

Mexico: Economic Change without Democracy

Job Hernández Rodríguez*

The Trajectory of Capitalist Development: Continuities and Ruptures

THE NATURE OF THE REGIME THAT EMERGED FROM THE MEXICAN Revolution WAS THE source of long and bitter debates throughout the twentieth century. Until the Cárdenas government in the 1930s, this lack of unanimity was understandable. During the first decades of the revolutionary government, the final direction of the process could not be clearly foreseen, as revolutionary and counterrevolutionary, progressive and reactionary tendencies were contained in the same political matrix. This dynamic reached its peak during the Cárdenas government, when the country found itself at a genuine historic crossroads. Under pressure from external imperialist forces and the internal counterrevolution, this government "supported by the working masses, boldly sustained national sovereignty, and pursued with great energy a policy of social reforms—applied by a broad front—in agriculture, industry, and education" (Shulgovski 1985, 16). According to this interpretation, Cárdenas's presidential term marked an exceptional moment in Mexican history, when the question of which development path to follow was center stage and a real chance existed that "progressive forces would use social transformations to stop the capitalist development of the country" (*ibid.*, 18).

However, according to Silva Herzog (1949, 12, 13, 16), by 1940 the situation was less murky and the fate of the regime had been sealed definitively. The Mexican Revolution was already a thing of the past. Different sectors of the bourgeoisie had been gaining strength and building associations with members of the revolutionary and postrevolutionary governments, so that they were now in a position to "influence the direction of public affairs, occasionally undermining and sometimes neutralizing" the advancements of the Cárdenas era.

After decades of debate about the nature of the Mexican Revolution and the society that emerged from it, today it is clear that the revolution was the "midwife in the development and strengthening of the country's capitalist relations" (Shulgovski 1985, 16). Some indicators support this assertion. The Mexican economy enjoyed its golden era due to the definitive establishment of the regime that emerged from the

* Job HERNÁNDEZ RODRÍGUEZ (email: job_hernandezr@yahoo.com.mx) earned a BA (Licenciatura) in Economics from the Universidad Veracruzana and a MA in Latin American Studies from the Universidad Nacional Autónoma de México (UNAM), where he is currently completing his PhD in Latin American Studies.

revolution: the rhythm of growth was significantly higher between the 1930s and the beginning of the 1980s (with its cyclical falls, of course). On this issue, there is no disagreement among specialists: "The expansion that follows the conflict between 1910 and 1921 is truly remarkable," with an "extraordinarily rapid expansion of manufacturing activity and the agricultural sector" (Ortiz 2007, 44).

It was not only a matter of economic growth. The revolution finished what late-nineteenth-century dictator Porfirio Díaz had begun: the capitalist modernization of the country. The rate of urbanization tripled and the number of urban areas increased from 530 to 1,212 between 1910 and 1960 (De la Peña and Aguirre 2006, Table A.6.2). Mexico's population was primarily rural (71.7 percent) in 1900; by 1980, it was primarily urban (66.3 percent). A similar transformation occurred in the structure of the economy. In 1910, the primary sector contributed 24 percent of the gross domestic product (GDP), while industry contributed 17.2 percent. By 1955, the figures were 12.1 percent and 26.9 percent, respectively, and by 1979 the primary sector accounted for only 8.69 percent of GDP (Graciola 2004, 100).

The regime that emerged from the Mexican Revolution was instrumental in the capitalist development of a backward social formation. It industrialized the country, centralized power, built a national identity, promoted agrarian reform, divided large estates, promoted educational and cultural institutions of a popular and nationalist nature, forged the modern social classes, etc. In that sense, it was guided by goals associated with a democratic, agrarian, and anti-imperialist revolution, although its realization can be considered unfinished, interrupted, betrayed, or inconsequential. Taken as a whole, the process remained progressive for a long time, though it was hindered by the "shady and negative aspects of capitalism" and its "profound and multiple social contradictions" (Lenin 1974, 551).

In the mid-1970s Mexican capitalism entered a new phase, under the influence of global trends and internal processes flowing from a successful concentration of capital that was guaranteed by the unfettered hegemony of the state. Of course, a series of molecular transformations—in the field of production, for example—also contributed to a new dynamic economy. But the process of change was directed from above, through a program of structural reforms imposed upon the regime's traditional authoritarian structure.

