National Planning in Mexico: An Historical Perspective

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Abstract

This paper explores the evolution of national planning in Mexico over the last ninety years. Whereas the initial import-substitution industrialization in the country focused too narrowly upon specific sites, later export-led industrialization has attended only to the global market. The former was more attentive to the immediate environment, while the latter is becoming more attentive to the world. However, the conceptualization of national planning processes must simultaneously recognize the dynamics of the economy at community, regional, national, continental, and global scales. After nearly nine full decades of promoting the positivistic search for political order and the dream of economic progress, the institutionalized national planning process of Mexico has evolved. That evolution is summarized here.

Keywords

National Planning, National Development, Development Planning, Mexico, Latin America

1. National Revolution and National Plan

1.1. Structure of the Paper

This paper explores the evolution of national planning in Mexico over the last ninety years. It is organized as follows: Section 1 places national planning within the context of revolution in the 1920's; Section 2 discusses the mandated national planning of the constitution of 1917; Section 3 reviews the torturous path of Mexico to civilian government, while Section 4 reviews how national planning processes were moved to the very center of government through the stability of eight consecutive completed six-year presidential terms. Section 5 explains the policy of national planning for import-substitution industrialization; Section 6
discusses the period of renewed positivism and economic regionalization, and
Section 7 reviews how economic crisis caused the shift of economic development
policy to export maximization industrialization. Section 8 then outlines how af-
fter sixty years of national planning, Mexico was still tied to the model that eco-
nomic development led and supported social development.

1.2. Early National Planning

Throughout the second decade of the twentieth century, Mexico endured a vi o-
lent revolution. Despite the wanton carnage and destruction, the values, which
justified the revolution, were reassertions of those same values carried across the
previous century and so desired by Miguel Hidalgo y Costilla, Augustin Iturbide,
Antonio López de Santa Anna and Benito Pablo Juarez. Religion, land tenancy,
compensation for labor and effective suffrage had remained the fundamental
principles of the republic. While at the end of that century, Mexico turned its at-
tention to economic development, the social and political implications of these
basic values reemerged to test the character and stability of the republic.

In a very peculiar but very real sense, all the political revolutions of Mexico
were planned; that is, they were all grounded in and justified by official an-
nouncements, often in highly emotive, even romantic, verbiage. Simpson has
provided clear commentary on this tradition.

A “plan” is the proclamation of the aims or principles of the leaders of a re-
bellion. It is theirs. Hence, the “plan” is the instrument by which a military
leader tries to make his act palatable to the rest of the country. “Plan”
sometimes means something. More frequently, they mean that someone
wants power and what goes with it. All the governments of Mexico, from
Iturbide’s day to this, have been established by military force and justified
by “plans”. The “plan”, then, may be considered the fundamental constitu-
tion of Mexico (Simpson, 1966: p. 226, italics omitted).

Beginning with the first proclamation by Hidalgo y Costilla (1810), through
the Plan de Iguala (1821), which freed Mexico from Spain, the Plan Federalista
de Casa Blanca (1840), the Plan de Ayutla (1954), the Plan de Tacubaya (1857),
the Plan de la Noria (1871) and the Plan de San Luis Potosí (1910), which in-
itiated the revolution, no fewer than forty-five other plans and myriads of acts,
proclamations and manifestos sought to establish Mexico as empire, republic or
democracy (Senado de la República, 1987: Volumes I-V). The Plan de San Luis
Potosí included the effective right of election; prohibition of presidential succe-
sion; assertion of state interest in natural resources, especially with respect to
agriculture; restoration and redistribution of interests in property, especially
with respect to indigenous and peasant communities; and effective control over
the exporting of raw materials. During the revolution to the adoption of the
Constitution of 1917, another nine plans competed as alternative foundations for
national governance. The 1911 Plano de Ayala reflected Emiliano Zapata’s
agenda for a radical redistribution of land in the Yucatán. In the same year but in sharp contrast, Bernardo Reyes and Feliz Díaz, the nephew of the dictator, proposed a conservative Plan Político (1911) to establish a “free zone” along the northern frontier with the United States. The 1913 Plan de Guadalupe, authored by Venustiano Carranza, again invoked the sentiments of the Plan de San Luis Potosí but strengthened notions of socio-economic change favoring the rights of peasants. The restoration of communal ejidos (6 January 1915) established agrarian reform as a central tenet of republican governance (Pozo-Ledezma, 1986: pp. 531-534). The convictions held in many of the plans were carried into the constitutional debates between 1914 and 1917. The Constitution of 1917 incorporated the notion of the “plan” as a nationally inclusive public document dedicated to socio-economic change, whose formulation and the central bureaucracy (Carrillo Castro & García Ramírez, 1983: pp. 11-13; Ceceña Cervantes, 1983: pp. 51-52; Pérez Barbosa, 1981: p. 56) directed implementation. Even with the return of constitutionality, recurrent political division continued to be fomented under another eight plans, most notably, the Plan de Agua Prieta (1920). The notion of the “plan” remained a very powerful cultural and political symbol for succeeding generations of Mexicans (Senado de la República, 1987: Volumes VI and VII).

2. Constitutionally Mandated National Planning

The 1917 Constitution sought to make the national government the regulating agent in the ordering of titles to all private and communal property, in the imposition of taxes on agricultural land, in the creation of new centers of population, in the control of exports and in the protection of natural resources. Two articles of that constitution provided explicit foundation for national planning and for agrarian land reform and implicit direction to later economic development and environmental conservation activities.

Article 26. The State (Federal Government) shall organize a system of democratic planning of national development that imparts solidity, dynamism, constancy, and equality to the growth of the economy for the independence and political, social and cultural democratization of the Nation....There shall be a national plan of development to which the programs of the Federal Public Administration shall be obligatorily subject... The law (future organic, federal and general laws)... shall determine the responsible organizations of the process of planning and the basic principles in order that the Federal Executive coordinate by means of conventions with the governors of the federated entities (states) and induce and join together with individuals the actions to realize their preparation and execution... In the system of democratic planning, the Congress of the Union shall take the intervention that the law may designate.

Art. 27. The property of the land and water included under the limits of the national territory belongs originally to the Nation, which has held and
holds the right to cede the legal ownership of these to individuals, constituting private property. Expropriation (of such private property) can be made only for cause of public utility and by means of compensation. The Nation shall always hold the right to impose upon private property types (of ownership) which prescribes the public interest, in such a manner that it regulates, for social benefit, the utility of natural elements susceptible to appropriation, with the objective of making an equitable distribution of the public wealth, to be careful of its conservation, to attain balanced development of the county and the improvement of the conditions of life of the rural and urban population… In consequence, necessary measures for the establishment of human settlements shall be determined… (Estados Unidos Mexicanos, 1986, in translation).

Article 26 subsumed the notion of the “plan” as an instrument of constitutional governance and required the subsequent formal incorporation of the planning process as a governmental function. The institutionalization of planning required simultaneous attention to three considerations. First, as the nation was slowly emerging from prolonged revolution, planning processes had to address both individual and communal rights, interests of the people and the corporate interests of Mexico as a nation-state. Second, specific planning legislation had to be placed under the constitution to assure its legal validity, removing it somewhat from the personality of the president (although presidencialismo remained a significant feature of Mexican political life). Third, planning had to be incorporated within the executive branch in order to assure the coordination among, and compliance of, the federal sectoral ministries. Over the next decade, the nation achieved the consolidation of democratically oriented civilian governance, despite recurrent political violence.

3. A Tortured Path to Civilian Government

A civilian, Venustiano Carranza (1859-1920) served first as chief of the revolutionary coalition (1914), then as provisional president (1915-1917) and a selected president (1917-1920). The opposition of Francisco (Pancho) Villa (1878-1923) (see Figure 1) in the north and Emiliano Zapata (1879-1919) frustrated his program of economic and social development.

While the United States recognized the Carranza administration, Mexico remained fearful of the penchant of its neighbor for military intervention to secure its political and economic interests. Conspiracy led to the execution of Zapata in 1919. Alvaro Obregón (1880-1928) and Plutarco Elías Calles (1877-1945) seized the government under the Plan de Auga Prieta (1920). Obregón, as elected president (1920-1924), sought to implement political guarantees of a secular nation, but was generally intolerant of radical labor unions of both the left and the right. By his modest efforts to convert hacendado land into communal ejidos rather than to individuals (Meyer & Sherman, 1991: p. 576), Obregón set the precedent
for Mexican land reform in the twentieth century. During his presidency, Obregón resolved 650 claims totaling more than a half million acres, with another 400,000 benefitting from provisional allocation of another one and a half million acres (Delgado de Cantú, 1988: p. 238). Due to acrimony over the protection of the economic and property interests of citizens of the United States in Mexico, especially with respect to petroleum extraction, the Obregón administration was not recognized by the United States. Despite the assassination of retired General Pancho Villa in 1923, political order held.

The inauguration of President Plutarco Elías Calles (1924-1928) was the first peaceful transition of power since 1884. Calles was liberal in orientation but stern in manner. Following the precedent of his predecessor, he nearly doubled the amount of land converted into ejidos. Calles pushed agrarian reform as an “integral solution” to make the ejido a “productive entity” under a New Economic Policy (Delgado de Cantú, 1988: pp. 251-252). That policy strongly favored the conversion of the communal ejidos into private property (Law, 31 December 1925). Economic and political relations were improved when the United States recognized the legal sovereignty of Mexico, even with respect to petroleum concessions. Mexico dedicated itself to the development of “its own” economy.

In an effort to promote his economic and social agenda as a “visionary message” (Brito, 1991: p. 25), Calles created the first National Economic Council (Law, 15 June 1928) “for the improvement and ordering of the social-economic conditions and finances of the country”. Constructed as a broadly based but permanent consultative body composed of ministers, business and labor union leaders, it established the consultative tradition within the Mexican federal government.

When Calles more vigorously enforced the secular, indeed anticlerical, provisions of the constitution, conservative adherents of the Roman Catholic Church rose in opposition. The Cristeros Rebellion of 1925-1928 resulted in the assassination of the re-elected Obregón on 17 July 1928. As Calles could not succeed himself under the constitution, he sought to insert three successive puppet governments to complete Obregón’s full term, and thereby earning for himself the
title, “Supreme Chief”; he was, in fact, “the last caudillo” (Delgado de Cantú, 1988: p. 265). Moreover, Calles was determined to establish a permanent coalition of political interests upon which to launch stable elections to the presidency, and by 1929, he had created the National Revolutionary Party (Brito, 1991: pp. 27-28). So strong was the need for political stability that even political parties were considered “institutions of the revolution” (Moreno, 1985: p. 139). While the National Revolutionary Party would hold leadership for some time, the Mexican Revolutionary Party succeeded to power in 1938. Later political transformations created the Institutional Revolutionary Party in 1946 (Brito, 1991: pp. 28-30). The primacy of that political party would be unchallenged for the next six decades (Meyer & Sherman, 1991: p. 590).

Calles, through influence in the Congress, engineered the election of Emilio Portes Gil as interim president (1928-1930); then secured the presidency for Pascual Ortiz Rubio (1930-1932) by special general election. On 12 June 1930, Mexico fulfilled the directive of the national constitution by enacting its first Law on the General Planning, by which the subsequent “National Plan of Mexico” was to be the basic document “regulating the progressive and orderly growth of the country” (Article 1). Articles 4 and 5 created a National Planning Commission as an official organ of government. Implementation was to be secured through the Commission of Programs within the Secretariat of Communications and Public Works (Article 6).

As Mexico felt the deprivations of the Great Depression, Calles and Ortiz Rubio divided on policy. Calles wrote and published the resignation of president and, for the third and final time, inserted a successor, General Aberlardo Rodriguez (1932-1934), into the presidency.

Seeking to respond to the immediacy of the global economic depression but still seeking to promote long-term development, Rodriguez secured the reconstruction of the National Economic Council (Law, 31 July 1933) with the “end of attaining the unification of the national conscience, the growth of (national) wealth and its more equitable distribution”. This and other initiatives marked the rise of the “active state”—a government oriented to the manipulation of economic affairs (Wilkie, 1970: pp. 66-87).

