I begin by recalling some of the central theses of Alonso Aguilar, which are elaborated in at least four of his books: La Dialéctica de la Economía Mexicana (The Dialectics of the Mexican Economy), El Milagro Mexicano (Mexican Miracle), La Burguesía, la Oligarquía y el Estado (The Bourgeoisie, the Oligarchy and the State), and Mercado Interno y Acumulación de Capital (Internal Market and Capital Accumulation). These publications, which appeared between 1968 and 1974, were systematized and included in the Revista Estrategia. I wish to revisit three central theses in light of the neoliberal changes that occurred in three key relationships: between the state and the market, between the state and society, and between capital and wage labor. I maintain that these three changes altered crucial aspects of the operation of capitalism in Mexico. According to Alonso:

1. We must distinguish between state capitalism and state monopoly capitalism. The first arose when some countries were in the pre-monopoly stage and imperialism began to develop. The second took place in the last phase of imperialism.

2. Monopoly capitalism, public and private, domestic and foreign, is the center of economic and political power in the nation, because it controls all branches of the Mexican economy.

3. The weight of foreign capital infuses the contradiction between the bourgeoisie and proletariat with important anti-imperialist content, because inter-bourgeois conflicts and petty bourgeois positions contain a nationalism that is incapable of promoting independent capitalist development, but that the ruling class uses to create the belief that theirs is a “revolutionary nationalism.”

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Let me begin by saying that the key neoliberal policies have been to open up, privatize, and deregulate. But these general formulations have little explanatory power unless we place them in the context of actual political-social practice that secured dynamic incremental institutional changes from the state and made it possible to move toward changing Mexican capitalism. Our super-rich Mexicans already have a prominent global presence, first, as a direct result of public policies such as privatization of state enterprises, special tax regimes, public works contracts, an expansion of the terms of mining and forestry concessions, declining wages, the destruction of collective bargaining arrangements, and, of course, discretionary use of workers’ pension funds. With its global ascent, capitalism in Mexico changed, becoming more predatory and more precise in achieving its sociopolitical goals, always through state action. Let us review the 10 key policies:

1. There was a successful political synthesis between economic crisis and neoliberal change. As we know, neoliberalism came at the peak of the financial crises due to the excessive procurement of foreign loans by the public sector and the large private monopolies (which caved under pressure from transnational banks to use the excessive liquidity stemming from rising international oil prices). These crises were presented as evidence of the imperative for “tough but necessary measures,” since they involved changing an economic model that was constructed historically on the basis of a great social pact that encapsulated a certain correlation of forces between the fundamental classes. In most cases, the “financial bailouts” of highly distressed monopolies at the edge of the abyss were negotiated with international financial institutions and financial authorities in the United States. The recurrence of financial crises was strengthened on the one hand, by state support of domestic private capital and on the other hand, by the notion of the “inevitability of change” in a neoliberal direction.

The synthesis of crisis and neoliberal change was linked politically to justify the decision to “downsize the state.” But in reality, it was seized upon to take advantage of the crisis in state intervention, to exclude what had historically been a popular base of workers and peasants, and to concentrate state financial power in the hands of the big monopolies. This accelerated the political rise of the Consejo Coordinador Empresarial (Business Coordinating Council), which in turn attempted to establish a social base among the urban “middle classes.” In the year 2000, moreover, President Vicente Fox (2000–2006) could say with staggering serenity that his was a government of “entrepreneurs,” by entrepreneurs, and for entrepreneurs. In short, it had substantially changed the nature of the political system, state-business relations, and the functioning of the political party system. Some transnational business groups, allied with influential regional power centers (such as Monterrey and Chihuahua), took over chapters of local political parties, with PAN [Partido Acción Nacional, or National Action Party] entrepreneurs choosing to break the historical strength of the PRI [Partido Revolucionario Institucional, or Institutional Revolutionary Party]. The PRI politicians reacted by also selecting
entrepreneurs, thus erasing the differences between PRI and PAN, and thereby laid the basis for a bipartisan exercise of crystallizing majorities in state legislatures and in Congress—a strategic alliance that has endured until this day.

