Industrial Conflict, Accumulation and the State:
Collective Bargaining in the Mexican Motor Vehicle Industry

by

R. P. Kay

B. A. Simon Fraser University, 1988

A Thesis Submitted in Partial Fulfilment of
the Requirement for the Degree of
Master of Arts
in the Department of Political Science

© R. P. Kay, 1992

Simon Fraser University
June, 1992

All rights reserved. This thesis may not be reproduced
in whole or in part, by photocopy or other means, without the permission of the author.
APPROVAL

NAME: Roderick Paul Kay

DEGREE: Master of Arts


EXAMINING COMMITTEE:

Chairperson: Dr. Laurent Dobuzinski

Professor Alberto Ciria
Senior Supervisor

Dr. Maureen Covell
Second Supervisor

Dr. Gerardo Otero
External Examiner
Department of Spanish and Latin American Studies
Simon Fraser University

Date Approved: August 25, 1992
I hereby grant to Simon Fraser University the right to lend my thesis, project or extended essay (the title of which is shown below) to users of the Simon Fraser University Library, and to make partial or single copies only for such users or in response to a request from the library of any other university, or other educational institution, on its own behalf or for one of its users. I further agree that permission for multiple copying of this work for scholarly purposes may be granted by me or the Dean of Graduate Studies. It is understood that copying or publication of this work for financial gain shall not be allowed without my written permission.

Title of Thesis/Project/Extended Essay

Industrial Conflict, Accumulation and the State:


Author:

(signature)

Roderick Paul Kay

(name)

25/8/92

(date)
Abstract

The research presented here sought to answer a simple question: why do motor car factories appear to suffer from particularly poor industrial relations? The methodology, hypotheses and answers proved more complex, however.

Much of the work on industrial relations in the motor vehicle and allied industries concentrates upon either the workforce or the firm as an independent variable to explain strategies of accumulation. A problem with this approach is that it tends to identify few of the complex factors of production which interact to produce patterns of conflict or compromise in the workplace.

Here, this methodology is inverted to analyse the union and the firm as dependent variables influenced by what we describe as the "regime of accumulation".

If the regime of accumulation is an independent variable to be understood only as "capitalism", however, and defined narrowly as the ownership, control, and reproduction of land, labour, knowledge and organisation, it fails to address the changing structural composition and strategy of accumulation.

Structural transitions in the economy occur in response to the organisational dynamics of human agencies such as the trade union, the firm, the state and the market whose behaviours are not necessarily shaped by short-term fluctuations in the economy, nor by immutable class-derived antagonisms.

Thus, we seek to identify three sub-units of analysis, namely artisan craftwork, mass production/consumption or "Fordism", and
an emerging, transnationalised and highly fragmented form of production which combines elements of the two earlier categories, described here as flexible specialisation.

As a macrohypothesis, we suggest that the organisational forms of the state, the firm and the trade union change with the category of accumulation and that patterns of intensifying industrial conflict are more likely to occur during periods of transition. The resulting disorientation of established organisational norms and structures undermines the capacity of the state to maintain hegemonic equilibrium among social categories and classes, indicating the probability of arbitrary and extra-legal, if often irrational acts by the state, the firm or the trade union.

In short, we seek to identify the relationship between economic transitions and industrial conflict by analysing the dynamics of collective bargaining in the Mexican motor vehicle industry.
Acknowledgements

A work of this nature is a collective enterprise and without the assistance of many persons could not have been undertaken. The author takes this opportunity to express his gratitude to Professors Alberto Ciria and Maureen Covell for their unfailingly helpful suggestions and encouragement, to Huberto Juárez Núñez of the Facultad de Economía, Universidad Autónoma de Puebla, for his wise counsel, and to Heribert Adam, Richard Boyer, Marilyn Gates and Philip Stigger for their valuable insights.

The courtesy and hospitality of many Mexicans who welcomed an inquisitive foreigner into their lives shall never be forgotten and a special debt is owed to Laura Castañeda, Lucía Hernández, Antonio Ortiz, Bresia Pérez, Angélica Roy, the Ford Shop Stewards’ Committee, the Ford Sacked Workers’ Committee, the Instituto Nacional de Estudios del Trabajo, El Colegio de México, the Embassy of Canada and the British Council.

The author is also grateful for the kind assistance of the member unions and individual workers of CASIA, the management of Nissan Mexicana S. A. de C. V., and of the Ford Motor Company de México S. A. de C. V.

The Dean of Graduate Studies, Simon Fraser University, provided generous financial assistance without which this research would not have been possible.

Last but not least, an unpayable debt of gratitude is owed to my family who remained unflinchingly supportive and to whom this project is dedicated.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1 Industrial Conflict, Accumulation and the State</td>
<td>11</td>
</tr>
<tr>
<td>Fordism and the American Way</td>
<td>13</td>
</tr>
<tr>
<td>Flexible Specialisation: Myth or Methodology?</td>
<td>18</td>
</tr>
<tr>
<td>Transformism, Authoritarian Statism and Populism</td>
<td>21</td>
</tr>
<tr>
<td>Law and the Institutionalisation of Conflict</td>
<td>34</td>
</tr>
<tr>
<td>Beyond Fordism: &quot;Brazilianisation&quot;?</td>
<td>39</td>
</tr>
<tr>
<td>2 The Rise and Fall of the Mexican Miracle</td>
<td>44</td>
</tr>
<tr>
<td>The &quot;Progressive Alliance&quot; from Revolution to Reconstruction</td>
<td>45</td>
</tr>
<tr>
<td>Stabilising Development and Diminishing Returns</td>
<td>52</td>
</tr>
<tr>
<td>Changing Gears on Import Substitution</td>
<td>56</td>
</tr>
<tr>
<td>Decisionmaking: Towards Fordism or Flexibility?</td>
<td>61</td>
</tr>
<tr>
<td>Empire Builders, Embezzlers and Patriots</td>
<td>67</td>
</tr>
<tr>
<td>3 Labour Markets and Shop Floor Sectionalism</td>
<td>79</td>
</tr>
<tr>
<td>Independent Trade Unions; The Current Debate</td>
<td>81</td>
</tr>
<tr>
<td>Flexible Specialisation and Labour Markets</td>
<td>91</td>
</tr>
<tr>
<td>Industrial Decentralisation, Technology and Labour Control</td>
<td>94</td>
</tr>
<tr>
<td>Labour Market Segmentation and Compartmentalisation</td>
<td>101</td>
</tr>
<tr>
<td>Assembly Factories and Structural Dualism</td>
<td>103</td>
</tr>
<tr>
<td>The Labour Congress: Divisions and Decline</td>
<td>107</td>
</tr>
</tbody>
</table>
4 From Fordism to Flexible Specialisation and Back

The Rise of Lorenzo Vera and the "Cherry Revolution"

Competitive Restructuring and Industrial Reconversion

Shusa and Flexible Specialisation: The Japanisation of Ford?

Striking Contradictions

The Return to Manor Farm

Conclusion: And in Place of Strife?

Notes

Glossary of Acronyms

Bibliography

page 111

page 114

page 119

page 124

page 126

page 135

page 152

page 173

page 195

page 198
<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Net Operational Income -- General Motors, Ford, Chrysler</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>Commercial Position of VAM and DINA-Renault</td>
<td>72</td>
</tr>
<tr>
<td>3</td>
<td>Commercial Position of TMVI Firms, Unit Sales 1979-1983</td>
<td>73</td>
</tr>
<tr>
<td>4</td>
<td>TMVI Exports sourced from Mexico 1982-1988</td>
<td>105</td>
</tr>
<tr>
<td>5</td>
<td>Hourly Non-Electrical Machinery Production Wages 1982-1990</td>
<td>107</td>
</tr>
<tr>
<td>6</td>
<td>Official Election Results, 1970-1991</td>
<td>169</td>
</tr>
</tbody>
</table>
Introduction

Every age and civilisation leaves behind it artifacts which future generations study in order to understand the collective, creative dynamics which produced art, tools, music and weapons. As the twentieth century draws to a close, we can only speculate whether it will be remembered for its aeroplanes, rockets, radios, televisions, atom bombs, DNA, and motor cars, or more mundane nylon stockings, zippers and light bulbs. What is more important, however, is how and why these items were made at all.

Our century’s principal contribution was that of mass production which, while it may have bequeathed little of lasting value compared with some of its predecessors, transformed the relationship between entrepreneurs, producers and consumers.

Before the first industrial revolution in the nineteenth century, a relatively stable occupational hierarchy ordered the social relations of production into masters, journeymen and apprentices. Even today, lawyers, doctors, architects and academics still retain substantial powers of collective self-regulation, establishing fees, maintaining professional standards, and controlling entry to their ranks, but for much of the workforce, the guild or professional association is little more than a memory. For the average worker, the most important professional bond has become that with her employer, and the scope for regulating the conditions, wages, qualifications and size of occupational categories has diminished.
Early in the twentieth century, although the manufacturing process relied upon a large category of unskilled labourers, it also required skilled craftsmen who sold their knowledge rather than their willingness to defer to managerial control. Their trade unions often resembled or even emerged from older guilds, remaining small, sectional professional associations which upheld craft traditions among members who passed from factory to factory on limited term contracts. As a result, the relationship between the state, employer and employee was tenuous, whilst the sectional identity of the craft union became a socially-defining characteristic, establishing a legitimate intra-class hierarchy.

The introduction of "scientific management" and mass production was to fundamentally alter the relative power between employer and craftsman. The dilution of skilled occupations reduced the need of firms to depend upon fragmented, non-managerial categories of skilled workers and produced a more socially polarised work environment in which the potential for compromise and trust was reduced. This division created what Americans call "blue collar" and "white collar" workers.

As the divide between the two communities widened, so the structural bases of social compromise evaporated. Managerial cadres identified more with their employers than with fellow manual workers and expected to be the last in the queue to receive redundancy notices in a slump. Manual workers, in turn, pointed to managers and owners as the fungible culprits responsible for the growing breach in society.
This condition has begun to change as the trend towards "flexible" labour markets destroys the artificial and relatively recent demarcation of managerial and manual work. In some quarters, this is welcomed as the companion of a new, classless enterprise society of rights, individualism and initiative to replace the lingering, antiquated hierarchy of responsibilities, collectivism and compromise which survived mass production.

Yet how does this accelerated social fragmentation affect relations on the shop floor? As a collective enterprise, the links between employer and employee may be based upon cooperation and compromise or conflict and intransigence. For the employer, the work contract represents a contribution to ensure the welfare and security of the nation as a whole; by investing and risking capital in the creation of wealth, the entrepreneur believes she is guaranteeing the future prosperity of the community upon which social cohesion depends.

This subjective understanding of the accumulation process may be shared by the employee, but depends upon the nature of the work contract. If the employee sells a given skill or receives a negotiated share of the profits in addition to wages, then the interests of both parties to the contract may be compatible.

If, however, the contract is bound by a specific time-determined wage, irrespective of the effort expended by the employee, and paid not for any autonomous intellectual contribution to the collective enterprise but rather for the obedient compliance to the explicit orders of the employer, then the potential for a consensual working environment is
substantively diminished. The work contract becomes a catalyst not only for individual and collective tensions within the factory or office, but a conduit for larger social conflicts.

These concerns are, of course, central to the issues of government. The state is the guarantor of the accumulation process, not only through the instrumental mechanisms of establishing currencies, overseeing import tariffs and building physical infrastructure, but also through the provision of a legal structure under which agreements may be entered into in the belief that the contracting parties may secure compliance.

Beneath the formalism of court procedures, however, is the level of consensus and legitimate hierarchy through which informal resolutions to disputes may be sought. If the organic integration and collective identity of a society is sufficient to override its subsidiary divisions, then the willingness to defer to the perceived collective interest may originate in the moral exigencies of social cohesion.

But in an era marked by the resurgence of a liberalism in which the primacy of the individual, acting within the rationality of the international free market, has been raised to the level of a secular faith, the moral imperative of organic unity may appear incongruous and anachronistic. This is an important consideration, however, when attempting to deconstruct elements of artisan, mass and flexible production, for each form of production exhibits social relations peculiar to itself and is reflected by contradictory patterns of collective action.
It was mass production which, above all, sought to eliminate such peculiarities in order to create mass markets. Although mass production began during the American civil war, it became generalised after 1945 as the United States emerged as the dominant military, economic and cultural power. Not only did American armies and firms roam the globe in search of communists and clients, but the American consumer ethos was projected into the popular imagination through the cinema and television.

This image of democratic mass consumption, contrasted with "totalitarian command economies", shaped new forms of conflict in many countries as the working classes sought more to emulate the embellished American lifestyles witnessed on television rather than the grey, proletarian monotony of the Soviet Union.

By the 1960's, however, mass-production methods were clearly failing to adjust to changing markets which had begun to fragment and shrink into concentrated or isolated ethnic, class, regional, geographical and age-specific consumption patterns.

The most striking example of the problems incurred by mass production could be observed in the decline of the United States' motor vehicle industry, which progressively eroded America's national self-confidence and historical identity.

The motor car was a cherished American cultural symbol, embodying both the promise of the frontier and the spirit of "rugged individualism", for whilst the trek westwards began with horses and covered wagons, it had ended with the Ford Model "T".

The oil crises of 1973 and 1979 were accompanied by the arrival of small, imported, fuel efficient and technologically
superior four-cylinder Japanese commuter cars, whilst the wealthier extremes of the market turned to German, Italian, Swedish and British luxury and sports brands. Detroit was slow to respond and waited in vain for a resurgent demand for large, but obsolescent and poorly-finished American cars. Rather than improving products, the first response was to reduce prices. According to Chrysler’s inimitable chairman, Lee Iacocca;

"Seventy percent is [bought] outside. What used to be a problem is now one hell of a deal because you can go shop the world. You can look for Korean half-shafts, you can go to Mexico, you can go South if there’s no union, because it’s all out there. We don’t have any investment. We had some, but we closed 21 plants remember. We’re out of all that crap. We’re buying it on the outside".1

Most American firms were unable to change production strategy. Polarised occupational structures precluded shop floor autonomy and skill development, and growing urban distress undermined efforts to improve education. By the 1980’s, Washington was warning overseas firms to curtail their shares of the American motor car market, employing the euphemistically understated protectionism of "Voluntary Export Restraints". The Republican Senator Howard Metzenbaum protested loudly against America’s "Runaway" firms, arguing that Ford’s plans to expand production in Mexico would cost 10,000 of his constituents’ jobs at the firm’s factories in Cleveland, Ohio;

"I strongly oppose the program of exporting jobs and manufacturing capacity to Mexico. In my view, a Ford engine built in Mexico is just the same as a foreign car imported from Japan or Germany and should be considered part of any trade agreement."2

Indeed, the stampede of not only American firms relocating production abroad was part of a growing trend. What changed in

-6-
the 1980's, however, was that instead of Detroit's traditional practice of sending obsolete, second-hand production equipment to subsidiaries, the American firms sought to integrate Mexican factories within a strategy to "win back" the North American market from intensifying Japanese and European competition.

The record losses suffered by United States motor car producers in 1991 revealed only too clearly, however, that the blend of debt-fuelled consumptionism, overcapitalised production processes and components outsourcing had only postponed the structural adjustments required throughout American industry.

Figure 1

Net Operational Income
General Motors, Ford, Chrysler

Source: Annual Company Reports.
For General Motors and Chrysler, production in Mexico meant little more than a short-term dependence upon cheap labour to force concessions from the United Auto Workers’ union. In the case of Ford, however, Mexico represented an opportunity to test a new Japanese-designed factory, using flexible manufacturing organisation and unhampered by the obsolete production methods which dominated the American industry. Here, we explore some of the reasons for and consequences of this changing strategy.

Chapter one, "Industrial Conflict, Accumulation and the State" provides a broad, theoretical interpretation of the rise and fall of mass-production manufacturing systems, and the responses of the state to changing patterns of conflict in the workplace.

Chapter two, "The Rise and Fall of the Mexican Miracle" traces, briefly, the growing social pressures which undermined the Mexican state's special relationship with the trade unions as it sought to encourage the development of a nationally-owned and controlled mass-production motor vehicle manufacturing sector.

Chapter three, "Labour Markets and Shop Floor Sectionalism" deals with the problems of technological change, industrial decentralisation and labour markets as Mexico passed from an artisan-based manufacturing system to mass production and then to a more "flexible", export-oriented industrial strategy.

Chapter four, "From Fordism to Flexible Specialisation and Back" attempts a detailed anthropological study of industrial conflict at Ford’s Mexican factories between 1974 and 1991 by
analysing the relationship between the state, transitions in the regime of accumulation and collective bargaining.

Naturally, many of the concepts of accumulation, technology, work, employment and the state require more detailed analysis than space permits. Here, we only scratch the surface of such issues. Our principal concern is to explain changing forms of industrial conflict in Mexican motor car factories.

The Mexican field research was conducted between November, 1988 and November, 1989 and covered five firms; General Motors (Mexico City), Diesel Nacional, Nissan (Cuernavaca), Volkswagen (Puebla) and Ford factories in northwestern and central Mexico.

The endemic fragmentation between and among the management and union at Ford afforded the author an unusually broad measure of liberty to pursue research unhindered by the secrecy which usually confronts external observers; divisions between expatriate executives, Mexican managers and workers were reflected in disputes between departments within the firm and among the administrations at the three factories within the union's structure of government.

Information was obtained from sources within all parties to the conflicts and confirmed elsewhere with the explicit promise of confidentiality on the part of the author. This has been respected in all cases.

Internal documents and memoranda, again obtained in confidence, were useful and are supported by public documents such as the correspondence between the Secretaría del Trabajo y Previsión Social (the labour ministry), Ford Motor Company S. A.

Public records from the registry of associations in the ministry of labour were more difficult to locate. Following six attempts to obtain access to the ministry’s archives, the author was informed that the relevant papers were lost in the 1985 Mexico City earthquake. Sources in all the unions said the ministry was incorrect and kindly assisted the author in obtaining necessary original documentation.

Finally, our purpose is to explain the reasons why particular courses of collective action were or were not taken. The firm, the trade union and the state are human agencies and thus subject to conflicting pressures and contradictory patterns of behaviour which both contribute to and occur as a result of transitions in the regime of accumulation. In deconstructing the parameters and patterns of industrial conflict, transposed upon a society which still bears the marks of older, pre-industrial social divisions, the antagonisms which develop under Fordism and Fordist production systems can be seen as specific manifestations of the larger relations between state, economy and civil society. It is to the analysis of this relationship that we turn our attention in chapter one.
1

Industrial Conflict, Accumulation and the State.

This chapter seeks to provide a method by which patterns of industrial conflict may be understood within a context of the social, technological and international changes in the division of labour. We suggest that these changes have triggered a transition in the Fordist regime of accumulation and the Keynesian welfare state upon which it depended for stability.

Fordism was an ideological expression of democratic consumerism; in seeking to reduce manufacturing costs and retail prices through mass production, it represented an ethos, even a cult of egalitarian consumer sovereignty. As it displaced small-scale workshop manufacturing after the Second World War, Fordism required new ideological and administrative structures. These changes were accommodated by the application of Keynesian demand management fiscal policies, negotiated corporatist agreements, and a hegemonic, relatively stable international trade regime.¹

Defining the regime of accumulation and administrative structures which are now displacing Fordism is a more difficult task, however, since few of the still obscure features of the newer forms of production can be identified with certainty.

There is a trend towards a workforce characterised by a proliferation of informal employment contracts and conventions negotiated according to the sectional bargaining capacity of an increasing number of small firms and groups of workers. The use of multi-purpose production equipment such as computer numerically-controlled machines has reduced the economies of
scale required for profitability. More differentiated product markets have emerged in which customised quality production aimed at a discriminating clientele is blended with small batch inter-firm subcontracting. There is also a tendency towards the relocation of production through more extensive utilisation of integrated cross-national, inter-sectoral labour markets.²

Whilst these characterisations must remain tentative, the current transition between the two forms of social, political and productive organisation offers some indications to the structural changes underway in the wider relationship between state and civil society. The intention here is only to identify the basic features of the interregnum while remaining cognisant of the possibility that both Fordist and more flexible approaches to industrial organisation may temporarily coexist.

Firstly we address the rise of Fordism in the United States, its extension, in modified form, to other parts of the world and suggest reasons for its decline. Since Fordism emerged conditioned specifically to the social dynamics of the United States in the early twentieth century, it is not surprising that its adaptation elsewhere encountered numerous barriers. This confrontation produced a range of disarticulated social conflicts and encouraged states to pursue a more direct role in the allocation of goods and services to preserve stability.

Secondly, although the transition has begun to challenge the underlying principles of Fordism, large, mass-production firms are responding by attempting to copy some of the still undetermined aspects of flexible production. The contradictions
of transition may introduce new pressures with which neither firms nor trade unions are equipped to deal, highlighting the potential for more complex forms of industrial conflict through increased levels of business and labour sectionalism.

This leads us to a third aspect of the relationship between the two forms of production where rising levels of social instability may produce increasingly authoritarian government as nation-states adjust to the pressures of an unpredictable and possibly violent period of social change.

Fourthly, despite rising levels of conflict, the state cannot depend exclusively upon its coercive capacity to maintain public order and will seek legitimate, institutional remedies to contain or at least slow processes of social fragmentation.

Finally, we look at the relationship between industrial conflict and the international trade regime as the state struggles to retain its authority and articulate commercial strategies against new and contradictory pressures.

**Fordism and the American Way**

According to psychologists such as Elton Mayo, perhaps the most influential American industrial relations analyst of the post-war era, the workplace was a laboratory for experimentation in "human relations" rather than an arena for politics. Mayo regarded conflict as prejudicial to the employee as to management; the responsibility for dysfunctional industrial relations was laid squarely at the door of recalcitrant individuals whose maladjustment to efficient, bureaucratic structures undermined the rational administration of the
business enterprise. From this perspective, conflict in the workplace was seen to result from an irrational psycho-social disorientation of the individual employee towards a success-oriented management strategy which, in turn, introduced uncompetitive rigidities in the allocation of tasks and resources. For Mayo, it was thus an article of faith that managers should manage and workers should work.

This approach was reflective of a long quest for "rational" management, especially in the United States, where ideas on the division of labour of Adam Smith, Andrew Ure and Charles Babbage were combined with an ethos of modernism and individualism.

It was the eccentric Frederick W. Taylor, a skilled machinist, pattern maker and foreman, who popularised the concept of "scientific" management in the early twentieth century. Taylor's experiments at companies such as Bethlehem Steel led to dramatic increases in productivity, and sought to eliminate the need for skilled, non-managerial workers through the subdivision, timing, intensification and eventual deskillling of production tasks. For Taylor, it mattered little whether the prospective employee was a time-served apprentice or a rustic peasant.

(A)ll the planning which under the old system was done by the workman, as a result of his personal experience, must of necessity under the new system be done by the management... even if the workman was well-suited to the development and use of scientific data, it would be physically impossible for him to work at his machine and at a desk at the same time. It is also clear that in most cases one type of man is needed to plan ahead and an entirely different type to execute the work.

It was in Detroit where Taylor's ideas would be combined with mass production. Henry Ford's factories embraced the ideas of
scientific management, but went much further, adding refinements such as vertically-integrated continuous flow production, high labour turnover and intensive social control both inside and outside the factory, mitigated by the mythical Five Dollar Day.\(^6\)

Ford's most important contribution was, however, a re-interpretation of the concept of enlightened self-interest which has since become indistinguishable from American liberalism. He opposed trade unions and even criticised his workers' smoking and drinking habits on the basis that they interfered with the optimal efficiency of the free market and of mass consumption.

"The coming of prohibition has put more of the workman's money into his savings banks and into his wife's pocketbook. He has more leisure to spend with his family. The family life is healthier. Workmen go out of doors, go to picnics, have time to see their children and play with them. They have time to see more, do more -- and, incidentally, they buy more. This stimulates business and increases prosperity, and in the general economic circle the money passes through industry again and back into the workman's pocket. It is a truism that what benefits one is bound to benefit all, and labor is coming to see the truth of this more every day."

Ideologically, Fordism sprang from a curious historical conjuncture in which the ownership of land, labour, knowledge and organisation was coupled with the expansionist, nationalist ideology of Manifest Destiny, and a rejection of collectivism. "Democratic" consumerism emerged alongside mass production as the apogee of American pluralist individualism which, according to Richard Hyman, was the result of an odd blend of consumer citizenship, jingoistic anti-communism and a quasi-theistic mythology of community power dispersal.\(^8\)

Nevertheless, individualism and consumer sovereignty depended upon successive intergenerational economic advances of a
constantly replenished, deferential and divided immigrant workforce. In developing production geared to unskilled labour, American society was thus consolidated under an extensive rather than an intensive regime of accumulation. As Michel Aglietta suggests, Fordism was moulded to fit the organisational structures and materialistic appetite of an early twentieth century American frontier and immigrant society.

It is from the generalization of capitalist production relations to the entire social division of labour that the United States draws its advanced social relations; the rapid integration of agriculture; the absence of cultural traditions geared to stagnation and subsistence production; the rapid formation of towns unaffected by pre-capitalist forms of urban life; the homogenization of successive waves of immigrants, on the basis of the living conditions of the wage-earning class in large-scale industry; and a strong centralization of capital, inducing a very early adoption of new methods of management and sales which give rise to intermediate wage-earning strata (the famous American middle class into which the whole population is supposed to melt!).

It is only in recent years, however, that the long-term social consequences of Fordism have become more alarmingly evident; the polarisation and de-skilling of tasks produced, at length, disincentives for scholastic application in the school system; the Fordist working family saw little purpose in encouraging its children to study if there were no apparent uses for acquired technical or organisational skills. The intellectual and collectivist bases of working class life were thus replaced by the marginal, isolating consumerism of television soap operas, alcoholism and drug abuse. According to David Apter;

Having lost its religious basis, our society is in danger of becoming a system of organized plunder in which meaning derives only from personal gain, orderliness becomes mere containment of anarchy, and the concept of humanness has no wider dimensions than an individual’s functional value. This
is the ultimate and disastrous consequence of the utilitarianism omnipresent in our schools and colleges and in daily life.  

The combination of workers conditioned by job routines devoid of creative input and machinery designed to make large quantities of a single component indicated the critically weak foundations of Fordism against more flexible systems developing in societies learning from the problems of mass production.  

Nevertheless, the emergence of the United States as the dominant world power following the Second World War, the rapid expansion of American firms overseas and the acceptance of American production and product technology in Europe and elsewhere during the years of post war reconstruction resulted in a partial, heterogeneous internationalisation of the Fordist regime of accumulation and of its consumptionist social values.  

A distinction between Fordism as it emerged in the United States and the manner in which it developed elsewhere appears to rest, in large measure, upon the historically and structurally derived forms of collective action in particular societies. Whereas Fordism in the United States was accompanied by and acted to strengthen notions of competitive liberal individualism, the extension of mass production/mass consumption systems to other parts of the world was contingent upon distinct social, political, cultural and ideological linkages within and between the state, classes, groups and individuals. It was these enduring struggles to retain occupational identities and skilled status (if not necessarily skilled work), and the resulting demands upon the state to regulate conflicts which slowed the
diffusion of Fordist production systems, leaving much more complex forms of organisation.13

**Flexible Specialisation: Myth or Methodology?**

Despite the efforts of some firms to dilute organisations of skilled workers by means of intensive automation or a labour-extensive approach to production, some societies retained a degree of intra-class differentiation based upon traditional or organisationally-derived skill-based sectionalism. These traditions of sectional action conditioned and stimulated the technological development of manufacturing and the role of government in the management of industrial conflict.14

However, the presence of diametrically opposite philosophies and forms of production in a society increases the chances of directionless conflicts as groups find it difficult to express common objectives. This indicates one possible explanation for the rising level of amorphous and more violent class and sectionally-based conflict of the 1970's rather than relatively heterogeneous, isolated and disciplined sectional disputes of the past,15 for as Alan Fox suggests, the normative and structural bases of consensus and stable, hierarchical occupational structures required for innovative manufacturing almost disappeared as shop floor conflict became characterised by a definitively homogeneous, class-derived identification of "us" against an equally definitive and unitary "them".

By the very act of subjecting them to tightly-prescribed work roles, excluding them from important decision-making, and allocating them greatly inferior rewards, status and respect, management implied that it saw them as a means to be used towards its own ends. And increasingly, the rank and file were combining to return low trust with low trust.16
This polarisation of tasks suggests an explicit link between class-based conflict under Fordism as it developed outside the United States in countries where sectional craft unionism under more heterogeneous production systems retained influence.

Roger Penn, for example, presents evidence from the nineteenth century textile equipment industry to support the thesis that skilled workers develop strong collective identities and are not easily substituted in a complex, horizontally-differentiated manufacturing system comprising a relatively high number of interacting and sub-contracting relationships.\(^\text{17}\) The focus upon the relationship between highly stratified labour markets, sectionalism and skill is sustained by Norma Chalmers who suggests that the benefits extended to "core" and usually well-educated workers in Japan's leading enterprises are balanced by dismal working conditions in components supplier firms.\(^\text{18}\)

Under vertically and horizontally differentiated approaches to flexible production, intra-class stratification is produced by a multi-firm and multinational sub-division of labour exogenous to the final point of value-added assembly. This is an explicit contradiction of Fordist strategy of unified internal labour markets, vertically and horizontally integrated production.

The consequences of this distinction between the operation of labour markets under Fordism and under more heterogeneous manufacturing systems should not be underestimated. Sub-contracting production regimes are more likely to be able to respond with speed to changes in product market composition and velocity by utilising general-purpose computer numerically-
controlled manufacturing equipment. Permanent, unskilled workers are less likely to be needed, but there may be a growing demand for temporary, autonomous groups of sub-contracted, skilled and unskilled workers. While such workers are not usually subject to factory discipline, nor are they likely to require a long term commitment by their employer. The resulting economies induced by retaining this flexibility in the utilisation of variable and constant capital, accompanied by a constant if uneven rate of exploitation among skilled and unskilled workers, point to competitive but not exclusively technological advantages over classical Fordist production systems.