Also in 1933, the federal government created the first modern “free zone” for Tijuana and Ensenada in Baja California to relieve economic hardships along the northern border region of the nation, to reduce illegal trade along the border and to preserve the integrity of the national territory. The government permitted the “exemption of taxes on the importation of salable goods for use and consumption within the same zone (Mendoza Berrueto, 1982: p. 48)”. Two later decrees (25 May 1939; 30 December 1939) sought:

… to augment the population of the zones, to stimulate economic development, to study the production of manufactures destined for exportation, and in general elevate the levels of life of the inhabitants of the region... The regulation of the Free Zone ought to be considered as a mechanism for the
economic and social development of the region and for the integration of its economy with the rest of the nation (Mendoza Berrueto, 1982: pp. 48-49, in translation).

In fact, the governor of the state of Tamaulipas had established the first economic free zone in 1858, with confirmation by federal law in 1861 (Fernández, 1980: pp. 94-95). Initially, the United States was hostile to both population settlement and economic competition along its southwestern border. The wholesale conversion of the free zone into the international in bond industrial maquiladora was not to occur for another three decades. It is perhaps ironic that the “free zone”, which originally sought to preserve the territorial patrimony of Mexico, mushroomed into such economic importance as to both blur the notion of a definitive international border and bind the economy of Mexico to that of the United States.

Under provisions of the 1930 national planning law, Rodríguez directed the Secretariat of Communications and Public Works to prepare the First Plan of the Government (1934). The plan was narrow in scope, favoring infrastructure programming and control of land development. The plan was a short-lived precedent. The nation sought a more aggressive leader with both a longer and broader view of the nation.

4. National Planning and National Patrimony

Beginning with the presidential inauguration of 1934, each of eight Institutional Revolutionary Party candidates were elected and served their complete six-year terms of office. National planning processes were moved into the very center of government; i.e., national plans would become identified with the person of the president. Based on the initiatives of Calles, succeeding presidents first nationalized the essential resources and infrastructure systems, then gave full support to the creation of an autonomous economy through import substitution-industrialization.

4.1. Lázaro Cárdenas (1934-1940)

While campaigning for the presidency, Lázaro Cárdenas (1895-1970) proposed the First Six Year Plan (1934-1940) as a platform which tied national planning to presidential priorities (Pérez Barbosa, 1981: pp. 56-64). The plan was a blueprint for the nationalization of resources and infrastructure, the promoting of primary industries, and for import-substitution industrialization. However, the plan was both more candid in its assessment of Mexican social problems and more active in promoting social development. It promoted programs on alcohol and drug addiction prevention and educational programs stressing the position of Mexico in the modern world (Solís, 1980 [1975]: pp. 15-18; Delgado de Cantú, 1988: pp. 272-274). This plan, more than any to follow, recognized the interdependence of economic and social development.

Following the conversion of the National Revolutionary Party into the Mex-
ican Revolutionary Party, Cárdenas mobilized political power under a “pact of union and solidarity” (Brito, 1991: pp. 28-29). Cárdenas is remembered as the president who fulfilled the promise of agrarian reform, nationalized the Mexican patrimony, expanded the federal bureaucracy and established the financing mechanisms in support of industrialization. While rising through the ranks of the military during the Revolution, Cárdenas retained an extraordinary allegiance to the rural peasants. Seeking more to stabilize the rural political order rather than promote economic development, Cárdenas transferred nearly fifty million acres of land into communal ejidos; the total being nearly seven times greater than that transferred by Calles (Meyer & Sherman, 1991: pp. 598-600). He supported the creation of a confederation of rural workers (Accord, 9 July 1935), underpinned agricultural investment through creation of the National Bank of Ejidal Credit in 1936 (Carrillo Castro & García Ramírez, 1983: p. 28) and incorporated the participation of the agricultural sector within government in a mixed commission of public and private sector representation (Law, 18 December 1939). The power of the traditional hacienda to regulate rural life had been broken. The rural Mexican peasant finally gained a part, albeit a very small part, of the national patrimony.

Within an eighteen-month period, Cárdenas radically expanded the public patrimony. First, he nationalized the railroads (Accord, 23 June 1937). Then, already having created Petróleos Mexicanos (PEMEX) (Decree, 12 April 1934), he nationalized all seventeen petroleum companies (Decree, 18 March 1938). Finally, he subjected the entire electrical industry to government control (Law, 31 December 1938), leading to its full nationalization (23 December 1960). The creation of state monopolies, especially in the petroleum industry, was viewed as essential to the future industrialization of the nation (Carrillo Castro & García Ramírez, 1983: 39-42, 179-83). For Cárdenas, nationalization was a matter of principle, even though the exigencies of the Great Depression gave it a more pragmatic justification.

Under the Law of Secretariats and Departments (6 April 1934), Cárdenas gave structure and direction to the realization of his economic and social agenda. The president consolidated the responsibilities in the Secretariat of Finance and Public Credit, including preparation of the national budget and accounting of national expenditure, and created both a Secretariat for Agriculture and Development and an Agrarian Department, the latter to implement rural land reform. He subsequently divided education functions into a Secretariat of Public Education, a Department of Physical Education, and a Department of Indigenous Affairs (31 December 1935); and, finally, divided public health into a Department of Public Health and a Department of Infant Social Assistance (30 June 1937).

Within the economic sector, the Cárdenas administration opened with the creation of the National Finance Bank (Constitutive Decree, 30 July 1934). In 1939, as his term of office ended, Cárdenas directed the Secretariat of Government to prepare a Second Six Year Plan (1941-1946), which sought to expand economic development while still addressing social and political obligations.
World War II intervened, and the next president had other pressing concerns.

4.2. Manuel Ávila Camacho (1940-1946)

Much like his predecessor, Manuel Ávila Camacho (1897-1955) had risen through the ranks of the military quietly, eventually serving as Minister of National Defense (1937-1939). Unlike Cárdenas, however, the new president was both politically moderate and religiously conservative. His famous comment, soy creyente (I am a believer), indicated a relaxation of tensions between the secular nation-state and the Catholic Church. In response to rising costs of living and unemployment, Ávila Camacho promulgated the creation of the initially modest Mexican Institute of Social Security in 1943. He collapsed social assistance and public health into a single secretariat (18 October 1943).

At the outbreak of World War II, Mexico felt some affiliation with the social agenda of the Soviet Union. With the attack of the Germans on the Soviet Union and the later attack of the Japanese on Pearl Harbor, Mexico sided with the Allied powers but sought to avoid war. On 14 May and again on 24 May 1942, German submarines torpedoed a Mexican tanker. War was then justified on the grounds of national honor. While the contribution of the Mexican military was small, the large contributions of Mexican material resources, especially oil, lead, copper, zinc, mercury and cadmium, were essential to the war effort. The conflict, however, had serious and diverse implications for the nation. On the one hand, the dedication of raw materials to the war effort led to domestic shortages, and increases in living costs led to price controls during the war and during the economic recession following the return of peace. On the other hand, participation in the war effort, coupled with constructive relationships with, and investments from, the United States, promoted Mexican industrialization. The Law of Industrial Transformation (31 May 1941), which gave priority to the expansion of the intermediate and final manufacturing sectors, was followed by the Law of Industrial Property (31 December 1942), which required the registration of patents and trademarks. These laws indicated the initiation of “state-led industrialization”, which controlled Mexican economic development policy for the following decades (Teichman, 1988: p. 33).

Much controversy accompanied the 1942 creation of the bracero program of Mexican migrant labor into the United States under a wartime economy (Smith, 1991: pp. 307-308). While it gave employment to the already marginalized Mexican rural workers, day wage levels never permitted significant savings to improve living conditions upon returning to Mexico. Despite the verbiage of participation in the war effort, Mexico tacitly admitted that its economy could not absorb the rural non-skilled population. Conversely, the labor unions in the United States, while overtly siding with their Mexican counterparts, feared the creation of a two-tiered labor system within the agricultural market. While its wartime utility was significant, the extension of the bracero program created
economic distortions along the border region for the following two decades (Mendoza Berrueto, 1982: pp. 50-52) until it finally ended in 1964. Yet, as in the United States, World War II required the entry of Mexican women into the labor force. When peace returned, they too had to be incorporated into the industrialization of the Mexican economy.

All these factors required that Ávila Camacho gain more control of the national economy. The earlier reforms of the National Economic Council had created a deliberative body of 107 institutional members, who may have wished to see themselves as an “economic parliament” (Ceceña Cervantes, 1983: pp. 77-78). In 1941, that body was reduced to a more implementation oriented deliberative council, much reduced in membership, but more institutional in character (Law, 17 April 1941). In the following year, the Federal Economic Planning Commission whose function was to promote economic development in the face of global market distortions caused by World War II (Decree, 9 July 1942) absorbed the council. An inter-secretarial commission (Accord, 7 September 1943) secured internal coordination of the federal bureaucracy in support of the war effort.

The use of “mixed” commissions expanded during the Ávila Camacho administration. A mixed commission included institutional members from federal, state and local government; commercial, industrial and agricultural interests; and academic institutions, professional associations and labor unions. Significant among such mixed commissions were the mixed councils for agricultural development (8 October 1941) and mixed councils of regional development (25 July 1942), which together with the creation of Federal Boards of Material Improvement (30 December 1947) prefigured later efforts at economic regionalization. While some saw these commissions and boards as a conscientious attempt at governmental decentralization, others saw a movement toward federal co-optation masked as participation.

With the conclusion of World War II, Mexico sought to “capitalize” upon its nationalized natural endowments and nationalized infrastructure to secure industrialization. A succeeding Law of the Promotion of Industrial Transformation (9 February 1946) established economic incentives for new manufacturing industries of intermediate and final production, “which are not produced in the country in quantity sufficient for satisfying the necessities of national consumption”. Mexico, having recovered from the deprivations of economic depression and distortions of world war, heard the call of Calles, that Mexico should develop “its own” economy. Recognizing, however, that future national economic development rested in large measure on international financing mechanisms, Mexico subscribed to the International Monetary Fund (IMF) and the World Bank (IBRD) (31 December 1945).

5. National Planning for Import-Substitution Industrialization

Although official verbiage continued to define economic development as a
means to a larger socio-cultural revolution, in fact, the revolution was over; it had become fully institutionalized. It was a time to “stabilize” development to assure both political continuity and economic success (Pérez Barbosa, 1981: pp. 80-83; Córdoba, 1986: pp. 318-319). The direction was not one of true socialism but to fund industrial capitalism (Meyer & Sherman, 1991: p. 637) manipulated by the state. Massive industrial projects were complemented by huge infrastructure projects over the next decade and accompanied by the accelerated growth of the federal bureaucracy. In 1946, the dominant political party changed its named to the Institutional Revolutionary Party fusing apparently contradictory terms to reflect the new and future reality of Mexico.

5.1. Miguel Alemán Valdés (1946-1952)

Miguel Alemán Valdés (1902-1983) was the first civilian president since Carranza, and he had no strong ties to the political military tradition of Mexico (Delgado de Cantú, 1988: p. 333). Economic development took clear priority over social services. The Law of Secretariats and Departments of the State (13 December 1946) created the Secretariat of National Goods and Administrative Inspection; transferred some social services from the Secretariat of Public Health and Assistance to an expanded Secretariat of Labor and Social Security; but collapsed all educational functions, including Indigenous Affairs back into the Secretariat of Public Education. Of greater consequence were provisions of the General Law of Population (27 December 1947), which directed the “ethnic fusion of national groups” and the “preparation of indigenous centers [and] incorporating them into the national life in better physical, economic and social conditions from a demographic point of view”. The objectives of the Third Six Year Plan, (1947-1952), which Ávila Camacho, centered on, had articulated in 1946:

... a program of objectives or propositions to improve the level of life of our human resources and to seek more prudent bases for the better and larger exploitation of our material resources (in Ceceña Cervantes, 1983: p. 82, in translation, italics omitted).