Rather than review the history of these reforms, let us look at their results. If the Mexican Revolution had led to accelerated capitalist development of a progressive character, supported by the pressure of a democratic-popular revolution, now, as a result of a reactionary attack on these achievements, the new capitalism unfolded in an obviously regressive direction. The bourgeoisie started to promote regressive measures that have undermined the productive base of the country and the material and symbolic conditions that sustain the nation.

Since 1982, the rate of growth of the Mexican economy has been one-half of its previous levels, and the economy has suffered sharp declines, recessions, and slowdowns. Economic growth since 1982 has averaged 2.22 percent annually. During

the "lost decade" of the 1980s, during the presidency of Miguel de la Madrid, the average annual GDP growth was only 0.2 percent, and more recently—between 2001 and 2005, during the presidency of Vicente Fox (the first administration of the Partido Acción Nacional [PAN])—the annual average GDP growth rate was 1.8 percent. Thus, the first six years of the PAN government presented a situation of "quasi stagnation" (Valenzuela 2006, 7). This was particularly serious in the case of the industrial and manufacturing sector, which suffered from "an absolute decline" (*ibid.*, 8).

In the context of this long-term economic stagnation, precarious employment has taken the place of dynamic, stable, well-paid, and productive jobs. According to the National Institute for Statistics, Geography, and Informatics in Mexico (known in Spanish as INEGI), currently 29.2 million Mexican workers—60.1 percent of the employed population—are employed in the informal economy, which means that they lack social security. Earnings are quite low. Wages as a percentage of GDP have declined steadily since 1976 (reversing the trend of the period from 1952 to 1970, when wages as a percentage of GDP increased; see Sánchez and Sánchez 1987, 144). Since 1982, the purchasing power of minimum-wage laborers has declined steadily; the most severe decline occurred during the presidency of Ernesto Zedillo, when due to the great economic crisis of 1995 the minimum wage lost 51.1 percent of its purchasing power. Adjusting these numbers to a conservative estimate, wages have deteriorated by approximately 80 percent from 1976 to the early 2000s (De la Garza 2006, 86).

Faced with these unemployment levels and low wages, international migration to the United States serves as an escape valve. According to official estimates of the Bank of Mexico, in 2005 approximately 11 million people born in Mexico were living—permanently or temporarily, with or without documents—in the United States. This exodus emptied the countryside, which had been devastated by an agricultural crisis caused by the demise of targeted public policies, new land grabs, and the price liberalization features of free trade agreements with which the government jeopardized the future of rural inhabitants. A central feature of the new Mexican capitalism is the thinning of the Mexican countryside: agriculture represents a very small portion of GDP—around 5 percent—and the percentage of the population employed in this sector is declining (from 23 percent in 1995 to 13 percent in 2008). The regime that emerged from the Mexican Revolution favored this trend, initially in the 1950s, but it has accelerated in recent years.

The changing character of industrialization is also significant. The Mexican economy is a particular case in which the transformation of the pattern of reproducing capital does not involve drastic deindustrialization, but rather the replacement of diversified industrial goods with specialized products for export, including manufactured goods. This distinguishes Mexico from other Latin American economies, such as in the Southern Cone, where the emphasis is on primary-sector exports (Osorio 2004, 101). Although with the ups and downs inherent to an

industry that is increasingly linked to the economic cycle of the United States, the contribution of the secondary sector to GDP has remained stable since the 1960s, at about one-quarter of the total.

Thus, it is not the size and economic importance of industry that has changed. The first changes worth noting regard manufacturing industry, in which two sectors have declined significantly: "food products, beverages, and tobacco" and "textiles, clothing, and leather industry." The relative weight of the former in the GDP associated with manufacturing has declined from 36 percent in 1960 to 27 percent in 2007. The textile industry's contribution declined even more dramatically in that period, from 18 percent to 6 percent, reflecting the well-known crisis in this sector. The relative weight of the timber industry has also declined, but in a less pronounced way. In contrast, the manufacturing of metal products, machinery, and equipment has increased as a share of production from one-sixth to almost one-third, gaining ground throughout the 1990s. The development of chemical substances derived from petroleum, as well as rubber and plastic products, has also steadily increased from 1960, when it accounted for 10 percent of manufacturing's share of GDP, until 1990, when it represented 19 percent of it. During the last two decades, the dynamism of this sector has been tempered, but its participation remains four percentage points above what it was in 1960. An exhaustive study of the early 1990s documents these phenomena (see Morales 1992, 57, 58).

