

DEMOCRACY WITHIN REASON

Technocratic Revolution in Mexico

MIGUEL ÁNGEL CENTENO



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Para Tía Ana, con todo mi cariño.

Preface

Answers are enticing. Often it makes no difference whether an answer is right or wrong, as long as one exists. The more precise and decisive, the better; all the more so if the problem is complex. I remember my enchantment with linear programming during my first year in business school. One could enter as many variables as necessary, assign appropriate prices, choose what to maximize or minimize, write a few lines of instructions, and magically the most intricate management problem was reduced to a single quantity. The tools of modern management and economic analysis could dispel doubt, calm anxiety, and guarantee efficiency.

After my initial fascination I started wondering who chose what to maximize or minimize. As in Douglas Adams's novels, the significance of the answer "42" depends on the question. It was only after starting graduate school that I realized that power was not about producing solutions but about which questions were posed and how answers were verified. While studying the debt crisis in Latin America, for example, I read that populist policies were not viable and that proposals to share the costs of the crisis were clearly demagogic. What was important was responsibility, realistic appraisals, and truly feasible solutions. But, responsible to whom? Feasible for what? I found it difficult to accept that all these requirements coincidentally shifted most of the sacrifice toward the poor. Why would the debtor countries be so willing to take on such a burden? With all the talk of free riders in contemporary academic parlance, it struck me that the Latin American debtors behaved quite irrationally in paying their bills.

Perhaps the leaders of these countries were simply stooges of interna-

tional finance? Having met many of those on Wall Street who supposedly had concocted this complex conspiracy, however, I found it difficult to believe that they had the intelligence or the skills to do so. The key to the “new dependency” of the debt was not the circulation of capital or commodities but the flow of knowledge. Those policy makers who had decided to pay back the debt, no matter the cost, simply could not imagine challenging the dictates of a model of international behavior. Much like medieval Ptolemiss constructing evermore complex corollaries to explain the distance between theory and observation, the financial experts in both creditor and debtor countries tried to shape the world to meet their own expectations. As long as one asked the right questions, the model would work.

This book began as a study of the men and women who came up with these answers, the means by which they achieved power, and the consequences for their countries. While searching for a case study with which to examine financial policy making, I was struck by the particular characteristics of the Mexican state. Among the leaderships of regimes that could be loosely classified as bureaucratic-authoritarian, the Mexican elite was unique in that it achieved power without the apparent assistance of the military. How was it possible that these men and women, with no popular support, little or no charisma, and no military allies had been able to impose a regime of sacrifice? Who were these people and what was their vision of Mexico? Large parts of this book were written in order to answer these questions.

At the time I thought the answer would only be of historical interest since the Mexican technocrats would not remain in power for long. Like many others I thought that I had witnessed the last gasp of the Mexican regime in 1988. Whether Carlos Salinas had managed to win or steal the presidency did not matter since the regime was obviously on its last legs. In a proposal I wrote late in 1988 I mentioned that, unlike the Communist Party of the Soviet Union, the PRI did not have the resources to stay in power and that Salinas, unlike Mikhail Gorbachev, could not expect to survive while undermining his own political base.

Four years later and not quite so certain of my predictive powers, I arrived in Moscow to teach Russian students about the Mexican version of perestroika. From the Russian perspective the Mexican model could appear quite attractive. Among the ruins of one absolute dogma many sought yet another model, equally perfect in its logical closure. The new Mexican miracle certainly compared favorably to the chaos and uncer-

tainty of the Russian transition. If one defined success as the ability to remain in power while overseeing radical social change, the achievements of the Mexican regime were truly outstanding. The trick was in the definition of success. Given the right question, Mexico seemed the perfect answer.

One obvious question was whether glasnost had doomed perestroika. Many Russians appeared to think so. In Moscow I often heard that perhaps Russia could not afford democracy. Democracy was fine, but perhaps it should be momentarily delayed. Russians should once again wait for the withering of the state. To some, Salinas seemed a smarter version of Gorbachev, having focused on the economy before democracy. I was struck by how easy it was to see democratic procedures as an unaffordable luxury and how the willingness of a population to express anger at suffering and declining standards of living could be seen as an obstacle to needed change. Russians were not alone in this opinion. The assumption in much of the academic literature was that reasonable solutions required reasonable governments, and democracies had an unfortunate habit of producing quite unreasonable results. Democracy was a perfectly respectable objective, but only within reason.

If this book reflects my biases (and undoubtedly it does), one is clear and explicit: a preference for democracy over wisdom. Contemporary Moscow is one obvious example of what happens when an elite vanguard insists on the inevitability of its model. Both the now-discredited Leninist model and the fashionable technocratic alternative share the same distrust of their own population and the same inflated sense of their own virtue. That the Salinas government has produced almost miraculous results is indisputable, but Moscow, in its time, was also said to represent the future. Precisely because it appears to represent such a wonderful solution, a perfect answer to those who seek a way to make a leap into "modernity," it is important to understand the origins, characteristics, potential, and limitations of the Mexican model. This book is an attempt to define these.