Improvements to the level of life were to be indirect. Further agrarian reforms languished as the communal ejidos failed to show economic productivity. Yet, the construction of the Morelos Dam on the Colorado River near Mexicali and the Falcon Dam in the lower Rio Branco Valley, converted vast arid areas into high-yield truck farms. The joint hydroelectric-irrigation project of the Papaloapan River Basin further diversified agricultural production and more than tripled Mexico’s electrical generation. These efforts were complemented by projected expansion of the nationalized railroad system (Organic Law, 30 December 1948). The Law for Economic Promotion of the Southern Territory of Lower California signaled future economic regionalization (31 December 1949), which recognized its peculiar potential for tourism and artisan industries. The post-war
economy grew, but with industrialization increasingly concentrated in the central metropolitan region of Mexico City, Guadalajara to the near west, and Monterrey to the north.

The industrial expansion was driven by the state through creation of state-owned enterprises and joint state-private industrial, commercial and agricultural enterprises, often called parastatal corporations (Carrillo Castro & García Ramírez, 1983: pp. 5-7, 21-30). However, the federal government linked public investment to bureaucratic control. The Law for Control of Decentralized Organizations and Enterprises of State Participation (31 December 1947) assigned regulatory oversight and audit to the Secretariat of Finance and Public Credit. In the following year, the National Commission on Investments, operating through this secretariat, was directed to control, provide oversight and coordinate some seventy-two decentralized organizations and parastatal enterprises. The roster was comprised of eleven banks, including the National Finance Bank; twelve public service corporations, including railroads and electrical companies, mining and metals industries, including PEMEX, the state-owned oil company; and agricultural cooperatives, as well as various cultural enterprises. The Law of the Federal Executive Powers in Economic Matters (30 December 1950) enabled the president to control composition, volume and distribution of food, clothing, primary materials for industrial production, industrial equipment and “any products, which represent considerable merchandise of Mexican economic activity”. Within two days, acting under provisions of the above law, the Secretariat of the Economy established a National Commission on Prices (Regulation, 1 January 1951).

The federal government of Alemán Valdés felt itself to have accomplished two essential objectives: stimulation of and control over economic development. It was itself capable of “flexibly planning” both the production and distribution of goods throughout the national economy (Ceceña Cervantes, 1983: pp. 95-96). For all the real economic success, there was little distribution. Import-substitution industrialization had created a modern class of Mexican millionaires who, together with the new class of public bureaucrats, extended old patterns of corruption and flaunted their personal luxuries as symbols of national progress.

5.2. Adolfo Ruiz Cortines (1952-1958)

Sensitive to the excesses of the Alemán Valdez regime, PRI nominated and secured by a four-to-one margin the election of Adolfo Ruiz Cortines (1890-1973) as president. Modest but hard working in manner, he demanded strict honesty and disclosure of personal assets of all public officials. His personal honesty reinforced the promise of “stabilized” development (Delgado de Cantú, 1988: pp. 363-364). While dedicated to the continuing industrialization of Mexico, he secured the full franchise for women and expanded the Mexican Institute of Social Security in both program coverage and funding to service its official objectives. The new president backed away from large infrastructure projects. State-owned
and state-controlled enterprises were complemented both by Mexican industries, which received subsidies and foreign investment by several of the major corporations of the United States.

Investment momentum was building, but mechanisms to distribute production and control prices had not produced a consumer market of sufficient and continuing demand upon which to base self-sustaining economic development.

Unlimited and non-selective protectionism contributed to creating expensive industry, of meager efficiency and of low salaries, with a high social and political cost. External trade—which would have given a guideline for solving indebtedness—moreover, confronted low competitiveness with our manufactured products (Carrillo Castro & García Ramírez, 1983: pp. 34-35, in translation).

With the quadrupling of foreign investment (Guillén Romo, 1985: p. 74), the central bureaucracy held to “an abiding faith” in the perfectibility of a system that would ultimately produce abundance (Meyer & Sherman, 1991: p. 648).

Moving to consolidate further presidential powers in economic affairs, Ruiz Cortines created a Particular Secretariat of the Presidency and transferred the National Commission on Investment directly under presidential control (both, 29 October 1954). These actions moved future planning processes into the center of the administration as a de facto “super secretariat” (Pérez Barbosa, 1981: pp. 84-87, 90-91). Early in the following year, the Law for the Promotion of New and Necessary Industries (4 January 1955) clung to the strategy of import-substitution industrialization.

The Fourth Six Year Plan, often titled the National Program for Investment (1953-1958), enumerated the conventional phrases regarding economic development, but included objectives of “improving the level of life of the population” and “channeling financial resources... toward the resolution of major economic problems” (Ceceña Cervantes, 1983: pp. 99-103). The replacement Program of Investments (1954), sought higher coordination among public investments. Program evaluation turned sharply more technical to address cost-benefit ratios, labor productivity, social benefit, risk management and employment level per project. Following evaluation by the World Bank, a “reduced” Program of Investments (1956-1958) retained commitments to education, health and well-being (Ceceña Cervantes, 1983: pp. 110-113), but while the federal government was somewhat more sensitive to social problems, it had to face the limitations of macro-economic manipulation and reorient itself to tighter fiscal management.

The calculations of the central bureaucrats had not included all relevant statistics. The Mexican population was growing and was moving. Despite substantial gains in agricultural production, that sector could not absorb rural unemployment. Industrialization, chiefly urban industrialization, appeared to offer better and more stable employment at a higher quality of life. However, the modern industrialization of Mexico required skilled labor for increasingly capital-intensive production. The Mexican labor force was both far too large and of
far too low as kill level for absorption into the modern economy. Nevertheless, continued economic expansion rested upon the management of capital, the “desired balance between economic development and social justice had tipped in favor of the former” (Meyer & Sherman, 1991: p. 649).

6. Renewed Positivism and Economic Regionalization

As Mexico approached its fourth decade of national planning, both the World and Mexico entered a new period of change. The Cuban Revolution placed Mexico in an ambivalent position. On the one hand, sympathetic to the “authentic” political and economic revolution of Fidel Castro. On the other hand, Mexico was increasingly dependent upon foreign capital to energize its economic development (Guillén Romo, 1985: p. 75). The avowedly anti-communist orientation of the Alliance for Progress, touted as a new planning initiative for the democracies of South America and the Caribbean region, was greeted in Mexico with some cynicism. Mexico already had a thirty-year tradition of national planning. In the words of Guillén Romo, Mexico did not need “Uncle Sam to give us permission” to develop our own nation (Guillén Romo, 1985, p. 75). Nevertheless, Mexico participated aggressively in framing the 1961 Accord of Punta del Este and garnered both the technical and financial support offered through the “peaceful revolution” sponsored by the Alliance. The Mexican government saw in the Alliance for Progress a crucial opportunity to attract (but to lesser degree control) foreign investment, achieve a stable balance of payments of imports to exports, stabilize prices for domestic goods and services and promote tourism. The more socially oriented programs of the Alliance were in part a response to the accelerating social change within Latin America, including Mexico. Concern for a more balanced pattern of development, as well as promotion of export trade, led to the economic regionalization of Mexico. Yet, national planning remained wedded to macroeconomics, industrialization and infrastructure investment, all reflecting a renewed positivism.

6.1. Adolfo López Mateos (1958-1964)

The presidency of Adolfo López Mateos (1910-1969) was characterized as one fostering agrarian reform, adult literacy, urban infrastructure and industrialization. It was the apparent consolidation of “stabilized” development (Delgado de Cantú, 1988: p. 364). As Secretary of Labor and Social Security (1952-1957), López Mateos had been notably successful in avoiding labor strikes. While unsympathetic to communist revolution with in Mexico, López Mateos favored the precedents set by socially minded Cárdenas and avoided association with the conservative tradition of Ávila Camacho or Miguel Alemán. He extended agrarian reform, opening an additional thirty million acres of land, chiefly in the south, on both a collective and individual basis (Meyer & Sherman, 1991: p. 652). This effort to reform the agrarian economy was paralleled by programs of rural adult literacy. Nevertheless, Mexican rural life remained one of toil with
few rewards above subsistence. Mexico was becoming urban. Both urban infra-
structure and low-cost factory worker housing were necessary to assure the
health of urban society and support the productivity of the urban industrial
economy. Following his announcement that "electricity is ours", López Mateos
completed the nationalization of the electrical industry (Decree, 29 December
1960). Mexico was seen as nearly self-sufficient in petroleum, iron and steel; and
it turned its attention to petrochemicals and tourism as new economic sectors.

The Law of Secretariats and Department of the State (24 December 1958) dis-
solved and divided the Secretariat of the Economy into the Secretariat of the Na-
tional Patrimony, which included control of non-renewable resources, decentral-
lized organization and federal subsidies, and a Secretariat of Industry and Com-
merce. It also established a Department of Tourism, and more importantly,
created the Secretariat of the Presidency of the Republic, which absorbed the
National Commission of Investments. The new Secretariat of the Presidency was
to:

Plan works, systems, and improvements... project the promotion and de-
velopment of regions and localities, which the President may designate for
major general betterment... coordinate the programs of diverse organiza-
tions of public administration, and study modifications, which ought to be
made... plan and superintend public investment to the decentralized or-
ganizations and parastatal enterprises (Article 16, in translation).

The new Secretariat of the Presidency, together with the new Secretariat of the
National Patrimony, and the existing Secretariat of Finance and Public Credit,
constituted a “triangle of efficient administration” over planning for, budgeting
of and supervision over all implementing secretariats, departments, parastatal
enterprises and agencies, even to those at regional and local levels (Ruiz Dueñas,
1982: pp. 42-44). National planning processes were to serve the Secretariat of the
Presidency in the “control of public investment programs” of the several sectoral
secretariats (Pérez Barbosa, 1981, 1936). A subsequent accord (1 August 1961)
bound all federal secretariats and departments to the elaboration of action plans
and the execution of coordinated programs for the economic and social deve-
lopment of the country.

With this apparent integration of planning and budgeting functions at the
federal level, Mexico had a dual focus: one toward the extension of industrial
development programs into internal regions and states, and the other toward
expanded participation of the national economy into international markets.
Mexico, together with the nations of Central and South America, sought an in-
crease of economic trade among the Latin American nations of the Hemisphere.
This may be seen as a more or less direct attempt to reduce trade dependency
upon the United States and Europe, while also building a contemporary eco-
nomic and possibly cultural, consciousness among the member nations. Both
foci required a slow shifting away from import-substitution industrialization
toward economic regionalization and export maximization. Mexico joined the Latin American Free Trade Association (LAFTA) (Decree, 29 December 1960).

The adherence of Mexico to the Alliance for Progress was reflected in the presidential accord creating an inter-secretarial commission “to formulate plans for the economic and social development of the country in the short and long term” (2 March 1962). The Inter-secretarial Commission, composed of representatives of the Secretariat of the Presidency and the Secretariat of Finance and Public Credit, constituted the institutionalized machinery for coordinated planning. In response to the Alliance for Progress accord, the Inter-secretarial Committee, in union with the Secretariat of Industry and Commerce, prepared the Plan of Immediate Action (1962-1964), which gave very high priority to extractive, primary and selected secondary industries (Ceceña Cervantes, 1983: p. 124; Solís, 1980 [1975]: pp. 70-80). The narrowness of that plan was less than fully accepted by the reviewing World Bank Commission, which sought the expansion of scope in a Revised Plan (1963-1965) to include roads, irrigation, housing, education and the supply of systems for water and sewage (Ceceña Cervantes, 1983: p. 133).

López Mateos left the presidency enjoying high public esteem. He brought national planning under the direct control of the presidency and labored to overcome the inter-secretarial parsimony to secure both coordinated planning and coordinated development. Cárdenas had responded to social needs more than any other president had. However, the narrowness of political expression under the Institutional Revolutionary Party and the emergence of a new urban generation, one with no experience with the Revolution of 1910, severely tested the public order of the nation.


Gustavo Díaz Ordaz (1911-1979) had risen from the conservative Catholic state of Puebla and, having served as Secretary of the Interior (1958-1963) became the nominee. In the face of growing political unrest, the party was recalcitrant. The three small opposition parties—the Authentic Party of the Mexican Revolution, the National Action Party and the Popular Socialist Party—felt themselves to have been deprived of their relatively small representation in national and state governments. The Institutional Revolutionary Party had abandoned the tradition of Cárdenas and López Mateos institutionalizing itself as more than a political party; it saw itself as the institutionalized base of government. While rumors circulated as to the creation of a true secretariat of planning, social unrest postponed any new institutional initiatives. A succeeding law on the control of parastatal enterprises (29 December 1965) reflected the narrowing of discretion within the central government. The new president invoked a new anthem, Order and Development (Guillén Romo, 1985: p. 82).