A second noteworthy change is the importance of industrial production oriented to external markets. Overall, the contribution of exports to the national economy (and to the latter's growth rate) has increased significantly. In this dynamic, manufactured goods, as a portion of exports, increased from 33.3 percent in 1970 to 83 percent in 2001. The weight of oil exports has decreased relative to manufacturing exports, especially metal products, machinery, and equipment industry. The Mexican economy exports engine parts, refrigerators, data processing machines, telephone devices, televisions, automobiles, and automobile parts (Osorio 2004, 121).

Most of these goods are produced in the *maquiladoras* (assembly plants), whose activity has little to do with the dynamics of national economy, as it is sustained by foreign investment and does not involve productive linkages or multiplier effects. In addition, most exports (80 percent) are destined for a single market, the United States.

Within this dependent relationship, the material interests of the Mexican bourgeoisie rely on what happens to the US economy. The underlying problem is that the dominant classes increasingly see their interests in terms of integration into the hemispheric project of the United States and do not seem to consider "the existence of a sovereign internal authority and state control over the national territory" (Roux 2005, 237–43).

Another feature of the new Mexican capitalism is the excessive growth of the tertiary sector and its control by foreign capital. International consortia control supply networks to wholesale and retail outlets, as well as banking and financial

services. A significant portion of foreign direct investment (FDI) now flows into the lucrative services sector. In 1980, 80 percent of total FDI went into the industrial sector, while 8 percent went to services in general. Ten years later, the picture had changed dramatically: \$1.2 billion (32 percent of FDI) were invested in industry, whereas \$2.2 billion (58 percent of FDI) were destined for services.

If we follow another classification, which divides the Mexican economy into nine large sectors, we see that in 1993, 58 percent of FDI had been channeled into manufacturing, while 9 percent went into financial services. By 2007, manufacturing's share of FDI had declined by 13 points; it captured \$12 billion that year. Financial services were widely favored by capital flows, receiving 24 percent of total FDI, amounting to \$6.6 billion. Foreign control over the Mexican banking sector was nearly complete. According to calculations made by Berenice Ramírez (2008, 6) that were based on data from CEPAL (Comisión Económica para América Latina), during the period 1996 to 2003, 47.9 percent of FDI in Mexico went to manufacturing and 51.1 percent to services.

Growing monopolization of commerce by large corporations is another change in the service sector. In recent years, supermarkets have invaded the country. They waged economic warfare by making shady deals with the government, engaging in unfair competition, and pursuing the unbridled destruction of natural resources and historic heritage sites. The big commercial monopolies are major employers in Mexico. Wal-Mart ranks first, employing about 150,000 workers. They are also mainly responsible for bankrupting thousands of small shops and offer degrading working conditions, low-wages, and strenuous hours with no benefits, significantly worsening the working conditions and lives of Mexican workers.

Finally, in recent years a large banking and financial services sector has been created that routinely employs subcontractors and temporary workers. According to a newspaper report, "46 percent of the employees in the country's banking institutions operate under a subcontracting system, because, of the 207,089 workers in that sector in Mexico, 95,077 are contracted by third parties." Also, "11 of the 42 banks operating in the country (BBVA Bancomer, American Express, Banco Ahorro Famsa, Banco Azteca, Banco Fácil, Banco Wal-Mart, Compartamos, Inbursa, J.P. Morgan, the Bank of New York Mellon, and Volksswagen Bank) run almost 100 percent of their plants under a subcontracting scheme" (*Milenio Diario* 2012).