The book is not an attempt to defend democracy since I believe it is impossible to do so except on its own terms. If the question of the transition to the market is posed in terms of effectiveness, stability, and speed, the answer will most likely be authoritarian. The advantages of not having to worry about opposition when imposing unpopular policies do not need belaboring. The ability of an all-powerful state to create economic miracles was more than adequately proven in both Germany

and the Soviet Union in the 1930s; the potential costs were also made patently clear. Rather, the book is concerned with the specific organization, personnel, and doctrine of the Mexican technocratic state and the relationship between these and specific policy choices. It is about who asked what questions and how their answers shaped Mexico's response to the revolution of the market in the 1980s.

Chapter 1 summarizes the economic, political, and economic situation in Mexico in the 1990s, as well as providing some historical background for those unfamiliar with that country. Chapter 2 then proceeds to discuss the academic literature on transition to the market and provides a summary of my argument. Both of these chapters have been written from a comparative perspective. The following chapters are more oriented toward those interested in the specifics of the Mexican case but are organized so that they may be read in isolation. In deciding how to tell the story of the Mexican technocratic revolution, I had to choose whether to privilege the narrative or the analysis thereof. I have tried to do justice to both by essentially telling the same story from three different angles, or at three different analytical levels.

Chapters 3 and 4 define the institutional arena in which the technocratic revolution took place. The first describes the centralization of power within the bureaucracy and its relationship with the military, the ruling party, and international and domestic capital. Chapter 4 discusses the structure of that bureaucracy, particularly the role of the presidency and the rise in importance of the planning and finance sectors. The next two chapters define who led the revolution and their relationships to their predecessors. Chapter 5 provides a detailed description of the dominant elite and their social origins, educational background, political activity, and professional experience. Chapter 6 analyzes the maintenance of a complex system of interlocking political networks of patron-client relationships and their role in the empowerment of the new elite. Chapter 7 and Chapter 8 turn to a discussion of the ideology of the revolution. Chapter 7 describes the hegemony of new economic and social principles in policy making. Chapter 8 analyzes the specific methods used to design and implement these and the implications for democratic participation. With the last chapter I turn to more speculative analysis oriented to promoting comparative discussion and debate. My conclusion proposes some alternative scenarios for Mexico's future and suggests some guidelines for the study of regimes undertaking similar transitions.

With this summary in mind I would like to note what this book is not. As I finished the last revisions I realized that in my efforts to bring the state back in, I tended to keep society out. I still feel that politics and policies do matter to anyone interested in analyzing the transition to the market. But I also realize that there are many actors missing from my study. All scholarly enterprises must have limits, and the walls of the state are those of this book.

I would like to thank the following institutions for providing assistance in the research and writing of this book. The Yale College Financial Aid office helped begin it all quite a few years ago. I would also like to thank all my employers in the years between college and graduate school for understanding and supporting my dream to return to academia. More recently I have depended on the generosity of the National Science Foundation, the Yale University Graduate School, the Fulbright-Hays office at the Department of Education, the Spencer Foundation, the John F. Enders Foundation, the Center for U.S.-Mexican Studies at UCSD, Princeton University, and the Council for International Exchange of Scholars.

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swered my questions. My deepest thanks go to the Gámeros family, and especially to Manolo, for introducing me to their fantastic country. The fellows and staff at the La Jolla Center made finishing my thesis an almost pleasant experience. I owe my sanity and much more to Joe Foweraker, Oton Baños, Juan Molinar, Arturo Sánchez, Peter Smith, Wayne Cornelius, Graciela Platero, Jeff Weldon, Luin Goldring, and Carol Zabin. Thanks also to Christa Beran and Mitch for their wonderful hospitality. In Princeton I was again very lucky to find a great group of colleagues: Frank Dobbin, Michèle Lamont, Gene Burns, Michael Jiménez, Ben Ross Schneider, Viviana Zelizer, John Waterbury, Marvin Bressler, Donna DeFrancisco, Blanche Anderson, and Cindy Gibson. I also had wonderful students who not only taught me a lot but also laughed at all my jokes. Thanks as well to Ernest Mastria for keeping me in the present. And since I promised, thanks to Carol Swegle for the most honest comment an academic ever heard: "That sounds great Miguel. I wish I could say that I will be interested enough to read it."