The National Plan for Economic and Social Development, 1966-1970 (1965) reflected the orientation of the immediately preceding plan and, in a larger
sense, the objectives of the Alliance for Progress. Although the verbiage of the
document was self-complimentary, stating that the plan “starts with the popular
orientations and responds to the objective of enlarging the actions of all Mex-
icans” (Guillén Romo, 1985: p. 81), there was very little in the implementation of
the plan, which reflected either populism or tolerance of expanded participation.
It was the plan of the public sector, crafted by the Inter-secretarial Commission,
and imposed upon the national economy (Ceceña Cervantes, 1983: pp. 140-147).
Its true objectives were so well hidden that it came to be viewed as a “secret”
plan (Guillén Romo, 1985: pp. 80-82). As the decade ended, and the resources
committed to the Alliance for Progress withered, the alliance appeared to have
failed to secure any meaningful social development. It was a tree, which bore no
fruit (Guillén Romo, 1985: p. 84).

National planning processes turned their attention toward bureaucratic
reform to administer planning better. The new regional policy for industrializa-
tion held several “contradictions in the intent to redistribute” productive capac-
ity, employment opportunity and income (Palacios, 1989: pp. 21-55). The nation
suddenly found itself divided into eight grand “geo-economic zones” within
which were some seventy “geo-economic regions”, plus five “special (coastal) re-
gions” (Ceceña Cervantes, 1983: pp. 147-148). See Figure 2.

Moreover, in the same year, the Plan for the Industrialization of the Northern
Border Zones (1966) recognized the special needs of this region in national i
dustrial policy (Pozo-Ledezma, 1986: p. 535). The conceptualization of the
“northern frontier” of Mexico was problematic. From the Mexican point of view,
the border was permeable, as reflected in the bracero program begun in World
War II, but that permeability also retained for Mexico its economic dependency

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**Figure 2.** Regionalization of Mexico, 1966. Source: National Plan for Economic and So-
The industrialization of the border region, initiated as an “experiment” as early as 1933, was extended to other border and coastal regions. Given the proximity of the United States, a peculiar economic relationship has emerged with respect to the manual assembly, In-bond maquiladora industry along the Mexico–United States border (Fernández, 1980; González Salazar, 1981; Ojeda, 1982). In 1965, the Secretariat of Finance and Public Credit authorized, “the temporary importing of intermediate and primary materials, components, machinery and equipment utilizable in workshops of industrial production [destined] for exporting” (Ojeda, 1982: VIII). In effect, intermediate goods were imported into Mexico solely for the purpose of assembly by Mexican workers (usually very young and often women), then immediately exported back to the United States without value added export tax. Where some saw this form of development as only a short-term employment “safety valve” for a debt-ridden economy and volatile polity, others hoped for a more diversified penetration of such industries into the existing major industrial metropolitan areas in Mexico. By 1966, however, the concept had expanded to the creation of “frontier cities” to accommodate them in migration of Mexicans to the northern border. In 1967, over two and a half million acres were transferred to 960 ejidal cooperatives under continuing agrarian reform (Pozo-Ledezma, 1986: p. 534). However, agricultural development was not considered a component of a broader development policy.

Despite these geo-economic manipulations, the central government retained control. In 1967, a more technical Sub-commission of Investment Financing drew staff from the Secretariat of Finance and Public Credit and the Secretariat of the Presidency (Ceceña Cervantes, 1983: p. 148). For Díaz Ordaz, “the work of planning is permanent” (Guillén Romo, 1985: p. 92), that is, the institutionalization of the process was permanent. Within that imperative, there was neither expansion of participation nor alteration of administrative structure, nor a great transformation in appearance. The principal appointees and senior technicians of the central bureaucracy circulated among councils and commissions of government with only superficial changes to operations.

The official imagery of political stability and continuous development was shattered by the massive student and worker uprisings of 1968 (Delgado de Cantú, 1988: pp. 373-376; Smith, 1991: pp. 359-362). When the paramilitary riot police were unleashed on the protesting masses at the Plaza of the Three Cultures at Tlatelolco in Mexico City on the night of 2 October 1968, all of the promises of the Revolution of 1910 evaporated. Díaz Ordaz completed his term of office knowing that a new generation of university students and urban workers had been alienated from the government. While the Institutional Revolutionary Party retained power, its credibility had been seriously weakened. Although not yet apparent, the “economic miracle” of Mexico was over; neither the polity nor the economy could be stabilized (Smith, 1991: p. 362).

Luis Echeverría Alvarez (1922-), having served as Minister of the Interior, ascended to the Mexican presidency through dispiritied elections. However, the “violent legacy of Tlatelolco” extended itself in a series of assaults, robberies and kidnappings of public officials, business leaders and foreign diplomats (Meyer & Sherman, 1991: p. 672). While freeing most of the student prisoners in 1971, Echeverría Alvarez had to delay passage of the Law of Amnesty (20 May 1976) for another five years.

Prior to the inauguration, Echeverría Alvarez announced his intention to create a National Planning Council to:

… diminish the imbalance in the growth of the distinct zones of the national territory, to coordinate more efficiently the actions of the agencies of the Federal Executive among themselves and with both the public and private sectors in order to avoid duplication of efforts... [and] to go ahead with the administrative reform of the agencies of the federal government (Ceceña Cervantes, 1983: pp. 149-150, in translation).

While the council never functioned, the proposal did carry within the direction of future presidential prerogatives.


In addition to specific authorization for the extension of roads and electricity into rural zones, four larger federal actions characterized the new administration. The creation of a National Institute for Rural Community Development and Popular Housing (20 February 1971) was quickly followed by reactivation of agrarian reform (Federal Law, 16 April 1971). Following establishment of an inter-sectorial commission for ejidal colonization (Accord, 7 July 1972), the Committee for the Regularization of Land Tenancy (Accord, 20 August 1973) decided clear title to land to promote agrarian reform, on the one hand, and assure orderly and legal urbanization, on the other. The federal government was sensitive to the diminished quality of life, as well as to the political instability of illegal human settlements. Nevertheless, urban and rural migration continued. In both urban and rural areas, the landless poor and marginally employed took occupancy of both public and private lands.

Echeverría Alvarez employed the model of regionalization imposed by his predecessor to decentralize industrial development and begin the slow turn of
economic development policy to an export orientation. By federal accord (24 December 1970), the National Finance Bank was directed to study and promote the creation of industrial parks and industrial cities near to “population centers, natural resource centers and ports”. In both 1972 and 1973, inter-sectorial commissions were directed to promote industrial development of the northern border (11 May 1972; 26 June 1973). These actions were accompanied by the exemption of tariffs and fees under the federal customs code for the maquiladora industry (31 October 1972). By accord among federal agencies (15 March 1974), incentives were approved to induce the development of small and medium scale industries along the border. The diversity and breadth of these programs required other mechanisms for coordination. In 1975, both a National Commission for Regional Development (28 January 1975) and a Coordinating Commission for Industrial Policy in the Public Sector (8 July 1975) were created to provide for the planned integration and financial coordination of industrial development. In the following year, another decree created a broader National Commission for Industrial Development (17 March 1976).

Only passing mention was made of the creation of state-level Promoting Committees for Socio-economic Development in the decree creating the National Committee for Regional Development. However, on the same day, by separate decree, twelve such committees were created in states, largely along the border and coasts (28 January 1975). These and the subsequently created promoting committees were charged with integrating industrial development opportunities with both natural and human resource potential (Ruiz Dueñas, 1982: pp. 47-56). Industrialization, population growth and migration accelerated radical urbanization and induced increasing social polarization. Economic regionalization required systematic attention to both the planning of human settlements and the protection of local environments. Within the broad cascade of governmental action between 1970 and 1975, there were two succeeding Federal Laws for the Prevention and Control of Environmental Contamination (12 March 1971; 28 March 1973) and a Secretarial Regulation on the Prevention and Control of Water Contamination (29 March 1973). While largely reactive in nature, these actions were among the first to recognize explicitly the environmental context of agricultural, industrial and urban development. The increasing focus on urban development was reflected in the General Law of Human Settlements (26 May 1976). In the month following, a presidential decree expanded the charge of the regional development commission to become the National Commission for Regional and Urban Development (28 June 1976). Regionalized economic development had been linked to decentralized urban development (Garza, 1989: p. 73).

Effective promotion of economic development required simultaneous attention to international, as well as national, regional and local, levels. Promotion of regionalized economic development required both the coordination of domestic public funds and the control over foreign investment (9 March 1973; 29 May 1974; 5 November 1975). While programs were implemented through the coor-
of functional secretariats, they were bound to a unified budgetary process under the president. The entry of Mexico into the Latin American Economic System (Decree, 8 January 1976) indicated an expanding national assertiveness in international economic affairs.

For all this effort, Echeverría Alvarez did not secure economic equity for Mexico. Mexican industrialization did not produce revenues sufficient to raise social welfare. The new policy failed because there was very little to share (Teichman, 1988: pp. 49-56). Governmental action failed to stem the outflow of Mexican domestic capital. At the conclusion of the presidential term, neither progress nor order was assured.

The roots of the problem were economic, but they had meshed with ideological postures and social realities to produce an unparalleled crisis of confidence (Meyer & Sherman, 1991: p. 675).


The election of the Institutional Revolutionary Party candidate, José López Portillo y Pacheco (1920-2004), held little cause for confidence. Nevertheless, the new president won a reprieve from immediate economic crisis with the discovery of vast new petroleum deposits in the states of Chiapas and Tabasco and under the offshore platform of the Gulf of Mexico. This was the last development “boom” for Mexico (Córdoba, 1986: pp. 320-328). During his election campaign, López Portillo, as the head of the Secretariat of Finance and Public Credit, argued that:

The problems of planning are fundamentally [ones] of coordination. Coordination presupposes an order, and order can only be given in a program in which responsible action and pertinent resources ought to be ordered in time and in space... (Ruiz Dueñas, 1982: pp. 59-60, in translation).

Following the precedent of Cárdenas some four decades earlier, López Portillo employed the draft formulation of the National Basic Plan of the Government (1976-1982) as a political platform. The full version of the plan was two hundred and thirteen pages. A summary version of one hundred “principal” points was published in newspapers on 23 September 1975 (Ceceña Cervantes, 1983: p. 197). In self-congratulatory language, the document asserted that:

... we can affirm that the federal public sector has reached the necessary maturity to undertake efforts of planning of a great order, under and for liberty (Ceceña Cervantes, 1983: pp. 200-201, in translation, italics omitted).

Even so, the plan was little more than a “catalogue of good wishes”, ones which the central government could neither implement by itself nor compel the private sector to cooperate with it (Guillén Romo, 1985: pp. 164-166). The plan clung to a number of institutionalized goals: reduction of both unemployment and underemployment; redistribution of income to workers, particularly rural workers; greater diversification of the economy through import substitution; and
a regionally equitable distribution of land, employment opportunities and infrastructure investment. Furthermore, the plan also called for the diversification of industrial exports.

The 1976 political platform of the Institutional Revolutionary Party candidate also borrowed imagery from the Alliance for Progress and reinforced the primacy of industrial development. The “Popular and Democratic Alliance for Production” (Yáñez Garrido & Rodríguez Jiménez, 1986: pp. 52-54) was neither popular nor democratic. Petroleum revenues, while massive, were unstable. Devaluation made Mexican entrepreneurs reluctant to commit capital to large industrial projects. While official policy favored the creation of small and medium sized industries, modern industrialization, especially which destined for international markets, favored a very large scale of production. Consequently, the short title, “Alliance for Production”, became an alliance of foreign investors and the Mexican federal bureaucracy. The subsequent National Plan for Industrial Development, 1979-1982 (1978) included both a short-term (1979-1982) and long-term view (1982-1990). The plan recognized that further expansion of the Mexican economy was bound to the sale of petroleum on the world market (Székely, 1983: pp. 78-84). Although expressly seeking “to counteract oligopolistic tendencies in the industrial ambit”, the plan could not avoid re-concentration of economic structure. Instead, the plan scattered such development largely to the periphery of the nation, while seeking to control industrial expansion surrounding the Federal District. See Figure 3.