Although this is not a new discovery to smaller firms which have concentrated on high value-added manufacturing, the emergence of highly differentiated labour markets characterised by a multiplicity of firms operating with a few, valued and skilled core workers under subcontracting relationships, together with informal, temporary production workers, has been described in glowing terms by flexible specialisation theorists, notably Charles Sabel and Michael Piore.¹⁹

Hyman is more sceptical of the extent to which Taylorism and Fordism affected the specific managerial strategies of firms, but is equally unconvinced of either the universality or the desirability of flexible manufacturing processes. In a short but perceptive essay on the consumptionist and productionist contradictions of Sabel’s famous "high-tech cottage industry" concept, Hyman contrasts the inegalitarian, privilege-driven, luxury consumptionism, marketing and commodity fetishism of
flexible specialisation manufacturing with the subjectively democratic principle of standardised mass-consumption and production under Fordism.20

Flexible specialisation may therefore represent a return to a regime of accumulation similar, but not identical, to that which existed prior to the First World War, when the working classes were fragmented by a large number of small, local, often apolitical and sectional craft-based unions producing customised products for a specific clientele. This, in turn, is reflected subjectively by the rebirth of laissez-faire liberal ideology and an apparent general rejection of social compromises contracted as part of the "post-war settlement".21

The emergence of a new, highly sectional group of core workers presents an important question; if the consensual basis of politics of the 1945-1968 era cannot be restored owing to the increasingly heterogeneous structure of accumulation and of the workforce, will the state take a more direct, authoritarian, instrumental control of labour markets through the management, manipulation and even suppression of sectional industrial conflict? Or will governments withdraw from the management of industrial disputes by restricting their interventions to conciliatory overtures? In the following section, we explore the mechanisms through which the state may directly or indirectly influence the policies of firms and of trade unions.

Transformism, Authoritarian Statism and Populism

Much of the early analytical work on Fordism was developed by Marxist, or at least Marxisant authors seeking to explain the
development of monopoly capitalism. More recently, there has been a focus upon the rôle of the state in securing the conditions for capital accumulation and why this rôle may have become increasingly authoritarian and exclusionary.

We refer to three authors who have applied Fordist analytical frameworks to the differing relationships between state and civil society; Antonio Gramsci's path-breaking studies in reference to newly-industrialising Italy and the United States, the writings of Nicos Poulantzas on authoritarianism in southern Europe in a period of transition, and finally Stuart Hall's analysis of the United Kingdom's unsuccessful experiment with Fordism and the rise of an explicitly counter-Fordist, liberal and authoritarian populism. The three authors suggest that transitions in the social organisation of production contribute to social distortions and increase the dependence of the state upon more authoritarian methods to suppress conflict.

Gramsci described the state as an organic social relation in which the dominant class of a given society seeks to secure ideological and institutional control of other classes by producing a unified governing group able to manage not only "things", but "men and things". The task of the governing group is to synthesise the interaction of animate and inanimate elements of civilisation into a strategy of accumulation articulated as a "hegemonic project". It is under the terms of such a project that the state and civil society may secure social compromises to facilitate the perception of a community of interests between social classes and categories.
Although the means by which the governing group obtains support for its hegemonic project may vary, they include the money supply, the schools, the universities, the printed and electronic media, myths, norms and, occasionally, organised religion. Negative sanctions are applied by means of the security apparatus, the judiciary, gaols and even psychiatric hospitals; the state may also achieve the acquiescence, if not the enthusiastic support of marginal communities by recruiting employment counsellors, social workers and parole officers.

It is essential that the governing group be bound by a discrete conformity that will allow it to override the narrow sectional interests of fractions of the ruling class; Gramsci referred to this unity of purpose as the strategic conjuncture. If, however, the dominant class is structurally weak -- an unstable coalition of mutually hostile or exclusive categories, the governing group may fail to develop a hegemonic project, thus creating a climate of uncertainty needed for the emergence of the "heroic" leadership; Caesarism or Bonapartism.23

The essentially ad-hoc nature of Caesarism, whether reactionary, progressive, or intermediate and transitory, renders it subject to decomposition since none of the contending social forces is able to present a hegemonic or counter-hegemonic strategy, establishing a period of "catastrophic equilibrium" and marking the transition to dictatorship.24

The modern Caesar is no longer dependent upon the loyalty of the praetorian guard alone, however, but also upon the support of a number of domestic and foreign institutional, parastatal
and private actors.\textsuperscript{25} There is no reason why such a regime may not co-exist with tamed party politics and trade unions, a system Gramsci described as "transformism", through which the governing group operates as an official party, corrupting parliamentary and extraparliamentary opponents with the aim of fusing organised interests with the state bureaucracy.\textsuperscript{26} As such, the new Caesar is able to override the catastrophic equilibrium with the support of external allies and resources.

Despite this unstable state of affairs, the options for dissent remain few. Employing Clausewitzian analogies, Gramsci characterised the strike as one means of protest used by workers to challenge the ruling class and its governing group. In contrast with the ruling classes, however, wage labour cannot normally fight a prolonged, clandestine war of tactical assault since they have to work fixed hours in order to subsist.\textsuperscript{27} Strikes may be waged more effectively, however, during a period of economic distress when internal conflicts are most likely to appear within the ruling class.

Gramsci argued that strikes may take two forms; that of a "war of movement" which is aimed at achieving minor tactical gains (free elections, pay raises, bonuses, pensions etc.), and that which seeks a strategic victory -- social revolution or, at least, the transition to a pre-revolutionary "war of position".\textsuperscript{28} Under these insurrectionary conditions, the regime may have no alternative but to resort to a state of siege, invoking emergency powers and a more evidently authoritarian and exclusionary approach to dissident groups.\textsuperscript{29}
If the regime finds itself thus trapped between the sword and the wall, failure to progress from the state of siege will establish the preconditions for a "state of exception"; fascism or military dictatorship. But if the governing group is able to recognise the unstable equilibrium of compromise and establish, refurbish or redesign a hegemonic project, it may attempt to undertake specific reforms amid a respite in class, ethnic or regional struggles. It is in this sense that the state may enjoy a brief period of dynamic autonomy if it can sustain a flow of fiduciary resources and maintain administrative functions.³⁰

The problem of the normal and exceptional state was addressed further by Nicos Poulantzas; his version differed little in substance from that of Gramsci, but Poulantzas pursued the idea of "authoritarian statism", the conceptually difficult no-man's land between the normal and exceptional state.³¹ Six elements of the authoritarian statism concept may be identified.

Firstly, Poulantzas pointed to the decline in the mediating capacities of political parties, trade unions, universities, a free press and organised religion as the "transmission belts" or socialising agencies linking the regime with civil society.

Secondly, Poulantzas' framework envisioned an established "party of government" able to inculcate uncritical deference among the dominated classes. Such acquiescence is encouraged by a third element, the expanded mandate of policing functions to maintain social cohesion, which reflects the centralisation of unchecked coercive power in the executive. The heightened focus by the regime upon internal security is accompanied by the
inevitable decline in the influence and independence of parliament, the judiciary and the rule of law.

Fourthly, Poulantzas detected an intensified surveillance and control of the average subject in everyday business and economic activities, an increasingly plutocratic and unresponsive state and the introduction of draconian social control measures (curfews, police informants, surveillance, searches, detention and questioning, travel restrictions, censorship, patriotic education, restrictions on assembly, strictly enforced conspiracy, sedition and treason decrees, along with the usual "dirty tricks" of grey and black propaganda).

A fifth aspect of the authoritarian statism concept was the growing utilisation of clandestine parallel networks behind the façade of the state apparatus; these are reinforced, when necessary, by a sixth mechanism of support, the strictly limited utilisation of (private) repressive paramilitary forces where the regime fails to secure compliance by exhortation or intimidation, but cannot risk extralegal police intervention.32

Poulantzas developed much of this analytical approach observing the decaying authoritarian regimes in Spain, Portugal and Greece in the 1970’s, arguing that the end of the post-war era and the progressive re-integration of southern Europe within the continental economic order was undermining the political structures which had sustained Franco, Caetano and the Colonels.

Nevertheless, Stuart Hall and his colleagues found a remarkably similar conjuncture developing in Britain, a country not usually equated with dictatorship. They suggest the more
ephemeral phenomenon of the cynically manipulative "exceptional moment", arguing that authoritarian statism, populism and elections are compatible and that only in fleeting instances when the state is under siege are its coercive capacities unveiled and then justified by sophisticated propaganda. 33

Hall's secondary hypothesis in Policing the Crisis that the state's legal authority may rest ultimately upon coercion is more questionable however, since it negates all force of precedent, convention and opinion, and fails to address the need to maintain the morale, discipline and unity of the security forces. Moreover, this somewhat parochial analysis of Britain's post-war readjustment problems fails to look at the generalised weakening of the post-war consensus in industrialised societies as stagflation undermined central Fordism. In concentrating upon the phenomenology of "crisis" politics, Hall tends to underestimate the structural causality and implications of social polarisation, a failing common among some Marxisant analyses constrained by teleological subjectivism in an often circular quest in search of a revolutionary class consciousness, that of a class for itself.

Rather than an isolated reform movement, the ideological resonance of a new grand strategy of neo-liberal competitive restructuring, accompanied by the tactical dependence upon "crisis" politics, indicates that its significance goes beyond a short-term correction in the social relations of production by a few governments in the developed countries, but reflects a point of transition from the Fordist/Keynesian Welfare State to what
Juergen Hirsch has described in reference to Germany as the Staatsableitung -- the "Fordist Security State", or what we shall refer to, for brevity, as neo-Fordism.34

Although differences between the Keynesian Welfare State and neo-Fordism may be subtle, three general characterisations may be employed to distinguish the two structures.

Firstly we may observe the movement from post-war consensual Fordism, the most concrete manifestation of which is the implicit or explicit social contract or bargained corporatist agreements, to staggered Fordism, where the degree of voluntarism or coercion within tripartite pacts depends upon the strategic economic importance, political power and internal unity of discrete sections of the working classes.

Under the Keynesianesque model, the more homogeneous the structure of business and union peak organisations, the more likely that corporatist agreements would emerge. Conversely, under the neo-Fordist transition period, where groups of businesses and unions are characterised by diffuse, fragmented and sectional organisation, corporatist agreements will be limited in both scope and duration, and may be employed by the state partly to encourage ideological divisions and to ensure accelerated fragmentation of larger, unskilled unions.

Neo-Fordism represents the ideology of adjustment. In exaggerating the extent of economic change, employing that much abused word "crisis", governments seek to reduce the size of the welfare state in order to increase the peripheral labour market, a critical aspect of flexible production. The "crisis" or
transition from Fordism to flexibility affects less the upper middle classes and sections of the working class which retain a high degree of power over internal labour markets, but rather those for whom bare subsistence is an everyday reality.

The concomitant reorientation of public policy necessarily involves the de facto re-recognition of sectional bargaining power by trade or by district which is an explicit contradiction of the ideological and organisational premises of Fordism.

If management is either unable to accommodate and absorb these changes in production within its overall corporate strategy, or fails to detect and eliminate the most enterprising shop stewards, the call for government-sponsored regulation mechanisms may increase, not only from the firm directly involved, but possibly from others fearing a wave of disputes. It is amid this process of fragmented intra-class conflict that the state may increase its autonomy and bargaining power among unions and business groups without any apparent arbitrary acts in the first instance. By appearing reluctant to take direct action to suppress widening conflicts, the state may await a conjuncture when not only employers but other social categories demand swift and decisive action to re-establish an orderly productive environment. This occurs as the interests of core and peripheral workers appear increasingly contradictory.35

Inasmuch as dualism short-circuits the trend towards multiple sectionalism, it may increase, temporarily, the dynamic autonomy of the state. The progressive weakening of sectional bargaining under dualist, transnationalised neo-Fordist production may
allow management to re-concentrate productive knowledge among their own ranks in the old metropolises by using cheaper, unskilled labourers in the peripheral countries and pressuring for concessions by workers in the core countries.

Although the state may be confronted by the accusation that corporatist pacts are skewed inexorably towards the advantage of employers, the international subdivision of labour may perform an added "crisis" function of curbing wage demands and helping to stem inflation in the name of enhanced competitiveness. The state thus finds the "competitive crisis" a useful mechanism in helping cooperative union bureaucracies to re-establish their authority among the dissident rank and file which, in turn, would indicate the possibility of securing consensual tripartite agreements under the same terms to which workers had previously objected. It is this shifting in the frontiers of control and consensus which conditions the instrumentally-derived dynamic autonomy of the state.

A second, and more nebulous feature of the transition between the Keynesian Welfare State and neo-Fordism is the change in the moral and cultural environment forced by declining working class living standards. The resurgent electoral popularity of law and order issues represents the conjuncture of social, economic, moral and cultural mores which have contributed to growing intolerance and an ever-expanding list of anti-social acts. In this context, public opinion becomes anaesthetised to the state employing coercive measures in an exceptional moment and may even approve such steps under an authoritarian-populist regime.
equipped with sophisticated public relations and propaganda techniques; industrial conflict, and especially the strike weapon, is thus no longer viewed as a means of negotiation to win economic justice, but as unpatriotic social vandalism which should be met by the full force of the police and the law. 36

The state must remain careful, however, not to upset its own dynamic equilibrium by intervening clumsily in sectors of the economy where its ability to control the actions of the participants is limited. It is for this reason that nationalised industries provide the most convenient target for the state to re-establish or enhance a climate of managerial authority throughout the nationally-regulated economy.

Thirdly, the state eschews the utopia of generalised, ever-ascending levels of prosperity by introducing a "bifurcated" hegemonic project; the restoration of managerial prerogatives along with the virtues of thrift and self-sacrifice are combined with the promise of economic recovery and the imminent post-industrial Green Valhalla. If the community at large accepts the basic premise of competitive restructuring, the regime may expand its parameters of manoeuvre, its structurally-derived relative autonomy, in that fiscal adjustments (interest and exchange rates, budget reallocations, consumption taxes) may be undertaken with greater ease in an acquiescent society. Not only does regressive, indirect taxation reduce the immediate pressures for prices and incomes policies, but may also undermine the basis of a unified parliamentary political
opposition, thus weakening the potential for any class-based counter-hegemonic coalition.

It is for this reason that the state may welcome and even encourage a multiplicity of cross-cutting solidarities, by subsidising interest groups dedicated to highly sectional interests in order to disguise or diminish the relative weight of autonomously-funded organisations such as trade unions. In applying these tactics, the state may increase its relative autonomy by conditioning marginal, government-funded organised interests through both direct and indirect subsidisation.

Generalisations should be approached cautiously, however, for in describing any analytical framework for understanding the relations between the state, the firm and workers, there is always a danger of falling into essentialism or determinism; not all states adopt corporatism because market-based allocation mechanisms are failing, nor do all states abandon tripartite structures because a particular regime embraces classical liberalism. Rather, corporatism is more likely to emerge in periods when business organisations face challenges which they feel cannot be addressed without the active involvement of the state. Conversely, the call for pluralism and private initiative is louder when the actions of the state are seen to be counterproductive to a stable period of accumulation.

The emergence of sectionalism in rapidly industrialising peripheral societies is a result of mostly exogenously-derived structural changes in class composition over which the nation-state can exercise little control. In these situations, if
already weak ideological compatibility can no longer preserve some measure of equilibrium between employers and their workers, it is unlikely that corporatist or liberal institutional mechanisms of industrial conflict management will operate without increasing levels of state authoritarianism. Consequently, the ineffectual, peripheral state may fall into increasingly authoritarian, reactive measures using ill-conceived notions of security threats to justify repression. This form of systematic, instrumental authoritarianism may serve to subdue temporarily the permanent, structural disarticulation in the relationship between the regime and civil society, but the declining ability of the state to defuse accumulating social antagonisms may point to greater upheavals in the future.

Thus, there is the prospect of a transition from frequent "exceptional moments" towards a state of siege under which, although civilians occupy public office, the power behind the government is that of the security forces. (Indeed, this form of power sharing is entrenched in the Chilean constitution where the armed forces reserved veto powers over the executive in exchange for the "civilianisation" of the regime.) This is not a phenomenon exclusive to what used to be called the Third World; whilst it is unlikely that neo-Fordism will equal the proportions of Orwell's 1984, evidence abounds that elaborate surveillance and control capabilities are being developed in the central economies by security experts in search of a post Cold War mission.37
Law and the Institutionalisation of Conflict

Police repression of industrial conflict occurs often when the government has exhausted economic and political channels in its efforts to secure compromise. Yet the legal framework of industrial conflict provides an important obstacle to arbitrary regime and police actions and is a useful starting point in understanding the division between social power and compromise under negotiated conventions.38

Marxists are often critical of institutional approaches to industrial relations, arguing that the periods between strikes are little more than truces in the class struggle.39 It would be negligent to predict the implosion of the state under neo-Fordism, however, without recognising the possible role of an independent judiciary as an institutional pressure valve able to rescue the state from unwise government.

Despite the prevalence of pluralist collective bargaining in many countries, collectivist pressures are a constant theme of industrial relations law. Writing in 1905 on British trade disputes legislation, A. V. Dicey had already detected an incremental trend for the state to manage collective bargaining.

We have reached a merely transitory stage in the effort of the State to act as arbitrator. The attempt, if not given up, must be carried out to its logical conclusion, and assume the shape of that compulsory arbitration which is a mere euphemism for the regulation of labour by the State, acting probably through the courts.40

Compulsory arbitration may, however, jeopardise the appearance of juridical neutrality upon which the liberal state relies. Writing some seventy years later, Ray Pahl and Jack Winkler shared Dicey's reservations.
Corporatism involves a shift from an adjudicatory to an inquisitorial role for courts and tribunals. The task of all judicial organs changes from passive to assertive. It is no longer, even in theory, to stand above civil society ensuring the impartial implementation of rules. Rather, derived from the general principle of order, their role is to seek out the causes of disputes and restore co-operative activity. \(^{41}\)

It would be highly unlikely that such a legal framework could survive for long without a transition to a state of exception, for it provides neither the formal nor real separation of powers by which the state may secure legitimacy, the idea of the Rechtsstaat. \(^{42}\) Dicey recognises the problem of judicial autonomy but suspects executive arbitration would be equally counterproductive.

The judges are not by nature qualified for real arbitration, as regards matters for which they can have no special knowledge.... The Executive is a more appropriate body than the courts for the enforcement of an award, but a Parliamentary Cabinet does not and cannot possess that impartiality which is the primary requisite for the performance of his duties as an arbitrator. \(^{43}\)

Dicey thus appears to concur with Pahl and Winkler's view that the exercise of lawful coercive powers to resolve industrial disputes may compromise both the unity and relative autonomy of the state. There is, nevertheless, a unidimensional aspect to this argument which perceives the executive and judicial branches of the state in a relationship of static hegemony rather than dynamic autonomy vis-à-vis parliament, and distinct groups of employers and employees. It fails to account for informal, parallel resolution procedures -- embarrassing questions in parliament, or subversion through bribery, blackmail and/or intimidation. More sophisticated "corruption"
of sectional groups may occur through a slow absorption of the regime's ideology by association with the circles of power.\textsuperscript{44}

The state may even choose to subcontract its arbitration duties; if authoritative decision making is delegated to compatible groups, then the need for direct state intervention may be limited. Daily monitoring of industrial relations by the state is costly in both political and financial terms, and whilst the state reserves the ultimate "licencing" authority, it may contract out, on generous terms, a wide range of dispute settlement duties to friendly private or semi-private organisations -- a form of "remote control" corporatism. The state may thus achieve a level of dynamic autonomy by a low profile, sub-institutional and quasi-legal parallel approach to intervention at different organisational levels.\textsuperscript{45}

There is, however, the risk that overly-efficient corporatism may produce more fragmentation and compartmentalisation of society, undermining the competence of the state to govern all sectors of the community. This being said, Keynes actively embraced the idea of collective self regulation through a form of multiple estates-general based upon occupational groupings.

(P)rogress lies in the growth and recognition of semi-autonomous bodies within the state -- bodies whose criterion of action within their own field is solely the public good as they understand it....but are subject in the last resort to the sovereignty of democracy expressed through parliament. I propose a return, it may be said, towards medieval conceptions of separate autonomies.\textsuperscript{46}

It is questionable, however, whether parliamentary sovereignty could be sustained in what amounts to separate but equal jurisdictions; the implicit contradiction in "separate
autonomies" mirrors the fundamental conflict between the state as rector of the capitalist economy and society as rector of the state. This appears evident in Keynes' concept of "the public good as they understand it", for this compartmentalised vision of society would cultivate the social and territorial fragmentation that the de facto or de jure unitary state must combat in order to survive; the state would be able to neither rationalise the unstable equilibria of compromise, nor preserve its dynamic autonomy, expressed in its ability to rearticulate a hegemonic project.

The state may thus find itself compromised in a standoff between conflicting concepts of the public good between categories, classes and regions. In this context, it seems difficult to reconcile the procedural efficiency with the romantic, apparently anarchist notion of "separate autonomies". This contradiction was addressed further by William H. Beveridge. Although careful to note the contradictory rôle of the state in promoting capital accumulation and preserving a democratic society, Beveridge pointed to the potential demarcation problems of sectional trade unionism, proposing a unified prices and incomes policy, guaranteed by a contractual acceptance by employers and unions of state arbitration.47

Both Keynes and Beveridge were seeking to grapple with the new and intractable questions of collective bargaining under the transition to Fordism in which neither sectional nor industrial "labour" unions of the American model could secure dominance. As Fordism produced a more homogeneous class structure, governments
struggled to seek compromise between diametrically opposed and mutually exclusive blocs of capital and labour — "us" versus "them". In order to manage the increasingly polarised structure of conflict, the state sought to subdivide corporatist bargaining into three sectorally-based categories;

[i] **Macrocorporatism**, where the state entered into agreement with peak national organisations of capital and labour; the traditional post-war approach to corporatism.

[ii] **Mesocorporatism**, where the state facilitated agreements in specific, usually strategic, export-oriented industries between sectoral organisations of firms and unions.

[iii] **Microcorporatism**, where the state — or even the local authority — intervened at the factory level between employer and union to accommodate firm-specific problems.48

The growing complexity of the bargaining process became more evident with the emergence of the stagflation phenomenon in the 1970’s and the speed with which conflict spread among industries was reflective of a global shift in the regime of accumulation. In recreating or re-forming pre-Fordist sectionalism, the state has sought to channel, divide and isolate the procedures of arbitration away from the economic level (class struggle) towards the political level (sectional interest group articulation). Flexible and fluid corporatist agreements below the level of national peak organisations may work temporarily, for in seeking to dilute confrontation on different levels, deflecting the question of class subordination and struggle, the government may resist the creation of unwieldly and

-38-
uncontrollable peak organisations either of capital or of workers. This is framed within the institutional and subjective denial by the Keynesian Welfare State of the inevitability of class conflict and the enduring philosophical attachment to pluralist bargaining.

Competitive pressures indicated a need for a fundamental reform of political structures to accommodate the inevitable tensions which occurred as a result of economic transition. The specific forms of political restructuring depended upon local conditions, however, and produced responses which ranged from military governments in South America to Thatcherism, Reaganomics, Perestroika and Mitterand's "new socialism".

Beyond Fordism: "Brasilianisation"?

The return of authoritarian regimes, populist or dictatorial, was coupled with a recognition of the declining ability of the state to manage international trade and the inability to control externally-derived social disequilibria.

Industrial relations are influenced by changes in the balance of trade, tax, interest and currency exchange rates. If, for example, multinational enterprises play a key role in the national economy, their ability to draw upon exogenous sources of finance may limit their willingness to cooperate with the state and local firms in corporatist planning.

Factors of development both endogenous and exogenous to societies thus delimit the parameters of action for trade unions, firms and the state. Endogenous elements of production include the sequencing of industrial development, the
cohesiveness of any identifiable industrialisation policies, the stability and autonomy of the state along with the dynamics of class structure over time. Exogenous elements of production include "long wave" cycles of technology, production and growth, the geo-strategic location of the territory under analysis, its relative integration both quantitatively and qualitatively within the global economy, the process by which the state emerged or was created and its ability to respond to external disequilibria. 

The relationship between exogenous and endogenous influences is accepted as a key variable in explaining industrial development, but rarely considered as central to industrial conflict analysis. Gramsci addressed the issue indirectly through a focus on the dynamics of economic nationalism.

(T)he development and expansion of the particular group are conceived of, and presented as being the motor force of a universal expansion, of a development of all the 'national' energies...coordinated concretely with the general interests of the subordinate group...in which the interests of the dominant group prevail, but only up to a certain point, i.e. stopping short of narrowly corporate interests.

This perspective provides a framework of nationalist populism in which the interests of the dominant classes are seen as identical to the interests of "the nation" as a whole, whilst sectionalism is regarded as tantamount to sedition. It was this same perspective which reflected the hegemonic project of Fordism; the stability and implicit institutionalisation of a working relationship between the state and classes or non-sectional fragments of classes was articulated through corporatist pacts between anti-communist regimes, progressive,
nationalist manufacturing sectors dependent upon state-supplied credit and subsidies, and integrated, organised industrial workers. The stability of such relationships determined the processes of interest group recognition, licencing and representation, i.e. "state" or "societal" corporatism. 51

Nevertheless, the existence of a hegemonic global power structure restrained underlying tendencies towards economic nationalism and autarchy. Although the end of American hegemony and of the Cold War occurred during the neo-liberal interregnum, fragmented international power structures have, in the past, provided the foundations of a more explicit and nationalistic corporatism. This has occurred, historically, as a result of one or more of three pre-conditions.

(a) The decomposition of the international trade regime and the pursuit of autarchic, protectionist trading blocs, accompanied by shrinking economies of scale, underutilised industrial capacity, increasing militarism and expansionism.

(b) The rise to power of a transformist regime as a result of endogenously and/or exogenously derived social disintegration, and the resort to "crisis politics" in order to alter the social balance of power and economic organisation.

(c) The ability of a state to obtain unlimited resources from the ownership, exploitation and management of an export commodity of high value and relatively low elasticity (refined oil products, gold, diamonds, platinum), permitting the state latitude for an artificially high degree of dynamic autonomy
from pressures exerted both by the international trade regime and among its own subjects and classes.

The relationship between international trade and corporatism has been explored by Carolyn Vogler, who suggests hegemonic world power structures force an increased level of involvement in the economy by non-hegemonic states.\textsuperscript{52} Despite her pioneering contribution, Vogler does not devote adequate attention to the dynamics of declining hegemony amid structurally-determined economic transitions as they affect corporatist mechanisms of conflict resolution. Such exogenously-derived hegemonic disequilibrium is especially noticeable in newly industrialising countries, where multinational firms play an increasingly influential rôle, despite a relative decline of foreign investment in the less developed world between 1938 and 1978.\textsuperscript{53}

Recently, the trend towards a concentration of cross-national investment within the OECD member states has begun to slow as a handful of countries in the Far East and Latin America have attracted new forms of foreign investment. As firms increase their ability to switch production between countries, the ability of both states and trade unions to influence business practices decreases. Nevertheless, although firms rarely welcome state-sponsored indicative planning frameworks, corporatist industrial relations systems have been identified in several leading newly-industrialising countries, including Singapore,\textsuperscript{54} Brazil,\textsuperscript{55} South Korea,\textsuperscript{56} Taiwan,\textsuperscript{57} and Mexico.\textsuperscript{58} In these examples, corporatist industrial relations legislation was established \textit{prior} to the adoption of export-led
industrialisation policies and the introduction of liberal foreign investment guidelines.⁵⁹

The relationship between corporatism and development is not without exceptions, however. In Brazil, Argentina and Chile, the illegitimate, militarised, developmentalist state characterised what O'Donnell described as "bureaucratic authoritarianism", a further refinement of the neo-Fordist state of exception thesis.⁶⁰ Whilst constitutional or legislative corporatism may have been retained by this type of regime, it has served merely as a velvet glove for the armed forces in societies crumbling under a permanent interregnum between an agro-mineral exporting regimen and a faltering, peripheral Fordism. The inability of the state to secure social compromise and stability produced an endless cycle of repression, structurally ineffective reforms and pseudo-democratisation; the quintessentially "Brazilianised" neo-Fordist police state.⁶¹

The situation is complicated, however, when "developmentalist" states such as Taiwan, Singapore and Mexico maintain an almost constant state of siege without falling into the revolving door of military regimes as have Brazil, Korea and Argentina.

Having thus far avoided the abyss of the exceptional state despite rising levels of trade union sectionalism, and an increasingly denationalised, homogeneous and politicised private sector, Mexican governments have had to divide, adapt and, perhaps, dismantle a once effective corporatism. It is to this example of economic restructuring that we now turn.
Economic development and modernisation were euphemisms often employed to describe the diffusion of mass production from the United States to the rest of the world. During the Cold War, this approach to production was used interchangeably with democracy, prosperity and progress, but as American firms began to lose ground to competitors in the 1970's, it became evident, even in Detroit, that Fordism was facing intractable problems.

The decline of the American motor industry and the rise of its Japanese and European rivals was reflected in the scramble to manufacture cars in Mexico. Although the firms which established new operations sought to supply only the local market, by the 1990's, Mexican car factories had been fully integrated within a North American production and marketing strategy.

This was not the intention of the Mexican government in 1962 when it introduced mandatory local manufacturing regulations for the motor industry. Continental integration accelerated only when it became clear that mass production and economic autarchy were incompatible with an economy dependent upon international borrowing, crude oil sales and a saturated consumer market -- the Mexican variant of peripheral Fordism.

The government's original objective was to limit foreign investment and to encourage the efforts of Mexican entrepreneurs engaging in complex manufacturing activities. When, however, foreign firms displaced local capital in the late 1960's, the ensuing conflicts between the terminal motor vehicle industry
(TMVI), local firms, workers and the state revealed the structural limitations of the accumulation strategy.

In forcing the pace of industrialisation, the state found itself struggling against inflexible monetary policies and an ineffective taxation system which allocated credit to investors at the expense of the mass of consumers. The strategy was thus trapped in an increasingly untenable contradiction between the goal of stimulating capital accumulation and the tactics of suppressing wage claims, union democracy and mass consumption.

These were the more tangible manifestations of the growing social disparities, occupational sectionalism and ideological fragmentation which progressively undermined an effective corporatist framework of industrial relations. They revealed, despite the regime's protests to the contrary, not only the new and unpredictable pressures which accompanied industrialisation, but the contradictions of peripheral Fordism in general.

In this chapter, we explore the origins of the Mexican industrialisation strategy and probe the reasons why the trade union bureaucracy became a repressive adjunct of the state, before analysing the methods employed to encourage manufacturing and the problems which the state encountered in dealing with conflicting needs of local and foreign TMVI firms.