At the top of this pyramid is a select group of domestic and foreign businesses, families, and individuals. In 2006, the sales of the 100 most powerful businessmen amounted to 24.6 percent of GDP and they enjoyed virtually monopolistic control of markets: Carlos Slim owned a 75.1 percent share of America Móvil, Telmex, Grupo Carso, Inbursa, Ideal, etc., and Lorenzo Zambrano owned 83.2 percent of Cemex (*Expansion* 2007). Another well-known ranking of Mexican business reveals that in 2006 the 1,000 most important companies in the country contributed 80 percent of the GDP and provided employment to more than four million people, amounting to approximately one-tenth of the employed population. Among the

top 50 companies, half are Mexican, led by the state-owned oil company, along with Carlos Slim's holdings. Next are Spanish and American banking consortia (Bancomer, Banamex, and Santander), the American, Japanese, and German automotive companies (General Motors, Ford Motors, Volkswagen, Daimler-Chrysler, Nissan), supermarkets owned by North American or Mexican capital (Wal-Mart, Sam's, Bodega Aurrerá, and Club Soriana), a foreign consortium that manufactures auto parts (Delphi Automotive Systems), Lorenzo Zambrano's cement business (Cemex), and some food and beverage manufacturers (FEMSA, Grupo Modelo, and Bimbo). The sectors in which these companies operate are oil, trade, cement, beverages, food, telecommunications, financial services, the automotive industry, and auto parts.

Many of these companies are affiliated with one another and belong to the same owner. For example, Bodega Aurrerá and Sam's Club are part of Wal-Mart de México. For that reason, it is worth reviewing the list of the 25 leading business groups. Excluding the state-owned Petróleos Mexicanos, these include, in order of income, Wal-Mart de México, Cemex, FEMSA, Grupo Carso, Grupo Alfa, Grupo Bal, BBVA Bancomer, Banamex, Grupo México, Bimbo, Grupo Salinas, Santander, Comercial Mexicana, Banorte, Gigante, HSBC, Grupo Vitró, Industria CH, Industrias Unidas, Melit de México, Grupo DESC, Scotiabank-Inverlat, Inbursa, and Grupo Industrial Saltillo. Most of the capital in this list comes from the Mexican bourgeoisie, as well as from the United States, Spain, the United Kingdom, and Canada (*Mundo Ejecutivo* 2008).

Of course, these fortunes were not made overnight. Yet today's dominant classes were sheltered, supported, and strengthened by a state that presented itself as popular-national, while actually facilitating the mass transfer of financial resources to the "private sector" through subsidies, preferential prices, etc. Thus, the great Mexican monopoly bourgeoisie that today amazes the world with its fortune and its ability to export capital and dominate much of the capitalist business in Latin America was a genuine product of "revolutionary nationalism." Mexico's economic trajectory in the twentieth century resulted in the formation of this monopolistic sector of the bourgeoisie.

The State That Emerged from the Mexican Revolution and Controlled Political Reform

The legitimacy of bourgeois domination in Mexico during the twentieth century was built upon incessant capitalist modernization. Broad segments of society saw the process as a way to overcome backwardness, to modernize, and to bring the country in line with global dynamics. This is the material base on which misconceptions concerning the character of the postrevolutionary Mexican state arose. To many, it seemed that capitalist modernization served the interests of the whole nation and of its popular classes in particular. This illusion successfully shielded the state from criticism and opposition.

The state that emerged from the Mexican Revolution was, as any, an institution representing particular class interests, but its true nature could not be ascertained immediately. It would be revealed by critical scientific analysis. José Revueltas was among the first to lay bare the essential mechanism of bourgeois domination of the nation. In *México: una democracia bárbara*, Revueltas (1988, 37–38) invites us to “discover the real class content that lies between the misleading tangle of the dominant ideology in the country” and to recognize the “ruling class, which drags behind it the other ones and stamps politics with its own label, its own brand.” The ruling class is forced to engage in politics, that is, to rely on the other classes so as not “to be left isolated from the whole and be placed at risk of losing its hegemonic role” (ibid.). Therefore, the ruling class concludes that the struggle for its own goals should be presented as a fight for the general interests of society. In this way, the ruling class and its state appear “not as representative of the private and exclusive interests of a class, but as representative of the nation, the same intangible and sacred nation that floats above individual ambitions and petty partisan interests” (ibid.).