Following the bureaucratic tradition, López Portillo pushed ahead, seeking to create a “national system of planning” (Yáñez Garrido & Rodríguez Jiménez, 1986: pp. 52-54).
A number of federal laws, decrees and sectoral plans attempted to convert administrative reform into systematic planning. The Organic Law of Federal Public Administration (29 December 1976) transformed the Secretariat of the Presidency into the Secretariat of Programming and Budget by absorbing certain functions of both the Secretariat of the Treasury and Public Credit and the Secretariat of the National Patrimony, but transferring industrial development to an expanded Secretariat of the National Patrimony and Industry. The Law of Budgeting, Accounting and Public Expenditure (31 December 1976) positioned the Secretariat of Programming and Budget both to promote and evaluate development initiatives. On the same day, the General Law of Public Debt (31 December 1976) gave reciprocal responsibilities to the Secretariat of the Treasury and Public Credit to control financing, retrieval of revenues and accounting of debt. Mexican national planning was moving toward fiscal programming and investment allocation. The new Secretariat of Programming and Budget was assigned the pivotal role in the new national planning process (18 July 1977; 28 February 1980). Industry was no longer an instrument of economic development, but had grown to become part of the national patrimony. The president desired a clear structure and process for the federal bureaucracy: the Secretariat of the Treasury and Public Credit collected revenues; the Secretariat of Programming and Budget integrated and allocated revenues, loans and grants, and the Secretariat of National Patrimony and Industry promoted industrial development. Mexico saw itself as a modern industrial nation poised for international trade.

The same organic law created the Secretariat of Human Settlements and Public Works from a narrow public works ministry. In very rapid succession, the re-conceptualization of planning came to include a concern for a more inclusive human development through urban development promoted through infrastructural support (16 August 1977). Mexico turned away from economic regionalization (Ruiz Dueñas, 1982: pp. 72-80) to a model of Conventions of Coordination between the federal and individual state governments (6 December 1976). In 1977, the Commission on Urban and Regional Development was downgraded to the National Commission on Urban Development (16 June 1977); its charge was more specifically defined in a later regulation (3 May 1979). A 1978 Accord between the Secretariat of Programming and Budget and the Secretariat of Human Settlements and Public Works suggested a future decentralization of the federal public administration in support of urban industrial development (16 January 1978). Finally, the Promoting Committees for Socio-economic Development were dissolved in favor of state level Committees of Planning for Development (13 February 1981). With the conversion of the former to the latter, the existing geo-political states became regions, and the union of regional and urban planning was fully institutionalized (Garza, 1989: pp. 9-24).

The shift of thought toward integrated urban systems under the Secretariat of Human Settlements and Public Works reflected a turning away from reformed
agrarianism and import-substitution industrialization to a dually oriented industrialization policy: manufactured export production and maquiladora assembly employment. Buoyed again by petroleum revenues, but perhaps anticipating the future economic crisis, industrialization policy became even more aggressive. Decentralized industrial policy required both structural reform to assure coordination among federal agencies, parastatal corporations and private sector corporations, and a system of fiscal incentives to induce foreign investment (Moreno Padilla, 1980). By 1978, Mexico had created and financed over 900 parastatal entities of which 294 were industrial enterprises, 149 were credit institutions, and 67 provided energy or transportation (Labra, 1984: pp. 54-56). Coordination was to be provided by the existing National Coordinating Commission for Industrial Development with the support of the new Consultative Commission on Fiscal Incentives (21 April 1977) and the National Commission of the Development of the Frontier Borders and Free Zones (22 June 1977).

The myriad of parastatal corporations and enterprises were administratively assigned to federal ministries (Accord, 17 January 1977) and directed to be placed onto the federal registry (Decree, 15 January 1981). In late 1982, over six hundred parastatal entities were regrouped under the federal secretariats (3 September 1982).

Between 1978 and 1980, a near avalanche of administrative actions offered complex incentives for industrial development, particularly in the form of industrial parks linked to existing urban areas. Most notable of these actions were the establishment of geographic zones for territorial decentralization of industrial development (2 February 1979); the granting of industrial incentives for preferred zones (29 December 1978); the granting of fiscal incentives for the promotion of employment and investment in industrial activity (6 March 1979); the donation of public infrastructure for industrial port development (8 October 1979); the adoption of operating regulations for industrial promotion in the border and free zones (28 February 1980); and the establishment of a registry of industrial parks, with additional incentives for their creation and expansion (12 September 1980). Taken together, the several decrees were the implementing mechanism for the first phase of the National Plan for Industrial Development, 1979-1982 (1978).

These actions suggested the repositioning of the Mexican economy to export industrialization, reflected clearly in the decree approving the participation of Mexico in the Latin American Association of Economic Integration (26 January 1981).

In early 1980, to “overcome the crisis”, Miguel de la Madrid, as Secretary of Programming and Budgeting published a synthesis of thirteen concurrent sectoral plans and programs to form the Global Plan for Development, 1980-1982 (17 April 1980) (Pérez Barbosa, 1981: pp. 192-193). Composed of three major parts: economic, social and political, the plan addressed economic issues by linking the national plans for Industrial Development, Fisheries, Forestry, Agri-
cultural Export, Employment, Transport and Communication, and Tourism to national programs for Science, Technology and Energy. The plan addressed social issues by linking physical plans for Urban Development, Development of Deprived Zones and Marginal Areas, and Development of the Federal District to plans for Higher Education and programs for Science and Technology. Political issues were subsumed under the National Program for the Reform of the Federal Public Administration begun in 1976.

Despite its “global appellation”, the plan remained largely economic in character with its central objectives seeking to:

- Reaffirm and strengthen the independence of Mexico as a democratic, [and] just, nation, [with] a free economy.
- Provide to the population employment and basic well-being, with priority, attending to the necessities of nutrition, education and housing.
- Promote high, sustained, and efficient economic growth.
- Improve the distribution of income among persons, factors of production and geographic regions (Section 5, in translation).

The plan’s twenty-two basic policies held some very strong implications. First, the association of urban and industrial development with a “new regional scheme” was to be emphasized along the “coasts and frontiers” of the nation. Second, agricultural production had to be controlled in order to provide a basic food distribution system for the poor. Third, the exercise of public power in the economic sector had to “promote priority expenditures and reinforce public enterprises [while] eliminating excessive subsidies” (Section 7).

Surrounding all of this developmentalist activity were increasingly ominous indicators of economic catastrophe. The dependency of all development programs on the performance of the petroleum sector of the economy made Mexico extraordinarily vulnerable to variations in world markets. In an effort to restore a “climate of confidence”, López Portillo revised the convention between Mexico and the International Monetary Fund (IMF) (Reform, 31 December 1976; Decree, 31 December 1976) to address the problems associated with global devaluation, the growing imbalance of payments and the reduction of international reserves (Yáñez Garrido & Rodríguez Jiménez, 1986: pp. 55-57). Not a member of OPEC, Mexico struggled to maintain an independent petroleum policy. Yet Mexico was not inclined to further economic dependency upon the United States by increasing petroleum exports. The discovery of new oil deposits attracted huge infusions of foreign capital, boosting both petroleum production and revenues to extraordinarily high levels, but the developmental vision of a renewed healthy and dynamic economy was tempered by three interrelated phenomena. First, the petroleum industry, no matter how large and productive, was capital-intensive, rather than labor-intensive. What labor it required had to be increasingly skilled. Second, agriculture, even when supported by both direct and indirect subsidy, could not produce basic food to keep pace with the population increase. Third, both the infusion of foreign capital and government in-
vestment policy fed inflationary pressures. In late 1976, the Mexican peso experienced a sixty percent devaluation (dropping from 12.50 to 20.50 pesos to one US dollar). By the summer of 1982, the exchange rate had sunk to 100 pesos to one US dollar (Meyer & Sherman, 1991: pp. 676, 683).

While the central government perceived certain dangers, it acted far too slowly. In the rush to promote the expansion of the national economy, little attention was given to its waste, corruption and contraction. In the summer of 1977, accords on the liquidation of both public and mixed enterprises began. In many instances, the Secretariat of the Treasury and Public Credit recovered little of the initial investment. Inefficient and outmoded production processes eroded the value of facilities and capital equipment. Poor maintenance, vandalism, and theft left few resources to reclaim. While liquidation was not yet a policy, the federal administration had to look to the reclamation of investments to offset mounting public debt. It had little control over increasing private debt. Inflationary pressures in Mexico forced much of the domestic private capital to other nations, chiefly the United States. Climax and near catastrophe came in the summer of 1982, when the central government initiated a “de facto” moratorium on the public debt, as Mexico suspended payments of the principal and stopped all payments on private sector debt (Heirro & Sanginés, 1991: p. 163). In urgent need of capital, but unable to pay existing debts, Mexico entered difficult negotiations, first with the United States, then with the International Monetary Fund. Creditor banks agreed to a moratorium on both short- and medium-term debt repayment to permit renegotiation on longer-term repayment schedules (Teichman, 1988: pp. 131-134). Fear of both continued economic contraction and acceleration of capital flight prompted López Portillo to nationalize fifty-nine private banks (Decree 6 September 1982) and to require the registration of their capital and holdings (Decree, September 1982) (Aguilar et al., 1982: pp. 34-52; Tello, 1984: pp. 129-138).

While the president felt that he had defended the integrity of the Mexican economy, disclosures of his enrichment tainted his administration (Smith, 1991: pp. 381-382). Perhaps, he had nationalized the banks to assure an economic future for himself, his family and his associates.

7. Dissolution and Reordering

Since mid-century, Mexico had employed “monopolistic capitalism of the State” (Yáñez Garrido & Rodríguez Jiménez, 1986: p. 37) to induce, complement and manipulate foreign investment in support of national economic development. The 1982 nationalization of the Mexican banks was the last expansive act of the public bureaucracy. In fact, it was not done to develop further the national economy but to rescue it from internal collapse. It was the most severe crisis since that of the Great Depression (Teichman, 1988: p. 111). The succeeding presidents in Mexico presided over both economically painful and politically embarrassing renegotiation of foreign debt, contraction of the federal bureau-
cracy and liquidation of the parastatal enterprises. Economic crisis caused the full shift of economic development policy to export maximization industrialization. Economic crisis, followed by environmental catastrophe, aggravated human suffering and social disorganization. Programs of social development back peddled to provide essential support. Both economic and social privations aggravated political alienation. Economic retrogression undermined the polity.


Miguel de la Madrid Hurtado (1934-2012) was the successful candidate of the Institutional Revolutionary Party (PRI) for the Mexican presidency, but he was chosen by a percentage significantly lower than any of his five immediate predecessors. He had not fully supported the nationalization of the banks, but felt that he had to support the actions of his predecessor (Maxfield, 1992: pp. 87-88). Having served as Secretary of Budgeting and Planning (1979-1982), he was fully aware of the task before him. He had to “stabilize” the nation, not for continuing development, but against imminent retrogression (Córdoba, 1986: pp. 328-345). The new government reformulated a number of old phrases to characterize its responsiveness to the continuing economic crisis “Revolutionary Nationalism”, “Integral Democratization”, “Egalitarian Society”, “Moral Renovation”, “Decentralization of National Life”, “Development, Employment and Fight against Inflation” and “Pact of Economic Solidarity” (Yáñez Garrido & Rodríguez Jiménez, 1986: pp. 87-88; Brito, 1991: p. 29). The president published his own monograph, Planeación Democrática (1983), which stressed popular participation, the harmonization of diverse social interest, and the flexibility, but sustained rationality of planning processes.

Throughout the period 1930 through 1982, the legal foundation for planning in Mexico was the initial Law of General Planning of the Republic. The succeeding Law of Planning (5 January 1983) sought to give order to the “decision-making” processes under a National System of Democratic Planning (Yáñez Garrido & Rodríguez Jiménez, 1986: pp. 88-89). In keeping with the Mexican tradition of lofty purposes, the law sought:

… the preservation and perfection of federally representative, democratic, republican rule which the Constitution establishes for the consolidation of the democracy as a way of life founded in the continuing economic, social and cultural betterment of the people, impelling their participation in planning and in the execution of governmental action (Article 2, in translation).