The "Progressive Alliance" from Revolution to Reconstruction

Autonomous sectionalism among employers and trade unions was not a new phenomenon in Mexico, and its roots may be traced to the 1860's. In order to counter centripetal tendencies in Mexican society, the essentially Caesarist regime which emerged
from the Mexican Revolution pursued a consistent policy of strengthening all social categories willing to recognise the state as guarantor of the stability required for national reconstruction and development. This paternalistic approach of the Maximato governments in the 1920's sought to build stronger class identities by imposing a degree of order upon a society which had demonstrated few cohesive group structures even before the catastrophic Revolutionary civil war of 1911-1917.2

In 1915, after four years of generalised armed conflict, Mexico faced the prospect of complete social collapse, territorial disintegration and American intervention as mutually exclusive forces came to occupy distinct regions of the country, unable to form any recognisable central authority.

Alvaro Obregón, a former mechanic and acting commander of the Constitutionalist Army, recognised that in order to forestall military intervention by the United States, it was essential that a new regime develop a broad, national base of support.

Confronted by rival armies, famine and epidemics, the Constitutionalists found even the rudimentary identification of potential coalition allies an almost impossible task. Having failed to achieve a power sharing agreement between the warring factions, outnumbered by Emiliano Zapata's anarchist peasant yeomanry in Morelos, and unable to give chase to Pancho Villa's itinerant frontier cavalry in Chihuahua, Obregón turned to the trade unions in search of a partnership which would give the Constitutionalists control of essential services. These included
railways, ports, electrical power and telecommunications, and the factories which produced aircraft, artillery and munitions.

Obregón found a willing partner in Luis N. Morones, a leader of the Mexican Union of Electricians (SME) and the grey eminence of the collaborationist faction within the Mexico City anarchist trade union group, the Casa del Obrero Mundial. The link to the unions allowed the Constitutionalists to establish a national command headquarters in Mexico City, marking the transition, in a literal sense, from a war of movement to a war of position.

The pact was a success in both military and political terms. The Casa provided logistical support in return for organising rights over workers in occupied territory. The trade unions formed Red Battalions of soldiers and nurses which fought alongside Obregón against Villa, contributing to the decisive victories at Celaya and Trinidad in 1916. It was this formidable alliance which destroyed Villa’s forces and reduced Zapata’s peasant movement to stagnant isolation in the state of Morelos.

The elimination or co-optation of opposing armed groups, the desperation of the war-weary commercial elites, the virtual collapse of the landholding terrateniente or latifundista sector, and the ebbing will among all political forces to continue the war, contributed to a period of dynamic equilibrium during which the Constitutionalist Army general staff, now dominated by a Sonoran clique, emerged as an effective governing group.

The pact between the Constitutionalisists and the trade unions provided the framework for a new hegemonic project under the
terms of which the interests of the leaders of the urban working classes would be championed by the new regime. In return for the unequivocal support of the union leaders, the Sonorans agreed to formalise the pact in a sweeping constitutional reform.

After Celaya, Obregón transformed the partnership with the unions into a loose political coalition, the Revolutionary Confederation, which propelled him to the presidency in 1920. Together with the more ruthless Plutarco Elías Calles, a fellow Sonoran and successor, Obregón broadened the alliance to include Zapata's followers and the middle classes, establishing the institutions of a new party-state, while maintaining at least the illusion of the social compromises made in 1915.

The emerging "progressive alliance" was sustained by several reforms, the more important changes occurring with the inclusion of a social charter in the constitutional amendments of 1917, the creation of federally-regulated labour courts in 1926, the passage of a comprehensive federal labour act in 1931, and the establishment of the Revolutionary Confederation as a "transformist", sectorally-organised party of government.

Under the terms of the partnership, Morones' trade unions were responsible for policing industrial disputes, thus reducing the regime's dependence upon the army for public order. At the head of a new, pro-government and well-armed union organisation, the Regional Confederation of Mexican Labour (CROM), Morones emerged as the recognised spokesman for the workers in the new regime, serving as the country's first labour minister, and directing
the Labour Party, Obregón's principal support group within the Revolutionary Confederation.

Extending the alliance to Mexico's business community proved a more difficult task, however. Dominated by the north-eastern city of Monterrey, business remained aloof and usually hostile towards the regime's corporatist overtures. In order to promote their own sectional interests, the Monterrey business families launched the Employers' Confederation of the Mexican Republic (COPARMEX) in 1929 to fight proposed labour legislation, and continued to resist the state by encouraging the conservative National Action Party (PAN) after its foundation in 1939.

The CROM began to disintegrate in 1928 and a chaotic, eight year interregnum followed, during which no other trade union group secured hegemony. Fearing that the bitter disputes with the Monterrey industrialists might provoke an open revolt in the restive, post-revolutionary army, the government of Lázaro Cárdenas (1934-1940) fully supported the creation in 1936 of the Confederation of Mexican Workers (CTM) as a counterweight to the growing influence of COPARMEX. Under the direction of the CROM's estranged Marxist intellectual, Vicente Lombardo Toledano, the CTM strengthened the alliance between workers and the state.

Nevertheless, the demands of the Second World War required austerity measures by the Avila Camacho government (1940-1946), and the aid of the CTM was enlisted to raise productivity in support of the Allies, national industries, and increased profits. The CTM responded by recognising formally its alliance with the government in the Pact of Worker Unity in June, 1942.
It was not until 1945, however, that the agreement was extended to include the private sector in what represented the first mesocorporatist tripartite agreement, the Pact of National Unity. This Pact received the support of the small manufacturers in the National Chamber of Manufacturing Industries (CANACINTRA), but was rejected by COPARMEX and the National Confederation of Chambers of Industry (CONCAMIN). Employers recognised the advantages of the Pact as strikes decided in favour of workers fell from 141 in 1940 to only two in 1945.\textsuperscript{12}

It is unlikely that even CANACINTRA would have agreed to the Pact of National Unity had Fidel Velázquez failed to wrest control of the CTM from Lombardo Toledano in 1941. A former CROM leader of the milkmen in the State of Mexico (Edomex) and Mexico City, Velázquez advocated extending the alliance to include all the private sector, not only in support of a national industrial development policy, but also because institutionalised, multi-sectoral tripartite mechanisms would establish the authority of the CTM within a macrocorporatist bargaining framework.

Although careful not to make enemies in his own camp, Velázquez recognised the Communists as his main CTM rivals, having himself barely defeated a Communist-led coalition slate in the 1941 executive committee elections. Nevertheless, the astute Velázquez avoided direct attacks against the Communists, remaining a sympathetic bystander while his less competent CTM colleague, Fernando Amilpa, and the interior ministry purged the Communists from the trade unions in the late 1940's.\textsuperscript{13}
The indisputable success of the National Unity Pact unsettled COPARMEX. Alarmed by its political and ideological isolation, Monterrey welcomed the arrival of American manufacturing firms in the 1950's. This new relationship would alter the balance of power significantly in the 1960's as foreign firms came to play a leading rôle in manufacturing at CANACINTRA's expense.

For the state, the fragmentation of the private sector pointed to the need for a more balanced approach towards stimulating manufacturing activity and an ongoing process of consultation. This became more urgent in 1952 with the creation of a rival to the CTM, the Revolutionary Confederation of Workers and Peasants (CROC), formed by expelled Cetemista union leaders as a result of the purges by the Miguel Alemán government (1946-1952). Rank and file dissent against the CTM leadership continued to grow, however, as inflation diluted real earnings. Strike activity was stifled by an increasingly kinship-linked union bureaucracy with closer links to the labour ministry than to the shop floor. Furthermore, unions were now subject to supposedly temporary wartime security ordinances by Alemán's reluctant but efficient interior minister and successor, Adolfo Ruiz Cortines.

It fell to Ruiz Cortines' government (1952-1958) to refine, if not exactly to choose the instrumental mechanisms by which accelerated industrialisation should be financed. Nevertheless, private sector pressures were such that the state was impelled to favour tax-free profits, stringent strike restrictions and artificially suppressed wages. As investor confidence in the CTM's "moderating" rôle grew, new antagonisms developed between
the business groups. The deteriorating relations between the entrepreneurial groups and the state came to dominate the political agenda whilst labour matters were largely ignored.\textsuperscript{17}

\begin{center}
\textbf{Stabilising Development and Diminishing Returns}
\end{center}

The recession which followed the end of the Korean war marked the unexpected end to Mexico's wartime growth and obliged the state to rethink its previously ill-defined industrialisation policies. In 1953, exports fell by 17 percent and wages by eight percent. A year later, the peso was devalued from 8.50 to 12.50 to the dollar, accelerating capital flight and reducing exchange reserves by 50 percent in ten weeks.\textsuperscript{18}

The economy soon recovered, however. Devaluation produced a statistically warped but spectacular increase in export taxes of 55 percent, accounting for 21.5 percent of tax revenue, and drew insistent calls for corporate tax reductions.\textsuperscript{19} Devaluation was, nevertheless, a sobering experience; the brief, post-devaluation panic only added force to the Ruiz Cortines government's efforts to expand corporatist bargaining and to undertake a thorough overhaul of the industrialisation strategy. "Stability" entered official dialogue as the indispensable companion of development.

In 1953, the government launched the Council for Development and Coordination of National Production, comprising three government officials, four union leaders and eighteen representatives of the business sector to confer on tax, investment, tariff, subsidy, savings and credit policies.\textsuperscript{20}

The apparently skewed distribution in the Council was deceptive, however. Only the state possessed the ability to
schedule meetings and the private sector suffered too many internal divisions to permit the creation of an entrepreneurial bloc. Nevertheless, in recognition of the latent danger of a politicised alliance of employers, the government created, once again, a counterweight trade union peak organisation, the Labour Unity Bloc (BUO), reorganised in 1966 as the Labour Congress. 21

The Council represented a bid to broaden the Pact of National Unity by attracting CONCAMIN and the less committed supporters of COPARMEX into the government's circle of collaborators. As long as this system functioned, the state would enjoy sufficient dynamic autonomy to govern economic planning with the consent, if not always the enthusiasm, of union and business groups.

A second step taken by the government was the passage of the New and Necessary Industries Development Act in 1955. This new omnibus act replaced a range of contradictory fiscal measures introduced haphazardly since 1941. It provided tax exemptions for up to ten years with discretionary extensions of a further five years to companies seeking to expand into import substitution manufacturing. Tax exemptions were contingent upon the cost and technical requirements of production and restricted to firms employing 100 percent Mexican components, or to those manufacturing 35 percent of the net wholesale cost of final products with a minimum of 60 percent Mexican-sourced parts. 22

Subsidy expenditures represented a third step in the revised industrialisation strategy and allocations for domestically-sourced supplies of electricity, petroleum, gas, iron, steel, coke and coal rose from 33 percent of the budget in 1954 to 47.3
percent in 1961. Accordingly, the government deficit increased from 86 million pesos in 1950 to 7,786 millions in 1960.  

Increased trade barriers were a fourth element of the new policy, and permits were required for 27.7 percent of the total value of imports in 1956 (excluding free zones), 63.1 percent in 1963 and 74.3 percent (including free zones) in 1974.

A fifth step involved a series of contentious monetary policies. Banking reserve requirements were raised to 100 percent over current loans and the Treasury and the Banco de México concurred on a freely convertible fixed dollar exchange rate from 1954. The exchange rate remained unaltered for 22 years despite moves to floating currencies elsewhere after 1967.

The state's pivotal role in encouraging private investment began to show results in the 1960's with a declining proportion of public control of the economy. Government investment in terms of gross fixed capital formation declined from half of the total in 1950 to only 32 percent in 1965. The fixed exchange rate money supply in terms of banknotes, coins and chequing accounts rose from $US 696 millions in 1954 to $US 9,456 millions in 1975. Monetary stability suffered following the traumatic devaluation of 1976, however, when the supply tumbled to $US 8,659 millions before climbing to $US 17,300 millions in 1982.

The five elements of the industrial development strategy were known collectively as Desarrollo Estabilizador, or Stabilising Development. This approach set the future course of accumulation in Mexico, but represented more a pragmatic consolidation of the lessons learned by trial and error in the 1930's and 1940's than
a precise indicative planning framework. And, as may be seen in the following table, the costs and benefits were shared disproportionately among economic sectors.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>6.7</td>
<td>6.2</td>
<td>6.0</td>
<td>7.1</td>
<td>6.9</td>
<td>7.3</td>
</tr>
<tr>
<td>Industry</td>
<td>8.1</td>
<td>7.3</td>
<td>7.2</td>
<td>8.7</td>
<td>8.1</td>
<td>7.5</td>
</tr>
<tr>
<td>Capital Goods</td>
<td>N.D.</td>
<td>12.1</td>
<td>9.4</td>
<td>18.8</td>
<td>11.0</td>
<td>8.6</td>
</tr>
<tr>
<td>Non-Durables</td>
<td>N.D.</td>
<td>7.2</td>
<td>7.8</td>
<td>6.2</td>
<td>6.3</td>
<td>4.2</td>
</tr>
<tr>
<td>Agriculture</td>
<td>5.8</td>
<td>4.8</td>
<td>4.2</td>
<td>3.6</td>
<td>2.1</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Rather than assisting smaller manufacturers in CANACINTRA, however, the strategy further concentrated the industrial and political power of COPARMEX and its newer "executive committee", the 30-strong Mexican Council of Businessmen (CMHN), formed in 1962 to protest state interventionism. Furthermore, as CANACINTRA members came to depend heavily upon the Monterrey banks, their ideological ties to the state began to unravel.

The high level of effective protection pointed to a contradiction between the increasingly autarchic orientation of the industrialisation model and the rising levels of direct foreign investment in manufacturing. Although this restrictive approach created a demand for local manufactures, the costs of licenced foreign technology and imported machinery continued to outstrip export earnings. Product-specific monopolies, tolerated and often sanctioned by the government, contributed to inefficient inventory controls, poor marketing and distribution systems. Moreover, despite high rates of economic growth, the primary export sectors, which had fuelled the industrialisation
strategy, continued to decline whilst jobs in manufacturing and commerce failed to keep pace with the expanding population.

<table>
<thead>
<tr>
<th>Year</th>
<th>1950</th>
<th>1960</th>
<th>1970</th>
<th>1980</th>
<th>1990*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>8,272</td>
<td>11,332</td>
<td>12,995</td>
<td>22,066</td>
<td>26,000</td>
</tr>
<tr>
<td>Primary</td>
<td>4,824</td>
<td>6,145</td>
<td>5,104</td>
<td>5,700</td>
<td>6,000</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>973</td>
<td>1,556</td>
<td>2,169</td>
<td>2,575</td>
<td>3,000</td>
</tr>
<tr>
<td>Commerce</td>
<td>684</td>
<td>1,075</td>
<td>1,197</td>
<td>1,729</td>
<td>2,500</td>
</tr>
</tbody>
</table>

*Estimate

It soon became clear that the manufacturing sector was unable to absorb the increasing number of peasants who abandoned the struggle against falling crop prices and mechanisation, only to saturate the already overcrowded urban labour market. The costs of industrialisation were now more than cancelling dividends, but the government recognised the difficulties involved in attempting a fundamental review of its established strategy, opting instead to hasten the transition to mass production.

**Changing Gears on Import Substitution**

The accelerated development of motor vehicle manufacturing proved to be the principal contribution of the Stabilising Development strategy. The Ford Motor Company had started assembling completely knocked-down (CKD) and semi knocked-down (SKD) motor car kits as early as 1925 when the Calles government reduced tariffs on imported kits by 50 percent. General Motors began assembly in 1935, and a local firm, Fábrica Automex S.A. de C.V., (FAMSA), assembled Chrysler SKD kits from 1936 onwards. Jeeps and lorries were built after 1946 by two Mexican firms, Willys Mexicana and Trailers de Monterrey respectively.
The first Mexican content regulations came into force in 1947 when the government issued import quotas calculated on the basis of the value of Mexican components used and quantity of assembly work, and by 1950, 89 percent of new vehicles were assembled in Mexico. Assembly licencees were also encouraged to specialise in brands and models in order to provide scale economies to manufacturers of windscreens, mirrors, brake pedals, shock absorbers and springs, spark plugs, distributors, exhaust pipes, batteries, wheels, tyres and radiators.

The determination to develop local production was reflected in the opening of Diesel Nacional (DINA) at the Ciudad Sahagún complex in 1951. FIAT provided technical assistance for the manufacture of lorries suitable to Mexican altitude, climate and road conditions, but the relationship foundered amid bitter conflicts between Mexican and Italian managers and workers.\textsuperscript{30}

FIAT was not the only early European entrant to Mexico. In 1954, Volkswagen AG of Wolfsburg signed an agreement with Rómulo O’Farrill, one of Mexico’s leading business figures, to assemble its cars under the Promexa brand. The Japanese were also interested in cultivating overseas markets, and Toyota arrived to produce sewing and spinning machines. The foreign firms were encouraged by government import quotas, by international competition, but also by the growing local demand for vehicles.
Improved transportation was vital to economic integration. New roads would increase freight along the Monterrey-Mexico City/Edomex industrial corridor, stimulate labour mobility and assist farmers where rail transport was inaccessible. Accordingly, the government continued to devote substantial resources to extend the surfaced all-weather road system throughout the country.

Other European firms began to show interest in Mexico; Mercedes-Benz, Audi, DKW, Volvo, Citroën, Renault, Austin, Jaguar, Rootes (Hillman-Minx, Sunbeam, Singer), Morris and Fiat all secured agreements with Mexican firms to assemble SKD kits in the 1950's. Sports cars became familiar sights on Mexican roads.
roads, reflecting an increasingly sophisticated elite market and stimulating demand for cheaper cars. By 1960, the prospective Mexican motorist could choose from a range of 44 makes and 117 models assembled at 12 garages by 19 importers.³³

It soon became clear, however, that Mexico would be unable to develop a significant and successful motor vehicle industry without a degree of industrial concentration and with at least some direct participation by foreign supplier firms.

Shortly after assuming office in December, 1958, President Adolfo López Mateos assembled a team of negotiators to screen companies wishing to manufacture motor cars in Mexico. The government's principal objective was to preserve opportunities for Mexican firms whilst providing sufficient incentives to attract foreign investment. The coupling of local with multinational firms in motor car production was seen as a realistic possibility, provided the state ensured that licenced firms received and respected guaranteed access to markets.

For the government and the foreign firms, timing was critical. The structure of the world motor industry of the early 1960's was marked by intense competition, since there was no apparent cartel of motor vehicle manufacturers; several industrialising countries had already fallen afoul of cartels in sectors such as electric motors, steel tubes and rails, shipbuilding, machine tools, locomotives, chemicals, synthetic textiles, pharmaceuticals, and even electric light bulbs.³⁴

Motor car manufacturing appeared less prone to oligopolistic control than other key industries. Intense, often bitter
competition between firms indicated that at least a few multinational car producers might be willing to engage in subcontracting relationships with Mexican suppliers in return for continued access to Mexican markets. European motor vehicle manufacturers were retooling, abandoning the austerity models of the postwar years and had little use for worn or obsolete prewar machine tools. From the Mexican government's perspective, the availability of machine tools at bargain prices represented a unique opportunity to build a nationally-controlled transport equipment sector. The government failed to recognise, however, that the older equipment required a large number of small, innovative engineering firms employing skilled workers and subcontracting specific aspects of customised production. Mexico possessed neither the engineering infrastructure nor a corps of skilled workers needed for sophisticated small-batch production.

Furthermore, mergers, mass production and "rationalisation" were the fashionable approaches to management in the 1960's as the independent, subcontracting engineering firm seemed all but obsolete. In market terms, the ability of American producers to stabilise or reduce prices by producing ever larger batches of standardised, mostly undifferentiated products appeared, then, to indicate the superiority of mass production over flexible jobbing workshops. Not surprisingly, the Mexican motor vehicle industry emerged under mass rather than flexible production, notwithstanding the narrow market range even for economy cars.
Decisionmaking: Towards Fordism or Flexibility?

Despite its over-optimistic assessment of local engineering capacities, the government soon realised the limited scope for mass production in the motor vehicle industry and sought at least to restrict the number of firms engaged in production.

The interministerial project committee charged with preparing motor industry legislation was drawn from five departments; Industry and Commerce, Finance and Public Credit, National Properties and Industrial Development, meeting under the chairmanship of Carlos Quintana of Nacional Financiera, the state industrial development bank.35

The committee's final report recommended that motor car manufacturing should be limited to four or five firms. Each company was to be permitted a single four-cylinder engine model, with a minimum production run of five years before any design changes in order to provide economies of scale. Successful applicants would be restricted to the production of engines, chassis and bodyshells, whilst the production of transmissions, brakes, wheels, tyres, instrument panels, upholstery, shock absorbers, springs and electronic equipment would be reserved for independent suppliers. The committee also recommended that supplier firms be Mexican-controlled and that the TMVI standardise the specifications and procurement of components.

Such restrictions against vertical integration of components suppliers with the TMVI would have clearly placed the United States' multidivisional firms at a disadvantage. Ford, General Motors and Chrysler had pioneered integrated production with
mostly in-house bumper-to-bumper production of cars with standardised six and eight cylinder engines, automatic transmissions and annual cosmetic bodyshell design changes.

In marked contrast, European and the novice Japanese manufacturers specialised in the transport of austerity; cars with innovative, high performance four cylinder 800-1500cc engines and manual transmissions, produced in cross-ownership agreements or association with a still diverse and relatively horizontal supplier network, offering metric calibrated parts.

The more flexible European and Japanese approaches to manufacturing thus indicated opportunities for local workshops to develop subcontracting partnerships and to improve technical skills, whereas the American model excluded subcontractors.

A second factor favouring European and Japanese entry in the Mexican car market was that a multilateralised TMVI would offer Mexico a counterweight to pressures from both Washington and Detroit to freeze or relax Mexican content requirements in the future. Given the troubles with the United States’ government over the nationalisation of the electricity grid in 1960 and Mexico’s unyielding neutrality towards the Cuban revolution, the need to dilute American investment was a diplomatic priority.

Thirdly, both the European and Japanese automotive industries were entering a period of transition not shared by the United States firms; the small, cheap and fuel-efficient motor car was developed during the grim years of post-war austerity, but by the end of the 1950’s, intense competition implied a need for a return to greater product differentiation. For the British and
French firms, ex-colonial territories would remain sufficiently lucrative to sustain the production of basic transport equipment well into the 1960’s, but for firms whose home countries had either lost or never possessed overseas territories, and whose overseas distributor network was modest, retooling indicated that dedicated capital equipment such as dies and lathes would be have to be scrapped if they were not used elsewhere.

The Japanese firms were also relative latecomers to the industry; only some 4,000 Japanese cars were produced in 1951, 23,719 in 1953 and by 1959, unit sales had still not exceeded 100,000. Nevertheless, Japan’s Ministry of International Trade and Industry had targeted the emerging motor vehicle sector as a priority to stimulate the fledgling machine tools industry, to boost exports and to increase foreign exchange earnings. Japanese firms were thus encouraged to negotiate marketing alliances in order to export motor cars to the United States; Honda and Toyota preferred independence, but Mitsubishi reached an agreement with Chrysler, Toyo Kogyo (Mazda) with Ford, and Isuzu with General Motors in the early 1960’s.

The Japanese firms’ first difficult lessons from America proved invaluable; Nissan’s trial export model, a variant of an Austin saloon, failed dismally when it was introduced into the United States in 1959, and company representatives visited California to find out why. The Bluebird was underpowered for long distance motoring, the cooling system was inadequate for hot weather and the manual transmission baffled American drivers. Clearly, Nissan would require better intelligence of
North American locational requirements for future exports, a problem which was recognised by the Japanese government.36

Rearguard negotiations between the foreign firms, local entrepreneurs and several governments continued long after the August, 1962 decree. The minister of industry and commerce, Raúl Salinas Lozano, was anxious to restrict the manufacturing of four-cylinder economy vehicles to avoid model proliferation and disputes over market quotas, but the pressures were daunting.

Víctor Manuel Villaseñor, the managing director of DINA, submitted an application to produce Renault models under licence, but was worried that should Salinas Lozano fall prey to the lobbyists and approve more than two projects, the DINA programme would suffer from inadequate economies of scale and a resulting shortage of investment capital. The minister dispatched a memorandum intended to dispel Villaseñor’s fears, confirming exclusive permits for DINA-Renault and Volkswagen.37

Nevertheless, Salinas Lozano still faced considerable pressure from within and outside the cabinet to accept more projects. General Motors and Ford secured the luxury six and eight cylinder-engine car market and International Harvester, long established in the Yucatán henequen region, received a licence for lorries and tractors. The minister could not deter the Japanese, the Germans and optimistic, influential Mexican entrepreneurs, however. In the end, eleven out of eighteen applications were accepted, including six economy car projects.

Several joint venture firms, some of which lacked any experience, received approval to produce economy cars.
Representaciones Delta was one enterprise which sought an agreement with Daimler-Benz, and/or Audi-DKW and another firm, Reo, had already entered negotiations with American Motors Corporation (AMC) and Toyota. Gastón Azcárraga’s FAMSA continued to broaden its relationship with Chrysler, whilst O’Farrill’s PROMEXA continued negotiations with Volkswagen.

Willys Mexicana, renamed Vehículos Automotores de México (VAM), was a well-established and reputable firm with links to AMC and a promising candidate for a successful manufacturing venture. Success appeared less likely for the profoundly amateur directors at Impulsora Monterrey de Automóviles (IMA), however, who were in the process of securing bankrupt stock and capital equipment from the defunct Borgward GmbH of Bremen. Finally, DINA’s board faced a complete reorganisation of its production plans which had been developed in the belief that only two firms would be granted permission to manufacture four cylinder cars.

What went wrong? If Salinas Lozano had already informed Villaseñor that DINA-Renault and Promexa-Volkswagen were to be the two economy car producers, why were four others approved shortly after January, 1964? The causes of this drastic policy reversal are complex and directly related to the political stresses which contributed to growing industrial conflict in the motor vehicle industry in the 1970’s and 1980’s. The negotiating process overwhelmed an uncertain, divided and insecure government which conceded virtually all demands to all parties, producing a Byzantine aggregate of ill-defined, over-optimistic, under-capitalised and patently speculative ventures. The ensuing
chaos provoked a series of scandals, and undermined permanently the state's credibility in industrial planning.

Bennett and Sharpe suggest three interlocking causes why the two-firm policy collapsed.\(^{38}\)

The first obstacle was the structure of the international motor industry. Since there was no cartel in motor vehicles, there was no interfirm consulting network. Both Volkswagen and Nissan were determined to become global concerns and exclusion from such a strategically located country as Mexico may have proven to be a critical error, a conclusion not lost on other international firms. Three years after the Mexican motor vehicle industry regulations were issued, Canada and the United States signed the "Autopact", creating a bilateral duty-free car import zone on Mexico's doorstep. There was also the possibility of exports to the Latin American Free Trade Association and the Caribbean was another promising local export market.

A second difficulty for the government's two-firm policy was pressure from the foreign firms' home governments.

Washington was anxious to preserve the dominance of American firms in Mexico and both Ford and General Motors possessed European subsidiaries (Ford U.K., Ford Germany, Vauxhall and Opel) which could be used to source economy car production.

German firms were anxious to recover their once influential position in Mexico and Bonn was a determined advocate for Volkswagen in which government held a 40 percent equity.\(^ {39}\)

Tokyo remained equally persistent as the trade deficit with Mexico continued to deteriorate, reaching $US 196 millions in
1963. The Japanese cotton market proved too lucrative to risk a dispute; some 70 percent of Mexico’s raw cotton exports were consumed by the Japanese textile industry, providing Mexico with $US 15 millions in export taxes.40 Four years after the 1962 regulations were issued, Nissan Mexicana opened the first of a wave of Japanese "transplant" car factories in North America.

Thirdly, the two-firm economy car policy was undermined by the increasingly complex nature of decision making which clashed with the traditional style of "camarilla" cabinet politics of patronage, clientelism and personalism. Neither finance minister Antonio Ortiz Mena nor Salinas Lozano was willing to concede jurisdiction over tariff policy, the principal source of ministerial power. Although the 1959 administrative reforms transferred tariffs and import licences to Industry and Commerce, tax rebates and subsidies remained the preserve of the Treasury, and without cooperation between the two ministries, private sector manipulation and intrigue flourished.

Empire Builders, Embassadors and Patriots

Gastón Azcárraga’s FAMSA is a case in point. FAMSA, it will be recalled, had been assembling Chryslers in Mexico since 1938. The Azcárraga family was related through marriage to the powerful steel-making Irish/Mexican Milmo (Mullins) clan of Monterrey and maintained strong business links to the family of former President Miguel Aleman, who controlled the Telesistema telecommunications network, Continental Hilton Hotels and the Tubos y Aceros de México, S. A. (TAMSA) steel empire.41
This three-family relationship demonstrates the close interaction between manufacturing, finance, marketing and government, but the links were even more complex and indicated the path of future political and inter-firm relationships in manufacturing, from steel production to car showrooms.

The Azcárraga family maintained secondary alliances through Grupo Desc, a major holding company with interests in the motor parts industry, and the Banco Nacional de México (BANAMEX), through which it collaborated with Rómulo O’Farrill and Antonio Ruiz Galindo, industry minister in Alemán’s government.

Rómulo O’Farrill was also Alemán’s partner in Telesistema, a major shareholder in BANAMEX, and the proprietor of the Volkswagen assembly licensee, Promexa, the Automotriz O’Farrill distributor network for Rootes, and Automóviles Ingleses, which assembled and distributed Austin-Morris vehicles.

Antonio Ruiz Galindo served on the boards of the leading steel firms, TAMSA and Grupo Sidermex-Altos Hornos de México, S. A., (AHMSA), and was chairman of CONCAMIN. Ruiz Galindo was also the first chairman of the CMHN,42 and Gastón Azcárraga and Rómulo O’Farrill were two of its founding members.43

This entente between political, banking and entrepreneurial cliques was compounded by alliances with foreign firms. In his memoirs, Villaseñor claimed that Azcárraga was acting as Chrysler’s agent through FAMSA to obtain an open-ended option for future production of Chrysler vehicles.44 Only two weeks after Gustavo Díaz Ordaz succeeded López Mateos as president in December, 1964, Azcárraga began lobbying the new industry
minister, Octaviano Campos Sala, to permit the manufacture of power trains by the British engineering firm, Perkins Diesel Motors Ltd., used in Dodge (Chrysler) lorries and pickups.

