

NEOLIBERALISM, CORPORATISM, AND SMALL BUSINESS POLITICAL ACTIVISM IN CONTEMPORARY MEXICO*

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Abstract: In the 1980s and 1990s, neoliberalism and changing policy-making regimes presented social actors throughout Latin America with new challenges and opportunities. This article analyzes the political strategies developed by two organizations representing small manufacturers in Mexico for responding to these sweeping economic and political changes, emphasizing the organizational bases of political activism. Strategies are assessed according to organizations' public expression of support for or opposition to economic policies, the extent to which organizations work within existing arrangements for interest representation, and the political alliances made by small business organizations and their leaders. One strategy in Mexico entailed acquiescing to radical economic policy changes, deploying significant resources to preserve a set of corporatist institutions that regulated business association, and supporting the government incumbents. Another strategy entailed voicing persistent public criticism of neoliberalism, spearheading a national campaign against business corporatism, and supporting the Center-Left opposition. Analysis of these strategies demonstrates the important effects of institutional legacies during periods of regime change. The perseverance of corporatist institutions can make it difficult for weak actors to shed old modes of activism, notwithstanding a changed array of material and political incentives.

In the 1980s and 1990s, countries throughout Latin America adopted neoliberal models of economic development that featured extensive trade liberalization, deregulation of foreign investment, privatization of state enterprises, and fiscal orthodoxy. In many countries, neoliberalism has been accompanied by new forms of interaction between elite economic actors and the state.¹ These major changes in economic policy and the nature of

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1. For an overview of neoliberal reforms throughout the region, see Varas (1995). For case studies that emphasize the changing role of big business, see Bartell and Payne (1995) and Durand and Silva (1998).

policy making have disrupted long-standing patterns of state-societal relations and prompted social actors to develop new forms of representation and political participation (Smith and Korzeniewicz 1997).

The changes of the 1980s and 1990s have presented particularly difficult challenges to small businesses. Their orientation toward neoliberal reforms distinguishes them from large firms, the typical focus of analyses of business and politics. Smaller firms generally have minimal access to credit and technology and operate on less product and market information than larger firms. Owners and managers of small businesses often lack important professional skills and the resources to train and retrain their employees. Thus small industrialists typically have more difficulty adjusting to international competition and are more threatened by direct foreign investment.² In addition, the elimination of many state subsidies and the reductions in government purchases that have tended to accompany trade and investment liberalization as part of larger anti-inflationary programs dampen mass purchasing power in the domestic market. In short, small firms have more difficulty taking advantage of the potential promise of neoliberalism, such as export opportunities, and they face greater obstacles in overcoming the challenges posed by increased competition in the domestic market.

This article will contrast the political strategies in response to neoliberalism of two organizations representing small industrialists in Mexico.³ The strategies under analysis can be considered along three dimensions: organizations' public expression of support for or opposition to economic policies; the extent to which organizations work within existing arrangements for interest representation as opposed to working outside or even seeking to dismantle them; and the political alliances formed by small business organizations and their leaders. These two competing strategies are labeled here *accommodationist* and *dissident*.

The main representatives of small industry in Mexico sought to accommodate to the changing environment. While this response occasioned some public criticism, when expressed cautiously and in safe forums, accommodation characteristically has tolerated and even endorsed neoliberalism. Accommodationists seek to preserve and work within existing

2. For important statements on the effects of differential access to credit and technology, see Evans (1979), Maxfield (1990), and Berry (1993). For discussions of the impediments to adjustment faced by small producers in Mexico, see Ruíz Durán and Kagami (1993), Ruíz Durán and Schadtler (1992), Alarcón (1994), and CONCAMIN (1991). For a contrasting view that expects Mexican small firms to demonstrate flexibility, see Rubio (1988).

3. Mexican business establishments have been classified by the Secretaría de Comercio y Fomento Industrial as "micro" with 1 to 15 employees, "small" with 16 to 100 employees, "medium" with 101 to 250 employees, and "large" with more than 250 employees (SECOFI 1991). I use *small* to refer to micro, small, and medium-sized businesses (those with 250 employees or fewer).

arrangements for state-business interaction and to use them to extract benefits from the state, even as the principal channels for interest articulation become dominated by organizations representing larger and more internationalized firms. Accommodationists remain supportive of the long-ruling Partido Revolucionario Institucional (PRI). In sum, by refraining from mobilizing opposition to threatening economic policy changes, attempting to preserve old ties to state officials and old patterns of state-societal relations, and loyally supporting the incumbent PRI, the accommodationists have sought to influence policy at the margins and thereby minimize the effects of neoliberalism.

In the 1980s and 1990s, the organization most clearly identified with accommodation has been the *Cámara Nacional de la Industria de Transformación* (CANACINTRA), which has monopolized official representation of small industry to the state.⁴ CANACINTRA's accommodationist response allowed the Mexican government to implement extensive economic reforms with only tepid opposition from small businesses.

A second group of industrialists responded to the challenges of the 1980s and 1990s by criticizing strongly the content of neoliberal economic policy and the exclusive nature of economic policy making. These dissidents reject neoliberalism, and they assail and seek to dismantle what they regard as undemocratic institutions for representing business interests. With minimal access to policy making, the dissidents have opted for new modes of political mobilization by collaborating with nongovernmental organizations and anti-neoliberal social movements and supporting an opposition political party of the Center-Left, the *Partido de la Revolución Democrática* (PRD).

For most of the last twenty years, this group of rebel small industrialists remained at the fringe of Mexican politics. But in recent years, the broadening of their base within the small business community as well as the alliances they have formed with various nonbusiness actors have contributed to broader multiclass opposition to the PRI and the neoliberal development model.

