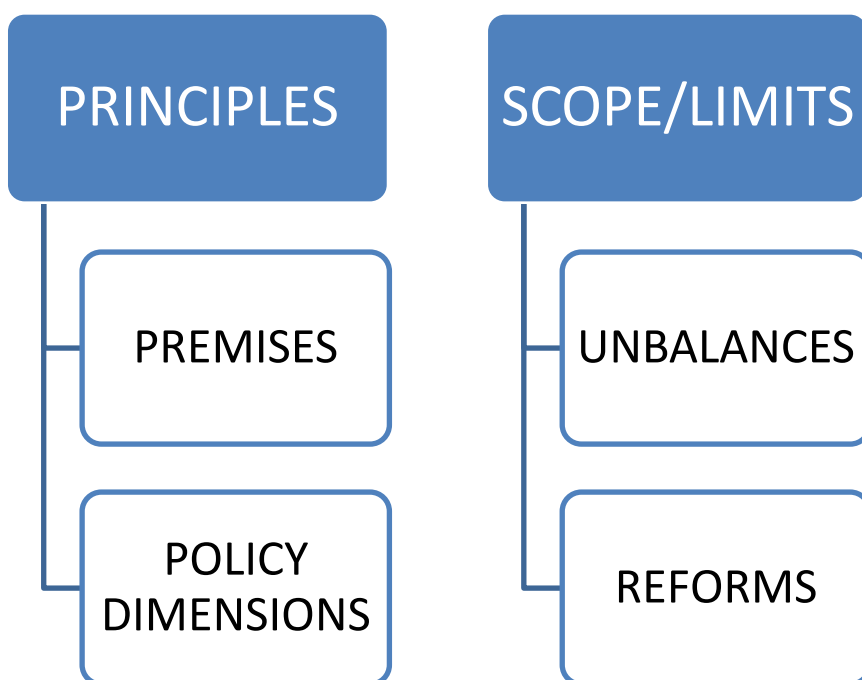
## **Reforms**

Since the first and second restructurings were enforced on a state and market basis respectfully, a third one seeks to focus on overcoming first restructuring’s old shortfalls and second restructuring’s new issues as well as incorporating the missing spatial and electoral dimensions. As such, a new restructuring would be led to resolve the already rancid misalignment between state, markets and space, to vindicate the

prospective conditions of balancing capitalism and balanced development, and to avoid that the institutional exercise between state and democracy be transformed into interest groups. Therefore a third restructuring seeking to cover the latter scope of issues could be achieved through launching four institutional reforms:

1. The Development Reform
2. The Democracy Reform
3. The Spatial Reform
4. The State and Constitutional Reform.

On the basis of all the latter principles, premises and policy dimensions as well as scope and limits, unbalances and reforms opening way towards the nationally possible capitalism and the via for demdevelopment implies transforming political capitalism and subcapitalism (since their arbitralist and developmentalist dynamics) into socioproductive and institutional conditions that make capitalism evolve to become itself a balancing one and make the state able to balance development.



#### 4.4 Conclusions

Since this study is about processes and dynamics that are now in transition and continue, concluding it can only highlight some of the most significant statements of both the diagnosis and the findings. And hence three overarching historical judgments are:

- i) Nations that differ from the European tradition of capitalism and democratic accountability are at a disadvantage in a present world that has been almost truly westernized. And while nations do not have to function that way, few have created alternative ways either.
- ii) Nations that differ from the European tradition but try to make their way through it have failed, due to the poor quality of their leaderships, primarily the political and entrepreneurial ones. And,
- iii) Mexico is a case complying with the latter two points, and notwithstanding it is a more serious case because of its territorial vicinity with USA. This is an outstanding factor because it entails risks and opportunities. However, Mexican leaders have fallen prey to the former, and have not taken advantage of the latter.

Across the course of the nation since its birth, there are three historical episodes that need to be studied more profoundly by social scientists, because what happened has determined the path-dependent unfolding of the country and its present state of affairs. The first one was resolved through history, and it is mentioned just to leave clear that we do not omit it; the remaining two episodes continue unsolved and have to do with the republic as the state, and as such they are highly significant:

- i) That of the leading roles of both the clergy and the army, each of which were re-ordered by the Juarista Reform (around 1857) and the foundation of the PNR (1929 onwards) respectfully;

- ii) That of the break of the Republic by General Porfirio Díaz (1876) and its degeneration into Porfirism, which anti-republican (no division of powers), anti-capitalist (no markets and technology) and anti-state (ineffective law state) heritages have influenced the ulterior evolution of the country and are well present today. The meaning of this episode is that it broke the liberal inertia coming from (at least) Independence's and Reform's visionaries and their practices;
- iii) That of the post-Madero conflicts and arrangements among military leaders who, after the enactment of Constitution of 1917, devoted themselves to violate the latter and contrariwise to build a monarchic presidentialism and an authoritarian state. This pragmatic postrevolutionary deployment hampered to retake both the antecedents of the liberal republic of Juárez and the pro-democracy and egalitarian purposes of the revolution of 1910.

What happened before and is occurring today in Mexico is a consequence of the latter six statements. However, it seems that the unfolding of Mexico has been unable of following up previous advancements, as it is the case of the Revolution of 1910 that could not retake the previous liberal republic and fell again into authoritarianism; or the case of the restructuring undertaken by President Cárdenas which, after a reasonable success over some decades, fell into statism and later was re-converted into free-marketism, or the case of the electoral reform of 1979 and its progressive transition from an one-party to a multi-party system, which, after the presidential alternation of 2000, fell into the politically regressive figure of participacy. And for this incapacity to follow up previous advancements it seems that the clue is the Law State and specifically its application with no discrimination or privilege toward any one group.

Certainly there are vital, organic pieces of the nation and capitalism that have failed. They are five, among the most important: Markets, Technology, State, Presidentialist and Statist Politics, and Impunity. Indeed, there are also responsible actors of the latter failing pieces, and they are mostly two: Entrepreneurs and Politicians. Every social trend or projection directed to remount the current national situation of



insufficient growth, overwhelming poverty, public insecurity and ineffective elections, needs to consider the latter statements, incapacities to follow up, failing national pieces and actors. This study attempted to address the perspective for a new regime of balancing capitalism and balanced development as well as the rising pathway for demdevelopment having in mind the latter admonitions. However, they need to be appropriately policy-made through a first step which is a third restructuring of national development. This restructuring needs to bring back the learning experiences from the historical Mexican past, in order to not incur again similar or comparable mistakes and, furthermore, finding its historical center across the Mexico's developmental sequence. Society has been waiting since Independence and passing through the Revolution of 1910, but it might not wait much longer.

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