Chrysler's strategy was linked to its under-capitalised bid to purchase the Rootes Group in the United Kingdom; in securing new markets for Perkins, Chrysler could presumably win the support of the new British government for the Rootes takeover.

A similar process occurred with Representaciones Delta, which sought to convince Salinas Lozano -- or, at least, President Adolfo López Mateos -- that Daimler-Benz was actively interested in acquiring manufacturing operations in Mexico. Delta, owned and operated by the Abed family, which owned a Puebla-based textile firm, obtained a licence to import not only DKW (Daimler-Benz) products, but also Mercedes-Benz luxury cars.45

This unscrupulous and improbable game of smoke and mirrors reached a conclusion in October, 1964, when the Abeds invited López Mateos and representatives from Daimler-Benz to attend the opening of their phantom DKW engine plant in León, Guanajuato. When it became clear that Delta had failed to entice Daimler-Benz into making any commitment, an embarrassed ministry of commerce hurriedly rescinded the company's import permits.46

But in terms of sheer opportunism, REO's tactics stood alone among the numerous questionable means pursued to obtain manufacturing licences. A wholly Mexican firm, REO received approval to manufacture the Toyopet, Toyota's first bid at producing an export economy car. REO's chairman used his close ties to a Monterrey financial institution, Impulsora Monterrey,
S.A., to float bonds for the purchase of capital equipment from Toyota, but following a number of complaints to the National Banking Commission, he was convicted and gaol for fraud.47

Another Monterrey-based TMVI experiment was Impulsora Mexicana de Automóviles (IMA) which soon changed its name to Fábrica Nacional de Automóviles, S. A., (FANASA), and included the brothers Ernesto and César Santos Galindo,48 and Carlos Trouyet49 on its board of directors.

Formed in May, 1962, the company purchased capital equipment from Borgward, yet another casualty of the increasingly fierce competition in the European car industry. The directors elected to pay $US 3,146,600 for Borgward's machinery, much of it pre-war, but according to information provided by FANASA to the accounting firm, Coopers and Lybrand (i.e. without a physical appraisal), the value of the equipment was estimated at $US 15,200,000.

By December, 1968, FANASA had used its extraordinarily elastic accounting system to squeeze a staggering $US 16 millions in Treasury-backed credits from SOMEX, the government investment bank, which subsequently inherited 80 percent of the stock following the firm's long-expected collapse in July, 1969.50

FANASA produced 1,884 cars in seven years. If the cost of purchasing equipment is subtracted from the credits issued by SOMEX before July, 1969, the crude per unit cost of production (excluding labour, energy and floorspace) was $6,822, but FANASA "earned" a net pre-production rent of $US 12,853,400.
The most durable of all the national firms proved to be VAM, a joint venture in which the government supplied 60 percent of the capital, the remainder being invested by AMC. The only Mexican firm wholly concerned with producing motor cars, VAM began its operations in 1946 under Gabriel Fernández Sayago, who also managed Bujías Champion and Mexicana de Autobuses, S.A., (MASA).

Along with its line of Jeeps, VAM began assembling Nissans, Austins and Jaguars. In 1962, SOMEX bought AMC’s share of Willys Mexicana and a new plant was opened at Toluca, EdoMex in 1964.

No longer tied to its troubled American supplier, VAM’s management sought a new source of better and more reliable products. Volvo and Citroën were approached without success, and VAM remained limited to an obsolescent range of shoddy AMC products, including the appropriately named Gremlin.

In 1979, VAM began producing Renault models. A year later, Renault purchased 49 percent of AMC in the United States and 45 percent of VAM’s equity. A confident Fernández Sayago planned for a secure future, projecting an expansion geared to produce 57,000 units by 1983. Even the best-laid plans can fail, however, and the Renault-VAM relationship was no exception.

Renault purchased VAM outright in 1984, but was forced to change strategy following the worst recession in France since the 1930’s, the imposition of government austerity measures and the worrying arrival of Japanese TMV "transplants" in Britain.

Prior to the VAM stock purchase, promises were made to retain the directors, managers and foremen. Despite these guarantees, VAM’s employees were dismissed and the 138-strong distributor
network merged with Renault's. In 1986, following a 93 percent devaluation of the peso and an average inflation rate of 65 percent, Renault sold VAM together with AMC to Chrysler.

DINA was another victim of Renault's troubles. Three years after Renault withdrew from Mexico, DINA had proven unable to find a new partner and was scheduled for privatisation.

The question which hangs over Renault's tactics is whether the purchase of VAM sprang from an approach geared to expanding local production, or one which sought to remove a competitor in order to secure a wider product distribution and market rent. The sales figures for VAM and Renault tell their own story.

**Figure 2.**

Commercial Position of VAM and DINA—Renault

<table>
<thead>
<tr>
<th>Year</th>
<th>VAM</th>
<th>Renault</th>
</tr>
</thead>
<tbody>
<tr>
<td>75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>86</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: México Automotriz.\(^{52}\)

---
A comparison of unit sales indicates that from 1981 until 1985, Renault reduced VAM production to boost the dwindling sales of DINA-Renault. The striking aspect of the figures is the cannibalisation of VAM's distributor network which allowed Renault to escape the 1983 market collapse. It was the last episode of peripheral Fordism in Mexico before vanishing markets forced a turn towards exports when Mexico joined GATT in 1986.

Renault's market share was only eight percent and withdrawal in 1986 made little impact on its global operations, but for other firms with heavier investments and more to lose, the end of the petrolised and debt-fuelled "Mexican Miracle" pointed to the need for substantial reorganisation;

**Figure 3.**

**Commercial Position of TMVI Firms**

**Unit Sales 1979–1983**

Source: Asociación Mexicana de la Industria Automotriz.
In an interview given a year before VAM closed, Fernández Sayago was not forgiving of Renault for eliminating his life's work and the last nationally-owned car producer in Mexico.

For me, winding up a Mexican company, run by Mexicans, is a motive for great pain [but] if the government wants to give away a 100 percent Mexican company to a foreign one because the criteria that certain types of companies are no longer to be managed by the state, well, that's something I'm not in a position to judge. For me, the important thing about a firm in Mexico is not only its efficiency, but that it be Mexican by criteria, by objectives and ideals; and the fact that they replaced a Mexican team with imported people explains why [VAM] doesn't work as well as it did before.

Fernández Sayago makes an important point, albeit sentimentally. Should the state view firms such as VAM and DINA as profit-based organisations or as research projects? Even committed liberals felt compelled to intervene in the transport machinery industry to prevent the collapse of major national firms; the United States' government had rescued Chrysler from bankruptcy with military contracts and several thousand millions of dollars of taxpayers' money, and even the British government provided £990 millions for retooling at Austin Rover.

VAM and DINA could hardly be considered at the vanguard of technology and struggled to meet the 60 percent Mexican content regulations. They were indeed unprofitable luxuries the Mexican government could no longer afford as international creditors clamoured for payment of ever-increasing debt service charges.

Nevertheless, both were Mexican-controlled firms and could have been a valuable source of manufacturing, production and marketing intelligence for negotiations with the foreign TMVI firms. VAM's potential importance to the country's development may have been recognised as a source of national pride by its
workers; the firm never encountered a strike or any serious disputes in an industry which was notorious for conflict.\textsuperscript{56}

In the case of DINA, useful, if expensive lessons were learned about critical technical and safety skills such as building air-braking systems, carburettors and transmissions appropriate for Mexico's mountainous terrain, and negotiating with multinational firms and foreign governments.

Having sold key firms to foreign investors, however, the state may find technological, economic and political intelligence more difficult to obtain, for experience in all aspects of production from acquiring raw materials to marketing a finished product is so clearly pivotal to the material security of any society.\textsuperscript{57}

The decision of the government to regulate motor vehicle manufacturing in 1962 occurred when mass production was still in its prime. In seeking the introduction of mass production and distribution, developed principally by American firms in structurally distinct, vertically stratified and geographically differentiated markets, Mexico failed to develop an engineering expertise and technological infrastructure appropriate to the country's social structure, geography and market.

Local manufacturers sought alliances with politicians, foreign firms or the Monterrey conglomerates in the motor vehicle parts sector. As a result, the state found its corporatist alliances challenged by an increasingly homogeneous entrepreneurial category which identified its interests with foreign capital and Monterrey financiers. On the other hand, the changing structure of the Mexican economy undermined the ability of the Labour
Congress federations to deal with new types of isolated, factory-level struggles for responsible trade union government.

The complacent acclamation of the 'Mexican Miracle' of the 1950's and 1960's as the non-communist apotheosis of successful late industrialisation -- by government officials and foreign observers alike -- served merely to postpone and exacerbate the structural adjustments required as a result of the transition in the economy. In encouraging the development of organised business and labour within a corporatist framework, whilst remaining tolerant of increasingly powerful, quasi-autonomous, but not yet directly threatening groups such as COPARMEX and trade unions such as the electrical power workers, the regime was facing the progressive erosion of its dynamic autonomy.

This was recognised as a problem, but not as a direct threat to the hegemonic equilibrium established after 1917, under which the Revolutionary Confederation (and its subsequent reincarnations) could claim that it alone was the true defender of the Revolution and the only mechanism with sufficient internal unity to deter centripetal forces in Mexican society.

In 1959, the state felt it could send in the police and the army to crush strikes by the Railwaymen and the teachers without serious consequences. Despite growing concern in Washington, Mexico's problems were fundamentally different to those of Cuba. Then, neither the regime nor Mexican society at large entertained the heresy that the strategy, tactics and institutions of the Revolution could be flawed. The progressive
alliance, which had been reinforced during the 1930's and
1940's, remained the cornerstone of the regime's hegemony.

Only in the 1960's, when the BUO and, subsequently, Labour
Congress federations faced new, grassroots union democracy
movements, did the regime begin to recognise the inevitable
challenge to its hegemony. COPARMEX, the PAN, and then the CMHN
after 1962, presented an intimidating front, more insistent than
conciliatory in its relations with the state and the trade
unions, demanding unequivocal condemnation of a dissident left.

However, after years of clandestine subversion and, in some
cases, blatant repression by the state, the left was exhausted.
The Communist Party never recovered from two decades of
unquestioning Stalinist orthodoxy and the few organisations
which survived the purges of the 1950's and 1960's remained on
the margins of Mexican political life, existing ignominiously as
bands of weekend guerrillas and university militants.

These peripheral islands of dissent remained an irritation to
the government until the tragic events of October, 1968, when
soldiers opened fire on students demonstrating at the Tlateloco
housing estate. This incident, and the turmoil which followed,
was a catharsis for the pressures which accumulated as a result
of changes in Mexican society. Having come to depend narrowly
upon coercion as the restorative for inflexibility, the regime
now faced an unprecedented hegemonic impasse as the new balance
of social forces, which occurred as a result of Stabilising
Development, approached catastrophic equilibrium.
The new manufacturing activities which emerged in the 1950’s and 1960’s were characterised by patterns of industrial conflict which reflected the widening breach between state and civil society. Before turning to factory floor relations in the motor vehicle industry, a review of the changes in the composition and cleavages of the workforce will indicate the source of the new tensions which the state, the private sector and the Labour Congress were forced to address.
Labour Markets and Shop Floor Sectionalism

In the preceding chapter we saw how the growing importance of foreign investment upset the delicate balance between the state and the various factions of the private sector as the government no longer could remain the primary arbiter of accumulation. The balance of power had swung decisively towards COPARMEX and its allies in the multinational manufacturing sector, while the divisions between the Labour Congress, CANACINTRA and the state widened as Stabilising Development approached exhaustion.

Increasing levels of direct foreign investment in manufacturing strengthened the political bargaining power of northern business interests and restricted the state’s ability to maintain the wider social compromises upon which corporatist mechanisms of industrial cooperation depended. These were the structural implications of a strategy of industrial development which eventually undermined the progressive alliance between the state, entrepreneurs and the working classes.

The alliance received three blows as a result of economic transition from which it never fully recovered.

The first involved the relative decline of industries such as the railways, mining and, temporarily, petroleum, among which President Cárdenas had renewed the alliance with the unions in the 1930’s. It was this coalition which had provided the CTM with its main allies and constituents in the 1940’s and 1950’s.

The entente suffered a second blow as a result of the growth in private manufacturing activity in the 1960’s and 1970’s.
mass-production manufacturing activity, introduced by foreign firms, created a surge in factory and enterprise-level union organisation, but left the CTM struggling against intensifying competition from the CROC, and from new, independent movements.

The third and most damaging change for state-union cooperation occurred as a result of the collapse of the Mexican economy in 1982. This induced the government to remove many restrictions on foreign investment, privatise most of the country’s nationalised industries, re-apply to join the General Agreement on Tariffs and Trade (GATT), and participate in negotiations for a North American Free Trade Area with Canada and the United States.

For a state which, until the 1980’s, had pursued a strategy characterised by economic autarchy, public enterprise, indicative planning, import-substitution industrialisation, corporatist "functional democracy", and a militant rhetoric against imperialism, the extent of its conversion to liberal internationalism was nothing less than dramatic. The new hegemonic project based upon competitive restructuring, economic globalisation and individual initiative was an inversion of the ideological premises which had underpinned the goals of the Mexican state for almost three quarters of a century.

Such a transformation reflected the ideological and structural tensions provoked by the perplexing combination of primitive Taylorisation, peripheral Fordism and, after the 1980’s, more sophisticated and "flexible" export-driven manufacturing.

In this chapter, we address three aspects of the changing economy which established the preconditions for the decline of
corporatist bargaining, the disintegration of the progressive alliance, and the reluctant acceptance by the state of a neo-liberal project in which independent collective bargaining plays an increasingly important, if still not dominant rôle.

Firstly, a brief survey of the state of current opinion on the causes of the decline of the union bureaucracy and the rise of small, independent unions may shed some light on the organisational flaws revealed by peripheral Fordism.

Secondly, the structural fragmentation among the trade unions was, in large measure, an outcome of changes in the labour market produced by the demographic, sexual, educational, regional, sectoral and cross-national recomposition of the workforce. We shall deal with three aspects of these changes:

[A] Industrial decentralisation and technology;

[B] Labour market segmentation;

[C] Structural dualism.

Finally, the impact of sectional bargaining and restructured labour markets affected relations between the members of the Labour Congress. This was especially noticeable in northern Mexico, where the difficulties faced by the PRI and the Labour Congress upset the balance of the delicate reciprocal support mechanisms between the state and the trade union bureaucracy.

Independent Trade Unions; The Current Debate

There is little consensus among those who have sought to explain the rise of shop floor sectionalism and conflict since the 1960's. Although the two main perspectives hardly constitute well-defined or unified schools, they nevertheless illustrate
the differences between the instrumental and structural analyses of corporatist industrial relations systems and the adjustment problems which accompanied economic transition in Mexico.

From the structuralist camp, Juan Felipe Leal suggests that although the independent union movement served to restore a degree of voluntarism within the increasingly exclusionary corporatist structure of industrial relations, new forms of sectional action continued to erode the hegemony of both the state and the established Labour Congress federations.²

Silvia Gómez Tagle pursues a similar interest in hegemonic equilibrium, but is more sceptical than Leal on the declining relative autonomy of the state, arguing that whilst the independent unions may have strained the alliance between the CTM and the government, they were unable to project a cohesive counter-hegemonic strategy to a system supported by the great powers and international capital. Theirs was a dependent rebellion, unable to present an alternative vision of society to that of a state which continued to enjoy a high degree of both dynamic and relative autonomy.³

A second group takes an instrumental approach to the rise of sectional militancy, focusing upon the interaction of chronologically-specific institutions and policies.

Jorge Basurto claims that the official organisations retained a degree of instrumental elasticity which permitted the absorption of systemic shocks produced by the rise of independent trade unionism in the 1970's. This was accomplished, he suggests, through the creation of consultative bodies such as
the National Tripartite Commission and the Joint National Commission for the Protection of Wages. From Basurto's perspective, all this tinkering was intended to reinforce a monolithic corporatism, shielded by an expanding welfare state.

The state was hoping to create an institutional mechanism for a better distribution of wealth, but at the same time attempted to narrow differentials via tripartite commissions in such a manner that when wage increases were unavoidable, class conflict could be controlled, thus avoiding dangerous mobilisations by the labour sector.

As Daniel Molina points out, however, the supposed "welfare state" incrementalism of the 1970's may have been little more than a stumbling, loosely Keynesian approach towards reinforcing the faltering monetary system, checking inflationary pressures and slowing capital flight. Social expenditure increased between 1970 and 1973, but relied upon money borrowed abroad in the expectation of future oil earnings. Speculative Keynesian demand management thus rested upon a gamble on high future oil prices, undertaken in support of industry and in place of much-needed, but unpredictable and potentially destabilising reforms.

There was some cosmetic reform, however. Kevin Middlebrook argues that in withdrawing some of the more authoritarian corporatist controls, the state encouraged fragmentation and isolation within the labour movement, and that remaining legal obstacles suffocated horizontal, political inter-sectoral linkages, encouraging sectionalism among trade unions.

The state could only act upon existing divisions within the labour movement, however, and Middlebrook's analysis tends to overemphasise its capacity to determine the parameters of
sectional action in a system where flexibility and adjustment has been the principal source of its longevity.

Moreover, the state was caught by a dilemma in which while it could not fail to recognise the political stresses produced by the contradictions of the accumulation model, it nevertheless sought both to retain the status quo of corporatist agreements and to embark upon gradual liberal economic reforms. Sceptical of such ostensibly even-handed pragmatism, both the northern industrialists and the Labour Congress federations were critical of the liberal-corporatist contradiction in government policies.

The sequence of policy reversals and "new" strategies announced between 1970 and 1983 only highlighted the fact that the state was scrambling for mechanisms which would preserve the Stabilising Development model. It is in analysing in isolation the often purely rhetorical, or at best ill-fated initiatives of the three governments between 1970 and 1988 that the instrumental approach reveals its analytical limitations.

Although the instrumental focus identifies correctly the trajectory along which the industrial relations system was moving, it tends to fall into a regime-specific essentialism, dependent upon the ideological orientation of individual presidents, and an input-output microanalysis of public policy.

On the other hand, the structuralists often tend to fall into determinism, underestimating the specific weight of instrumental barriers in delaying, disguising and reshaping inexorable trends produced by transitions in the regime of accumulation.

-84-
A more accurate, if less courageous interpretation may lie somewhere between the two approaches. The Echeverría government was indeed struggling to restore the high rates of growth to which investors had become accustomed, but was finding it increasingly difficult to contain the emergent counter-hegemonic bloc among the private sector (articulated by organisations such as the National Action Party, the CMHN, and, after its formation in 1975, the Entrepreneurial Coordinating Council). The government's difficulties with the private sector were exacerbated by the more fragmented pressures emanating from dissident workers in unions belonging to the CROC or the CTM.

Echeverría's approach was thus an early indication of the ideological conversion underway within a regime slowly embracing the tenets of liberalism as the line of least resistance, a process which became more evident in the 1980's and 1990's. Uncertain of its ability to channel sectional private interests and lacking confidence in the once monolithic bloc of pro-government trade unions, the state sought a less direct rôle in the management of increasingly complex collective bargaining and welcomed, within limits, a degree of union sectionalism.

Although groups such as the anarchocommunist and extremely sectional Independent Worker Unity (UOI) were tolerated (and sometimes encouraged) as a threat to the CTM rather than to the government, such benign acceptance was not universal. More politicised organisations, such as the multi-sectoral Revolutionary Union Movement/Democratic Tendency (MSR/TD), which sought to realise a potential alliance between the disillusioned
left wing of the PRI and the trade unions, were seen as a direct threat to the unity, discipline and strength of the regime.

Whilst the UOI limited its actions, if not its rhetoric, to purely tactical actions aimed at achieving higher wages, the more threatening MSR/TD suffered from profound internal divisions which left it vulnerable to the CTM’s agents provocateurs and manipulation by the state. As Francisco Zapata suggests, the UOI, at least, was willing to follow the new rules of a very old game.

Having learned from the violently repressed strikes of 1947-1948 and 1958-1959 that the state could not be challenged frontally, the UOI concluded that independent unionism in Mexico had to act within limits of an official labor law which the state already accepted as legitimate. The state was faced with labor mobilization not seeking radical political ends, but limiting itself to questions of worker salary and union democracy.8

Groups such as the UOI took an openly economistic and apolitical approach to collective action; rather than seeking partners to strengthen class-specific movements, "militant proletarianism" remained a rhetorical and often cynical expression of narrow occupational sectionalism.

Party political, inter-union or inter-sectoral alliances remained purely tactical approaches to be assessed on their usefulness to sectional interests. According to Barry Carr, the unreliability of the independent unions' alliance commitments has contributed to disputes with the Marxist left over the primacy of sectional rather than class interests, but whilst some Mexican trade unions demonstrate an anarchist outlook, their focus remains restricted to practice rather than theory9.
The independent organisations were, as with other fragmented islands of dissent, structurally incapable of producing a proletarian counter-hegemonic bloc to challenge that emerging within the private sector, and equally ill-prepared to paralyse the instrumental legal mechanisms and patronage upon which the state could prolong its dynamic autonomy. By remaining sensitive to the objectives and institutional organisation of the independent trade unions, the state was able to sustain limited room for manoeuvre through the manipulation of collective action. This was accomplished in the 1970's by an increasingly "remote control" corporatism in licencing (or delegating informally) control functions, along with lucrative public housing and consumer credit subsidies, to friendly organisations in different sectors, such as the CTM, the CROC and the UOI. In return, the unions were expected to remain aloof from the emerging independent leftist political parties.

Nevertheless, it was the ability to maintain the strategic but unstable equilibrium of compromise, the state's relative autonomy, which began to crumble as competing groups of workers in different sectors and regions and with varying levels of organisational skill began to erode both managerial and state authority, undermining corporatist institutions and processes of industrial conflict resolution and the alliance mechanisms upon which the Stabilising Development model depended.

This occurred even among the independent organisations; several enterprise-level unions rebelled against the UOI in the 1980's. Unions loyal to the MSR/TD also embarked upon more
independent actions following the replacement of the independent leadership of the group's leading electricians' union by a pro-
CTM executive with the tacit support of the state in 1976. No
longer restrained even by independent union organisations, such
as the UOI and the MSR/TD, unmediated collective bargaining had
become a unique feature of industrial relations within the
terminal motor vehicle industry by the 1980's.

Although autonomous collective negotiations were still limited
to a handful of firms and unions in strategic industries where
multinational enterprises predominated, it created a ripple
effect throughout the entire corporatist structure. As Carlos
Pereyra points out, under the unwritten rules of the corporatist
pact in Mexico a withdrawal by one partner eliminates the
obligations of the others.

In the case of independent unions in foreign-owned mass-
production firms, neither workers nor employers demonstrated any
loyalty to a sacred tripartitism, but merely conducted their
activities within the limits of the established legal framework.
The new unions began to question the unchanged corporatist legal
restrictions on union activity, through which the state, in the
final instance, could still impose settlements, overriding their
perceived rights to free collective bargaining. Corporatist
legal restrictions were thus a leading cause of union democracy
movements in capital-intensive and closed shop operations where
unions could control internal labour markets.

Yet where such an increasingly fragmented and multi-tiered
corporatist legal framework governs industrial relations, union-
State conflicts may begin to overshadow union-firm relations. Such a conjuncture may tip the balance of a corporatively-regulated collective bargaining regimen in favour of the union, which may not only seek to turn differences within the regime and between the state and the employers to its own advantage, but may also expand its negotiating scope and power through ad-hoc alliances with fourth parties. This begs the question as to what lies behind the weakened corporatist façade in Mexico. If the "progressive alliance" is abandoned in favour of classical liberalism and limited, independent collective bargaining in dynamic, export-driven sectors of the economy, where is the ideological cement which can sustain a legally entrenched corporatist system of interest articulation?

The problem is compounded by the state's changing relationship with the transnationalised private sector. Given the increasingly internationally integrated composition of entrepreneurial activity in Mexico, the state is less able to perform its traditional rôle as referee between employer groups such as COPARMEX, CANACINTRA and the American Chamber of Commerce (AMCHAM). This paralysis suggests a hegemonic vacuum in the management of industrial conflict, despite the state's residual and usually indirect legal powers of intervention.

Such fragmented conditions may encourage a tendency towards political freelancing and shifting alliances, producing unstable and highly sectional views of the relationship between state and civil society, evocative of the Keynesian contradiction of separateautonomies discussed in chapter one.
While some would recognise this as pluralism, the consequences of a classically liberal unrestricted collective bargaining system for a highly fragmented and state-centric society such as Mexico may have been a counter-hegemonic coalition led by COPARMEX, social rupture and a slide towards a state of exception. What is perhaps more surprising is that Mexico, unlike most countries in Latin America which adopted liberal economic policies, did not fall into a state of exception.

It is not without some irony that the state's residual legitimacy may be said to have been rescued by the collapse of the economy in 1982. The disastrous 1985 Mexico City earthquake only added to the sense of political frustration within the private sector as even the army could not or would not take extraordinary measures to deal with the catastrophe.

It was this combination of economic and natural disasters, establishing the conditions for a de facto state of siege, under which the politics of crisis and a new, bifurcated hegemonic project accepted increasing levels of international integration as the price of debt-induced austerity, whilst the growing segmentation and structural duality of the labour market were viewed as irreversible features of economic transition.

Despite the stringent austerity measures, trade unions in the export manufacturing sectors were still distinguished by the state from those in the informal sectors as being more able to engage in autonomous, sectional collective bargaining. Intervention by the state in such disputes only drew criticism from the foreign enterprises or the workers. The government thus
accepted relatively high levels of apolitical conflict in some industries, but only as long as the disputes remained isolated.

This sectional, depoliticised focus of independent trade unions springs from an instrumentally-derived exceptionalism in which independent collective bargaining is regarded by workers, but not recognised explicitly by the state, as a basic right, and a structurally-derived autonomy which occurs as a result of the ability of core workers in strategic industries to affect production in allied, export manufacturing support sectors. It suggests, contrary to the standard hypothesis that workers in less developed countries are more prone to compensate for their lack of control over the labour market by seeking corporatist or party political channels for collective bargaining purposes,¹² that core workers in capital-intensive, export-driven and increasingly skill-dependent manufacturing sectors are less likely to seek state intervention or to engage in partisan political activity owing to a relatively large measure of control over internal labour markets and an ability to influence external labour markets in allied industries.

Flexible Specialisation and Labour Markets

The Mexican economy's accelerated rate of export manufacturing in the 1980's occurred, in large measure, in response to changes in the international division of labour, a liberal world trade regime and a growing qualitative and quantitative equivalence between productive infrastructure in different countries.

It was suggested earlier that the location of production is conditioned by taxation, subsidy and currency exchange rates,
the quality, flexibility and price of production factors such as energy, land, factory space, supporting industrial infrastructure, mental and physical labour. Factory location relies also upon a spatially-determined time-plus-distance/cost calculation (statistically measured "just in time" sourcing) of the best site for manufacturing in relation to suppliers of raw materials, components, and final markets. As such, flexible specialisation is highly dependent upon multilateral or regional free trade, but the ability of firms to switch pre-programmed computerised production regimes from country to country by satellite with little notice indicates a new and potentially destructive source of conflict where nationalist and corporatist development models have been successful in the past.

The adherence of Mexico to the GATT in 1986 after seven years of fierce debate within the private sector, produced a fundamental transition in the country's international economic relations. This was especially true of Mexico's links with the United States, as multinational enterprises began to switch from servicing protected but dwindling local markets towards more integrated cross-border production of consumer durables.

Mexico's contiguity with the United States, an established labour reserve along the border, and the country's increasingly sophisticated industrial infrastructure indicate some reasons why established multinational firms redirected production from servicing local markets to exports to the United States. These changes shaped new forms of industrial conflict and further undermined the hegemony of the CTM. Three aspects of the
resulting industrial reorganisation point to the impact of labour market restructuring upon forms of industrial conflict;

[A] The changing technological structure of industrial production, which accompanied increased direct foreign investment in manufacturing in the 1960's and 1970's, displaced artisan production with unskilled mass production workers. These were, in turn, replaced by workers trained on computer numerically-controlled machines in new TMVI factories and by cheaper, unskilled labour in assembly factories owned by subcontractors producing brand-specific components.

A related aspect of technological change was the development of "greenfield" decentralised industrial parks in depressed rural districts which were expected to stimulate economic activity and to stem the flow of migrants to the cities.

The Labour Congress federations thus found themselves operating in new manufacturing districts where they had never developed a strong support network and facing new unions with increasingly heterogeneous internal labour markets comprising unskilled, semi-skilled and usually immigrant workers.

[B] The increasingly horizontally-segmented labour market in the manufacturing, energy and telecommunications sectors, overwhelmed the capacity of the CTM to integrate new enterprise and factory unions in decentralised manufacturing zones. The bureaucratic and highly centralised CTM found the rigidly segregated and legally-sanctioned horizontal structure of the labour movement to be increasingly difficult to control in a more differentiated manufacturing economy. As a result, the CTM
became reliant upon sectorally-encompassing national industrial unions and state-level federations under illegitimate officials and kinship groups who sought to use union resources to build political careers in the PRI.

[C] Cross-national and domestic industrial relocation widened the gap between the distinctive processes of accumulation in northern and central Mexico. This was compounded by the accelerating patterns of settlement in northern areas, the increasing use of female labour in northern assembly factories, and the related pressures towards reducing wages in the male-dominated mass production industries of central Mexico.

As the divisions between the patterns of accumulation and labour markets eroded the ability of the state to identify the strengths and weaknesses of groups engaged in collective action, so the traditional mechanisms of consultation could no longer respond to changing demands. This could be observed in the relative decline of the older horizontally-organised workforce and a more complex and stratified intra-sectoral labour market, especially in the border regions where foreign firms and Mexican subcontractors established high turnover, labour-intensive, export-oriented and usually temporary maquiladora assembly factories employing mostly women.

[A] Industrial Decentralisation, Technology and Labour Control

Until the 1980's, heavy industry was concentrated in Monterrey, Guadalajara, Edomex and the Federal District, and the CTM still found the organisational separation of what were
comparatively highly paid manufacturing workers from unskilled day labourers in the provinces a relatively simple task.

As new manufacturing centres developed in the 1960's, however, disparities in wages and benefits were no longer simply conditioned by local rates of pay, but were also determined by age, gender, sector, enterprise, factory, seniority and task.