Under a specific requirement of the 1983 Law on Planning, the National Plan of Development (1983-1988) (published in full 30 May 1983; approved by Decree, 31 May 1983), reflected the orientation of the earlier global plan. Like its predecessor, the new plan was composed of several sectoral programs. Economic development was reoriented toward export maximization industrialization by

While preserving the centrality of both the Secretariat of Programming and Budget and the Secretariat of the Treasury and Public Credit, the new president reordered the federal bureaucracy (Decree, 29 December 1982). The Secretariat of Patrimony and Industrial Development was dissolved to create both a Secretariat of Energy, Mines and Parastatal Industries, and a Secretariat of Commerce and Industrial Development. The Secretariat of Human Settlement and Public Works was dissolved, with public works largely reassigned to the Secretariat of Communications and Transport while urban development, housing and local environmental protection were assigned to the new Secretariat of Urban Development and Ecology. The president also restructured the federal secretarial cabinets: Economy, Agricultural Affairs, Health, Foreign Trade and Federal Executive; yet this new secretariat was represented in none of these (19 January 1983).

The president moved to both reintegrate and reorient industry. Following the creation of a public-private sector Advisory Commission on Foreign Trade Policy (9 December 1983), the federal bureaucracy sought to both strengthen industrial development in the border and free zones (3 August 1983; 24 May 1984; 8 June 1984) and to initiate the future integration of free zone industries with the industrial base of the interior of the nation (22 August 1984). In 1985, restrictions on the importing of merchandise dedicated to use in promoting export production were eliminated (6 June 1985).

Beginning in January 1983, and running through August 1984, the president initiated a number of “house-cleaning” and “administrative cleansing and simplification” acts, which dissolved committees and commissions charged with the coordination of projects and services (19 January 1983; 12 June 1984; 8 August 1984). These acts were accompanied by a reduction of federal subsidies, liquidation or privatization of inefficient parastatal enterprises, and a reduction of federal employment.

At the local level, a far more substantive and functional change was effected in the reform of Article 115 of the Constitution (3 Feb 1983), in which:

The municipalities, under terms of related federal and state laws, shall be empowered to formulate, approve, and administrate zoning, and plans of municipal urban development, to participate in the creation and adminis-
tration of their territorial reserves; to control and direct the use of land in their territorial jurisdictions; to take part in the regularization of ownership of urban land; to authorize licenses and permits for construction, and participate in the creation and administration of ecologically reserved zones (Article 115, in translation).

These provisions formally empowered municipalities to share in the implementation of planning at local levels; yet federal or state level transfers secured funding even for local projects. While the tension between federal level fiscalization of development and local level implementation of development continued, the planning process in Mexico had become more decentralized.

Although economic and social crises appeared manageable in late 1985, a violent and incredibly destructive earthquake occurred during the morning rush hour of 19 September 1985 within Mexico City. The entire development budget for the year had to be allocated to provide for rescue, health services, food distribution, and demolition of damaged and dangerous structures. Economic and social development programs were paralyzed.

The closing years of the administration of Miguel de la Madrid Hurtado were struggles that impeded both economic reordering and moral renovation. Inflation persisted, and the exchange rate between the Mexican peso and the US dollar had increased to 300/1 (14 October 1985). Within another year, it grew to 800/1, and by December 1987, it had mushroomed to 2300/1 (Meyer & Sherman, 1991: pp. 686-687). The tourism industry along the western coast and southern Yucatán boomed with American, Canadian and European visitors, but the internal economy was in full retreat. The federal government authorized the “fusion” of banks across the nation (28 October 1985; 19 December 1985). By decree (12 December 1985), Mexico through regulation of the Secretariat of the Treasury and Public Credit guaranteed the loans of nationalized banks under provisions of the agreements with the International Bank for Reconstruction and Development (IBRD). In the last year of the de la Madrid administration, the Secretariat of Programming and Budget ordered the “dissolutions, liquidations, fusions and transfers of parastatal entities” in all major sectors of the national economy. These included construction and construction equipment (22 January 1988), fisheries (10 February 1988; 24 October 1988), mining and mineral processing (3 March 1988), diesel engines (3 November 1988), and steel factories (22 November 1988). The program of desincorporación proceeded slowly.

Of the 1115 publicly owned companies his government inherited in late 1982, de la Madrid managed by late 1986 to sell off 96, including some major ownings in the hotel and automobile business, to merge 46 and to transfer 39 to state governments. The government also closed down some 279 inefficient plants, including a large steel mill near Monterrey (Smith, 1991: p. 389).

The Law of the General Export Tax (8 February 1988) and the Law of the
General Import Tax (12 February 1988) fully repositioned the national economy to export maximization. On 18 March 1988, Mexico celebrated the fiftieth anniversary of the nationalization of petroleum (Carballo Balvanera et al., 1990). There was little cause for joy as the national patrimony was shrinking; 1988 was a very different and difficult time.

Another problem reemerged in this very troubled time: illegal immigration into the United States. While the maquiladora industry continued to grow, its requirements for both young and moderately skilled employees could not absorb the masses of unemployed, underemployed, displaced and unskilled workers. The cities of Mexico were no longer refuges from poverty and isolation. Illegal aliens, perhaps those who remembered the bracero program, were forced to come to the United States to earn income for transfer back into Mexico. Others sought permanent residence and possibly citizenship. The 1986 passage of the Immigration Reform and Control Act reduced the attractions, which “pulled” Mexicans into the US, but it could do nothing to reduce those factors, which “pushed” Mexicans out of their country (Meyer & Sherman, 1991: p. 691).

A dispirited public had increasing difficulty believing in the moral renovation. Economic collapse, social disorganization and environmental calamity exposed an impotent, incompetent or malefiant central government. Despite well-publicized convictions of senior bureaucrats for embezzlement, the internal “climate of confidence” was not restored. The Mexican Comptroller General, Ignacio Pichardo, is reported to have suggested that “Mexican corruption was like garbage: it had to be removed daily” (Meyer & Sherman, 1991: p. 686). When Miguel de la Madrid concluded his term, foreign debt had grown, national confidence had sunk and political crisis was imminent. The authoritarianism of the governing party, manifested as the “right to rule”, came under direct attack (Bailey, 1988: p. 6).


Carlos Salinas de Gortari (1948-) served as Secretary of Budgeting and Programming (1982-1988). Seen as a Harvard University-educated technocrat and having never been elected to public office in Mexico, his “presidentialness” was easily contestable. For the first time since its founding in 1929, the Institutional Revolutionary Party was to face a serious, possibly defeating, challenge to its monopoly of federal government. On the political right, and supported by the National Action Party, was the millionaire industrialist Manuel Clothier. On the political left, and supported by a hastily constructed coalition called the National Democratic Front, was Cuauhtémoc Cárdenas. Son Lazaro Cárdenas, with the given name of the last emperor of the Aztecs (1495-1522), and a former Institutional Revolutionary Party governor of the state of Michoacán, he seemed to embody the best of Mexico’s past and future. Clothier and Cárdenas agreed on nothing but the governing party’s tradition of electoral fraud. The two opponents split the vote. The far less charismatic Salinas de Gortari, appearing as the
Salinas de Gortari was careful to consolidate his legitimacy through moderation, employing the anthem of “modernization” (Smith, 1991: p. 395). Administrative reforms were at first modest, but later turned to a bending of the public bureaucracy toward social development. Equally attentive to both local and international affairs, the president promoted both rural development and accelerated participation of Mexican industry in the global economy. Borrowing the banner from his predecessor, Salinas de Gortari remobilized the “pact of economic solidarity”. Within the week following his inauguration, Salinas de Gortari created both the Program and the Fund of Support for Enterprises of Solidarity (Decree, 4 December 1988) to strengthen enterprises formed by rural, indigenous and urban groups, and the Commission of the National Program Solidarity (6 December 1988), which sought to reorient the National System of Democratic Planning toward municipal government and give special attention to the indigenous groups. By Accord (7 December 1988), the Secretariat of Programming and Budget was divided to create an Office of Coordination of the Presidency of the Republic, and the five secretarial cabinets were reconstructed: Economy, Agriculture, Social Well-being, Foreign Policy, and National Security. There was some overlap of work, as the Foreign Policy cabinet group held influence over export oriented industrialization. The cabinet groups for Economy, Agriculture and Social Well-being had a domestic orientation requiring coordination.

Citing the requirement of the 1983 Law on Planning, the president mobilized the National Systems of Democratic Planning, under a National Council of Economic Agreement, to formulate the National Planning of Development (1989-1994) (Accord, 31 January 1989). While heavily weighted by representation of the federal bureaucracy, under provisions of the 1983 Law on Planning, the “popular opinion” of rural workers and local groups was to be recognized, and representation of both private and social service sectors included. The subsequent plan sought more “collaboration” with the regional level Committees of Planning for Development (Fuentes Aguilar & Soto Mora, 1993: pp. 183-195).

In a bold, but perhaps ironic move, Salinas de Gortari dissolved the Secretariat of Programming and Budget, the secretariat, which he had headed, merging its national planning functions under the Secretariat of the Treasury and Public Credit (Decree reforming the Organic Law of the Federal Public Administration, 21 February 1992). Where national planning had led the development of the nation from 1930 through 1957, and where national planning and participation with public finance to coordinate development from 1958 through 1992, national planning was to be subordinated to public finance. National planning no
longer enjoyed either the personal patronage of, or institutional proximity to, the president of the republic.

Reflective of his graduate studies in political economy, the president was increasingly concerned with and attentive to the needs of the rural population. His dissertation had been published in Mexico as *Producción y Participación Política en el Campo* (Production and Political Participation in the Countryside) (Salinas de Gortari, 1986) in which he argued for the creation of a locally managed, but government supported, agricultural extension service. As president, his efforts turned toward the expansion and transformation of ejidal communities into legally recognized agricultural enterprises capable of contracting the sale of their surplus production (Cornelius, 1992).

The president was less attentive to the demands of domestic private capital or industrial labor. Neither private sector entrepreneurs nor urban labor unions were to continue to enjoy the protection afforded under import-substitution industrialization. Both capital and labor had to yield to the processes of the global economy, with less subsidy by the central government. The Secretariat of Programming and Budget continued to order the dissolution, liquidation or transfer of specific parastatal enterprises: cellulose (9 July 1989), food distribution (11 December 1991) and metal fabrication (30 December 1991). Perhaps, the most painful of his decisions was to permit majority ownership and management of industrial and commercial enterprises by foreign investors. The nearly sixty-year struggle to secure a definitive national patrimony and autonomy was lost as the central government abandoned its role as “agent of change” through “monopolistic capitalism of the State”. Salinas de Gortari envisioned a very different future for Mexico. Export-led industrialization, channeled through a North American Free Trade Agreement (NAFTA), would work to repay international debt, provide Mexico with a set of stable trading relationships in the hemisphere, and reintegrate the maquiladora industry back into the national economy.

The transition would be very difficult, requiring the reordering of the central bureaucracy to provide for basic human needs and underpin necessary social development. In May 1992, the Secretariat of Urban Development and Ecology was dissolved, its former programs and certain functions assigned to the former Secretariat of Programming and Budget were incorporated into a new Secretariat of Social Development (Decree Reforming the Organic Law of Federal Public Administration, 25 May 1992). The new secretariat was to be responsible not only for programs directly targeted toward social development, but also for the larger processes of Urban Development, Regional Development and Environmental Protection (Internal Regulation, 4 June 1992).

### 8. A Lowered Vision and a Diminished Role

As Mexico prepared to celebrate the quincentennial of the discovery of the New World, it had positioned itself for broader global economic participation. That

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1This section was prepared with the assistance of J. Branson Skinner.
orientation to economic development came with great internal cost. National planning processes held a lowered vision, one tied to the short-term processes of fiscalization by the Secretariat of Finance and Public Credit. Even though the relationships among local environments and human settlements were the responsibilities assigned to the Secretariat of Social Development, that new secretariat had a diminished role with respect to the protection of larger ecological systems. After six decades of national planning experience, Mexico was still wedded to the model that economic development led and supported social development, and that both occurred within a largely compliant environment.