The PRI and the PAN passed all of the crucial neoliberal reforms in the House and Senate. The PRD [Partido de la Revolución Democrática, Party of the Democratic Revolution], never having become a national party (at best, it was and is multi-regional), also tested the fielding of entrepreneurs as candidates in some states (especially Guerrero). It redoubled these efforts when the PAN’s Felipe Calderón became president in 2006 (to 2012) and chose a path of parliamentary alliances with PRI and PAN to adopt neoliberal reforms. With the political empowerment of big business, the power of the monopolies in the economy was accentuated, shifting the strength of the state in their favor. This even unleashed the flow of domestic borrowing as a source of accumulation for financial capital, first national and then transnational. (Currently, 51 percent of the bonds issued for federal government debt are held in foreign portfolio investment.)

2. The policies of budgetary austerity were crucial tools for limiting and cutting back social spending (education, health, and social security) and came to set the real budget priorities, i.e., debt servicing and defense spending. In the draft 2012 expenditures budget, resources for security amounted to 162 billion “constant (2008) pesos,” an increase of 12.4 percent over 2011.1 The cuts always sought to neutralize or disrupt the social base of dissident sectors, whose activities rejected the logic of austerity. Consequently, there was an accumulation of political and social defeats of the popular sectors (especially urban salaried employees), although this made the consensual basis of the ruling regime narrower. However, they managed to entrench the notion in the popular imagination that the state has “no resources” and that “now we cannot expect everything from the state.” Austerity was supposed to be “temporary” due to the severity of the crisis, but it became permanent, that is, only for the sectors being ruled. The large monopolies maintained incremental gains, tax exemptions, and its failures were always covered by public funds.

3. Another key policy was wage restraint and head-on combat with the unions, especially the “independents” [not tied to any party—Ed.], who threatened to disrupt the austerity regime. Wage increases were capped and productivity gains were ignored. That was presumably in response to “anticipated inflation,” making the deterioration of wages a constant; low wages became the main “competitive” advantage of the Mexican economy for national and foreign private capital. From this derived another very negative political argument about wage claims: demands for wage increases constituted an attack on the country.

4. A central tool focusing on the extremely rich and the extremely poor in rural and urban areas was that the very rich became beneficiaries of state privatization in accordance with the recommendations of international financial institutions for meeting the criteria of fiscal austerity to “correct imbalances in public finances.” Meanwhile, the very poor were targeted by “rationalizing subsidies”; and along
the way, this turned them into an alternative social base for traditional corporations (industry and service unions and peasant organizations) in an effort to establish a singular, long-term stable political system of corporatist control. Just as they were entering a period of “stress” due to a failure to attend to the demands of their members and, consequently, narrowing the social basis of consensus for the presidential regime, they had to “functionalize” the poor. President Carlos Salinas de Gortari (PRI, 1988–1994) created and used his Programa Nacional de Solidaridad (PRONASOL, or National Solidarity Program) as the principal legitimizing tool among the poor, just as sweetheart privatization deals appealed to the rich to make them “world class” entrepreneurs.

In support of the extremely rich, President Miguel de la Madrid’s (PRI, 1982–1988) Plan Nacional de Desarrollo (National Development Plan) introduced changes to Article 28 of the Constitution that opened the legal space for an alliance of PEMEX (Mexico’s state controlled petroleum corporation) with private capital in petrochemicals. In 1997, PEMEX received 30 percent of foreign direct investment from US companies. Receiving privileged treatment were agreements in oil and gas via subcontracting and special agreements, purchasing technical assistance in exploration, receiving credits from abroad, and buying used equipment as new. Beyond that, in 1995 Tabasco Governor Carlos Madrazo promoted investment partnerships with governors from US states along the Gulf (Alabama, Florida, Louisiana, Mississippi, and Texas), grouping them with Mexican counterparts (Campeche, Quintana Roo, Tabasco, Tamaulipas and Veracruz). That was a precedent for what was later streamlined, under President Vicente Fox (PAN, 2000–2006), in the Plan Puebla Panamá, whose legacy is still felt. Privatization of the Mexican energy industry did not begin with President Enrique Peña Nieto (PRI, 2012–2018), it simply continued. Thanks to the technocratic constructions of Santiago Levy, the “Opportunities” program became the most precious neoliberal jewel, because it allowed PAN to take territorial control away from PRI in areas with large indigenous populations such as Chiapas and Oaxaca. The poor thus became a social base of support for neoliberal governments, whatever their origin, PRI or PAN.