CTM officials thus found themselves having to explain cross-cutting interregional and intra-sectoral wage differentials as workers outside Mexico City began to demand pay equity calculated on a basis of sectoral rather than district rates.

These pressures were felt especially in the new, decentralised industrial parks, where local rates of pay were depressed by rural unemployment. The CTM experienced difficulties when the new factory workers rejected the old, personalist or clientelist systems of control and co-optation used in artisan workshops where the union secretary usually knew most members by name.

The larger rank and file in the anonymous, high-turnover mass production factories were more difficult to control, since semi-skilled or habituated core workers were less easily replaced and underground dissidence harder to detect. Since CTM officials were also usually more interested in building a political career than improving working conditions, they relied heavily upon collaborators to investigate troublemakers on the shop floor.

As industry moved to sites outside established manufacturing centres, the CTM and the rival CROC found it difficult to replicate the systems of clientelism, co-optation and coercion upon which their power depended in older industrial areas. This
occurred because the new industrial parks produced large concentrations of politicised immigrant workers where the party-union machine and family-linked clientelistic networks were weak, especially in central-eastern and north-western Mexico.

Ciudad Sahagún, Hidalgo, was the prototypical industrial park. An unlikely location for a heavy engineering new town, its traditional and only economic activity was the cultivation of maguey for cactus beer. Rising from a barren moorland, lacking a source of running water and usually shrouded in smog, Ciudad Sahagún is a testament to the political and personal considerations which clearly triumphed over planning criteria.¹³

The CTM struggled to establish its control of the isolated town between 1957 and 1961, when a group of DINA workers led by Puebla labour lawyer Juan Ortega Arenas dislodged the Cetemista leaders and won recognition from a nonchalant labour ministry.¹⁴

A similar process occurred in Morelos, an equally depressed agricultural district, 90 kilometres south of Mexico City, where the Cuernavaca Valley Industrial Town (CIVAC) opened in 1965 to provide jobs for the state’s growing jobless population unable to find work in the sugar mills. CIVAC was built on 400 hectares of expropriated agricultural land on the outskirts of Cuernavaca, but proved a poor location for manufacturers and only half of the industrial lots were occupied in 1989.¹⁵

Nissan’s CIVAC factory opened in 1966 and within six years had also fallen from the CTM’s control into the hands of the UOI. As marginalised farmworkers began seeking jobs in the new CIVAC textile and chemical factories, the local CTM leaders came to
bear the brunt of the migrants' wrath. During a November, 1971 demonstration in Cuernavaca against the CTM, several police constables abducted and detained briefly the secretary general of the dissident Nissan union. If the local police intended to create further divisions among the anti-CTM group, the tactic failed; a year later, the Nissan union contracted Ortega Arenas as legal counsel and broke from the weakened local CTM bureaucracy, despite personal efforts by Fidel Velázquez to intimidate the union by leading a rally in Cuernavaca.

A similar process occurred in Puebla. For the CTM, Puebla was always a difficult town to control, with a long tradition of violent sectarian and union clashes. Despite the presence of a strong semi-autonomous local union organisation under Blas Chumacero, an old CROM ally of Velázquez since the 1920's, the organisational weakness of the CTM in Puebla was compounded when Volkswagen decided to build its factory on the new motorway in a farming district 13 kilometres west of the city centre.

Chumacero struggled to hold on to the union as workers demanded wage parity with Mexico City TMVI workers rather than with Puebla textile workers, and it was this tension which contributed to the departure of the Volkswagen union from the CTM in favour of Ortega Arenas' UOI in 1972.

Yet perhaps the most dramatic example of the new pressures created by industrial decentralisation came as a result of the expansion of export-oriented northern factories in the 1980's.

The Ford/Mazda-Hermosillo "world factory" was among the most sophisticated production facilities in the world. Built in
1986 on 113 hectares of federally-rezoned land, eight kilometres from Hermosillo, the factory represented an original investment of $US 500 millions, 80 percent of which was obtained from Mexican banks. The new Ford factory made a strong impact on the regional economy; not only did the factory create a severe shortage of skilled labour, but the rush of industry to the district transformed Hermosillo from a quiet agricultural backwater into an inflation-ridden boom town. Within a year of operations, 16 component factories sprang up in Hermosillo.

Under the scrutiny of engineers from Mazda (in which Ford owns a 25 percent equity share) and with production equipment purchased in Japan, Germany and the United Kingdom, it was no accident that the factory was located only 200 kilometres from the United States and linked by computers and the Intelsat satellite communications system to design and components facilities in Japan, Detroit, California and Europe.

Ford was seeking to leave behind its unhappy record of poor industrial relations by locating its new factory away from the firm's management problems in the United States. The plant was outside the jurisdiction of the United Auto Workers' seniority and demarcation restrictions, but close enough to Ford/Mazda's American factories to make "just in time" production feasible.

Ford-Hermosillo was thus supposed to be a showpiece of "after Japan" teamwork in which the firm sought to bury once and for all the demoralising mythology of Japanese supremacy in producing innovative, quality motor cars at competitive prices.
The decision to locate the new factory in Mexico may have also reduced political pressures on Ford to "buy American" when it came to production technology and components. Notwithstanding the volatile issue of whether Japanese firms seek strategic alliances with their American counterparts to camouflage "burrowing" takeovers (such as the famous Matsushita television case), Mazda consciously avoided purchasing what it considered to be inappropriate, unreliable and obsolete American production equipment.\textsuperscript{22} Mazda rejected Cincinnati Milacron, turning instead to Puma and Kawasaki of Japan to provide 110 welding, transfer and pick-and-place robots, to Komatsu for dies, and to Vickers (Rolls Royce Motor Cars) for custom hydraulic swivel, transfer and tracking equipment, systems integration and maintenance.\textsuperscript{23}

Mazda also performed a key function in linking component sourcing to Japanese and other North American facilities. According to one report, 65 percent of the value of components would be produced by Mazda's Flat Rock, Michigan works and 35 percent by Mexican suppliers.\textsuperscript{24} Another estimate claims only 15 percent of the value of components were sourced in Mexico with Japanese sources providing 20 percent and the remaining 60 percent originating in Mazda/Ford American factories.\textsuperscript{25}

The substantial change in the composition of production and product technology, and the high level of integration with external component sources and product markets, strongly affected the operation of internal and external labour markets. For Ford, the Hermosillo experiment offered an opportunity to learn Japanese production methods and to train an entirely new
workforce without the "bad work habits" found in its other American and Mexican factories.

When the factory opened in September, 1986, 200 of a total 380 shop floor personnel had spent nine months training abroad, 30 in Japan and the rest mostly in Valencia, Spain. Many of the apprentices were recruited at the Hermosillo Institute of Technology and 90 percent of the pre-selected candidates passed a rigorous cognitive skills examination. The majority of the apprentices were not Hermosillo residents, however, and had to relocate from Guaymas, Los Mochis and Culiacán, prosperous agricultural, fishing and tourist districts where the presence of the CTM was never strong.

The ability of the CTM Ford union to expel "troublemakers" was limited as it became clear that the new workers possessed highly transferable and not easily substituted skills; of the 200 foreign-trained workers, half would leave within the first two years of production. The arrival of a new, skilled workforce, unrestrained by traditional deference to CTM authority and lacking the permanence upon which the CTM's mechanisms of co-optation and coercion depended, contributed to -- but did not cause -- one of the most prolonged periods of violent conflict in the history of the motor vehicle industry, a process to which we will return in greater detail in the following chapter.

In four cases, DINA in 1961, Nissan in 1971, Volkswagen in 1972 and Ford after 1986, the CTM, despite its institutional ties to the ruling party and state, found itself lacking the logistical support of strong local networks in newly-
industrialising rural districts in order to contain shop floor dissidents and deter raids by independent union organisations.

Regional differences were compounded by intra-sectoral links between differentially and vertically integrated manufacturing firms. The TMVI workers were better placed than most to respond to change since they were located at the apex of the entire industry and thus commanded a high degree of commercial power, whereas workers in the parts, rubber and tyre industries were more dependent upon (if not owned by) TMVI clients than retail aftermarket operations. The ability of small groups of workers in the TMVI to close down firms in the supplier and retail sectors thus increased political pressure for early strike settlements, widening the gap in earnings between better paid workers in the TMVI and those in the components sectors, whether or not production was vertically integrated.

[B] Labour Market Segmentation and Compartmentalisation

All the TMVI factories are closed shops and registered as single plant unions with the exception of Ford which is a multiplant national union.26 The closed shop means that workers are recruited from applicant lists presented to the firms by the unions, which points to a source of clientelistic power for union leaders and a potential source of rank and file militancy;27 the union executive may legally expel members from the union under article 371 of the Federal Labour Act, and the requirement that the expulsion be confirmed by a majority of two-thirds of the union is often ignored. However, since union expulsion means automatic dismissal, workers may respond by
challenging an undemocratic executive as an insurgent "coalition" in order to secure labour ministry arbitration.

Another important juridical influence governing a potential cross-sectoral labour alliance was that prior to 1976, production workers in the motor vehicle industry outside the Federal District fell under the jurisdiction of local (state) boards of conciliation and arbitration. Thus, while the old Mexico City assembly factories were under the jurisdiction of the federal government, the newer DINA, Volkswagen, Nissan and Ford plants were in regions where the government’s power to manage disputes was limited, technically, by local authorities.

The transfer of the TMVI to the jurisdiction of the federal labour courts, joining the Railwaymen, steelworkers, miners, electricians and petroleum workers, was a de jure recognition of their status as members of Mexico’s labour aristocracy and an attempt to forestall the creation of "company states" as it became evident that the TMVI could wield massive economic influence in what were poor, agricultural regions. Once disputes in the TMVI had been placed under federal jurisdiction, the labour and interior ministries could monitor relations between strategic unions without potentially destabilising interventions by the local labour authorities, if not, however, by local constabularies.

In 1978, there were an estimated 1,922,460 workers in 21 industries under the jurisdiction of the federal boards of conciliation and arbitration and of these, 110,846 or 5.8 percent worked in the motor vehicle industry.28
The growing number of foreign firms and casual labourers engaged in components production in northern Mexico undermined the apparent incorporation of veteran TMVI workers within the corporatist "labour aristocracy" as the increasingly sophisticated northern maquiladora factories were integrated with the North American motor vehicle industry.

Export-led production in northern Mexico contributed to substantial changes in the pattern of industrial conflict in the manufacturing heartland of central Mexico, but cross-sectoral and interregional conflicts were only sporadic. Although groups such as the electricians and the TMVI workers sought alliances with workers in the components and tyre industries, little effective cooperation resulted. A possible explanation of the failure of such linkages was the lack of integration between the TMVI and the components sectors which, in turn, encouraged sectionalism among the TMVI unions. This has begun to change.

[C] Assembly Factories and Structural Dualism.

One of the most significant changes in Mexico since the 1960's has been the proliferation of in-bond assembly factories, first along the United States border and later throughout all of Mexico. The Border Industrialisation Programme (BIP) began in 1965 as a partial response to the decision of the United States' government to end its 23 year-old "Bracero" programme which had provided entry to cheap, seasonal, agricultural labour. The impact of BIP was greater than even some of its planners would have hoped. The number of maquiladora factories rose from only 12 in 1965, to 120 in 1970, 620 in 1980 and 1,929 in 1990. Prior
to 1972, the maquiladora plants provided jobs for fewer than 9,000 workers; by 1980, BIP had produced 119,000 jobs and in August, 1989, 443,682 workers earned their livings in 1,699 assembly factories. 29

Under American tariff schedules, firms operating in the United States may transport components abroad for assembly and pay duty only on that portion of the "value" added to products. 30 Within this regime, motor vehicle engines, pistons and parts exported from Mexico rose from 46 percent of declared value in 1982 to 60 percent in 1985, but fell to 29 percent in 1989. 31 If these figures are correct, TMVI firms were absorbing a greater proportion of maquiladora products in CBU cars for export.

Other sources appear to confirm the trend towards a more integrated export motor industry. According to Mexican government figures, the declared export value of finished transport vehicles rose 70.4 percent from $US 1,534 millions in 1989 to $US 2,614 millions in 1990, whilst the declared export value of engines fell 6.7 percent from $US 1,366 millions to $US 1,274 millions. Other parts and components declined four percent from $US 575 millions in 1989 to $US 552.5 millions in 1990. 32

In 1980, only three percent of the "Big Three" American firms' total parts requirements were satisfied by Mexican operations, but this figure rose to 10 percent in 1985 and was estimated to reach 15 percent in 1990. 33 Furthermore, according to the National Autoparts Institute, direct exports of components represented 75.6 percent of output in 1988 and only 55 percent
in 1989. This substantial decline was reflected in accelerating CBU unit exports in the late 1980's;

Figure 4.

![Graph showing TMVI exports sourced from Mexico 1982-1988]

Source: Asociación Mexicana de la Industria Automotriz.

Although trade statistics in both Mexico and the United States are often politically motivated and should be treated with caution, USITC estimated transportation equipment accounted for only 8.4 percent of the $US 12,500 millions of maquiladora-sourced imports to the United States at year-end August, 1989, but its figures for 1987 indicate that transport equipment contributed at least 24.8 percent of all assembled products, while others put the figure at 27.5 percent. USITC estimates the value of maquiladora exports to have been $US 10,800
millions in 1988, of which 16.3 percent were CBU motor vehicles and only 5.8 percent motor vehicle parts.37

This seems to indicate an increasing rate of absorption by the TMVI of the heavily maquiladora-based components production after 1982. They reflect the growing backward linkages as the major car producers integrated the two sectors, transforming the Mexican motor vehicle industry from a two-tier structure to a more unified export platform for finished motor vehicles. This occurred after Mexico joined GATT in 1986, when the United States demand for cars was high owing to low interest rates. Indeed, the maquiladoras served as a lifebelt for Chrysler, Ford and General Motors as Japanese exports and transplants highlighted the poor quality, design, range and reliability of American cars.

For Mexican assembly workers, the expansion of production led to few real advances in living standards, however. In 1970, BIP contributed $US 87,700,000 in declared value-added production and maquiladora workers earned a average hourly wage of $US 0.63; by 1988, value-added profits had risen to $US 1,600 millions and assembly workers were paid an average $US 0.80 per hour.38 The effects of wage suppression can be seen more clearly when compared with aggregate manufacturing wage estimates in other countries.
For Mexican workers, the changing regime of accumulation meant an increasing number of poorly-paid, predominantly female assembly jobs in northern Mexico, with isolated experiments in highly sophisticated manufacturing, such as the Ford-Hermosillo factory, and an ageing, mostly male and increasingly obsolescent mass production manufacturing workforce in central Mexico.

**The Labour Congress: Divisions and Decline**

It is unlikely that *maquiladora* wages would have remained as low without the assistance of the more important members of the Labour Congress, the CTM and the CROC. Moreover, the competition between the official confederations and the independent trade
union movement between 1970 and 1982 only highlighted the vulnerability of the old alliances and coalitions.

Although the Echeverría government made efforts to establish a new relationship with the labour movement through a more even-handed distribution of benefits to the CTM and the CROC, it was not surprising that the CTM resisted any form of power sharing and sought to neutralise the new labour policy. The tensions between the two organisations were accompanied by the emergence and proliferation of the maquiladora assembly factories. Although only some 20 percent of the maquiladora factories operate outside the border states, their expansion southwards refocused the traditional rivalry between the CTM and the CROC. The extension of assembly factories to towns such as Torreon, Chihuahua, Guadalajara and Monterrey, far from the border, has served to Balkanise the labour market in those areas, where earnings inequalities within families and neighbourhoods may be more keenly felt.

Occupational segmentation is compounded by divisions of the labour market in terms of gender. Sklair notes a resistance by the still predominantly female assembly workers to the male-dominated bureaucracy of the Labour Congress federations. But unskilled women workers have little control over the labour market, and dissidents face the threat of summary dismissal, especially since maquiladora workers are usually recruited on short-term eventual contracts under which the worker enjoys few of the benefits of the federal labour act or social security.
The CROC’s growing influence, especially in northern Mexico, seems to result from the CTM’s inability to balance a traditional presence in the old import-substitution industries (which were unionised when the CTM was at the height of its powers), with the expanding number of border assembly workers. The CROC was clearly seeking to extend its northern organisational base away from a traditional presence in hotels and restaurants when it issued its first "protection contracts" (sic) to the Johnson and Johnson/Acapulco Fashion maquiladoras in 1975. These contracts were aimed, at first, not against the CTM, but rather sought to isolate workers from independent movements. The CROC has since signed similar "protection contracts" in Ciudad Juárez, Tijuana, Mexicali and Zacatecas.42

Although the CTM still controls the vast majority of contracts in northern Mexico, its inability to sustain wage levels and working conditions against cut-price competition in a highly cyclical and volatile sector such as maquiladoras is clearly an important factor in the deteriorating relationship between the CTM and the other members of the Labour Congress. The tensions seem to indicate that as real wage and benefit differentials between northern and central Mexico continue to widen, the ability of the CTM to support the PRI against the increasing power of the National Action Party in the border states is declining. For the labour and interior ministries, the CTM’s deteriorating ability to maintain control in the north points to the growing risk of exposure to spiralling levels of politicised industrial conflict as the rank and file turn against both the
CTM and the PRI. From the government’s perspective, the worst possible result of the political changes underway in the north would be a regional union organisation formed by dissident members of the CROC and/or the CTM.

The struggle between the CROC and the CTM became increasingly violent in the late 1980’s and could be seen at its most lurid in the clashes over the Mexico City musicians’ contract and in the dispute over the right to organise the new Nissan-Aguascalientes engine factory.\textsuperscript{43} Whether this points to new opportunities for independent movements is not yet clear, but violent strikes at Ford in northern, north-western and central Mexico in the 1980’s and 1990’s left little doubt that the CTM was facing a desperate fight to retain control of its most prestigious union in the private sector.

The troubles at Ford not only stretched the resourcefulness of the CTM, but, on a local level at least, reflected the increasing levels of violence required to sustain the status quo. They served as a catalyst for the pressures which had been accumulating, not only as a result of the changes in the labour market and the uncertainty in the government in dealing with industrial disputes, but also because of growing speculation over the future of the CTM as Fidel Velázquez celebrated his ninetieth birthday and a half century as the most powerful trade union official in Mexico. Why Ford became so central to the CTM’s struggle to restore its hegemony is the subject of the following chapter.
From Fordism to Flexible Specialisation and Back

As the rate of internal migration to the new factory towns accelerated, Mexico changed from a predominantly rural society to one where town dwellers became the majority. Traditional mechanisms of clientelism, cooptation and control began to collapse under the weight of an impatient urban majority of disillusioned rural immigrants squatting in shanty towns.

A new generation of workers, born in the cities and unwilling to accept the authority of PRI precinct captains or caciques, was beginning to question the once legitimate structure of informal exchanges and reciprocal social support mechanisms which upheld the Mexican political system. By the 1960's, the post-revolutionary political fabric could no longer contain the increasingly insistent demands of industrial workers. For the CTM, which had remained under the undisputed control of Fidel Velázquez for over half a century, the slow implosion of the corporatist structures signalled the inevitable end to the hegemony of the ageing union bureaucracy.

In this chapter, we seek to trace the impact of such changes on the factory floor by means of an anthropological study of patterns of industrial conflict at Ford's factories in Mexico between 1974 and 1991. While generalisations from a firm- or union-specific analysis should be undertaken with caution, the conflicts at Ford reflected and were influenced by similar transitions at Volkswagen, Nissan, General Motors and Chrysler. In contrast, DINA and VAM, unable to develop an export-oriented
production strategy, were eventually abandoned by the state as obsolete remnants of its failed efforts to create a nationally-controlled motor vehicle industry.

Three distinctions, one structural and two instrumental, separate the patterns of industrial conflict at the Ford union from its counterparts in the other multinational TMVI firms.

Firstly, there is a strong relationship between the Ford union's nationally-encompassing organisation and forms of industrial conflict. Ford possesses the only multi-plant national industrial union in the motor vehicle industry, comprising branch organisations in both terminal and engine factories in different parts of the country. Other firms have preferred plant-level unions, especially in newer, maquiladora operations, in order to deter the transmission of disputes between factory, firm, sectoral or regional labour markets.

Secondly, Ford was the first of the United States-based firms to experiment with flexible specialisation as part of a long-term strategy. In contrast to General Motors, which, despite its Saturn project, remained committed to mass production until the 1990's, and Chrysler, which lacked both capital and the vision required to restructure its manufacturing system, Ford recognised the problems of mass production in the 1980's when it became dependent upon European operations to remain profitable.

Thirdly, the firm's close relationship with Mazda contributed to the rapid absorption of Japanese manufacturing ideas among at least a few Ford managers. The Hermosillo production regime was developed by engineers from Mazda, but organisations are often
slow to change; despite a reluctant experimentation with Mazda's ideas on teamwork and organisation, it was not long before Ford management lapsed into its traditions of surveillance and control, but in a much altered productive environment.

The reforms undertaken in Ford's Mexican operations were an important part of its global restructuring strategy, but structural adjustments taken by the government in response to the 1982 economic collapse (especially GATT membership in 1986) accelerated the firm's transition to export-oriented production.

The government had little option but to insist upon more exports. In 1977, the import bill for the motor vehicle industry grew to $US 1,959 millions or 53 percent of the total trade deficit.\(^1\) Between 1977 and 1982, subsidies to the motor industry topped $US 246 millions.\(^2\) This began to change in 1983 when car and components imports were restricted to 40 percent of the scheduled value of exports, and by January, 1987, retail taxes on motor cars sold in Mexico had risen to 48.5 percent for six and eight cylinder engine models, 36.9 percent for four cylinder cars and 32 percent for commercial vehicles.\(^3\) Ford was thus faced with the choice of either reorienting its production towards exports or leaving Mexico to Volkswagen and Nissan. In recognition that the local market for larger motor cars would not recover quickly, if at all, Ford chose to fully integrate its Mexican operations within its North American product regime.

The revision of Ford's product range indicated the speed of the restructuring policy; in 1983, the firm was still producing the insipid Fairmont for local markets; within five years, Ford
was producing and exporting the Topaz, Taurus, Mercury Tracer, a variant of the Mazda 323, and in 1990 was considering production of a Mazda 626 export model under Ford's marque in Mexico.

The 1982 closure of Ford's assembly plants in favour of an export-oriented retooling at Cuautitlán, the opening of a roboticised engine factory at Chihuahua in 1983, and the launching of the Mazda-designed Hermosillo factory in 1986 punctuated an important period of development within the Ford union. The conflicts which occurred as the result of Ford's restructuring stimulated a shop floor militancy which had appeared a decade before production at Hermosillo began.

The Rise of Lorenzo Vera and the "Cherry Revolution"

According to Ian Roxborough, the union independence movements at Nissan and Volkswagen spread to Ford in 1974, when the Fidel Velázquez-appointed secretary general was expelled from the CTM and joined other ex-Cetemista leaders to form the Revolutionary Workers' Confederation (COR). Divisions between individual leaders at the factories created a competitive collective bargaining environment and Ford faced difficulties coping with a COR-affiliated executive at the Cuautitlán Branch and with the Cetemista leaders at Tlalnepantla and at La Villa.

Confronted by an increasingly militant shop steward movement, Ford management persuaded the full-time union co-ordinator not to retire for a year in order to seek a solution to the COR-CTM division among the three plants. Unfortunately for both Ford management and the CTM, the coordinator died a few weeks after postponing his retirement.
Union members began to question the CTM's continued rôle at Ford, but the shop stewards were divided between those who wished to join the Authentic Labour Front and those who favoured the UOI. The MSR/TD was also courting dissident CTM members, and time was thus of the utmost importance to the CTM if it was to avoid losing the union to a rival organisation.

In 1975, following a failed attempt at mediation by the International Metalworkers' Federation, a Fidel Velázquez envoy recommended the amalgamation of all Ford plants under a new, national industrial union, but this representative also died, leaving the CTM's reorganisation plans in chaos. Velázquez seized the initiative and re-registered the union as a national industrial union comprising all Ford factories. Such arbitrary actions only stirred further anti-CTM shop steward militancy.

In February, 1976, the shop stewards triumphed at the union elections, winning 769 votes against 397 for the older Catemista group and 28 for a company-funded slate. Unsatisfied with an 18 percent wage increase (the annual rate of inflation was 13.6 percent), the stewards deposed their weak secretary general and Velázquez stepped in once again and re-registered the union.

It was becoming apparent that the CTM was no longer in full control of union politics at Ford. The inconsistent, even erratic administrative changes were reflected by the CTM's heavy reliance upon the logistical support of the ministry of labour. As currency devaluation and inflation continued to erode wages, the CTM's strategic fragility would not go unnoticed by the shop stewards' movement or by other unions in the district.
The CTM believed it had achieved a partial resolution to the Ford dispute with the change in leadership. The new union secretary general, Lorenzo Vera, won shop floor support through his irreverent defiance of the CTM bureaucracy, as he sought to build a strong, autonomous power base by extracting resources from the company and the CTM rather than the rank and file. Notwithstanding a remarkably successful honeymoon period with the membership, Vera soon developed his own clientelistic network, expanding the union's own payroll and installing his own loyalists, the Cherry Slate, within the national executive. 7

Since the union pre-selected Ford's recruits, Vera could fill vacancies with relatives and neighbours from villages in his home state of Hidalgo, establishing a tightly-knit shop floor surveillance system in all departments. The new union boss thus not only built strong defences against potential challengers from the ranks of the shop stewards, but also increased his bargaining power both with the firm and with Velázquez.

Despite his political skills, Vera's populist, autocratic style soon stirred discontent. Dissatisfaction with the regime centred on the old La Villa assembly plant in Mexico City, where the late, unlamented and temporary CTM boss, Fernando Amilpa, had crushed an earlier independence movement in 1949. 8

The La Villa Branch membership held eight usually well-attended meetings annually, pointing to a strong, collective identity which had emerged in the 1950's and 1960's. The union independence movements of the 1970's impressed the La Villa workers and by 1981, they were supporting union insurgents
against the UOI’s Ortega Arenas at Volkswagen and Nissan, and the epic, but unsuccessful 106-day General Motors strike.\textsuperscript{9} Believing the time was ripe to regain sectional autonomy, the La Villa stewards launched a covert bid to overthrow Vera in late 1981, but the Cherry Slate discovered the plot and expelled both the La Villa Branch secretary general and labour secretary from the union.\textsuperscript{10} Several sources claimed that the La Villa Branch leaders were expelled under pressure from Edomex CTM boss, Gregorio Velázquez (one of Fidel’s many powerful relatives), who suspected Vera of shifting his loyalties to the UOI in order to extract political patronage from the CTM. The Edomex CTM federation was also worried about a proliferation of local rebellions linked to the unending troubles at the Chrysler-Lago Alberto factory.\textsuperscript{11}

Nevertheless, Fidel Velázquez accepted the inevitability that the Ford union executive’s loyalty was indeed conditional upon receiving more political benefits. Having propelled Vera into a seat in the EdoMex legislature in 1981, the CTM sought to bind the entire Cherry Slate to the union bureaucracy. Velázquez promptly secured the transfer of the PRI-controlled Cuautitlán-Izcalli town hall seats from the party’s Popular Organisations’ patronage list to the CTM for the Cherry Slate to occupy in the 1984-1987 session. For Vera, a term as mayor of one of the country’s largest industrial cities was an irresistible offer. Distracted by the spoils of politics and patronage, the Cherry Slate failed to recognise changes in the composition of the rank
and file as Ford revised its strategy. The La Villa revolt proved to be merely a precursor of the coming conflicts.

Five variables were instrumental in establishing the conditionality of the relationship between Velázquez, the union executive and the rank and file, and in determining the preconditions for more independent collective bargaining.

Firstly, having barely retained control of the union amid widespread support for the shop stewards’ movement in 1975-1976, the CTM sought a less direct rôle in managing the affairs of the Ford union. The principal reason why the Ford union could be permitted an unusual degree of autonomy after 1976 resulted from the CTM’s ability to distribute political patronage to the union’s leaders. In this manner, the Ford union boss obtained a seat in the Edomex legislature between 1981 and 1984 and a term as mayor of Cuautitlán-Izcalli from 1984 until 1987.

Secondly, the sources of Vera’s power may be traced to the specific problems faced by the CTM and Velázquez in the heavily industrialised region of Edomex which occurred as a result of the rise of independent trade unionism in the 1970’s. The transfer of the motor vehicle industry to the jurisdiction of the federal labour courts in 1976 was supported by the CTM as a means to deter local union branch independence movements. Velázquez needed to retain the Ford union not only because it was the largest private industrial concern in his own district, but also because it was the most important union of any foreign-owned manufacturing enterprise in Mexico.
Thirdly, the CTM was fending off a challenge from the TD/MSR, which in 1976 launched an offensive to fight the imposition of a pro-CTM leadership at SUTERM. For five years, the CTM had witnessed the erosion of its position within key industries by the MSR/TD or the UOI and could not afford a defeat at Ford.

Fourthly, if the CTM did lose at Ford, it was probable that dissidents at Chrysler-Lago Alberto would seek to depose secretary general Hugo Díaz Velázquez, Fidel's brother-in-law and a notoriously violent union leader. Not only was this a potential embarrassment, but may have threatened the dominance of the entire Velázquez family in the Mexican labour movement.

There was, however, a fifth reason why Velázquez was concerned over the troubles at Ford; the union's value increased when it was learned that the firm was planning a new factory in northern Mexico, where the CTM was facing new pressures from the CROC's "protection contracts". The struggles at Ford were thus a catharsis for larger conflicts underway within the Labour Congress and the CTM was resolved not to yield to its rivals.

**Competitive Restructuring and Industrial Reconversion**

In 1982, Ford began closing its Mexico City operations, moving 1,000 of the 2,800 workers at La Villa and 300 workers from the Tlalnepantla works to Cuautitlán. Vera used the opportunity to screen out dissidents, but his network of informants at La Villa was always poor and when the last workers were transferred in 1983, two and possibly more cells of a clandestine group known as Regeneración, linked to the dissident movement at Chrysler-Lago Alberto, began to recruit dissidents at Cuautitlán.
The amalgamation of workers from different factories at Cuautitlán led to a growing awareness of the divisive tactics used to separate the three branches in the past. Vera’s position remained strong at Cuautitlán, however, where the union could boast the most comprehensive contract in the motor industry including car raffles, triple time plus 14 percent if asked to work a double shift and a fully underwritten savings bank.