Many of those listed above read parts or even all of previous versions of this book and I hope they will recognize some of their contributions and forgive my stubbornness and many errors. I especially want to thank Dale Story and Nora Hamilton whose suggestions helped me clarify the final version of the argument. Sandy Thatcher at Penn State Press has been the ideal editor and deserves more thanks than I can give here. Cathy Thatcher also did a wonderful job on copyediting.

Finally, and most important, I want to thank my family for allowing me the luxury of doing what I love for a living. Arturo Girón and Debby Anker saved me from more than one disaster and always seemed to believe that I would make it. Deborah Kaple has given me more than I ever thought possible; finishing this book is an especially happy occasion since it means we can spend much more time together. But none of this would have been possible without the sacrifice and love of Ana Pintado, and I hope she will not mind that I have dedicated the book to her. Gracias, Tía Ana.

M.A.C.

Moscow, April 1993

List of Abbreviations

Banobras	National Bank of Public Works and Services
CEN	National Executive Committee (PRI)
CEPES	Center for Political, Economic, and Social Studies (PRI)
CNC	National Peasant Confederation
CNOP	National Confederation of Popular Organizations
CONASUPO	National Company of Basic Products
CTM	Workers' Confederation of Mexico
DF	Federal District
FCE	Economic Culture Foundation
FDN	National Democratic Front
FLACSO	Latin American School for Social Sciences
GATT	General Agreement on Tariffs and Trade
Icap	Institute for Political Training (PRI)
IEPES	Institute for Political, Economic, and Social Studies (PRI)
IMF	International Monetary Fund
IMSS	Mexican Social Security Institute
INAP	National Institute of Public Administration
INEGI	National Institute of Statistical and Geographical Data
Infonavit	Institute of the National Fund for Workers' Housing
ISSSTE	Institute for Social Security and Services for Public Employees
ITAM	Autonomous Technological Institute of Mexico

LFOPE	Federal Law of Political Organizations and Elections
Nafinsa	National Development Bank
NAFTA	North American Free Trade Agreement
NICs	Newly Industrializing Countries
PAN	National Action Party
PARM	Authentic Party of the Mexican Revolution
PCM	Mexican Communist Party
Pemex	Mexican Petroleum Company
PFCRN	Party of the Cardenist Front for National Reconstruction
PGD	Global Development Plan
PIRE	Immediate Program for Economic Reorganization
PMS	Mexican Socialist Party
PNDI	National Plan of Industrial Development
PNR	National Revolutionary Party
PPS	People's Socialist Party
PRD	Party of the Democratic Revolution
PRI	Revolutionary Institutional Party
PRONASOL	National Solidarity Program
SAHOP	Ministry of Housing and Public Works
SAHR	Ministry of Agriculture and Water Resources
SCT	Ministry of Communications and Transport
Secofi	Ministry of Commerce and Industrial Development
Sedeso	Ministry of Social Development
SEDUE	Ministry of Urban Development and Housing
SEMIP	Ministry of Energy, Mines, and Parastatals
SEP	Ministry of Education
Sepafin	Ministry of National Patrimony and Industrial Development
SHCP	Ministry of the Treasury
SPP	Ministry of Programming and Budget
STPRM	Revolutionary Syndicate of Petroleum Workers of Mexico
UNAM	National Autonomous University of Mexico

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INTRODUCTION

Salinastroika

In the fall of 1991 progovernment rallies in Mexico featured a new cheer—"Uno, dos, tres, Salinas otra vez"¹—and newspaper columns openly discussed the possibility of Carlos Salinas running for a second term as president. Given the importance of the principle of no reelection in the Mexican political iconography, even the hint of such a radical shift raised a few eyebrows.² Much of the discussion in the restaurants, political salons, and offices of the capital revolved around whether Salinas had approved, gently supported, or even had knowledge of an orchestrated campaign (the idea that this was a spontaneous demonstration of support was never seriously considered). While the possibility of a reelection had been dismissed by late 1992, the mere airing of such sentiments indicated the fantastic political success of the first half of the Salinas *sexenio*.³

The Salinas *sexenio* represented a revolution in Mexico comparable to that presided by Lázaro Cárdenas in the 1930s.⁴ While it did not involve a total social transformation such as the classic revolutions of 1789, 1910, and 1917, or even 1989, it certainly changed both the organiza-

1. Interview, Mexico City, December 1991. The phrase translates literally into "One, two, three, Salinas one more time," but may be best understood as the Mexican equivalent of "Four more years."

2. See discussion in *El Universal* (Mexico City), February 16, 1992.

3. Literally, sexennial. This is the common term used to define Mexican presidential administrations.

4. See Nora Hamilton, *The Limits of State Autonomy: Post-Revolutionary Mexico* 1982; Arnaldo Córdova, *La política de masas del cardenismo*, 1973; and the Colegio de México's *Historia de la revolución mexicana*.