Ernesto Zedillo (1951-) was elected President of Mexico after the leading Institutional Revolutionary Party (PRI) candidate for President, Luis Colosio, on whose campaign Zedillo was working, was assassinated. Prior to campaigning for Colosio and then becoming the candidate himself by default, Zedillo served as Secretary of Education under President Salinas. Previously he had been Secretary of Planning and Budget Control, a role to which he was appointed at age 36. His career began at the Bank of Mexico after completing his doctoral studies in economics at Yale University, where his dissertation focused on Mexico’s external debt (DePalma, 1994). Almost immediately upon taking office, Zedillo’s training as an economist was put to work when the Mexican economy plummeted.

The economic crash that hit within three weeks of Zedillo’s swearing in as president is commonly referred to as the Mexican Peso Crisis or the Tequila Crisis. The crisis was caused by a confluence of factors. First, when Mexico replaced its inflation wrecked old peso with the nuevo peso in 1993 it attempted to peg the currency to the US dollar. In order to do that, the Mexican government issued public debt in US dollars and used the dollars to buy pesos on the open market to maintain the currency within a window of fluctuation (Lustig, 1995: p. 13). Leading up to the 1994 elections, the Salinas administration prioritized consumer price stabilization over other economic factors, and the government overreached its debt capacity. Zedillo came into office to find the government severely in debt with a repayment schedule in a currency that was not its own and with an artificially high peso that the Zedillo administration believed was slowing down foreign investment. The issues were compounded by recently increased yields on financial instruments in the United States that made Mexican investments less attractive to investors (Lustig, 1995: p. 11). In order to incentivize investors and balance the federal budget, Zedillo announced a plan to devalue the peso by up to 15% (Lustig, 1995: p. 14). Yet such devaluation, coupled with political and social unrest caused by the Zapatista movement in the State of Chiapas and the fallout from the assassination of the PRI’s previous presidential candidate, led many institutional investors to liquidate their Mexican holdings all together, preempting a feared default by the Mexican government and political turbulence (Lustig, 1995: p. 17). This, of course, was the opposite of Zedillo’s
intent, and it sent the peso into free fall beyond a point where the government could stabilize it. Whether or not such a result could have been foreseen mattered little to Mexican consumers who quickly saw the peso depreciate by nearly 100% over the course of a month (Trading Economics, 2018). At least in terms of the government’s debt, the crisis met a backstop in the form of a US$50 billion bailout package coordinated by the United States under US President Bill Clinton. His administration pooled funds from a number of sources, including US$20 billion from the United States federal government and US$17 billion from the International Monetary Fund or IMF (Lustig, 1995: p. 20). While the government’s debt crisis and the immediate capital flight it spawned was turned around by the bailout fund, the peso now floated freely on a market that saw its value continue to fall. By the end of Zedillo’s six years in office, the Mexican currency hovered between 9 and 10 pesos per US dollar, roughly a 300% depreciation from before the crisis (Trading Economics, 2018).

The economic crisis had a long-term impact on the Mexican economy, one that would influence the agenda of Zedillo’s presidency. Between 1994 and 1996, extreme poverty increased from 21 percent of the Mexican population to 37 percent (Pereznieto, 2010: p. 1). The overall GDP decreased by 6.2% in 1995, and real wages fell by 18.5% (Pereznieto, 2010: p. 7). Urban populations were affected most profoundly because they were generally reliant on a wage-based income to provide for basic needs, whereas rural households could rely on subsistence farming (Pereznieto, 2010: p. 10). Through the 1995-2000 Plan de Desarrollo National, or the National Development Plan (PDN), Zedillo addressed urban and rural needs with different strategies.

The 1995-2000 PDN called for increasing indigenous representation in local government and “bringing the administration closer to the citizens” (Government of Mexico, 1995: p. 61, translated.) The plan set a goal of making the tools of agrarian reform more accessible through decentralization. The PDN cites authority for agrarian reforms drawn from Constitutional Article 27 adopted in 1992 as part of the Organic Law of Federal Public Administration. Establishing a process by which ejidos can gain land and through which large private landholdings, or latifundios, are outlawed, Article 27 creates an “organ for the procurement of agrarian justice”, which was embodied in the Secretary of Agrarian Reform (United States of Mexico, 2018, in translation). The constitutional article also mandates that the executive branch of the federal government will appoint local magistrates and local tribunals to handle questions of reform. While such matters would be administered on a local level, Article 27 establishes that questions of land ownership are of federal jurisdiction because all land “originally corresponds to the Nation” (United States of Mexico, 2018, in translation). On top of his call for decentralized, but federally mandated land reform, Zedillo also reignited interest in the social welfare program of his predecessor through a re-designed and rebranded program called PROGRESA, standing for Programa de Educación, Salud y Alimentación, or Program of Education, Health and Feeding.
Although other social welfare programs existed during his term in office, PROGRESA is regarded as one of Zedillo’s most significant achievements, in part for its actual impact, but also because the program has managed to avoid significant partisan political challenges. The system is a conditional cash transfer, similar to Brazil’s Bolsa Familia, through which families receive money for basic needs so long as their children attend school and families have medical checkups. PROGRESA addressed poverty based on the mandate derived from the 1995–2000 PDN. Zedillo’s PDN states, “The principal challenge of Mexico consists of diminishing poverty and moderating the inequality that exists between the different strata of the population. The persistence of poverty and inequality does not permit democratic freedoms to be exercised fully or for individual productive, educational and cultural capacities to unfurl” (Government of Mexico, 1995: p. 65, in translation). Though it does not mention the program by name, the PDN theorizes PROGRESA as much as a long-term investment in human capital and ingenuity through education as a short-term social welfare program. The PDN envisions that raising education levels across the country can ultimately address structural issues of inequity and underemployment. Combining the bulk of fifteen separate federal food distribution programs PROGRESA was housed under its own commission, building on connections between the Secretariat of Social Development, the Secretariat of Public Education, the Ministry of Health, and the Mexican Institute for Social Security (Pereznieto, 2010: p. 26; Alanís, 2003).

Launched in 1997, PROGRESA provided monthly cash transfers to 2.6 million families by the end of Zedillo’s term in 2000. Nearly all of those families were rural, and roughly two thirds were indigenous (La Razón de México, 2014). State and local governments were generally responsible for the provision of education and health services (Alanís, 2003). The rural focus of PROGRESA took shape within the context of political pressure from the Zapatista Movement seeking rural land reform (The Economist, 1998).

On December 22, 1997, two and a half years after 17 farmers organizing for land reform were killed by police, 45 unarmed sympathizers of the Zapatista Movement, including children, were murdered by assailants with connections to the PRI (The Economist, 1998). The two massacres placed political pressure on Zedillo to focus on rural concerns, but urban affairs were not completely forgotten.

Zedillo’s approach to urban poverty and development concerns was primarily market based. The 1995–2000 PDN sought to incentivize private investment by moderating inflation. As Zedillo’s administration struggled with this approach after the economic crash, it turned to privatization. Continuing the work of previous administration, Mexico listed for sale US$12 billion of assets, including railroads, airports, ports, petrochemical factories and satellites (Millman, 1996). Zedillo created the Interministerial Committee for Divestiture hoping that streamlining privatization practices would raise money for the government to repay debt and increase investment in modernizing Mexico’s economy (Mac-
Leod, 2004: p. 85). However, privatization initiatives were not as fruitful a Zedillo’s administration had hoped. Questions of union contracts and aging infrastructure deterred many investors and kept bids low (Millman, 1996). During Zedillo’s six-year term, the government only collected US$4 billion from its privatization initiatives, mostly from transportation related assets (MacLeod, 2004: p. 89). The few gains that the government made through privatization were completely wiped out by the US$115 billion bailout package that the Zedillo administration offered to private banks to stabilize the economy during the Peso Crisis (MacLeod, 2004: p. 99).

While market-based mechanisms were slow to respond, Zedillo’s government did invest directly in both rural and urban infrastructure. During Zedillo’s term in office, the federal Secretariat for Social Development, or SEDESOL, transferred more than 56 billion pesos to municipalities for locally based, federally funded infrastructure projects (SEDESOL, 2000: p. 14). SEDESOL was also responsible for overseeing a temporary employment program that brought mostly unskilled jobs to more than 5.6 million people to work primarily on reconstruction efforts after natural disasters (SEDESOL, 2000: p. 14). Despite those efforts, a struggling economy and political pressure from the Zapatista Movement led to the PRI losing control of congress in 1997, foreshadowing a change in the executive branch.

8.2. Vincente Fox (2000-2006)

Vicente Fox (1942-) was elected President of Mexico on his 58th birthday, July 2, 2000. The election of Fox, a member of the center-right National Action Party, or PAN, was a monumental moment for Mexico marking the end to 71 years under the Institutional Revolutionary Party (PRI). In fact, the most significant accomplishment of Fox’s presidency may be that his presidency broke the PRI’s control of government. Otherwise, many of Fox’s policies were continuations of the frameworks established under his predecessor. Fox entered office as a former Governor of Guanajuato and former member of the House of Deputies in the Mexican Congress. Prior to his political involvement, Fox worked for Coca-Cola Mexico, rising from delivery truck driver to president of the company. Campaigning on the loosely defined idea of change, Fox entered office with the goal of bringing Mexico through the same upward climb as a nation that he experienced as an individual (Hellman, 2007).

The 2000-2006 National Development Plan (PDN) presented a vision for Mexico 25 years in the future. The document declares that in 2025 “Mexico will be a fully democratic nation with a high quality of life that has reduced the extreme social imbalances” (Government of Mexico, 2001: p. 37, in translation). The plan lays out six axes of human development policies to achieve such a goal. First to “break the vicious cycle of poverty” by continuing and starting programs to transfer economic resources and support education. The second axis described in the plan is to seek equity and equality in programs and opportunities
for all Mexicans. The third axis is to foster entrepreneurial capacity. The fourth axis is to seek social cohesion and solidarity across Mexican society. The fifth axis is to “develop in harmony with nature” (Government of Mexico, 2001: p. 52, in translation), by integrating measurements of environmental health into economic decisions and developing an index for a green gross domestic product. Finally, the plan describes the sixth axis as confidence in the capacity of government and institutions. While the plan details existing conditions and the rationale behind these areas of focus, actionable steps are scarce.

In broad terms, the plan states that government should be intelligent and good (Government of Mexico, 2001: p. 38, in translation). More specifically, the plan calls for the creation of a “Commission for Social and Human Development, a Commission for Growth with Quality and a Commission of Order and Respect, with functions of planning, coordination, collaboration, support and promotion” (Government of Mexico, 2001: p. 65, in translation). Where these commissions would overlap with existing ministries, such as the Secretariat of Social Development, is not clear from the plan or subsequent documents. With this ambiguity, the Fox Administration struggled to achieve its ambitions.

One of Fox’s most prominent programs was the continuation of Zedillo’s PROGRESA conditional cash transfer, rebranded under the name Oportunidades. This program was based principally on the first axis of social development in the 2000-2006 PDN and the administration’s focus on education as a human right. The PDN states that “there is not human development without education; therefore, education is before everything a basic right that the State and society have an inescapable responsibility to execute” (Government of Mexico, 2001: p. 80, in translation). Influenced by Peruvian economist Hernando de Soto’s belief that small-scale land ownership is fundamental to equitable economic structures, Fox also continued agrarian reforms started by his predecessors (PBS, 2001). Yet his support for agrarian reforms was quickly undermined when his administration announced plans to build a US$2.3 billion airport on communal ejido land outside of Mexico City. After violent protests in opposition of the proposed airport, the plans were dropped (Thompson, 2002).

Economically, Fox was generally in line with his predecessor, seeking to incentivize private investment while insisting on not privatizing Mexico’s most attractive financial asset—PEMEX (Shields, 2007). Fox established a series of new free trade and security partnerships with the Bush administration in United States. The first program, Partnership for Prosperity, made transferring money between the US and Mexico cheaper and easier. Other parts of the program provided financial support for US companies operating in Mexico (Storrs, 2005). Fox’s hope was to offer favorable trade agreements to US companies in exchange for more liberal immigration policies streamlining the process for Mexican immigrants to live and work in the United States. With security concerns arising after the September 11 terrorist attacks, immigration reform was not realized (Storrs, 2005).
Seeking a concrete legacy, the Fox administration supported the construction of a US$100 million public library, the largest in Latin America (Kaysen, 2007). The project was funded and overseen by the Administrative Committee of the Federal Program of School Construction (El Universal, 2006). A year after the ribbon cutting ceremony in 2006, the library was closed for two years due to design oversights that caused leaks and structural cracks necessitating multimillion dollar repairs (Ceballos, 2007).