The opening of the factory at Chihuahua produced new inter-branch pressures. In 1983, the average weekly salary was $US 80.51 or $US 2.01 per hour at the Cuautitlán plant, in stark contrast to $US 39.17 weekly or $US 0.86 per hour negotiated for the entirely eventual workforce at the new Chihuahua factory.12

The Cuautitlán rank and file, on the whole, seem to have been satisfied with the 1983 contract negotiations, even though assemblies were now held only twice a year. In the December, 1984 Cuautitlán Branch elections, the Cherry Slate won 1,298 (46.1 percent) of the 2,811 votes cast to beat runner-up Red Slate (Regeneración) which took 610 ballots (21.7 percent) and Yellow Slate third with 346 votes (12.3 percent).13

Most sources agreed that the 1984 elections were reasonably fair; Vera’s position was strengthened by contacts in the state legislature and he was using his political weight to obtain INFONAVIT mortgage subsidies for local housing, important to workers who spent up to five hours travelling to and from work.

Ford management was also cognisant of the need to concede a generous settlement not only to contain Regeneración, but also to assist Vera’s municipal election campaign, and the union’s
success in securing a contract second to none in the motor industry played a large rôle in the Cherry Slate’s 1984 victories in the Cuautitlán-Izcalli municipal elections.

The Cherry Slate ran afoul of the workers again, however, when it was discovered that Ford was pouring substantial funds into an organisation of dubious origin called the Cuautitlán Workers’ Confederation, Vera’s municipal election campaign machine. These extra-curricular activities came to absorb more of the executive’s energies and the efficient conduct of union business began to suffer, as the minutes of the increasingly restless Cuautitlán Branch meetings confirm; there was scathing and repeated criticism of the national executive for absenteeism, carelessness, sloth and incompetence.14

Structural changes in production were destined to play the principal rôle in the trend towards sectional bargaining, however, and the closure of La Villa and Tlalnepantla marked the end of the era of primitive Taylorisation. Ironically, as Ford was transferring production to Cuautitlán, the petrolised/mass production economy, which had created problems described by President José López Portillo as those of "managing abundance", collapsed, marking a permanent end to autarchic Fordism.

Employment in TMVI factories climbed from 36,217 in 1980 to 44,074 in 1981 and dropped to 30,839 in 1983 before recovering to 36,884 in 1984.15 Ford sacked over a third of its factory workforce, which fell from 9,029 in 1981 to 5,891 in 1983.16

Most jobs lost at Ford were temporary labourers, however, and those which occurred as a result of the closure of La Villa and
Tlalnepantla inflated the figure. Indeed, compared with other industries, the impact of the 1983 recession was comparatively mild, for the permanent TMVI workforce remained almost intact.

By 1984, Ford was operating with few temporary labourers and the firm’s reliance upon core workers, who expanded job controls, strengthened ad-hoc sectional bargaining and increased demarcation rigidities, made it impossible to discipline workers for lateness, absenteeism and tortuguismo ("old soldiering").

The government’s reluctance to back the CTM only contributed to Ford’s difficulties. This became evident when workers walked out for a day in April, 1985. Inflation had now reached 56.5 percent and the firm hurriedly conceded a 32 percent increase in base wage scales (in addition to previous inflation-linked emergency pay adjustments) and six percent in benefits.\(^{17}\) Although brief, the dispute illustrated that the "crisis" had not yet quelled core workers. That the strike was recognised at all by the labour ministry pointed to an increasingly laissez-faire approach by the government to disputes in the engineering trades, especially where multinational firms were involved. This reluctance would be forgotten by neither management nor workers.

Equanimity on the part of Latin American governments was not what Ford had learned to expect during a slump. In July, 1985, for example, a strike and 19-day occupation by workers at the Argentine subsidiary’s General Pacheco works near Buenos Aires was dissolved finally by riot police.\(^{18}\) Considering the government to be increasingly reluctant to engage in such actions at the behest of foreign investors, Ford responded with
a more aggressive approach to factory discipline, but also cultivated its extensive links to the local police authorities.

It was recognised at length, however, that the firm's difficulties lay squarely within its own internal labour market; until "restrictive practices" were eliminated, core workers would continue to defy management. The new approach became evident in June, 1986, when the popular managing director, Oscar B. Marx III, was recalled to Detroit after three years in Mexico and replaced by the much less gregarious John H. Ogden.

Within days of his arrival, Ogden became known as a "machete man", his forbidding, reserved and distrustful manner clearly an unpleasant surprise for workers and components suppliers alike.

Ford was determined to reduce the permanent planta workforce at Cuautitlán, especially sectional troublemakers, and this seems to have been the firm's main objective. An example of the restructuring pursued by Ogden was in the foundry shop, where the workforce was reduced from a peak of 900 in 1980 to 174 in 1986.¹⁹ The total number of Cuautitlán production workers fell 45 percent from 5,115 in January, 1986 to only 2,800 in July, 1987.²⁰ Turnover at Chihuahua was still 100 percent a year.

In six years, Ford's Edomex payroll had fallen by two thirds. The calm interlude following the 1986-87 redundancies seemed to vindicate Ogden's tactics. Sectionalism at Cuautitlán appeared to have been crushed after a decade of struggle between management, the CTM and even the Cherry Slate. It was, however, only an interlude.
**Shusa and Flexible Specialisation: the Japanisation of Ford?**

Although Ogden had few dealings with the Mazda project, it was to prove the decisive element in restructuring Ford's internal labour market, but probably not as management would have wished. The opening of Ford-Hermosillo drew a new, highly-educated group of workers into the Ford union with which neither Ford managers nor CTM bureaucrats had accumulated much experience in the past.

The new training systems and machinery effectively precluded the hire-and-fire "low trust" industrial relations used at Ford's plants in central Mexico, since this would jeopardise the experiment. Although Ford-Hermosillo was the most sophisticated TMVI plant in Mexico prior to Volkswagen's retooling programme in 1987, equipment was only part of the picture. One incredulous American manager, clearly admiring the flexible teamwork system introduced at the plant by Mazda, compared Hermosillo workers with their American counterparts.

There are no hassles with the union when you try to enforce something that is new to the operator, but is written down. These people are less resistant -- they want to do the work. They have a totally different attitude. Up north, the foreman always has a concern about possible retaliations. If you force somebody to do this, even if it's in the contract.... You're always concerned about the knife in the back, so to speak. Here you don't have to worry about any of that. You're not always looking over your shoulder for the steward. 21

This passage illustrates the problems in transferring concepts about industrial technology and relations between countries. The American manager quoted above was confronted by the essentially Japanese concept of *shusa*, introduced by Mazda, 22 yet he was clearly using reference points gained from his experience of mass production assembly lines in the United States;
enforcement, retaliations, and knives in the back are expressions which say much of Ford’s problems worldwide.23

The contradictions of the new Japanese-designed, American-managed and Mexican-operated manufacturing regime point to the way in which both the culture and technology of production are wrapped within the social and intercultural relations of production between owners, managers, workers and machines. By attempting to transpose a highly polarised and aggressive control-oriented managerial culture to a group of well-educated workers, trained in Mazda’s "teamwork" environment and using new equipment requiring imagination and skill, the confused Ford-Hermosillo management introduced severe social, cultural and ethnic pressures between managers and workers. Furthermore, given that the Hermosillo, Chihuahua and Cuautitlán factories were linked under a single trade union, the potential for the transmission of industrial conflict between plants operating under different labour market conditions was a danger to which few managers seem to have been cognisant, despite the explicit warnings in managerial training manuals.24

The accelerating rate of inflation ignited the smouldering conflicts in the Summer of 1987, when workers began worrying how to pay for new and expensive school uniforms for their children -- an almost sacred responsibility of any wage earner in Mexico. In July, when the annual inflation rate was passing 133 percent, the Cuautitlán factory workforce rejected Ford’s inflation-adjusted offer of a six percent pay raise and a ten percent increase in benefits since northern workers had already obtained
a pay and benefits settlement of 23 percent. Early in July, 1987, under pressure from indignant Cuautitlán workers upset by the Hermosillo agreement, the union’s National Executive Committee posted a strike brief for a parity 23 percent demand at the Cuautitlán works with the labour ministry.

Having failed to achieve an accord, The Federal Board of Conciliation and Arbitration withdrew from negotiations and the strike began on the 20th of July. This was the opening round in a strike which would last two months, resulting in the collapse of the union and leading to the dismissal of the entire workforce.

Striking Contradictions

The strikers’ demands appear modest when compared to those of the Volkswagen union in 1987. Volkswagen workers’ 65 percent pay and benefits demand brought the Puebla factory to a standstill for 57 days until management relented with a record 78 percent pay settlement plus a large portion of lost wages. The Ford shop stewards believed that Volkswagen’s legendary factory committees had maintained pressure on their executive not to concede defeat and were determined that Ford workers should do no worse than their colleagues in Puebla.

The changes within Ford’s inter-plant internal labour market shaped new forms of conflict and sectional division, however. The elimination of dualist tendencies was a management priority in remoulding the workforce but also offered the firm a means of dividing the strikers by age, region and permanent status. Similarly, the increasing horizontal segmentation which occurred
as a result of Hermosillo’s accelerated export production, created tensions as workers protested inter-factory work intensity variations. In other words, Hermosillo workers felt they were working harder for less money than those at Cuautitlán, although many Cuautitlán workers were older, less skilled and thus unable to equal Hermosillo’s productivity. Chihuahua workers protested that none of their members had yet received planta status and still suffered 100 percent turnover. This created a fundamental contradiction for the managerial strategy; although Ford sought to eliminate segmented and dualist-linked sectionalism, the horizontal and vertical divisions between the workers assisted the firm’s efforts to use age, seniority, task, status and plant stratification to stall the emergence of a unified, enterprise-wide militancy.

Ford management argued that pay at the northern plants was, on average, already only half that at Cuautitlán and in the case of Hermosillo, there were only four wage categories compared to 18 at Cuautitlán. Although management claims failed to note the great disparity in seniority-based differentials between the older and younger workers at Cuautitlán and the youngest recruits at Hermosillo, Cuautitlán workers did indeed enjoy more non-wage seniority benefits; a Cuautitlán worker with twenty years service, for example, was allowed 18 days paid holiday annually, 171 percent of base rate injury benefits, and a death benefit of 895 days pay.27

At Cuautitlán, the younger planta workers recognised that older colleagues, often fathers and uncles, had developed one of
the best union contracts in Mexico. Younger workers at Cuautitlán thus felt they had much to lose should management's "restructuring" programme succeed and demanded firmness on the issue from the Cherry Slate. Although this argument was gradually accepted by some of the young workforce at Hermosillo and Chihuahua, the absence of older planta workers at the factories was an impediment to its comprehensive diffusion. For Hermosillo, wage differentials between factories remained the main grievance, while at Chihuahua, workers resented their temporary eventual status.

Cuautitlán workers rightly suspected that Ford was trying to "level down" wages at Cuautitlán by using the northern plants' lower pay, fewer wage categories, more eventual contracts, and, at Hermosillo, relatively skilled workers as bargaining chips. The branch spokesman reflected the tensions between the various factory memberships when he told a La Jornada reporter on the first day of the strike;

"We know that Cuautitlán is an old plant, without the modern installations and high technology of the northern factories, but we don't agree that we should receive a lower pay increase".28

It was clear that Ford management's strategy was aimed, ultimately, at rewriting the collective contract. This indicated the elimination of age and seniority-derived dualism in the firm's internal labour market, an end to horizontal plant-level demarcations (machinists and maintenance workers, for example), a reduction and standardisation of seniority categories and a freer flow of workers between and within the three factories. Management believed tensions created by dualism would undermine
the new production strategy unless they were eliminated. According to the management training manual:

Transfers of hourly personnel and their supervisors from [the company’s] Mexico operations were not allowed in order to avoid inflated wages/benefits and old work practices. The classification system negotiated in [the plant] which minimizes the number of labor grades is reflective of the freedom provided by starting with new personnel. 29

These concerns were heightened by the integration of the Mexican factories with Ford’s distribution network in the United States. Prior to the 1987 strike, Ogden had begun squeezing productivity to meet Detroit’s orders for Mexican-produced cars; exports increased from zero finished CBU units in 1986 to 51,733 in 1987 and 66,361 in 1988 of which 99 percent was exported to the United States and Canada. 30 The industrial relations department wanted to hold out and break the strike, as had General Motors in 1980. The board of directors recognised, however, that Detroit was dependent upon Hermosillo production to satisfy United States demand for Topaz, Taurus and Tracer models and could not afford a long dispute. It also seemed inevitable that the northern branches would soon take some action in support of the 2,800 Cuautitlán strikers.

It was thus the division of the workforce between those employed in export and domestic sales operations rather than purely regional issues which undermined the capacity of Ford management to pursue a cohesive strategy. Such paralysis required action by the managing director and Ogden decided to make a new offer to the Cuautitlán workers which, if refused, would be the last before mass redundancy notices were issued.
In early August, 1987, Velázquez responded to calls for his intervention by the union’s ex-labour secretary. Ogden reissued a 23 percent offer for Chihuahua workers, but Cuautitlán workers rejected a 14 percent package. Under pressure from shop stewards and fearing CTM involvement, Vera called out all 4,500 workers at the three factories, effectively closing down Ford’s Mexican CBU production for domestic and export operations.31

Ford had invested large amounts of time and money training a new generation of workers and would be even more reluctant to sack Hermosillo workers than the skeleton crews at Cuautitlán (which was now suffering severe quality control and productivity problems owing to the lack of personnel) and even at Chihuahua.

This may explain why Hermosillo workers soon emerged as the most powerful sectional force within the union. The Ford-Hermosillo Branch was led by ex-law student Héctor Uriarte, elected less than a year earlier together with his deputy, Juan de Dios Arvizú. These two former technical college classmates would play key roles in the unfolding struggles. Both appeared determined that the Hermosillo Branch would not undermine the shop stewards’ struggle at Cuautitlán, but within months, Uriarte and Arvizú would find themselves on opposite sides of a battle for control of the union.

There was a recognition throughout the rank and file that whatever concessions the union made, Ford management was determined to shatter the union structure leaving the way free for future capitulations in collective bargaining. The Cherry Slate, no longer confident in ultimate victory and under
pressure from both the management and the CTM, believed that if the company had already decided to terminate its relations with the union, the only reasonable exit would be a generous redundancy package for older members at Cuautitlán.

The shop stewards disagreed strongly, however, arguing that the strength of the union depended upon the unity of all three branches in demanding equal raises in pay and benefits. Reconciled to defeat, the lackluster direction of Vera contrasted sharply with the merciless rhetoric of Uriarte, and especially of Arvizú, whose popularity rose sharply.

In mid-September, the national executive organisation secretary, Herminio Núñez, suggested a scheme under which Ford would issue redundancy pay for four months wages plus 20 days pay for every year worked at the formula rate of base plus 27.5 percent as of August, 1987. The redundancy package would have distributed a pitiful $US 30,000 severance pay to 3,200 workers and was rejected summarily by the ministry of labour for having failed to include individual seniority benefits.32

A frustrated Ogden rescinded the July offer and fired a number of dissident managers in the industrial relations department who had expressed reservations over the firm's strategy. In a move calculated to split the branch committees, Ogden issued a proposal for a six percent wage and ten percent benefits settlement. He recognised the chance to exploit differences between older and younger workers at different factories and realised the new offer would tear apart the union as older
workers sought improved redundancy payments while younger workers vowed to fight on for a 23 percent parity agreement.

The tensions between Vera, who now sought little more than a quiet and lucrative exit, and the stewards, who were determined not to surrender before their colleagues at Volkswagen, began to split even the Cherry Slate. The decisive blow came with the protest resignation of the powerful labour secretary, a former steward in the pivotal Cuautitlán foundry shop.

On the 12th of September, 1987, Ogden secured the agreement of the ministry of labour to dissolve the relationship between the firm and the Cuautitlán Branch of the union and to recontract workers the following day, without seniority. Of those workers dismissed, about 80 percent returned to work.

Angry and betrayed, even the staunchest supporters of Vera turned on the executive as rumours circulated of a secret bargain between the Cherry Slate and Fidel Velázquez. The rumours proved to be well-founded; Velázquez, rather than confronting Ford with an alternative restructuring programme, decided to appoint a dauphin over the heads of the Ford union membership. When Vera tried to speak to the enraged membership, the microphone was disconnected amid heckling and threats.

Vera telephoned Uriarte and asked him to fly to Mexico City for urgent discussions, believing that if he could win over the Hermosillo Branch leader as his successor, he might still squeeze more personal concessions from the CTM. Not to be outmanoeuvred, Velázquez telephoned Uriarte also, inviting him to visit CTM headquarters in Mexico City for discussions before
travelling on to Cuautitlán. When Uriarte arrived on the 2nd of October, Velázquez chaired a meeting with Cuautitlán district CTM boss and the Goodyear-Oxo Tornell tyre works' union leader, Sergio Pérez Tovar, CTM labour secretary, Javier Piñedo Cerino, Uriarte and union branch representatives.

Although the Chihuahua Branch committee boycotted the meeting, this did not prevent the Cherry Slate’s opportunistic acting labour secretary from lobbying Velázquez for the national secretary general’s job. The decision had already been made, however; Velázquez “tapped” Uriarte for the national leadership job and left the meeting, accompanied by Piñedo Cerino, after 15 minutes, ensuring that the CTM was absent when the “vote” of confirmation was taken. Velázquez then announced Vera’s abdication “for having sold the collective contract”.

Velázquez had thus engineered an opportunity to dispose of the once troublesome but now disgraced union boss once and for all. It was the type of coup de grâce which reveals how and why Velázquez controlled the CTM for over fifty years. In deceiving Vera into supporting a CTM charraso, or imposition, and luring Cherry Slate hopefuls, Velázquez increased the dependence of the union upon the CTM by appointing the rank amateur Uriarte.

In order to satisfy the labour ministry, the CTM saw to it that Vera was unceremoniously cashiered by a meeting of the Cuautitlán stewards and the Cherry Slate. There were ingenuous accusations that Vera had also accepted a cheque for funds taken from the union’s savings bank to surrender the union to the CTM. In a move aimed to quell the suspicions of tax
inspectors, Ford management reported the "theft" from the firm's offices to friendly local police. Energetic actions aimed at apprehending the felons were noticeable only by their absence.

Uriarte was publicly "elected" interim secretary general of the reorganised union until the 20th of May, 1988, by an ad-hoc and patently unconstitutional electoral college comprising only two of the three branch committees. Within a week of assuming office, the new secretary general had agreed to management's request to eliminate the highest seniority-based pay categories in exchange for raising the minimum 1B category (paid to Chihuahua eventualés) from $US 3.75 to $US 4.25 per day.

This was only the first of an avalanche of concessions: Uriarte committed the union to more temporary workers (thus bypassing Ford's agreement with the United Auto Workers to compensate any new planta jobs in Mexican plants with new full-time positions in United States factories). He also agreed to compulsory alternating weekend shifts with pay rates reduced from 175 percent to 125 percent of standard day shift rates.

Ford presented a blacklist of 300 troublemakers against whom Uriarte was asked to implement the exclusion clause, expelling known militants and helping Ford management avoid dismissal benefits and/or embarrassing court cases; Uriarte agreed to a blacklist of 250. A similar fate was to befall those discovered to be using narcotics or alcohol, idling, late or absent more than three days in a month, or complaining about increases in production line speeds. Clearly, Ogden was no convert to the new
gospel of shusa or flexible specialisation for this was vintage
Michigan Fordism; surveillance, coercion and control.

The Return to Manor Farm

During the early months of Uriarte's unsteady reign, the real
power behind the throne seems to have been Pérez Tovar; in
having the Cuautitlán district labour boss and Goodyear-Oxo
Tornell tyreworkers' leader serve as de facto regent at the new
Ford union, the CTM was also engaging in sectorally-linked
organisation in order to reduce inter-firm sectionalist
tendencies in EdoMex.

For several months, Pérez Tovar played an important rôle in
controlling the unrest among the rank and file. Long a powerful
force in Mexican trade union politics, the Goodyear-Oxo Tornell
tyre works' union boss counted a number of powerful figures
among his circle of acquaintances. Charles Pilliod, the United
States' ambassador to Mexico (1986-1989), for example, was a
former chairman of Goodyear, with decades of experience managing
the firm's Latin American interests. If the Mexican government
was planning to intervene in the Ford dispute in support of the
workers, the links between Pérez Tovar and Pilliod were a
conspicuous disincentive.38

The pervasive influence of Pérez Tovar in the Ford union thus
suggested a return to stability and presented an opportunity for
management to consolidate the firm's restructured labour market.

The new national executive, which still included a rump Cherry
Slate, faced scathing criticism for surrendering unconditionally
to Ford from Hermosillo acting secretary, Juan de Dios Arvizú,
elected deputy branch secretary in December, 1987.³⁹ Pérez Tovar and Uriarte soon recognised the need to respond to the gathering opposition and sought to root out troublemakers at Hermosillo.

In January, 1988, a strike notification for the Chihuahua factory was sent to the Federal Board of Conciliation and Arbitration. There were no procedural omissions in taking the strike vote; a representative from the national executive was in attendance for the vote and signed the branch meeting minutes.

The strike notice was properly rejected by the Board, however, because it was not sent by the national executive. Uriarte pleaded ignorance, claiming to have submitted the brief on Hermosillo Branch letterhead. But with Pérez Tovar as the power behind the throne, such gratuitous innocence seems hardly credible. The rank and file entertained few doubts that Uriarte had bungled the required strike notification intentionally.

In February, 1988, a reluctant Uriarte, unable to contain the dissidents any longer, was drawn into supporting the strike movement, rejecting a 20 percent pay offer at Chihuahua and dispatching another strike notification to the ministry of labour. On the 8th of February, Chihuahua workers went out on strike to be joined by Arvizú's enthusiastic Hermosillo Branch on the 1st of March. Uriarte's position was strengthened when Ford conceded a 25 percent pay agreement on the 2nd of March.

At the Federal Board of Arbitration and Conciliation, two days into the strike, Ford's lawyers argued that the Chihuahua Branch had received five pay increases (including inflation adjustments) raising wages 163 percent between February and
December, 1987 while the rate of inflation was only 159 percent, thus balancing the factors of production.\textsuperscript{40} These figures seem to include both real wages and benefits which are notoriously elastic in terms of real value. Uriarte’s efforts at relaying this arithmetic fell upon suspicious ears at all three plants.

The strike was pure melodrama: Ford needed Uriarte and the influence of Pérez Tovar was decisive in allowing a brief strike to flush out troublemakers, especially those close to Arvizú. The regime had long suspected the shop stewards of counter-revolutionary activity and feared that unless they were eliminated en masse, an Arvizú election victory was inevitable.

The growing criticism from Hermosillo was echoed by the Cuautitlán stewards following the election of a new branch committee in April, 1988. The turnout was 2,148, about 75 percent of the workers, and the Cherry Slate could still scrape a victory, winning 642 votes (29.8 percent) to the 561 (26.1 percent) for the company-funded Gold Slate. Workers were now too fearful to risk voting for Red Slate (\textit{Regeneración}) which finished fourth of six slates with only 109 votes (five percent).\textsuperscript{41} Nevertheless, the remaining Cherry Slate Cuautitlán branch secretaries observed Uriarte’s deteriorating position and remained cautiously neutral in his battles with Arvizú at Hermosillo and with the shop stewards at Cuautitlán.

Uriarte was thus facing two new, elected and hostile branch committees, an intensification of production at Hermosillo, a passive national executive, and still had not faced the rank and file in a national election. With only a month of the interim
term remaining, Uriarte, advised by Pérez Tovar, cancelled the elections owing to "administrative difficulties".42

The national union elections were rearranged for November 1988. Uriarte believed that within a few months, he could root out all the troublemakers and would, with the help of the CTM, win a landslide at all three factories; a year of unelected interim union government proved to be a critical error, however.

In September, 1988, Uriarte and Pérez Tovar attempted to depose the entire Cuautitlán Branch committee, less than five months after it was elected and only weeks before the rescheduled vote for a national executive. The stewards threatened a mass walkout; humiliated, Uriarte was forced to reverse the decision and appoint a special commission from the ranks of the shop stewards to ensure that any further actions be taken in strict compliance with the union’s statutes.43 The stewards had once again shown their capacity to challenge the executive; with the rise of Arvizú, even Pérez Tovar now doubted whether Uriarte could ever take control of the union.

On the 18th of October, Uriarte faced a critical assembly, timed during a shift change when workers wanted to clock in or go home. Workers were also unlikely to have their union cards required for entry into the meeting room. Uriarte obtained the resignation of two officials of the Cuautitlán Branch committee, but was prevented from tabling a motion for the dismissal of the remaining six.44 Perplexed by this setback, Uriarte refused to pay funds owed to the Cuautitlán Branch contract negotiating team, obtaining a token settlement directly from management.
There now seemed little chance of averting a major confrontation within the union. Detroit decided a change in the managerial regime was needed and a month before the re-scheduled union elections, Ford reshuffled the administration. Ogden was recalled to Detroit to run Ford's North American car operations; he spoke no Spanish, loathed Mexico and was treated accordingly by most Mexicans. Ford's new managing director, Nicholas Scheele, was something quite new to the firm's Mexico operations, however; for the first time since 1925, the senior manager was not an American. Detroit had looked to Ford Europe to rescue its faltering shusa reorganisation.

Scheele started his career with Ford U.K. in 1962 after graduating from university. He survived the acrid industrial relations climate of the British motor industry in the 1960's and 1970's to become planning director of Ford Europe in 1978, integrating operations in Britain, Germany and Spain. His new task in Mexico was not only to complete the integration of Ford's factories within its North American production regime, but also to find a resolution to the now endemic factory strife.

Although Scheele's more affable and cosmopolitan manner was well-received, the conflicts between Ford, the union's national executive and the workers which had grown under Ogden's disastrously inept management had degenerated beyond repair.

Management did begin to take a more subtle approach to controlling conflict, however. In November, 1988, the Hermosillo Branch committee issued a bulletin informing the rank and file that Ford was closing the factory for two weeks owing to low
demand and overstocked inventories. The company offered to pay planta workers full wages during the closure and to recontract temporary eventuales in January, 1989. The timing of the closure was notable because it occurred as the elections for the national executive committee were imminent. Ford appears to have synchronised its production schedule to fit the dynamics of industrial conflict; in offering concessions on retooling pay, management believed it could help Uriarte's rapidly dwindling election chances.

The inevitable confrontation now appeared imminent, however, and the plan backfired; the Hermosillo workers used their free time to post bulletins announcing a public rally in Hermosillo's municipal park for Arvizú, who was, by now, a local hero.46

The brief closure represented a pivotal transition in the balance of power between Arvizú and Uriarte; at the Hermosillo branch election, the first of the three branches, Uriarte's slate won a meagre 189 votes (19 percent) to Arvizú's landslide of 801 (81 percent). The victory may have been even greater; 13 percent for Uriarte to the Arvizú faction's 87 percent.47

Shortly after the Ford-Hermosillo election, Arvizú and 39 of his closest supporters were sacked for alleged sabotage. Uriarte had already attempted to bribe the branch committee, but dared not apply the exclusion clause against Hermosillo Branch officials which would have all but ended his already slim chances of manipulating a supplementary ballot.

The cancellation of two scheduled elections and the sacking of Arvizú led to a surge of openly hostile conduct by the rank and
file in all three factories. A number of the dismissed Hermosillo workers travelled to Mexico City with the support of the Trotskyite Revolutionary Workers' Party (PRT). Some embarked upon a hunger strike in front of Ford's head offices while others planned strategy with the Cuautitlán shop stewards.

The growing encampment of blanketed hunger strikers at Ford's headquarters, across the Avenida de la Reforma where the Japanese, French, American and British embassies were located, was making Ford management nervous. Sooner or later, the story might be picked up by the international press, but both federal and local authorities continued to refuse Ford's requests for the removal of the hunger strikers from what was a public park.

Flying pickets and demonstrators arrived daily at the Cuautitlán factory in order to distribute bulletins and then quickly leave before the police were called. Ford management doubled its own (armed) industrial police and called in past favours from the chief superintendent of Cuautitlán-Izcalli, who obligingly dispatched units of the state police flying squad, the deservedly notorious (and Ford equipped) Radio Patrol Battalion of the State of Mexico, Barapem. Federal authorities remained silent, but were now monitoring events closely.

The mostly uniformed local police began round the clock surveillance of the Ford-Cuautitlán perimeter fence and of the factory access road to the México-Querétaro motorway. Visitors entering and leaving the Ford factory gates were subject to body searches by the company police and by Barapem constables.
A worried industrial relations manager (and a former member of the union executive committee) protested insistently to senior management that the dispute would end inevitably in a tragedy and that Detroit would not be pleased if Ford found its way into an Amnesty International report; the Barapem police were brandishing shotguns, company personnel were armed with revolvers and the Uriarte group was now stockpiling assorted weaponry at an undisclosed location within the factory grounds.

Following the disengagement of an exasperated Pérez Tovar from ongoing union business owing to a Regeneración-linked revolt in his own Goodyear-Oxo Tornell works' union, Uriarte feared desertions among what remained of his own clique and postponed the elections for a third time in the face of massive support for Arvizú, now developing a national image of popular rebel.

CTM headquarters feared losing the propaganda war and announced a special (and very rare) address to the membership by Fidel Velázquez. The speech, not surprisingly, was cancelled.

Links were soon established between Regeneración in EdoMex and the Arvizú group and in April, 1989, Arvizú and the strike secretary of the Cuautitlán Branch announced the formation of a coalition of shop stewards in all three factories to thwart Uriarte's fraudulent election manoeuvres, calling for an official enquiry by the federal labour court. Factories and warehouses from Mexico City to Cuautitlán were now sprayed and plastered with propaganda by the factions at Ford.

The tide had turned. On the 25th of April, the Cuautitlán Branch announced that Uriarte had effectively suspended its
collective bargaining committee. Moreover, no longer able to contain rank and file suspicions, the Cuautitlán Branch demanded a full accounting of the $US 200,000 in subscriptions collected from the membership by the national executive since it took office 20 months earlier. The language of the branch committee, usually reserved and officious, was blunt and direct;

[W]e consider his [Uriarte’s] regime to be dedicated exclusively to his re-election, using to this end job applications, INFONAVIT credits, promotions, planta designations, sackings, threats and other measures. What is worse is that his personal ambitions have damaged the general interest of the union, even charging for services, and are now a great threat to the unity of our union and a disgrace....We demand immediately a general assembly to put the union back on the right track!  