5. Implementation of neoliberal reforms was always carried out through intensive and coordinated use of the mass media. TV, radio, and the press are heavily monopolized, having developed as concessions in the shadow of state power. Very early on, thanks to timely investments by many of these media companies in opinion research organizations, we become educated in the political use of scientific survey tools that are accepted without question, including the miserable percentage of the electorate the Left garners and its opposite, the broad base of support for proponents of neoliberal policies. Nevertheless, with every instance of political change and against social actors who attempt to resist, they resort to the simplistic formula of presenting them to society as “privileged actors” seeking to defend partisan interests when the country’s problems or key institutions of education, health,
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social security portend crisis. Because of that, they emphasize the need to take into account “the interests of everyone.” The list of examples is long: they impose pension reform on the Instituto Mexicano del Seguro Social (IMSS, or Mexican Social Security Institute), the Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE, or Institute for Security and Social Services for State Workers); the same had taken place in the financial reform at the Universidad Nacional Autónoma de México (UNAM or National Autonomous University of Mexico) under Rectors Jorge Carpizo McGregor, Francisco Barnes, and even the “rescue” by Juan Ramón de la Fuente, etc.

6. At least since the third decade of the twentieth century, capitalism in Mexico has historically existed within a matrix of a strong centralized state arrayed with formal federalism and an ironclad corporatism over social organizations, including its origins in business. Therefore, among the public policies of institutional reform, the decentralization policy has played a central role in deregulation and in achieving the political agenda of local elites — although they have been scarcely recognized as problematic, doubtless because they portrayed themselves as synonymous with “democratization.” This decentralization is understood as the transfer of planning, decision-making, and administrative authority from the federal to the state and local levels. Launched during the government of Miguel de la Madrid, it has been maintained, with variations, to this day. Several phases are identifiable: in the 1980s, decentralization policies were used to implement austerity in social spending, while reterritorialization of the structure of the state was underway. This touches upon the “municipal reform” of 1983, which in large municipalities served to increase financial autonomy via the management of property taxes, utility rates, and federal transfers, through the ability to borrow (a matter that today has ensnared most states in a major financial crisis) and the authority to plan budgets. In the new, decentralized scheme, some federal powers were relocated to the states, and others to municipal governments. Politically, the decentralization of education was a key element for relieving pressure from union dissidents concerning the corrupt leadership of the Sindicato Nacional de Trabajadores de la Educación (SNTE, or Mexican National Educational Workers Union), and above all, to impose austerity budgets on teachers.

In the 1990s, decentralization policies were a central ingredient in the effective operation of NAFTA. The establishment of “public-private partnerships” was recommended at the local level to underpin the notion of “governance,” so dear to World Bank technocrats. But the ideologues of the Monterrey Technological Institute designed the first local public-private partnerships as a model for involving authorities, employers, and private citizens. Other initiatives received support from the Confederación Patronal de la República Mexicana (COPARMEX), to “foster a sense of citizenship” in terms of public security issues as groupings opposed to the increase in crime. The “New Federalism” of President Ernesto Zedillo (PRI, 1994–2000) opened a profound phase of decentralization in 1996, again concern-
ing education and health, the antipoverty infrastructure, rural development plans, natural resources and environmental issues, rural road construction, and specifically tourism development programs, as well as proposals for involving states in a national public security system. All of this was done through transfers using budgetary “item 26” and then “item 33” to move funds for the social infrastructure of states and municipalities.

Since 2000, and with the leadership of the PAN governments that displaced the PRI from federal government control, a new balance of power, promoted by careful application of the criteria of regional development policies, gave new weight to governors in the national power structure, thanks to the introduction of generous federal transfers made possible by significant revenue from oil exports. That has undoubtedly facilitated the PRI’s comfortable return to the presidency of the republic in 2012, which it accomplished from its solid majority of state governors.