In another essay, Revueltas (1987, 80) argued that a fundamental problem is the unrecognized fact that the Mexican Revolution gave power “to a new class that until then had not exercised power.” That new class was the twentieth-century Mexican national bourgeoisie, which managed to maintain its dominant position by denying its role as a ruling class and by pretending that the Mexican Revolution, and the state derived from it, represented the whole nation. In this scheme, the government’s progressive policies, when they occur, seem to contradict the interests of the bourgeoisie, but “at the same time they affirm the national bourgeoisie as a revolutionary class and affirm the apparent existence of a non-bourgeois government, ‘friend of the workers,’” which reinforces the bourgeoisie’s ability to lead. In Revueltas’s analysis (1987, 85–87), progressive social reforms are made to allow the bourgeoisie to realize itself as a ruling class, to reinforce its hegemony while disguising itself behind the “‘classless’ formula of the ‘revolution-born government.’”

Octavio Paz (1978, 39) proposes a different reading of this process. Accordingly, while the state “promoted and protected the development of the capitalist class ... it stimulated and favored worker and peasant organizations,” in a kind of relationship that cannot be identified as a master-servant one. Paz suggests that the relationship was much more symmetrical, since “in a one-party regime like Mexico’s, popular and trade union organizations are the almost exclusive source of legitimization of state power.... Popular unions, especially labor unions, have some freedom of maneuver.” In synthesis, Paz proposed, “the government needs unions as much as unions need the government.” According to Paz, the Mexican state was truly unique in that it did not have a class character and was able to reconcile social antagonisms.

In fact, the Mexican state during the twentieth century was less original than its apologists and unprepared critics claimed. It systematically practiced violence as the foundation of its domination and as a last resort. It led the country down a path of capitalist development, culminating, in classical fashion, in the political and

economic dominance of the big monopolies. It destroyed the means of subsistence of the peasant class and facilitated capitalist accumulation through redoubled exploitation of the working class, despite what was written in the countless programs of the revolution, including the Constitution itself.

All of this was done in the absence of a democratic or republican regime. Consensus took the form of a “pact of corporatist subordination of peasants and workers with the state in exchange for land and jobs.” It was “reinforced by the distance between the ruling class and the state established through rules and specific agendas” and by the “construction of a state apparatus capable of promoting the process of industrialization, as well as the broader needs of the population” (Valdés 1984, 69ff.).

The success of this strategy of accelerated nationwide modernization forged the forces that began to erode the regime at the top and bottom, imposing the need for its transformation. As early as 1970, José Luis Cecena (1970, 8) noted that the “process of concentration of wealth and income within national oligarchic groups that maintain a close relationship with foreign monopolies” had conditioned a shift “toward a subordinate form of capitalist development.” Indeed, during the 1970s this development came into open contradiction with the prevailing form of the state. The maturation and diversification of the bourgeoisie brought it into conflict with the regime born out of the Mexican Revolution, notably during the administration of Luis Echeverría (1970–1976), when, according to Hector Aguilar Camín and Lorenzo Meyer (2010, 242), “the country encountered the second rebellion of the modern sectors [sparked by] its development model.” During that six-year period, “the beneficiaries of that model [bankers, businessmen, and traders] united and in 1976 carried out a ‘financial coup’ [through] a withdrawal of investment and capital flight,” which led to “the devaluation of the peso” and “a long period of relative political hegemony and favorable negotiation of their interests before the state and society” (ibid.).

Later, with the nationalization of the banks—carried out in September 1982—the tension between the general interests of the regime and the interests of the big economic groups, especially the banking sector, made conciliation seem impossible. The repeated devaluation of the currency and the increase of interest rates to preserve savings reduced the range of possibilities for the government and strengthened the idea of nationalizing the banks as an option of last resort. President López Portillo (1976–1982) claimed that “a group of Mexicans ... headed, advised, and supported by private banks” had “drawn more money abroad than the empires that have exploited us since the beginning of our history.” Business leaders responded to his claims with special virulence: “Private groups found, beginning in 1983, the way to give a unitary direction to their protest,” through the construction of “a coherent ideological discourse and concerted, binding political action, the public face of which was a series of meetings called ‘Mexico in freedom.’” These meetings unified “the voices of the traditional right wing, industrial and trade organizations,

the National Action Party (PAN), the private media, and even the Catholic Church" (Aguilar and Meyer 2010, 258).