In June, 1989, Ford’s Cuautitlán manager of industrial relations issued a memorandum to unionised personnel denouncing the strikers, dissidents and saboteurs, dispatching copies to the labour ministry, Fidel Velázquez, Nicholas Scheele and to Gustavo Pérez Ríos, director of industrial relations at Ford.

The memorandum speaks volumes of management’s morale:

[O]utside people with interests contrary to those of our workers, seek to infiltrate the company, not only among the workers, but to take control of their organisation....[T]heir political growth is what makes them tick and make such a racket, to point out themes such as the defence of the rights of the workers, the salary, not of the exploitation, not of productivity....Mr. Arvizú and that group of ex-workers with him...were fired by the company for executing acts against their source of work, endangering the jobs of workers [and]inciting them to sabotage.

A response by the Sacked Workers’ Committee summed up the atmosphere of intimidation and police surveillance they now faced each working day at Cuautitlán-Izcalli and at Hermosillo;

According to the firm, the arguments for the sackings are labour instability. They are, nevertheless, actions in clear support of Héctor Uriarte.... It is obvious that he
intends to have himself re-elected which is why the firm is clearing the decks.... The atmosphere that we breathe in this firm is constant intimidation [with] Industrial Relations [staff] police inside, and outside they're backed up by the municipal patrols.\textsuperscript{54}

In this undated leaflet, which began appearing in July, the principal complaint was against the surveillance, coercion and control of workers; yet the crucial element within the leaflet is the strikers' artfully vituperative, if unpunctuated critique of the Neo-Fordist/Flexible Specialisation hybrid.

Those who have been sacked as much as the working conditions with which we live in Ford create an unprecedented situation for the working class which is trying to free itself of the union bosses and the dictates of the employers who try to keep their hands clean and impose their new methods of work and new philosophies trying to screw us even more, right up to our knowledge through their quality control circles.\textsuperscript{55}

The Uriarte faction was depressed and demoralised. By mid-July, the exclusion clause had been applied to 10 more workers from Cuautitlán (including the remaining six members of the union branch committee) and another 40 workers at Hermosillo.\textsuperscript{56} Ford closed the Hermosillo plant for two weeks, but whether this was owing to disturbances, retooling or both is unclear.

The government was becoming increasingly concerned over the rôle of Barapem constables in supporting company police. On the 26th of July, only five days before the elections for the Ford union's National Executive Committee, the chief superintendent of Cuautitlán-Izcalli and acting chief superintendent of Naucalpan, José Gallardo, was arrested and charged with criminal conspiracy, assault, burglary and armed robbery.\textsuperscript{57} The arrests did not seem to affect the relationship between Ford and the government, however. On the 10th of August, Scheele met with trade minister Jaime Serra Puche to announce a $US 300 millions
expansion of Hermosillo CBU Mercury Tracer operations for exports to the United States and Canada, resulting in a 25 percent increase in output to 700 cars per day.\textsuperscript{58}

Although the government sought anxiously for an end to the troubles at Ford, it remained committed to an internal solution. It was the CTM, however, and Fidel Velázquez in particular, which was now the power behind Uriarte's crumbling throne. Uriarte was seen as a lame duck and in need of the extraordinary support mechanisms which now only the CTM could provide.

The CTM printed 2,000 "employment application cards" for the Uriarte faction and the Hermosillo district CTM offices to be distributed by Ford workers to their friends and family members seeking jobs. Union members receiving the cards were required to file their name, department and signature on a receipt. This proved to be a deceptive bid to secure votes for the long-delayed National Executive Committee elections.\textsuperscript{59}

The tactic was facilitated by a massive increase in the number of eventuales. The CTM experienced little difficulty in persuading Ford to raise the number of temporary workers at Cuautitlán from 800 to 1,500 (the permanent workforce was increased from 2,000 to 2,500). Ford was already looking for workers to fill those left "restructuring", and by Arvizú's dismissed supporters, to increase exports to the United States. Furthermore, in contracting yet more temporary workers, Ford's Mexico-United States permanent worker hiring parity agreement with the United Auto Workers would not be broken.
The CTM had to make sure Uriarte won the election or possibly face raids from the CROC, the UOI or the remaining TD/MSR sympathisers in the nearby Motores Diesel Perkins union and the Regeneración group, now claiming 15,000 anonymous members, but still centred on EdoMex and at Chrysler. Regeneración was building such momentum that President Salinas de Gortari accepted a petition requesting an investigation of an alleged murder of a worker by the Chrysler-Lago Alberto union secretary general, Hugo Díaz Velázquez. An Uriarte victory at Ford was by now critical to the entire CTM state-level organisation, not only in Edomex, but also the states of Sonora and Chihuahua. As a technology flagship and the only national union in the TMVI, the Ford union would have been welcomed as a new member of the CROC for the prestige it would bring in battles being fought with the CTM elsewhere.

The CTM knew that in the April, 1988, Ford-Cuautitlán Branch elections, prior to the stewards' revolt, the turnout was 75 percent. If the turnout could be controlled at 75 percent, by devoting 900 or 45 percent of the "employment application cards" to the open list ballot at Cuautitlán, the remaining 1,100 votes, (55 percent) could be used to stuff ballot boxes for the smaller Hermosillo and Chihuahua open list delegates.

Furthermore, the CTM specialists could assure Uriarte that with 1,500 eventualés at Cuautitlán dependent upon the CTM for contract renewals, low-rent housing, transport and even physical safety, he should count upon a favourable outcome; the
eventualess were the least aware of the situation and the most likely to sign "employment application cards".

Finally, the CTM persuaded both Ford and the labour ministry to accept a 70 percent increase in existing pay scales ranging from $US 0.92 per hour to $US 1.97 per hour for the October, 1989 contract negotiations. This was three times the CTM’s wage ceiling agreed with business groups and the labour ministry.

Despite the best efforts of the CTM, all did not go smoothly. The full election results for the November, 1989 elections were not made available, but the Hermosillo figures for November 1988 indicated the probable reason why the national executive was so reluctant to publish the final count.

Whatever the fate of the original, unofficial 1989 election results -- and the shop stewards would dearly have liked to have seen them -- the Cherry Slate and the company-funded Gold Slate were fused with the latter holding the reins of power after the Cherry Slate winning candidates (who proved to be clandestine Arvizú supporters) were sacked and replaced by their deputies.

By the end of 1989, so reluctant were members of other slates to join Uriarte’s group that the Cherry-Gold coalition was forced to press a member of Orange Slate (second to last of six slates in 1988) into service on the national executive.

What this tortuous process seems to indicate is that by the early 1990’s, at least in the CTM heartland of Edomex, the official labour movement was not only suffering a hegemonic impasse, but also was at the brink of organisational collapse.
Lorenzo Vera's policy of busing his *paisanos* from Hidalgo began the long process of undermining the CTM's power base at Cuautitlán and thus in Edomex as a whole. The CTM was never a force in Hidalgo where the industrial new town of Ciudad Sahagún became a preserve of Ortega Arenas after 1962. The need to recruit from a small pool of workers with basic mathematical aptitudes meant that some of Lorenzo Vera's clansmen had passed through or had been influenced by UOI unions in previous jobs.

A second feature of this relatively specialised inter-firm labour market is that work applicants often try to conceal their previous experiences in the car industry. The dismissal of temporary workers and new recruits increased the sectional bargaining capacity of the experienced core workforce, but Ford wished to eliminate *planta* workers most likely to understand the dynamics of shop-floor productivity bargaining.

One source claimed to have been threatened by the henchmen of a union leader in another TMVI firm and was forced to resign. After working several years in a non-TMVI firm, this worker applied to Ford but concealed his previous work experiences, suspecting the American firms, at least, maintain an inter-company blacklist to prevent transmission of sectional bargaining and UOI-TD/MSR-Regeneración type movements.

Thirdly, it appears pertinent that the CTM and the CROC are dominant in the American transnationals (Ford, Chrysler, General Motors) whilst the UOI is, or was, dominant in Volkswagen, Nissan and DINA. Indeed, the industrial relations department at Nissan-Cuernavaca was in 1989 staffed by managers recruited from
Volkswagen. This may explain why the American firms have been unable to accommodate sectional trade unionism.

But a fourth and crucial development was the formation of the loose alliance in 1988, the Autonomous Coalition of Automotive Industry Unions (CASIA) comprising Volkswagen, DINA, Nissan-Cuernavaca, Ford and General Motors-Mexico City and the influence of the ex-SUTERM deputy secretary general, Héctor Barba, a skilled electrician and lawyer.

Barba’s attendance at the CASIA meetings indicated that the old TD/MSR Section Four (steel and motor vehicle industries) was still alive, albeit in a new guise. Barba attended monthly CASIA dinners as the Volkswagen union counsel and favourably impressed the DINA and Nissan union committees.

It was allegedly Pérez Tovar who told Uriarte not to attend any of the CASIA dinners after having signed the accords in January, 1988. Consequently, Ford’s absence from CASIA was perceived by the other unions as confirmation of Uriarte’s dependence upon Pérez Tovar and Fidel Velázquez.

Although the Coalition refrained from direct intervention in the Ford dispute, owing to the reluctance of the General Motors (CROC) union secretary general, Joaquín Zapata Romo, it was an open secret that the Arvizú faction at Ford and Regeneración were in regular contact with the other CASIA unions.

Finally, after waiting patiently on the sidelines, the government intervened, following violent, armed confrontations both inside and outside the Ford factories which left two union members dead in November 1989 and January, 1990.
Labour minister Arsenio Farrell Cubillas had taken a keen personal interest, if little action, in previous motor industry conflicts. In a letter written by Farrell Cubillas to trade minister Jaime Serra Puche on the 17th of May, 1991, the labour minister indicated that despite all the efforts of Velázquez, Pérez Tovar and Uriarte, a motion was to be presented to the rank and file calling for the Ford union’s secession from the CTM in favour of the COR. Farrell Cubillas warned of "grave consequences" for Ford should the CTM lose the referendum.

The Farrell Cubillas leak points to the fears in cabinet that if the CTM lost Ford, the Velázquez succession process could produce unwanted consequences not only in Edomex, but between all the union federations, independent and official.

Furthermore, negotiations for the proposed North American Free Trade Area had reached an impasse on the problem of integrating the Mexican TMVI with its American and Canadian counterparts. The balance of power between an anxious Ford management and the government had shifted, temporarily, in favour of the latter.

Following an enormous effort to swing the vote, conducted with a show of hands rather than the statutory ballot box, the CTM won the day with a slim majority of 54.3 percent, or 1,325 to the secessionists’ 1,112 votes. COR protested the result, claiming 500 workers had not been informed of the vote and 300 of those who did vote were not fully accredited union members.

The state of industrial relations at Ford in the early 1990’s thus revealed little to indicate a cooperative working environment. Whether the production systems developed by Mazda
at Ford can ever be revived is an open question. What can be said with more certainty is that Mexico's first brief encounter with flexible specialisation was not a happy one.

We have explored here a few of the reasons why shusa failed so miserably: antiquated Fordist ideology, ethnic and occupational conflicts, legal restrictions on free collective bargaining, segmented and dualist labour markets, and the limits placed upon the Mexican government in addressing the conflicts.

From the point of view of the sacked dissidents, flexible specialisation, in contrast to traditional Fordism, seeks to direct workers' energies into discovering new and better methods of production. In the case of Ford, however, its dependence upon the Edomex-CTM apparatus and local constabulary since 1964 means that although Mazda may have encouraged the firm to try new ideas, the corporate structures developed by the company's founder and still entrenched within management may preclude any significant change in the firm's traditional factory relations.

A notable aspect of the conflict was the willingness of the state to tolerate a high degree of open and sometimes violent conflict. As labour minister Farrell Cubillas discovered, however, the quiet diplomacy approach to industrial conflict does not always guarantee success. Whether this approach to the dispute was a result of tactical paralysis or a conscious decision to remain neutral is an enigma which we seek to address in the concluding remarks.
Conclusion: And in Place of Strife?

Synthesising the relationship between the state, entrepreneurs, workers, technology, international trade and transitions in the regime of accumulation into a firm conclusion is a risky business. Here, we offer no concrete predictions, but rather seek to delimit the parameters of manoeuvre for the actors described in previous chapters.

It was suggested in chapter one that transitions in the regime of accumulation produce or contribute to social pressures which establish the preconditions for a slide to a form of exceptional state or, at least, the resort to infrequent, direct and illegitimate police intervention. Nevertheless, in the case of the strikes at Ford in Mexico during the late 1980’s and early 1990’s, when the country was clearly experiencing the political strains of transition towards an export-led manufacturing economy, the state saw little to gain and had much to lose from intervention in the workplace.

Such detachment on the part of the authorities was a notable departure from established public policy in Mexico. Certainly, the federal government had maintained a keen interest in the unfolding troubles at Ford; it was impatient to see a resolution in order to dampen several other disputes throughout Edomex and Sonora, and to prevent the continuing erosion not only of the CTM’s hegemony, but also that of the PRI. Yet if the state was seen to assist the CTM directly, there was a potential for stimulating more dissident rank and file autonomy movements in
other factories. Similarly, if the government demonstrated its willingness to suppress industrial conflict at Ford, other foreign firms, such as Goodyear-Oxo Tornell, Motores Diesel Perkins and Volkswagen might expect similar favours in order to curtail disputes. This does not suggest a new toleration towards unrestricted free collective bargaining, however. Rather, presidential election politics may simply have reflected the growing anxiety over the changing structure of the economy.

The politics of transition established new ideological, juridical and procedural limitations which conditioned the response of the government to the disputes. It is in this context that we return to the theme of the dynamic and relative autonomy of the state, in order to focus upon the symbiotic relationship between and changing ideological foundations of these twin concepts.

As the conflicts at Ford began to deteriorate in late 1987, the presidential candidate pre-selection process had already determined that the PRI’s nominee for the July, 1988 elections was to be outgoing President Miguel De la Madrid’s controversial minister of budget and planning, Carlos Salinas de Gortari.

The selection of Salinas drew little enthusiasm from the CTM. The son of the former minister of industry and commerce, Raúl Salinas Lozano and the nephew of former treasury secretary Antonio Ortiz Mena, Salinas was a pedigree bureaucrat, relatively unschooled in the back-room bargaining traditions of trade union politics, and without any identifiable constituency among the labour movement. After narrowly avoiding defeat in the
1988 presidential election, Salinas recognised he would have to proceed carefully if he was to secure the support needed for ambitious economic reforms.

As president, Salinas soon debunked the myth that he was incapable of decisive action, however, launching a thorough anti-corruption campaign, and issuing arrest warrants not only for some of the more notorious villains in the trade union bureaucracy, but also for senior police officers. The press, usually manipulated by the government, applauded the government's actions, dubbing the new approach "Salinastroika".

Any explanation of the apparent lethargy of the government in dealing with the disputes at Ford cannot rest solely upon the instrumental vicissitudes of presidential politics, however. Salinas' victory within the PRI represented the final step in a transition from the old school of PRI-trained power brokers to a new, mostly foreign-educated, technocratic elite which had come to occupy strategic portfolios in cabinet and the civil service.

This transition was slow. It began twenty years earlier, after the disastrous events of October 2nd, 1968, when interior minister Luis Echeverría found himself having to call upon the army to suppress dissident students before the Olympic games were scheduled to open. The resulting massacre of several hundred relatively peaceful demonstrators at the Tlatelolco housing estate contributed greatly to the ideological and administrative paralysis which had evolved since the security forces were employed to break a strike by railwaymen in 1959.
Whether the Tlatelolco incident was a result of presidential desperation, cynicism and incompetence, or a tragic misinterpretation by the army of orders issued by the interior ministry, it was an exceptional moment which failed to quell the counter-hegemonic bloc then coalescing among students, workers, and the dissident left. The rhetoric of "Revolutionary Nationalism" and of the so-called Mexican Miracle, which once could guarantee an outpouring of nationalist sentiment, was unmasked as hackneyed propaganda. Its failure to stem a wave of political violence led to a de facto state of siege, as the government came to rely increasingly upon numerous security ordinances, especially the notorious anti-sedition Social Dissolution Act of 1941, and a burgeoning secret police corps.

Nevertheless, it was recognised that the Tlatelolco massacre could not be repeated. Senior army officers were outraged that their soldiers had been called upon to fire against Mexican civilians and feared that any similar incidents might split the armed forces. This conclusion was widely shared throughout Mexican society as dissidents began to question and criticise openly the once-sacred principles of Revolution Nationalism.

For a string of presidents after 1968, the structural implosion of Stabilising Development, the need to bridge the widening gap between state and civil society, and a lack of confidence in the army, provoked what seemed to be erratic policy reversals for which the president was held responsible.

Despite a quarter century of rapid development, Mexican society appeared more polarised than at any time since the
Porfiriato. Unable to introduce the structural reforms needed to reverse the concentration of wealth in the hands of the banking and industrial elite, the state’s relative autonomy was clearly compromised. This would become evident as public policy sought only to maintain short-term equilibrium among interest groups -- the trade unions, entrepreneurial groups, the army, left- and right-wing dissidents -- with little consideration of the accumulating pressures arising from changing labour markets, industrialisation, population growth and ecological destruction.

The state had lost its bearings and only gradually came to recognise that the discrepancy between political practice and social stability was more than a temporary aberration. Although the Echeverría government was the first to accept the inevitability of autonomous collective action in manufacturing industry -- one of the earliest fields of experimental reform -- the state’s ideological fragility and policy contradictions served only to stimulate sectional trade unions. This was still not recognised as a direct threat to the hegemony of the regime, however, since those groups of workers most able to engage in independent sectional bargaining were also the least likely to establish links with the emerging, but small left-wing parties.

The state responded by attempting to weld new bureaucratic structures and resource allocation mechanisms to traditional forms of clientelism and coercion; the two approaches were clearly incompatible and this could be observed clearly in the continuing deterioration relations between the government, the trade union leaders and workers. The UOI, which struggled to
include the most powerful factory-level unions, was merely a
temporary palliative as the shop floor began to recognise its
ability to deal directly with management without third parties.

Nevertheless, the old policy cycle of limited repression
followed by negotiation, concession, co-optation and then
compromise, was complemented -- if not quite displaced -- by the
new, more sophisticated and bureaucratic approach to filtering
social conflicts. Indeed, through limited parliamentary reform,
both Echeverría and the government of his successor, President
José López Portillo (1976-1982), sought to reconstitute the
corporatist structure of the progressive alliance by engineering
parallel forms of representation, encouraging the UOI (rather
than SUTERM's MSR-TD), and by strengthening the tame leftist
parties, such as Lombardo Toledano's old vehicle, the Popular
Socialist Party, (PPS), Heberto Castillo's Mexican Workers'
Party (PMT), and even the often eccentric pseudo-Trotskyite
Revolutionary Workers' Party (PRT).

At the same time, the government remained highly sensitive to
criticism from COPARMEX, and the private sector in general, that
its reforms were a reflection of its weakness in the face of
leftist agitation and "terrorism". As a result, the reform
process was slow, fragmented, and implemented only after small
guerrilla bands in Guerrero, Morelos and Sonora had been crushed
by the army, and the pacifist left infiltrated by the police.

The new approach emerged slowly as cabinet ministers learned
how to deal with a more fragmented trade union structure at a
time when naked coercion was clearly no longer possible. The
support of the electrical workers, for example, had long been important to presidential hopefuls, yet the emergence of SUTERM as a powerful rival to the SME in the 1970’s meant that any would-be president could no longer depend upon the undivided and unquestioning loyalty of the Electricians.

The dramatic expansion of the electrical power generating industry after 1960 contributed to the emergence of SUTERM as an important independent union which subsequently influenced workers in other new, dynamic industries, such as steel and motor cars. As chairman of the Federal Electricity Commission, López Portillo had already learned that the electricians’ unions were unique among the trade union movement in that rather than either blindly accepting the authority of the PRI, or directly challenging the regime, SUTERM claimed to be a founding constituent of the Revolutionary Family, much to the displeasure of both the SME and the CTM.

The division between the electricians’ unions spearheaded the fragmentation which occurred in the twilight years of the "Revolutionary Left", and left a vacuum ready to be filled with a nostalgic and, perhaps, inaccurate reappraisal by the TD/MSR of the populist coalition built under Cárdenas. Following the death of Lombardo Toledano in 1968 and that of Cárdenas in 1971, there was no single figure remaining within the regime (with the possible exception of Fidel Velázquez) who could be identified with the "progressive alliance". As a result, the ideological bankruptcy provoked by the Tlatelolco massacre was not discharged by a reformulated hegemonic project, but rather a
blend of irrational public expenditure and increasingly brutal police repression. This only led credence to the constant barrage of SUTERM/MSR/TD criticism, supported by the dissident, sectarian left, that the Revolution had indeed lost its way.

The government was thus challenged increasingly by both independent political parties and independent trade unions, a combination for which it could find no easy answers; SUTERM led the first wave of loyal dissent from 1973 until 1976, followed by the more critical TD/MSR until 1981 when, briefly, the independent left(s) and several major independent unions began to converge. This unprecedented concentration of autonomous union and party organisation led, indirectly, to the creation of the Unified Socialist Party Of Mexico (PSUM), the most concrete example of a counter-hegemonic bloc since the Revolution began.

The fragmentation of the horizontally-structured trade union movement was an inevitable result of the changing composition of labour markets as Stabilising Development brought Mexico under a mass production economy. The government failed to respond with sufficient speed to deter the coalescing counter-hegemonic coalition, fighting both the ghosts of 1968, and struggling to manipulate the economy to deal with short-term problems.

Attempts to reformulate a hegemonic project were placed in check by an economy firmly wedded to mass production, protected by an inpenetrable wall of external tariffs, and underwritten by an unstable oil boom. This state of affairs continued with the unequivocal support of CANACINTRA and CONCAMIN, and of a de jure labour aristocracy, administered by the federal labour courts,
but which was clearly no longer under the suzerainty of the government. The result of this corporatist impasse was the progressive paralisation of the state’s dynamic autonomy, upon which the regime had depended to maintain stability since 1968.

Having now lost both its relative and dynamic autonomy, the grim prospect for the beleaguered government appeared to be, as it had been for its counterparts in South America, an inevitable transition towards a state of exception as a rapidly expanding and increasingly discontented population overwhelmed its capacity to maintain basic public services.

Thus, the irony of the debt "crisis" of 1982 and of its shattering economic consequences was that it allowed the government to re-establish some of its dynamic autonomy amid the temporarily misaligned balance of social power. Facing a precipitous decline in crude oil prices and rapidly ascending debt servicing charges, the state actively engaged the politics of crisis to withdraw from the failing policies which for decades had secured the support of CANACINTRA, the Labour Congress and even some independent trade unions at the expense of the majority of Mexican society.

When the Mexican government informed its creditors that it was unable to pay its debts, stirring a brief international financial scare, it established the justification needed at home and abroad to win acceptance for a prolonged state of siege. Acknowledging that the confusion among its foreign creditors, the private sector and the labour movement was a temporary phenomenon, the Miguel De la Madrid government (1982-1988)
prepared the way for a fundamental departure from the tenets of Revolutionary Nationalism, towards a new hegemonic project of individualism, enterprise, and the limited state.

Neither willing nor able to retain its constitutionally mandated role as rector of the economy, the state distanced itself from both the trade unions and private sector organisations to embrace export-led development. Membership in GATT after 1986 and negotiations with the United States and Canada for the creation of a North American Free Trade Area consolidated the transition during the Salinas regime.

Having reached a critical ideological stalemate of predictably short duration in the 1970’s, the state found an exit from its predicament in the 1980’s by utilising rather than resisting impositions from international economic and political forces. Despite occasional and well-timed public outbursts of anguished rhetoric aimed at international financiers and multinational firms, the Mexican government recognised that agencies such as the International Monetary Fund, GATT, foreign investors, governments, and, with the renewal of diplomatic ties with the Vatican, even organised religion, could be enlisted as allies to achieve the internal structural reforms it believed necessary but unable to effect independently.

The 'debt crisis' was transformed subsequently from a fiscal disaster to a political weapon to be used with dexterity at home and abroad; the 'four D’s' of debt, demographics, drugs and disorder were used unabashedly as a diplomatic weapon to pressure the United States' government into recognising the need
for closer economic and political co-operation between the two countries. This policy was applauded by the increasing number of manufacturing firms engaged in integrated cross-border production, especially in the motor vehicle industry.

Nevertheless, even after having abandoned the ideological and administrative structures which had evolved under Stabilising Development, the process of transition has revealed numerous contradictions. In actively engaging external forces to increase the state's ability to manipulate the long-term social composition and power of endogenous class and interest group structures, the Salinas government has created a potential constituency for the neo-liberal project. Export manufacturers and workers, cross-border/migrants, and northern workers and families, small farmers, Catholics and independent trade unions may prove net beneficiaries of the new approach in government.

Yet this dramatic change in the regime's fortunes has created considerable confusion among traditional opposition forces both on the right and the left. COPARMEX and the PAN had long advocated, but never expected and are now increasingly sceptical of, closer ties with the United States, fearing that their ability to enter into agreements with European and Japanese partners may be compromised. In contrast, most of the political left, which always viewed Washington as a threat, was now less certain as it recognised opportunities to forge links with potential allies among opposition groups in the United States.

This blurring of traditional divisions between the right and the left, brought about, in part, as a result of the state's
neo-liberal project, may only be a temporary phenomenon, but it has undermined both the structural and instrumental barriers which had prevented an effective government response. In turning traditional concepts of development, nationalism and sovereignty upside down and withdrawing from what it perceives as non-essential functions, the state has re-defined its purpose.

The absolutist nature of the state is being replaced by the idea of a more circumscribed rôle for public agencies in the economy and society in general. This has not thus far created a noticeable hegemonic vacuum as potential challengers from both the traditional right and left appear, at present, unable to formulate a credible counter-hegemonic project.

This inertia among the traditional opposition may be explained by the flexibility with which the regime has dealt with the transition, for the government has continued to place pragmatism before ideology. Despite a clear commitment to the idea of the minimalist state, Salinas centralised ex-oficio patronage within the office of the president, most notably through the discretionary National Solidarity Programme (PRONASOL) fund.

Launched after the slim PRI victory in the 1988 presidential elections, PRONASOL was intended as a social safety valve and became an important complement to the neo-liberal project. Although PRONASOL bore a cosmetic similarity to previous patronage funds such as INFONAVIT and CONASUPO, it has been much less ambitious in scope. Beneficiaries of PRONASOL have usually been among dissident groups dependent upon public subsidies, but
the agency has also been utilised as a contingency fund to help victims of floods, hurricanes and other natural disasters.

PRONASOL remains, however, something of a minor anachronism within the broader scope of the neo-liberal project. Competitive restructuring has produced an economy too heterogeneous to be manipulated by such a limited slush fund, and the state's commitment to allow the free play of market forces has been amply demonstrated in the reluctance of the labour ministry to settle complex disputes in larger private manufacturing firms.

Whilst the government was willing to act decisively to rid unions such as those of the teachers and the petroleum workers from corrupt and unpopular leaders as part of "Salinastroika", these were in sectors where the government was the principal employer. Having already gaoled the two main leaders of the notoriously corrupt petroleum workers' union, installed a new leadership in the teachers' union and prevented a worker occupation at the symbolically important Cananea copper mine by dispatching the army, the government had exhausted its capacity to deliver "exceptional" moments and retain the support of civil society. Although the three interventions required little force, avoided bloodshed and were well-received as part of a concerted attack on corruption by the general public, the authorities could not be certain that future direct interventions would bring equal political success, especially in the private sector where investor confidence would have to be considered. Tackling the problems at Ford's factories at Cuautitlán, Hermosillo and Chihuahua with equal forcefulness may thus not only have
jeopardised the new government's recently won credibility, but also could have provoked tensions with the motor vehicle manufacturers and with the United States' government.

This kind of back seat driving by the state was hardly calculated to win the accolades of the CTM, however. Even though the ministry of labour did not act to restrict the ability of the CTM to curb dissidents at Ford, nor was it willing to broker a resolution. The detention and charging of Edomex police constables and the Farrell Cubillas "leak" indicated that the state was clearly more interested in maintaining an atmosphere of compromise in which the involved parties should seek resolution without official arbitration.

The government was now highly sensitive to public opinion as it sought to win approval for its reforms. It was concerned that the CTM was appearing increasingly peripheral to the management of conflict while the limits of authoritarian populist tactics were made apparent by several uncommonly public scandals in the federal and local police forces.

But in remaining a dispassionate and patient, if nevertheless anxious observer of the conflicts at Ford, Goodyear-Oxo and Chrysler, the government may have sought to encourage would-be successors of Velázquez to demonstrate their abilities in defusing the growing number of disputes, not only in Edomex but also in the north. However, the November, 1988 confrontation between armed supporters of the CTM and the CROC at the Hotel Presidente Chapultepec in Mexico City -- only a month before Salinas assumed office -- indicated that neither of the two
principal union federations was able to recognise that such internecine warfare would only serve to encourage more rank and file dissent. This could be observed in the following months in Durango, Aguascalientes and at Reynosa in Tamaulipas, where more shop floor movements were answered with repression by both the CTM and the CROC, effectively postponing an orderly succession process and confirming the speculation of wags that the only force that could defeat Velázquez was his own mortality.

Among the TMVI unions, especially Volkswagen, the only fully independent union in the industry, there was a general view that amid the fragmentation of the official union federations, the creation of CASIA would serve as a means of isolating negotiations in the TMVI from the conflicts in the Labour Congress.

The CROC, which retains the General Motors-Mexico City union as a prestigious affiliate, recognised the need to accommodate sectional interests and avoided any criticism of the union’s decision to join CASIA. The UOI was powerless to restrain DINA’s union and placed few obstructions in the way of Nissan’s membership of CASIA. Only the CTM struggled to prevent the Ford union from affiliating with the Coalition.

The question remains, however, whether the authorities can tailor their response to different manufacturing sectors. Where is the potential for a durable hegemonic project in a society so fragmented into "separate autonomies", strained not only by class, but also by profound regional economic disparities?
The opportunity for the emergence of a generalised pluralist approach to sectional collective action would appear slight, for each social group or category sees its relations with the other as a zero-sum game in which the intervention of the state is demanded by one group and rejected unequivocally by another. The state anticipates a response characterised by staggered Fordism; policies are thus adapted to contradictory intra- and inter-class conflicts, producing a growing dependence upon group power, and reflecting the dualist divide between core workers in strategic industries and those in the peripheral labour market.