Its influence was enhanced through the Coordinadora Nacional de Gobernadores (CONAGO, National Coordinator of Governors), another political construct designed to build trans-partisan consensus in an informal but powerful body. (President Felipe Calderón had the luxury of creating space for the PRD [center-left Partido de la Revolución Democrática, Democratic Revolutionary Party] in Mexico City, and its leadership on security issues in CONAGO.)

7. Pacts became another tool for forging political cohesion between the leaders of business organizations and sectors of urban and rural workers, supposedly setting and pursuing the common goal of “structural reform” for workers, employers, and the state. The pacts fashioned by Miguel de la Madrid and Carlos Salinas de Gortari, as well as Enrique Peña Nieto’s Pact for Mexico, have been the preferred policy instruments for overcoming several variants of legitimacy crises following disputed elections, or simply for making clearly unpopular policies legitimate, with the participation of corporate stakeholders. Of course, these pacts have been crucial for the ongoing implementation of “structural reforms,” despite the limited social support for them. And what was once a nodal ideological foundation, the notion of revolutionary nationalism, which once was the central point of reference of social organizations within corporate structures, gradually was abandoned in official discourse. In its place is the discourse of “citizen participation” and collaboration with the US government. The PAN and PRI compete to offer citizen candidates, to open their doors so that ordinary citizens can participate, and to promote development projects that are attentive to the needs of citizens. Yet they remain aligned with corporate values and employ “popular” consultations to advance their agendas. Completely absent is any mention of anti-imperialism.

8. The use of state violence was a key policy in the relentless imposition of neoliberal policies. Here we highlight what occurred with the silent privatization of the energy sector, specifically in the case of the Sindicato Mexicano de Electricistas (SME, or Mexican Electrical Workers Union), which was executed treacherously and in cold blood. This was done to assure the long wave of privatization in the
electricity sector, removing state control to make room for independent producers of energy. There is also the case of the repression of the miners’ struggles and the obsessive persecution and harassment of the leader of the Sindicato Nacional Minero (National Mining Union), forcing him into exile in Canada, to expand the preferential deals with mining companies, and to extend these activities to the subcontracting schemes and hourly payments introduced by the Maquiladora de Exportación (Maquiladora Export Industry). Napoleón Gómez Urrutia, leader of the National Union of Mine, Metal, Steel, and Allied Workers of the Mexican Republic, has survived, but thanks only to the joint action of trade union organizations and federations in the United States and Canada—a story that indicates a new phenomenon, the transnationalization of labor solidarity.

Undoubtedly, the brutal execution of the drug war under Felipe Calderón’s government unleashed violence that has promoted political-social degradation and institutional deterioration of the security forces and of justice, as well as the covert militarization of national life. The greatest toll of all this has been the criminalization of youth, assaulted by crushing unemployment, a lack of educational, health, and leisure opportunities, cornering them in with the loss of any futures. Equally noteworthy is the concealment of public safety issues (kidnappings, robberies, murders), compounded by the devastation generated by neoliberal policies, which is obviously of concern to many segments of Mexican society. In reality, we are implementing strategies, policies, and actions related to the national security concerns of the United States. This is happening through instruments such as the Iniciativa Mérida (Merida Initiative), and the proposed (and later hidden) Alianza para la Seguridad y la Prosperidad de América del Norte (ASPAN, Security and Prosperity Partnership of North America). Incidentally, it is not possible to fully understand horrific phenomena such as the massacres of migrants in northern Mexico and institutional breakdown of the Instituto Nacional de Migración (National Migration Institute) and of the Policía Federal Preventiva (Federal Preventive Police) without the paramilitarization sponsored by the United States in its attempt to control migratory flows at all costs, which are necessarily unleashed by the application and multiplication of free trade agreements throughout Central and South America.