Having grown stronger, this social class demanded commensurate political power and was no longer willing to submit to the logic of the state. Only then did the bourgeoisie perceive the state born of the revolution to be a burden and a stumbling block to be knocked down. The confrontation was expressed ideologically as "revolutionary nationalism," "populism," and an "administrator state" that had generated so many benefits for the dominant sectors of Mexican businessmen.

The regime's capacity was also challenged by the actions of the middle class—the other modern sector that emerged from state-sponsored development. Their children had challenged the established order in the student movement of 1968 and strengthened the opposition from both left and right, with strongholds mostly in the major urban centers. Yet, contrary to all the regime's nationalist and populist rhetoric, democratic transformations were directed by a sector of monopoly capital that had come into being under the protection of the regime of the revolution. As in ancient Greek tragedies, the son ended up devouring the father. The great monopoly bourgeoisie emerged from a strategy of capitalist development focused in theory on the domestic market and the promotion of industrialization, but was reinforced through the auctioning off of state property. Then it played a key role in undermining the foundations of that state, by exercising real power as an "extra-parliamentary force" par excellence. The monopoly bourgeoisie broke all the rules in place for controlling political confrontation, declared an all-out war of capital against labor—the bourgeoisie against the nation—and pursued uncompromising domination.

To avoid a catastrophic collapse of the regime, the more astute politicians from the long-ruling Partido de la Revolución Institucional (PRI) began to manage a controlled reform of the state, directed from above, that connected with popular aspirations for openness so as to steer them toward the proper institutional channels. All significant political forces in Mexico adjusted to the new rules of the game. Democracy ceased to be a "plebeian" matter fought for in the streets and closely linked to the living conditions of the large majorities and with the support of popular organizations. Instead, it became a matter of pacts among party elites for the gradual transformation of institutions.

Under these circumstances, the political reform of 1977–1978 opened the electoral door to the opposition, even if only formally and with a significant asymmetry with respect to the state party (the PRI). In the voice of one of its most prominent defenders, the electoral reform was "an escape valve to defuse a conflict," but it also "opened the door to transformations of political relations in the country that very few would have accepted and promoted at the end of the 1960s" (Woldenberg 1992, 89). This led to the integration of "political forces that, until then, had been kept on the sidelines of the politico-institutional contest," serving "to pave new terrain for political struggle" (ibid.).

This new terrain needed new actors. If a major accomplishment of the state that emerged from the Mexican Revolution had been the organization of classes into corporatist associations, now the regime aimed to organize political representation through a system of parties that would gently settle the social conflict that used to be solved inside the interstices of the PRI, in the dark rooms of power. Taken at face value, the political reform of 1977 created, or at least sponsored, parties on both sides of the political spectrum. It is not that there were no parties of the left and the right—the Communist Party (PCM) was formed in 1919 and the National Action Party (PAN) in 1939—but they were manifestly insufficient as viable contenders (Loaeza 1999, 74, 75).

Nevertheless, mechanisms and institutional procedures were created to insure or increase parliamentary representation of the opposition. Political reforms also led to public funding of political parties, which were now considered objects of public interest. In other cases, minority political options were created from scratch, to pluralize what was conceived from the start as a basically tripartite contest between the right wing (PAN), the left wing (PCM), and the official party (PRI). Therefore, a plural parliament and a system of competing parties were created (Woldenberg, Salazar, and Becerra 2011, 22–25, 82, 83).

Political competition, once famous for its secrecy, was now subject to public scrutiny. Of course, this procedure was not exempt from violent dislocations and political scandals; but it avoided the catastrophic collapse of the regime and delegitimized any call for the violent overthrow of the established order. For example, the most radical fraction of the institutionalized political forces, which had its ideological basis in revolutionary nationalism, called for civil resistance to defend their electoral results in 1988 (Cuauhtémoc Cárdenas) and 2006 (Andrés Manuel López Obrador), but it called off the mobilizations when the possibility of a violent confrontation arose. They opted instead for the long road of endless successive electoral reforms. For this reason, the response to each case of electoral fraud suffered by this contender boiled down to asking for a reconfiguration of electoral engineering that would make the contest more transparent and equitable and would insure their future electoral victories.