The widening gap between and even within classes thus seems to preclude a return to the progressive alliance upon which the corporatist structure of conflict regulation was created. Despite efforts to increase the rôle of the judiciary and of the legislature, the executive remains the focus of conflict for COPARMEX, CANACINTRA, CONCANACO, the CTM and the CROC, each regarding the state's favour of one as tantamount to the exclusion of the others. The virtual disintegration of the CROM into warring factions in 1992 only confirmed suspicions that the Labour Congress federations were losing their grip as the state remained staunchly neutral in what it saw as an internal dispute. Irrespective of its newly-found reluctance to enter the fray, the state may once again be drawn into direct intervention in disputes, as in the case of Ford, when contending social forces reach the stage of catastrophic equilibrium.

A return to the Bonapartism of the past seems increasingly fraught with risk, however. The end of peripheral Fordism
heralded the imminent demise of the institutional structures in which it had breathed life. On the one hand, with the removal of external tariffs after 1986, the protectionist ideological project of CANACINTRA, the loyalist wing of the entrepreneurial groups, has collapsed, leaving the state vulnerable to the pressing demands of COPARMEX. On the other hand, the oil-driven mass production economy, upon which the CTM and the CROC solidified their alliance with the state, has evaporated along with the living standards of union members.

Increasingly, as the corporatist structure decays, entrepreneurs and workers are seeking mechanisms to increase their sectional bargaining power without any sense of responsibility to the society as a whole. For the entrepreneurial groups, this represents the final transition from the nationalist-populist project of CANACINTRA to the transnationalised, oligarchic liberalism of COPARMEX and of the CMHN. Unable to recognise any bridge of common purpose or identity with the entrepreneurial groups, workers may see only a relationship of foreign exploitation in the production process.

This complex relationship reflects, in turn, the contradictions which limit the extent to which the state may enlist the support of external allies to maintain its relative autonomy; there is a distinct possibility that the state's newly found autonomy may only be a temporary phenomenon, for in recognition of the profound contradictions which have emerged in Mexico, the government has become a bystander. On the other
hand, officials may have recognised that a more judicious employment of state power may increase its dynamic autonomy.

But what is more worrying for the government is that in a country where electoral politics serve a broadly plebiscitary function, it appears no longer able to balance the growing disaffection with the regime by appealing to the residual attachments to the progressive alliance;

**Figure Six.**

Official Election Results 1970–1991

Source: Federal Electoral Commission.¹
The increasing rate of abstention before 1991 seemed to reflect the hegemonic vacuum which eroded the state's relative and dynamic autonomy. The PRI's improved showing in the 1991 congressional elections may suggest either a greater acceptance of the neo-liberal project or merely a reflection of the confusion which appeared to reign among the leading opposition groups, the PAN and the PSUM's descendent, the Democratic Revolutionary Party (PRD). No longer able to exercise a proprietary control over the institutions and myths of the Revolution, the PRI has sought to present the image of a moderating force, a middle way between the more radical elements of the PAN and the PRD.

Whether the emergence of a multiparty system, at least at the local level, will weaken the antipolitical sectionalism of the motor industry unions and Mexico in general is an open question. What is more certain is that remote control corporatism under Neo-Fordism is clearly no longer functioning.

The government can no longer depend upon the Labour Congress to deliver the support it needs for election victories. Nor can the official labour movement articulate a strategy to incorporate Mexico's increasingly fragmented working class into a refurbished progressive alliance. Ultimately, however, the state cannot wait forever; the next, critical step is the resolution of the much-anticipated Velázquez succession in the CTM, which, despite appearances, is today much weaker. The resurgence of COR and the CTM's rivalry with the CROC indicates
a much more fragmented federation structure in the future and an increased tendency to shifting political alliances.

This may explain the trend towards staggered Fordism. Given that wages are spent in Mexico whilst virtually tax-free profits are repatriated to the home countries of multinational enterprises, it may well be in the interest of the state, in some cases, to take a benign attitude to striking workers. Previously, there was a fear that there would always be a CANACINTRA response against high wage settlements in foreign-owned firms owing to the possibility of district or regional pay parity movements. As CANACINTRA weakens, however, increased wages in key sectors may not only undermine the potential for a counter-hegemonic coalition spearheaded by the PRD, or even sectional groups such as CASIA and Regeneración, but in explicitly abandoning interventionism in much of the economy, the state has also defused a challenge from COPARMEX, the CMHN and the PAN by adopting the same policies that those organisations triumphed for decades. The PRI may have thus defeated the opposition, temporarily at least, by joining it.

The Salinas government has gambled heavily on achieving closer economic integration with the United States, which, in 1992 was itself struggling under the burden of a four trillion dollar debt. The Mexican government is thus taking a risk that the United States’ creditors will be more benign than were Mexico’s in the 1980’s. If the neo-liberal project succeeds, then Mexico may use foreign investment to reconstruct its industries and provide opportunities for Mexican investors and workers.
If, however, competitive restructuring fails, we may be hearing much more about groups such as Regeneración. For as the politics of flexibility are tied increasingly to the changing international division of labour, the state will find it more difficult to predict the policies and compromises required to contain disaffected but powerful social groups and to build the foundations of social trust upon which stable factory relations depend.
Introduction


Industrial Conflict, Accumulation and the State.


3 Mayo was the leading proponent of the "unitary" school of industrial relations. See The Problems of Industrial Civilization. (London: Routledge, Kegan and Paul, 1949).


Michel Aglietta and Alain Lipietz describe Fordism as an intensive regime of accumulation. However, the growing need to integrate production vertically, horizontally and internationally in order to sustain profits suggests a dependence upon monopoly rents rather than valorised profits. See M. Aglietta, "Phases of US Capitalist Expansion", New Left Review, no.110, (1978), pp.17-28, and A. Lipietz, (1987) op. cit.

M. Aglietta (1978), op. cit., p.27.


For a discussion of the political determinants of skill and skilled status, see D. Lee, "Beyond Deskilling: Skill,


17 R. Penn, Skilled Workers in the Class Structure. (Cambridge: Cambridge University Press, 1985), chapters three and four.


23 Ibid., pp.219-223.
24 Ibid., p.219.

25 Ibid., pp.220-221, but see also pp.245-257.

26 Ibid., pp.227-228, n.8 p.58, n.24, p.66 and pp.265-270. See also N. Poulantzas, State, Power, Socialism. (London: New Left Books, 1978), pp.223-239. The Transformist model is helpful in explaining the dominant single party structure of political power in Mexico which resulted from the emergence of a "progressive alliance" between soldiers and workers after 1915, discussed, briefly, in the following chapter of this work.

27 Ibid., p.232.

28 Ibid., pp.238-239. Social revolution in this sense cannot signify the simple replacement of the old order with a new and popular regime whether through elections or an unconstitutional seizure of power. Ultimately the displaced classes and their political leadership will regroup for a counterrevolution, again through elections or by a putsch.

29 Ibid., p.239.

30 Ibid., pp.246-247, pp.262-263, pp.269-270. If the state possesses a high degree of institutional integrity and demonstrates an endogenously derived discrete conformity, it may prove able to divorce itself, at least temporarily, from social struggle and disruptions within civil society. The regime may thus recognize and recruit exogenous social groups and categories susceptible to either cooptation or a tactical alliance in order to fracture and isolate, or defuse or deactivate, a real or potential counter-hegemonic coalition. See N. Poulantzas, The Crisis of the Dictatorships. (London: New Left Books, 1976), and (1978), op. cit., pp.166-170.


W. H. Beveridge, (1944), op. cit., p. 199.


Export-substitution industrialisation can be interpreted as a transitionary, qualitative replacement in relative terms of traditional agro-mineral commodity exports with manufactured goods (i.e. not merely assembled) items for sale to international markets. This implies that internationally competitive products would have to be of a higher quality and reliability than manufactured items sold exclusively on the domestic market which characterised import-substitution industrialisation strategies.

O'Donnell claims an "elective affinity" between the economic development, industrial conflict and the exceptional state in peripheral capitalist countries; see, for example, G. O'Donnell, Bureaucratic Authoritarianism: Argentina, 1966-1973 in Comparative Perspective. (Berkeley: University of California Press, 1988).


2.

The Rise and Fall of the 'Mexican Miracle'


2 On the construction of the post-revolutionary state, see L. B. Hall, Alvaro Obregón, Power and Revolution in Mexico. (Texas: A&M University Press, 1981), A. Knight, The Mexican


Among the better accounts of Emiliano Zapata's rural rebellion in Morelos is that of J. Womack, Zapata and the Mexican Revolution. (New York: Alfred A. Knopf, 1970).


The Revolutionary Confederation was a coalition of army, labour, peasant and middle class parties. Presidents Plutarco Elías Calles and Emilio Portes Gil gave the Confederation a more organised structure with the formation of the National Revolutionary Party (PNR) in 1929. The three sector structure was formalised in 1938 (including a military fourth sector until 1940) under the Party of the Mexican Revolution (PRM), and consolidated in 1946 with the formation of the PRI. For a discussion, see E. Portes Gil, La autobiografía de la Revolución Mexicana, un tratado de interpretación histórica. (México: Instituto Mexicano de Cultura, 1964) and C. Nava, "La democracia interna del Partido de la Revolución Mexicana (PRM)", Revista Mexicana de Sociología, no.3, (July-September, 1988).


On the confrontation between the Cárdenas government and the Monterrey industrialists, see J. Ashby, Organized Labor and the Mexican Revolution Under Lázaro Cárdenas. (Chapel Hill: University of North Carolina Press, 1967), A. Nuncio,

10 Morones was widely suspected as the intellectual author of Obregón's assassination following the latter’s presidential re-election victory in 1928. The CROM later suffered numerous schisms, including a rebel "purified" CROM, formed by Vicente Lombardo Toledano in 1933.

11 See S. León and I. Marván, En el Cardenismo (1934-1940). La clase obrera en la historia de México vol.10 (México: Siglo Veintiuno Editores, 1985), chapters two and three.


-181-


See E. Brumlop and Ü. Juergens, "Rationalisation and Industrial Relations: A Case Study of Volkswagen", in O. Jacobi et. al., (eds.), (1986b) op. cit., p.74.


Gaston Azcárraga and Rómulo O’Farrill were both listed as members of the elite, 30-strong entrepreneurs’ peak organisation, CMHN, from its inception in 1962. For a full list, see M. Basañez, La lucha por la hegemonía en México 1968-1980 (México: Siglo Veintiuno Editores 1981) p.210, and R. A. Camp (1989) op. cit., p.153. Rómulo’s brother, Bautista O’Farrill, was governor of the State of Puebla when Volkswagen was establishing operations in the region.


The Abeds are a leading Puebla textile firm who enjoyed strong links through the tightly-knit Syrian/Lebanese community in Mexico to Carlos Yarza, chairman of CONCANACO and an intimate of fellow Poblano, President Gustavo Díaz Ordaz (1964-1970).

D. C. Bennett and K. E. Sharpe, (1985), op. cit., pp.121-122. Despite their unsuccessful first encounter, Daimler-Benz returned to Mexico in 1985, purchasing 49 percent of FAMSA’s stock and launching production of DBOM366 diesel engines for buses and lorries. See México Automotriz, 1/8/85, p.12, p.44. FAMSA’s output doubled in the next two years and in 1992, Daimler-Benz announced plans to open new Mexican factories, seeking partners for the distribution of its Mexican-made lorries and buses in the United States.

Ibid., p.120.

The Santos Galindo brothers were related to Antonio Ruiz Galindo.

Carlos Trouyet joined a firm of French bankers in 1917 and founded Multi-Banco Comermex, the fourth largest bank in Mexico prior to nationalisation in 1982. See R. A. Camp, (1989), op. cit., pp.204-205.


México Automotriz, 15/7/80, p.1.

México Automotriz, 21/7/87, pp.1,4,22.

Asociación Mexicana de la Industria Automotriz, La industria automotriz de México en cifras. (México: AMIA, 1986), pp.82-83.


3.

**Labour Markets and Shop Floor Sectionalism.**


5 Ibid., p.92.


13 For the locational problems of DINA, see V. Novelo and A. Urteaga, La industria en los magüeyales. (Editorial Nueva Imagen, 1979), pp.66-81.


15 Expansión, 16/1/89, pp.52-56.

Interviews with Volkswagen union members, August, 1989.

J. P. Womack, D. T. Jones and D. Roos, The Machine that Changed the World. (New York: Maxwell Macmillan International, 1990), pp.265-266. The authors claim that production quality at Ford/Mazda Hermosillo was equal or superior to Japanese transplants in the United States.


México Automotriz, 20/2/86, pp.3 and 34.


Ford contracted Cincinnati Milacron to install robots at the Chihuahua engine factory. Although engine production requires more pick-and-place robots than other car manufacturing operations, the decision to proceed with 600-plus robots at Chihuahua may indicate that Cincinnati Milacron failed to measure the most effective mix of labour and technology, given Mexico's less costly labour, resulting in an over-capitalised manufacturing system. Even after the 1989 expansion of Mercury-Tracer production at Hermosillo, there were only 124 robots in operation. For a comparison, see R. Florida and M. Kenney, "Japanese Automotive Transplants in the US", Industrial Relations Journal, vol.22 no.3, (Autumn, 1991).


The Ford union comprises car factories at Cuautitlán and Hermosillo and one engine factory in Chihuahua. All other TMVI operations are registered as single-factory unions. The organisationally-derived specifics of collective action at Ford will be discussed in depth in chapter four.


On the effects of American special entry process tariffs (TSUS 806.30/80.700 and HTS 9802.00.60/9802.00.80) see V. M. Castillo and R. Ramírez Acosta, "La subcontratación en la industria maquiladora de Asia y México", Comercio Exterior, (January 1992), pp.33-41.


38 L. Sklair (1989) op. cit., p.72.


4.

From Fordism to Flexible Specialisation and Back


The anarchosyndicalist Authentic Labour Front (FAT) has been a rival to the UOI at Nissan, Volkswagen and DINA since the early 1970’s. The Front maintains substantial influence in the steel industry and among the shoe trades in León, Guanajuato. See ¡Por Esto! 4/2/82, pp.28-31.

In 1979, Vera could boast 15 full-time company-paid union officers, far more than any other union in the industry. See I. Roxborough, (1984), op. cit., p.114.


On the 1980 General Motors strike, see F. J Aguilar García, "Historia sindical de General Motors y la huelga de 1980", Apotzálco, vol.1 no.1, (1980), and J. O Quiroz Trejo, "Proceso de trabajo en la industria Automotriz", Cuadernos Políticos, no.26 (October-December, 1980). The strike was launched to prevent General Motors from signing a "protection contract" at its new maquiladora factory at Ramos Arizpe, Coahuila.

The union executive at Chrysler-Lago Alberto was linked to organised crime. On the deteriorating relationship between Chrysler Secretary General Hugo Díaz Velázquez and former ally Joaquín Gamboa Pascoe, padrino of the CTM’s Federation of Unions of the Federal District, see ¡Por Esto! 13/8/81 pp.20-24.


17 México Automotriz, 9/4/85, p.3. As of 1/6/85, wages ranged from a base rate of $US 58.12 for workers with one year of service to $US 93.82 per week for workers with five years service. Calculated from peso figures in Relaciones Laborales Staff, Tabulador de salarios. (Mexico: Ford Motor Company S. A. de C. V., June, 1985).

18 México Automotriz, 25/7/85, p.7.


22 Shusa is a Japanese expression which signifies responsible, delegated autonomy. The nearest expression in English would probably be "craftsmanship". The author is grateful to Akira Okhi for his patient explanation.


24 Although the management training manual warned of the possibly damaging effects of transferring workers from factory to factory, the relocation of managers seems to have been equally troubled owing to the often antagonistic regionalism between northerners and chilangos from Mexico City and district. Distinctions of dialect and geographical origin thus may have compounded rigid managerial-manual demarcations and the resulting class polarisation.

25 La Jornada, 21/7/87, p.3.

26 México Automotriz, 30/6/87, p.3.

La Jornada, 21/7/87, p.3. The Cuautitlán branch committee was especially worried about the return to an increased dependence upon eventualés, since Ford had maintained the temporary worker regime at Chihuahua for over three years. An estimated 700,000 immigrants arrive in the district annually to join the informal labour force. See Excelsior, 26/7/89, p.4E, 29/8/89, p.3.


México Automotriz, 31/7/87, p.2.

México Automotriz, 15/9/87, p.11.

Excelsior, 13/7/89, p.44A.

México Automotriz, 15/11/87, p.2.

México Automotriz, 10/11/88, p.2.

Dirección General de Registro de Asociaciones, oficio 240.2.1, expediente 10/7072-2, 14/10/87.

At Cuautitlán, task categories were pared from 26 to six and seniority categories from 18 to two. As of 28/10/87, the reduced pay scales ranged from the lowest at $US 37.65 per week (category 2B) to the highest at $US 80.44 per week (category 4A). Calculated from peso figures in Relaciones Laborales Staff, Tabulador de salarios. (Mexico: Ford Motor Company, S. A. de C. V., October, 1987).


Union minutes (Hermosillo Branch), 2/12/87.

Lic. F. Gudino to Junta Federal de Conciliación y Arbitraje no.15, 10/2/88. A strike brief entered for a pay claim is dismissed if it can be established in accordance with article 123 of the Constitution and the federal labour act that the factors of production are balanced.

Union minutes (National Executive Committee), 7/4/88.

Interview with Héctor Uriarte, 16/8/89.

Union minutes (National Executive Committee), 29/9/88.
Pérez Tovar finally repressed the Regeneración-linked rebellion within his own 1,300-strong Goodyear-Oxo union. See Excelsior, 14/8/89, p.42A and 13/9/89, p.46A.

Excelsior, 24/4/89, p.4.

Uriarte seemed to have already negotiated the new pay scales. As of 1/5/89, wages ranged from the lowest at $US 36.38 weekly (category 2B) to $US 85.30 (category 4A with three years service). Calculated from peso figures in Relaciones Laborales Staff, Tabulador de salarios. (Mexico: Ford Motor Company S. A. de C. V., April, 1989).

Union minutes (Cuautitlán Branch), 25/4/89.

Gustavo Pérez Ríos was a relative of the late Cetemista electricians’ leader, Francisco Pérez Ríos.


Ibid.

Excelsior, 13/7/89, p.44A.

Excelsior, 27/7/89, p.46A. At least ten other Cuautitlán-Izcalli policemen were arrested along with Gallardo and many more failed to report for duty.


Each delegate to the electoral college required 100 signed vouchers. There were a total of 32 delegates; eight from Hermosillo and Chihuahua and 24 from Cuautitlán. The CTM believed these delegates could be stacked since voters could be identified, but another 60 delegates were to come from a multi-candidate open list ballot. This presented the possibility that 6,000 open list vouchers may produce a victory for Arvizú supporters. The CTM representatives told Uriarte to use the 2,000 "employment application card" receipts (identical to the electoral college vouchers) to stuff the ballots and open each box sequentially in separate offices so that the receipts could be recycled.


On the quiet diplomacy of Farrell Cubillas, see *Por Esto!*, 26/3/86, and *Sindicato de Obreros de la Planta de Montaje de la General Motors de México*, Union minutes, 9/2/88.


Ibid.

**Conclusion**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMCHAM</td>
<td>American Chamber of Commerce in Mexico</td>
</tr>
<tr>
<td>AMIA</td>
<td>Asociación Mexicana de la Industria Automotriz (Mexican Association of the Motor Vehicle Industry)</td>
</tr>
<tr>
<td>BANAMEX</td>
<td>Banco Nacional de México S. A. (National Bank of Mexico Ltd.)</td>
</tr>
<tr>
<td>BARAPEM</td>
<td>Batallón Radio Patrulla del Estado de México (Radio Patrol Battalion of the State of México [local police flying squad])</td>
</tr>
<tr>
<td>BIP</td>
<td>Border Industrialisation Programme (Programa Fronterizo de Industrialización)</td>
</tr>
<tr>
<td>BUO</td>
<td>Bloc de Unidad Obrera (Labour Unity Bloc)</td>
</tr>
<tr>
<td>CANACINTRA</td>
<td>Cámara Nacional de Industria de Transformación (National Chamber of Manufacturing Industry)</td>
</tr>
<tr>
<td>CASIA</td>
<td>Coalición Autónoma de los Sindicatos de la Industria Automotriz (Independent Coalition of the Unions of the Motor Vehicle Industry)</td>
</tr>
<tr>
<td>CBU</td>
<td>Completely built up</td>
</tr>
<tr>
<td>CCE</td>
<td>Consejo Coordinador Empresarial (Entrepreneurs' Coordinating Council)</td>
</tr>
<tr>
<td>CIVAC</td>
<td>Ciudad Industrial del Valle de Cuernavaca (Cuernavaca Valley Industrial Town)</td>
</tr>
<tr>
<td>CKD</td>
<td>Completely knocked down</td>
</tr>
<tr>
<td>CMHN</td>
<td>Consejo Mexicano de Hombres de Negocios (Mexican Council of Businessmen)</td>
</tr>
</tbody>
</table>
CONCAMIN
Confederación de Camarás de Industria (Confederation of Chambers of Industry)

CONCANACO
Confederación Nacional de Cámaras de Comercio (National Confederation of Chambers of Commerce)

COPARMEX
Confederación Patronal de la República Mexicana (Employers’ Confederation of the Mexican Republic)

COR
Confederación Obrera Revolucionaria (Revolutionary Workers’ Confederation)

CROC
Confederación Revolucionaria Obrera Campesina (Revolutionary Confederation of Workers and Peasants)

CROM
Confederación Regional Obrera Mexicana (Regional Confederation of Mexican Workers)

CTM
Confederación de los Trabajadores de México (Confederation of Mexican Workers)

Edomex
Estado de México (State of México [territorial subdivision])

FAT
Frente Auténtico del Trabajo (Authentic Labour Front)

GATT
General Agreement on Tariffs and Trade

INFONAVIT
Instituto del Fondo Nacional de la Vivienda para los Trabajadores (Institute of the National Fund for Workers’ Housing)

MSP/TD
Movimiento Sindical Revolucionario/Tendencia Democrática (Revolutionary Union Movement/Democratic Tendency)

NAFINSANacional Financiera S. A. (National Finance Bank)
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAN</td>
<td>Partido Acción Nacional (National Action Party)</td>
</tr>
<tr>
<td>PNR</td>
<td>Partido Nacional Revolucionario (National Revolutionary Party)</td>
</tr>
<tr>
<td>PRI</td>
<td>Partido Revolucionario Institucional (Institutional Revolutionary Party)</td>
</tr>
<tr>
<td>PRM</td>
<td>Partido de la Revolución Mexicana (Party of the Mexican Revolution)</td>
</tr>
<tr>
<td>PRT</td>
<td>Partido Revolucionario de los Trabajadores (Revolutionary Workers’ Party)</td>
</tr>
<tr>
<td>SKD</td>
<td>Semi-knocked down</td>
</tr>
<tr>
<td>SME</td>
<td>Sindicato Mexicano de Electricistas (Mexican Electrical Workers’ Union)</td>
</tr>
<tr>
<td>STyPS</td>
<td>Secretaría del Trabajo y Previsión Social (Ministry of Labour and Social Security)</td>
</tr>
<tr>
<td>SOMEX</td>
<td>Sociedad Mexicana de Crédito Industrial (Mexican Industrial Credit Society)</td>
</tr>
<tr>
<td>SUTERM</td>
<td>Sindicato Unico de los Electricistas de la República Mexicana (Amalgamated Electrical Workers of the Mexican Republic)</td>
</tr>
<tr>
<td>TMVI</td>
<td>Terminal Motor Vehicle Industry</td>
</tr>
<tr>
<td>UOI</td>
<td>Unidad Obrera Independiente (Independent Worker Unity)</td>
</tr>
<tr>
<td>USDL</td>
<td>United States’ Department of Labor</td>
</tr>
<tr>
<td>USITC</td>
<td>United States’ International Trade Commission</td>
</tr>
</tbody>
</table>
Bibliography


Altvater, E., K. Huebner and M. Stanger, "The End of the Keynesian Consensus" in O. Jacobi et. al., (eds.), Economic Crisis, Trade Unions and the State, q.v.


Arteaga, A., "Innovación tecnológica y clase obrera en la industria Automotriz" in E Gutiérrez Garza (ed.), Reestructuración productiva y clase obrera, q.v.


Brumlop, E., and Ü. Juergens, "Rationalisation and Industrial Relations: A Case Study of Volkswagen", in O. Jacobi et. al., (eds.), Technological Change, Rationalisation and Industrial Relations, q.v.


Carr, B., "Labor and the Political Left in Mexico", in K. J. Middlebrook (ed.), *Unions, Workers and the State in México*, q.v.


De la Garza Toledo, E., "Independent Trade Unionism in Mexico: Past Developments and Future Perspectives" in K. J. Middlebrook (ed.), Unions, Workers and the State in Mexico, q.v.


Dombois, R., La producción Automotriz y el mercado de trabajo en un país en desarrollo, parte II: Los mercados internos del trabajo y las relaciones industriales. (Berlin: Verröfentlichtshundstreife des Internationalen Instituts für Vergleichende Gesellschaftsforschung (IIVG), Arbeitspolitik Wissenschaftzentrums Berlin/International Institute for Comparative Social Research/Labour Policy (IIVGdp86-216, 1986).


R. Dore, "Japan: A Nation Made For Corporatism?" in C. Crouch and R. Dore (eds), Corporatism and Accountability, q.v.


Durand Ponte, V. M., "The Confederation of Mexican Workers, the Labor Congress, and the Crisis of Mexico’s Social Pact" in K. J. Middlebrook (ed.), Unions, Workers and the State in México, q.v.


Faletto, E., "Movimiento laboral y comportamiento político", in Katzman and Reyna (eds.), Fuerza de trabajo y movimientos laborales en América Latina, q.v.


Gamboa Ojeda, L., "La CROM de Puebla y el movimiento obrero textil en los años 20", in Memorias del encuentro vol.2 (1980), q.v.

García Amero, M., "El movimiento obrero en Puebla", in J. Castillo (ed.), Los movimientos sociales en Puebla, q.v.

Garza, M. T., and Méndez, L., "Respuestas a los embates del capital", El Cotidiano no.20 (November-December, 1987).


Goldthorpe, J. H., "The End of Convergence: Corporatist and Dualist Tendencies in Modern Western Societies", in J. H. Goldthorpe (ed.), Order and Conflict in Contemporary Capitalism, q.v.


Hyman R., "Flexible Specialization: Miracle or Myth?" in R. Hyman and W. Streeck (eds.), New Technology and Industrial Relations, q.v.


Hyman, R., "Pressure, Protest and Struggle: Some Problems in the Concept and Theory of Industrial Conflict", in R. Hyman, The Political Economy of Industrial Relations, q.v.
Hyman, R., "Theory in Industrial Relations: Towards a Materialist Analysis", in R. Hyman, The Political Economy of Industrial Relations, q.v.


Jenkins, R., "Divisions Over the International Division of Labour", Capital and Class, no.22 (Spring, 1984).


Jessop, B., O. Jacobi and H. Kastandiek, "Corporatist and Liberal Responses to the Crises of Postwar Capitalism", in O.
Hyman, R., "Theory in Industrial Relations: Towards a Materialist Analysis", in R. Hyman, The Political Economy of Industrial Relations, q.v.


Jenkins, R., "Divisions Over the International Division of Labour", Capital and Class, no.22 (Spring, 1984).


Jessop, B., O. Jacobi and H. Kastandiek, "Corporatist and Liberal Responses to the Crises of Postwar Capitalism", in O. Jacobi et. al., (eds.), Economic Crisis, Trade Unions and the State, q.v.


Leal, J. F., "Las estructuras sindicales", in P. González Casanova, S. León and I Marván (eds.), Organización y sindicatos, q.v.


León, S., and I Marván, En el Cardenismo (1934-1940), La clase obrera en la historia de México vol.10 (México: Siglo Veintiuno Editores, 1985).


Martínez de la Vega, F., et. al., Clase obrera, Nación y nacionalismo: Textos en homenaje a Rafael Galván. (México: Ediciones El Caballito, 1985).


Micheli, J., and A. Arteaga "México: capital-trabajo en la industria Automotriz", in Brecha no. 3, (Spring, 1987).


Mirow, K. R., La dictadura de los cártel. (México: Siglo Veintiuno Editores, 1982).


Nava, C., "La democracia interna del Partido de la Revolución Mexicana", Revista Mexicana de Sociología, no.3 (July-September, 1988).


Penn, R., Skilled Workers in the Class Structure. (Cambridge: Cambridge University Press, 1989).


Pereyra, C., "Nacionalismo, ideología y clase obrera" in F. Martínez de la Vega et. al., Clase obrera, Nación y nacionalismo, q.v.


Reyna, J. L."Redefining the Authoritarian Regime", in Reyna and Weinert (eds.), Authoritarianism in Mexico, q.v.


Ros, J., "Mexico’s Stabilisation and Adjustment Policies (1982-85)", in Labour and Society, vol.11 no.3 (September, 1986).


Serra, J., "Three Mistaken Theses Regarding the Connection Between Industrialization and Authoritarian Regimes", in D. Collier (ed.), The New Authoritarianism, q.v.


Shonfield, A., Modern Capitalism. (Oxford: Oxford University Press, 1965)


Sindicato de los Trabajadores de Ford Motor Company C. T. M., Contrato Colectivo de Trabajo; Reglamento interior de trabajo; Estatutos (various years).


Story, D., Industry, the State and Public Policy in Mexico. (Austin: University of Texas Press, 1986).


Strinati, D., Capitalism, the State and Industrial Relations. (London: Croom Helm, 1982).


Thompson, M., and I. Roxborough, "Union Elections and Democracy in Mexico", British Journal of Industrial Relations vol.20 no.2 (July, 1982).


Tolliday, S., and J. Zeitlin, "Between Fordism and Flexibility", in S. Tolliday and J. Zeitlin (eds.), The Automobile Industry and its Workers, q.v.


Walsh Sanderson, S., "Automated Manufacturing and Offshore Assembly in México", in C. Thorup (ed.), The United States and México, q.v.


-219-