9. Let us now discuss changes in capital-wage-labor relations, shaped first by the long-term deployment of anti-unionism, outsourcing, and payment by the hour and contracts without benefits in the maquiladora industries along the northern border, which anticipated the national deregulation imposed by NAFTA. Undoubtedly playing a leading role was the blood-and-fire combat against the various currents of independent trade unionism. The labor reform of 2013 also represented a quantum leap. This historic turning point deprived employees of a network of legal protections in the face of predatory capital, which seeks to diminish the costs of hiring, employing, and firing employees. In addition, given the deepening configuration of a large regional labor market in North America and the impetus first of graceful tolerance and then militarization of the border, an exponential increase of undocu-
mented migrants from Mexico to the United States became possible. This was facilitated by a basic agreement between the binational monopolistic elites. For some, migration served as a safety valve for tensions in the Mexican labor market, with the added advantage of increasing local consumption due to remittances sent by workers in the United States. On the US side, undocumented migration served as a mechanism to freeze the wage floor in the US economy and to weaken the once-powerful presence of unions. This enabled a restructuring of the US economy, which had been besieged by Asian and European global competitors.

10. Neoliberalism unquestionably accentuated the parasitism of finance capital in Mexico (and in the world). In Mexico, regional, local, and federal development projects became fodder for rolling out public-private partnerships. Over time, these enhanced the influence of financial parasitism on public finances by promoting multiyear public investment programs that benefited large monopolies, both national and foreign. In many ways, the symbiotic relation between the state and big capital hijacked public finances for the benefit of the capitalists, accentuating inequality, which has deep historical roots in Mexico, such that for many years it has been characterized as an extremely unequal society. Now that the global economic outlook has dimmed due to financial complications and growth in the United States, Europe, and Asia, those who brazenly championed reduced state intervention in the economy have reappeared on the scene to promote what can properly be called “state monopoly capitalism.” So, without mediation, they wish to take us from extreme economic liberalism to a managed capitalism that is invariably based on free trade agreements. The problem is that their discourse has been refurbished without renouncing their mercantilist dogmas, hoping to formalize a situation in which the nation-state better serves the capitalist class. The decline of the type of globalization that had flourished in the 1980s and 1990s seems to be transitioning to an intensive use of national governments by monopolies to open spaces for accumulation.

To advance that objective, they are willing to suppress democratizing pressures and to maintain control in areas of extreme public interest, thereby perverting institutions. We can demonstrate this by examining the fate of three key institutions: the Instituto Federal Electoral (IFE, or Federal Electoral Institute), the Comisión Federal de Competencia (CFC, or Federal Competition Commission), and the Instituto Federal de Acceso a la Información (IFAI, or Federal Institute of Access to Public Information). Recall that the legitimacy of the electoral counting system, then under the purview of the Interior Ministry, was called into question when it crashed in 1988 [when the official PRI candidate was challenged by Cuauhtemoc Cárdenas—Ed.]. This led to the creation of the IFE, supposedly to assure the prevalence of the “citizen.” In 2012, however, it descended into a serious credibility crisis for tolerating the use of millions of dollars in resources [in the form of supermarket cash cards—Ed.] during electoral campaigns and for being biased in its presentation of election results [against PRD challenger Andrés Manuel López
In addition, it was biased in dealing with grievance procedures and resolution of disputes, and finally, it imposed penalties for exceeding campaign limits against those with fewer actual resources at their disposal.

The Comisión Federal de Competencia (Federal Competition Commission) is engaged in disputes over telecommunications concessions among the big television and telephone monopolies. But its silence has clearly worked in favor of privatization of fiber optics, which could have public use through the Compañía de Luz y Fuerza del Centro (Central Light and Energy Company). And the IFAI, now potentially coming under PRI control, allowed new PRI governors to cleanse their personal data, declaring their properties in the abstract to hide their wealth upon assuming power. That same IFAI has also kept silent regarding Felipe Calderón’s interest in placing many years of data on Central Light off-limits, so that no one could thoroughly question managerial mistakes involved in the closing of the company. In sum, credibility, fairness, and transparency are notions that enjoy strong popular support, leading to technocratic recommendations “for good governance.” But when big monopoly capital is challenged, it has no qualms about running roughshod over those recommendations.

Each of the policies discussed above illustrates changes introduced by neoliberalism in the functioning of capitalism in Mexico. Alonso Aguilar Monteverde’s colleagues will surely be able to come up with many more.

NOTE

1. In 2008, the value of the Mexican peso against the dollar ranged from 10.111 to 13.3696. At the median value, 162 billion pesos amounts to 14.7 billion dollars.