Thus, the most notable feature of the contemporary political process in Mexico is the ability of the status quo to contain the disintegration of bourgeois political domination during the rupture created by the passage from one phase of capitalist development to another. The country has experienced an increase in popular mobilizations, especially since 1994. There have been all forms of insubordination in a short period of time: armed mass uprisings, civil disobedience by the urban middle classes, and symbolic or real peasant marches. The left opposition, in all its manifestations, has repeatedly traveled the country, organizing various consultations, referendums, or demonstrations. The tactic of taking up arms has persisted and has even been revitalized, employing all possible political-military options, from a prolonged popular war to the establishment of popular centers of power defended

by armies or militias of indigenous communities and peasants. But none of this has produced a national force capable of challenging the uncontested domination of the bourgeoisie in Mexico. Real power has remained in the hands of the traditional ruling class supported by the Mexican Revolution: a national bourgeoisie that is today larger and increasingly entangled with foreign capital.

The country's elites have always viewed the capitalist modernization of Mexico as a manifest destiny, and their enthusiasm has infected broad popular sectors and especially the middle class. The bourgeois elites have pushed the country down the road of capitalist modernization with remarkable stubbornness, even in the face of the civilizational catastrophe this implies. The project they embrace comes from afar, from the Bourbon reforms of the eighteenth century, the reforms of President Benito Juárez in the mid-nineteenth century, the project of dictator Porfirio Díaz in the late nineteenth and early twentieth centuries, and the utopias of the northern ranchers who emerged as winners of the Mexican Revolution. Today the bourgeois elites pursue the same goals through the wholesale embrace of a liberal-democratic program and the naturalization of commercial exchange as the only means of effectively regulating the social metabolism.

Conflict in Mexico Today

Despite the bourgeoisie's attempts to stifle social protest by formally abiding with popular demands to reform and democratize the state, the repeated frauds, the insignificance of elections, the refusal to recognize indigenous rights and culture, and the de facto existence of only one party — the Pact for Mexico¹ — have settled the idea that the state does not reflect the common interests of the nation, that election campaigns are trivial, and that it is better to defend popular rights and interests through extra-parliamentary forms. This has turned Mexico into a minefield. The political reforms that sought to exorcise the specter of the regime's abrupt collapse proved to be ineffective and of little significance to large sectors of Mexican society: according to a respected public opinion survey (*Latinobarómetro* 2011), public support for democracy in Mexico is the second lowest in Latin America (only Guatemalans express less support). Mexican society has become a site of extensive conflict, of diametrically opposing interests, of a "war of all against all."

In rural areas, the penetration of capital has resuscitated the century-old conflict between rural communities and the interests of big investors. Renewed schemes of primitive accumulation have put communities on a war footing. The aggression has come from different sides: expansion of large-scale mining, construction of new roads, privatization of water, control of energy resources, a multiplication of dams, support for drug trafficking, etc. Capital has fiercely defended all of these interests with the support of public forces, expropriation decrees, and, commonly, with the organization of armed gangs in the service of foreign and domestic private companies that eliminate annoying community leaders and forcefully impose their

interests (*La Jornada* 2013.) Thus, the struggle for territorial control set off a cycle of violence that seems endless.

Communities and people are fighting on several fronts and against various enemies: against a state that imposes megaprojects, decrees the expropriation of lands, and invades their territory with the army, navy, or the various police groups; against the paramilitaries generated by drug trafficking and others sponsored by the government to combat or reduce the insurgency; against the private guards of transnational corporations; and against the fifth column of social organizations that, with state support, serve as a counterweight to the influence of independent organizations and indigenous autonomy.