Despite limited successes of his own design, Fox marked a political shift. He was the first president from the PAN party. He would not be the last.

8.3. Felipe Calderón (2006-2012)

Felipe Calderón (1962-) was elected President of Mexico after serving as Secretary of Energy in the Fox Administration. Prior to his position as Secretary of Energy, he was in charge of the National Bank of Public Works and Services. He entered office as president supported by the institutional capacity of an administration and the National Action Party that had been in office for six years. The 2007-2012 National Development Plan (PDN) was presented for the first time in interactive form accessible through the Internet. The PDN called out five axes of focus for the Calderón administration.

1) A state of law and security;
2) A competitive economy that creates jobs;
3) Equality of opportunities;
4) A sustainable environment; and
5) Effective democracy and responsible foreign policy (Government of Mexico, 2007, in translation).

In addition to the PDN, shortly after entering office Calderón launched the National Infrastructure Program of 2007-2012, allocating US$233.8 billion to a variety of projects from highways to hospitals (PWC, 2013). More than 16,500 kilometers of roads were constructed or rebuilt across the country (jgm, 2018). Over the course of his presidency, Calderón’s administration oversaw the construction of 39 public hospitals and 132 clinics run by the Institute for Social Security and Services for State Workers (Arreola, 2012). In tandem with existing hospitals and private investments, Calderón’s public investment in hospitals brought near universal access to healthcare across the country (La Razón, 2012).

Calderón matched the investment in public health care facilities with support for the continuation of Oportunidades, the conditional cash transfer program originally begun under the name PROGRESA during the Zedillo administration. In addition to Oportunidades, Calderón’s administration launched the Vivir Mejor program, or To Live Better, in 2008 aiming to bring nutritional support to families that could not access Oportunidades due to a lack of schools in rural areas for students to attend (Proceso, 2008). Through these two programs, the Mexican government supported six and a half million families with basic neces-
sities on a monthly basis by Calderón’s last year in office. Two other programs, *Esta Es Tu Casa* (This is Your House) and Habitat, supported over a million families with mortgage loans for homes and installed water and sewer connections for those homes (La Razón, 2012).

As part of the National Infrastructure Program, the government also updated the electricity grid with US$35.1 billion invested from both public funds and public private partnerships. Of that investment, over US$3 billion was directed to renewable energy sources such as wind farms and hydroelectric plants (Corta et al., 2007). To increase support for public private partnerships, Calderón introduced the Law on Public Private Partnerships in November of 2009. The law, which did not pass Congress until January of 2012, gives private firms the ability to identify potential projects and submit proposals to the relevant government agency. If such privately initiated projects ultimately are put out to tender, the firm that submitted the proposal would be reimbursed for the cost of its feasibility study initially submitted regardless of which firm wins the final contract (Hanono, 2012).

Economically, Mexico saw gains in employment figures largely due to NAFTA and other global trade agreements. Among the most significant employment sectors was the auto industry. Taking advantage of markets within Mexico and low-to-no tariffs for access to markets abroad, both Asian and American car manufacturers opened assembly and parts plants, directly employing tens of thousands of people (Associated Press, 2007; Smith, 2007). Such global economic integration was at the heart of Calderón’s vision for Mexico. Yet for the people still without jobs and for the low paid, Mexico has continued currency troubles made daily life a struggle.

To combat the effects of inflation and commodity speculation on the price of basic staples, Calderón’s administration worked with major tortilla producing companies to form the Tortilla Price Stabilization Pact. First established in 2007 and later renegotiated in 2010, the pact used both legal threats and direct subsidies to create a price ceiling for consumers (Beltrán, 2007; USDA, 2010). In addition to capping the price of tortillas, Calderón’s administration also offered cash subsidies to companies hiring an employee entering the job market for the first time (CROSS, 2012). The First Employment Program was designed in part to reign in outward migration to the US. Between its launch in 2007 and August of 2011, the program had registered over 83,000 workers within 22,000 businesses (CROSS, 2012). Yet Calderón’s Secretary of Work and Social Provision, Javier Lozano, admitted that the First Employment Program is not sufficient to create jobs to fully employ Mexico’s youth, “even with all of the federal budget” (Cantero, 2007). Unemployment, outward migration and violence continued to present grave challenges for Mexico.

Framing Calderón’s six-year term in office was a plague of violence that swept across Mexico. Criminal activities had developed into an all-out civil war. During Calderón’s presidency, there were an estimated 60,000 murders across Mexico (Miroff & Booth, 2012). This marked a three-fold increase in four years.
from less than 9000 murders in 2007 to over 27,000 in 2011 (Miroff & Booth, 2012). Calderón deployed 50,000 federal troops alongside police to fight the gang and drug related violence across the country. With bodies dumped openly on streets and beheadings on a near daily basis, terror had made its mark on Mexico perhaps more profoundly than any highway infrastructure or hospital project could (Miroff & Booth, 2012). In July of 2012, the electoral polls reflected that.

8.4. Enrique Peña Nieto (2012-2018)

Enrique Peña Nieto (1966-) was elected President of Mexico in 2012, marking a return to power for the Institutional Revolutionary Party (PRI). Although he brought over a decade of experience within senior party and governmental positions, including as Governor of the State of Mexico, Peña Nieto campaigned as a fresh face for the PRI and for the nation (Carroll, 2012). He overcame political gaffes, such as not knowing the price of tortillas that had been set by the Calderón administration, to win the presidency. He entered office promising, among other things, to curb violence, fight poverty and hunger, improve education, strengthen welfare safety nets and break up telecommunications monopolies (Carroll, 2012). In total, Peña Nieto announced his vision to turn Mexico into a “developed country” (Rueda, 2012). This vision was paired with the central strategy of the Plan Nacional de Desarrollo (National Development Plan) 2012-2018 (PDN): to “increase productivity in order to carry Mexico to its full potential” (Government of Mexico, 2012, in translation).

For the Peña Nieto Administration, increased productivity began in schools and carried through to industry; yet the success of reforms across sectors has been mixed. Peña Nieto introduced sweeping reforms for public education across the country with the aim of breaking up teachers’ unions in order to reward good performance and to fire teachers deemed to be underperforming. In the 2012 Program for International Student Assessment, or PISA, 41% of Mexican students did not meet basic reading comprehension standards and 55% were below basic math standards (Canedo, 2016). These failings are commonly attributed to poor facilities, high teacher to student ratios of 28:1 nationwide and corrupt practices of teacher hiring and assessment (Canedo, 2016). The Education Reform Bill passed in February of 2013 attempted to address at least one of the major challenges facing education: teacher hiring and assessment.

Through the Education Reform Bill, the Peña Nieto administration intended to transfer authority over public education hiring practices from the state governments to the federal government, where administration officials believed themselves to be in a stronger position to negotiate with the national teachers’ union, the National Coordinator for Education Workers, or SNTE by its Spanish acronym, about changing hiring practices. The Education Reform Bill was unsurprisingly met with strong opposition from SNTE, stalling many of the planned reforms (Canedo, 2016). The subsequent police repression of teacher strikes and protests led to at least nine protesting teachers being killed, which sparked even
greater backlash from across society (Ahmed & Semple, 2016). In September of 2014, police stopped 43 teachers-in-training, students from a teaching college traveling in a hijacked bus on their way to a teachers’ protest. The 43 young men have been missing since 2016 and are presumed to have been murdered by police (McDonnell & Sanchez, 2016). Their disappearance has eroded any cooperation between SNTE and the Peña Nieto government. The resulting instability within the education system led to many students missing over a year of school during Peña Nieto’s six years in office (Ahmed & Semple, 2016).

Aside from attempted educational reforms, Peña Nieto has supported education through the continuation of the PROGRESA, later Oportunidades, conditional cash transfer program, again rebranded and redesigned as PROSPERA in 2014. Under Peña Nieto, the program expanded the scope of benefits to include early childhood education, scholarships for higher education, and greater healthcare options (Banco Mundial, 2014). PROSPERA tracks beneficiaries into the National Employment Service in order to make them priority candidates for job opportunities. Managed by the Secretariat of Social Development, the redesigned PROSPERA program also links eligible recipients with micro-financing credit and 15 other federal programs (Banco Mundial, 2014; Arteaga & Álvarez, 2016). Dubbed the Program for Social Inclusion, PROSPERA supported 6.1 million families, or nearly 24 million people, in 2016 (Arteaga & Álvarez, 2016).

Educational reforms and the expansion of state-run social benefits were contrasted with industrial privatization in a sector that had previously been deemed off limits for policy makers. A year after taking office, Peña Nieto signed an amendment to the Constitution allowing for the privatization of Mexican energy assets. This was followed in August of 2014 by a series of bills that Peña Nieto signed into law aiming to reform the energy sector in Mexico. Within the reform package, state-owned oil monopoly Petroleos Mexicanos, or PEMEX, opened its doors for private investment. The reforms allowed PEMEX to manage certain projects on its own, while taking on investment in the form of partnerships and contracts for other projects, such as offshore oil drilling. While PEMEX continues to own all hydrocarbon assets underground, the reform laws and constitutional amendment allow for private oil exploration and oilfield development, as well as the ability to transfer ownership of extracted oil and natural gas once it has been removed from the ground (Castilla & Prakash, 2014). The reform laws establish specific protocols for determining royalties and tax rates for all projects, including those managed solely by PEMEX (Negroponte, 2014). Through the reforms, the Federal Government assumes the responsibility of paying for PEMEX’s workers’ pensions in exchange for raising the retirement age from 55 to 65 (Negroponte, 2014). The relevance of these reforms to national planning strategy runs far deeper than merely selling off assets of a state-run company.

Although the long-term impacts of Mexico’s energy sector reforms are still manifesting themselves, through the privatization of PEMEX, as well as with reforms to other components of the nationwide electricity grid, Peña Nieto has set
a direction for Mexico’s overall development. That direction is a balancing act between environmental concerns on both a local and global scale, land ownership and tenancy concerns, and financial pressures from corporate interests as well as from Mexicans looking for jobs (Negroponte, 2014). Although Peña Nieto’s PDN makes specific mention of supporting renewable energy, encouraging private investment in hydrocarbon exploration may slow down Mexico’s ability to develop renewable sources of electricity. For example, the Peña Nieto Administration’s US$150 million investment in renewable energy focused Centers for Energy Innovation is dwarfed by the US$8.6 billion of contracts in offshore drilling awarded in the 2018 bidding cycle (Government of Mexico, 2016; Garcia & Parraga, 2018). Yet at the same time, exploration and extraction of natural gas, which has a smaller carbon footprint as crude oil, may prove to be an intermediary step toward green energy. Facilitated by the reform laws, Mexico can take such a step forward through foreign and private investment and expertise (Lajous, 2014). In either case, Peña Nieto’s administration aims to make electricity and energy cheaper in Mexico. The high price of electricity in Mexico, when compared to similar economies around the world, is cited as a major impediment to industrial job growth (Lajous, 2014). Peña Nieto’s policy stance is that privatization is necessary to overcome a history of monopolized energy production that has slowed technological advances and price competition. By developing energy infrastructure through private investment, the administration envisions a more industrially competitive nation. With Mexicans heading to the polls in July of 2018, it remains to be seen whether the direction Peña Nieto has set for the nation is a vision that is shared by the majority of constituents.

9. Conclusion

Mexico has had a rich and colorful history, and national planning has played a major role in the economy for almost a century. Whereas the initial import-substitution industrialization in the country focused too narrowly upon specific sites, later export-led industrialization has attended only to the global market. The former was more attentive to the immediate environment, while the latter is becoming more attentive to the world. However, the conceptualization of national planning processes must simultaneously recognize the dynamics of the economy at community, regional, national, continental, and global scales. After nearly nine full decades of promoting the positivistic search for political order and the dream of economic progress, the institutionalized national planning process of Mexico has evolved. With the American presidency now in the hands of Donald Trump, this resilient process is likely to face significant short-term challenges...

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.
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