As a result, the police-military space has become increasingly dense. Throughout the national territory, the presence of the forces of order, both official and unofficial, has multiplied. Under the pretext of the fight against organized crime, checkpoints, mobile patrols, camps, etc., have spread across the country. In many places, anti-poverty programs and the armed forces are the state's sole presence. In many others, some semblance of order is imposed by drug-trafficking cartels carrying out state-like functions: administering "justice," collecting taxes, fighting crime, carrying out "social work," etc.

As a result, the waters have become fairly murky. The lines of confrontation and friend/enemy relationships are unstable. Conflicts exist between one drug trafficking cartel and another, between state forces and cartels generally, between some cartels allied with the state and other cartels, between organized crime supported by the state and the insurgency, between communities and drug traffickers, and between communities and the state allied with organized crime. There are also other possible combinations.

The level of conflict has been especially significant in Guerrero, Michoacán, Oaxaca, and Chiapas. Ongoing struggles for autonomy and territorial defense in these areas must now be carried out in a social terrain that has been damaged by all the factors listed above. The waters were muddied precisely to hinder efforts to generate new ways of exercising power and organizing collective life. However, the new conditions did contribute to the fuller emergence of community systems of public security that break "with the monopoly of weapons that the state maintains with special zeal" and that arise as a response to governmental indifference or complicity in the fight against crime (López y Rivas 2009, 80).

In urban areas, the intensification of capitalist development generated a social system that cannot be reconciled under the abstract order of the state. Trade unions, those extensions of the state that once mediated the capital-labor relationship, have been effectively destroyed. In Mexico, labor unions were a mainstay of bourgeois society because they channeled structural conflict and class antagonisms without resorting to economic struggle as a tool to overthrow the established order. But the aggressive increase in the rate of exploitation, which required the annihilation of organized labor, reduced the influence of this mediating force. This came about,

first, because of market forces that led to the widespread deterioration of working conditions, and second, due to police attacks against labor groups, as happened with the Sindicato Mexicano de Electricistas (Mexican Union of Electricians).

The world of work is a deeply conflicted site lacking mediating agencies; the boundaries of the law were wiped out. In Mexico, there are practically no legal limits to exploitation: the workday, wages, layoffs, etc., are not regulated, or legal provisions exist purely on paper. Three-quarters of the employed population work in the informal sector, and therefore do not have access to social security. A similar proportion earns up to approximately \$14.60 a day, an income level that is insufficient to meet basic needs, let alone develop a degree of culture and enjoy minimal recreation. Only 10 percent of the economically active population is unionized; the rest do not have this weapon to defend their interests (Aguilar 2010, 6). Twelve-hour workdays (not counting a one- or two-hour commute) are common in urban areas.

Poor urban salaried workers and self-employed workers move in a jungle of conflicting interests where the borders between legal and illegal are not clearly set. For them, public authority is as a source of extortion, protection of urban gangs, and persecution of those who make their living in the streets and in informal work centers.

Under such conditions it is difficult to fashion the type of citizens needed by a parliamentary democracy to operate with a degree of stability. Instead, there is a maneuverable mass from which the propaganda apparatuses of the political parties extract passive acquiescence to domination.

In urban Mexico today, unlike in the liberal utopias of the nineteenth and twentieth centuries, democracy does not have a social base in the "middle class" or among small property owners who are free and equal. Rather, there is an immense industrial reserve army that is easy prey for the buying and selling of votes and mobilization by one or another faction competing for power. The situation resembles that of ancient Rome, where the demagogic peoples tribunes maintained the illusion of the Republic by purchasing the votes of the poorest.

Capitalist modernization is again moving toward conditions that fail to generate the necessary foundations for a democratic or republican regime. Thus, the *sui generis* road of Mexico throughout the twentieth century and the beginning of the twenty-first century is incomplete modernization, characterized by the incessant development of its economy, but with the persistence of an authoritarian state apparatus that allows the interests of a very select group of big capitalists to dominate (Ávalos 2010, 97, 98). The Mexican case is the best counterexample to liberal illusions that there is an exact correspondence between the market economy, freedom, and democracy.

NOTE

1. Signed on December 2, 2012, it is a pact between the top three Mexican parties to approve a series of reforms aiming to generate greater development of the market economy, mainly in the energy and education sectors. Their foundational documents can be seen at <http://ipactioformexico.org>.

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