To explain these two responses, accommodationist and dissident, this article will focus on the material and organizational bases of small business political activism. In addition to difficult economic challenges, small firms also face a set of political challenges that further distinguish them from big business. Small industrialists ordinarily lack the resources to defend their interests individually. They are less likely to have direct contacts with policy makers, and their individual investment decisions have minimal impact on the economy as a whole. Small firms consequently have a

4. Small manufacturing firms are not exclusively members of CANACINTRA, nor does its membership consist entirely of small firms, but the chamber historically has served as the official representative of small industry in Mexico.

greater need for formal organization to defend their interests, yet collective action is more difficult for them.⁵

The greater importance of formal organization combined with less ability to overcome the impediments to collective action yield significant implications for small firms' strategies of political activism. Small businesses may be more affected by "corporatist" state institutions that regulate interest organization and interest representation.⁶ For small firms, state concessions delivered through corporatist frameworks, such as compulsory membership, can be essential ingredients for surmounting impediments to organization.⁷ Such concessions, however, can generate organizational dependence, and vulnerability to the removal of such concessions can encourage organizations representing small firms to modify their responses to economic policy changes. Organizational dependence is thus a key condition underlying a strategy of accommodation.

Two additional organizational aspects of small business activism merit attention. First, the difficult processes of building organizations and cultivating and maintaining links to policy-making institutions may encourage continuity in political strategy and thus discourage the development and exploitation of new alternative channels. Second, to the extent that concessions gained by accommodation accrue disproportionately to the leadership of a given organization, a strategy of supporting the state in exchange for such concessions is likely to generate backlash from members who are receiving fewer of the benefits. Failed protest, however, can have the perverse effect of exacerbating dependence and subsequently reinforcing the organizational conditions underlying accommodation.

This article consists of four sections. The first focuses on how state institutions shaped patterns of small business organization and political activism from the 1940s through the 1970s. This period witnessed the emergence of CANACINTRA, a business organization that has played an important role in Mexican politics. The second section analyzes the challenges of the 1980s and 1990s, when small industrialists became divided over the appropriate response to neoliberalism, and illustrates how the corporatist framework thwarted small business dissidents' efforts to establish a more autonomous form of representation. The third section examines the dissidents' response to their organizational defeat, and the fourth section ana-

5. Michael Shafer has also emphasized that collective action is more difficult for small firms (1994, chaps. 1–2). On the generic difficulties of collective action, see Olson (1965). For analyses that contrast the distinct processes of organization involved in business associations and labor unions, see Offe and Wiesenenthal (1980), Traxler (1993), and Van Waarden (1991).

6. For a discussion of the concept of corporatism in the study of Latin American politics, see Collier (1995). See also Schmitter (1974), Williamson (1989), and Collier and Collier (1979).

7. In this important sense, then, small firms would appear to have more in common with workers and peasants than with big business.

lyzes how the anti-corporatist campaign opened avenues for the dissidents to establish ties with other societal movements.

BACKGROUND: CORPORATISM, SMALL INDUSTRY, AND CANACINTRA

The cornerstone of Mexican business corporatism has been the 1941 *Ley de las Cámaras de Comercio y de las de Industrias* (the Chambers Law). It required all Mexican firms to join official business organizations (“*cámaras*”) that would be regulated by the state. This law had differential effects throughout the business community. While organizations representing large firms generally remained autonomous from the state, the organization and articulation of small industrialists’ interests continued to be subject to state constraints. These constraints in turn produced divisions within the small business community that significantly affected Mexican political economy in the 1980s and 1990s. To understand these divisions, this section will provide background on the associative patterns of Mexican business, with a special focus on the effect of the Chambers Law on the political trajectory of the organization representing small industry.

The 1941 Chambers Law made a statutory distinction between industry and commerce (with services considered a dimension of commerce) and required industrialists to join industrial chambers. In sectors where such organizations did not exist, industrialists were to request permission from the state to form new chambers. At the same time, the state sponsored the creation of CANACINTRA. When it was established in 1941, CANACINTRA was designated as a mixed-activity catchall chamber for new and emerging manufacturing sectors that lacked chambers of their own. It was not designated as a chamber for small industrialists *per se*.

The pattern of interest organization that followed the 1941 Chambers Law transformed CANACINTRA into the *de facto* representative of small and domestic-oriented Mexican industrialists. The organization underwent rapid growth throughout the postwar era, as thousands of industrialists in unorganized sectors became legally obligated to join and pay dues to the chamber. Founded with 93 members in 1941, CANACINTRA had 6,700 members by 1945, some 9,000 members by 1950, about 11,500 by 1960, and close to 30,000 by 1970. While it was growing, however, CANACINTRA also lost members to new industrial chambers that were affiliated directly with the *Confederación de Cámaras Industriales* (CONCAMIN). The confederation’s membership consisted of five chambers of industry in 1941 (including CANACINTRA), and it grew to 24 chambers by 1944, 35 by 1950, and 43 by 1960.

This pattern of fragmentation—from CANACINTRA into sector-specific chambers—was most pronounced in the sectors dominated by larger firms. Three reasons can be adduced for this trend. First, larger firms

have an easier time overcoming the barriers to collective action that typically impede the formation of organizations. Second, larger Mexican firms and local subsidiaries of foreign firms were better prepared to satisfy the legal requirements for establishing new chambers, and they were more likely to have adequate contacts and resources to sway the appropriate state officials responsible for authorizing the creation of new chambers. Third, as CANACINTRA came to represent small firms, larger firms with distinct interests and needs for different services wanted their own organizations.⁸ These factors reinforced each other: big firms leaving CANACINTRA turned the chamber into the representative of small firms, and CANACINTRA's vocation as the representative of small firms heightened big firms' desire to leave.

The creation of new chambers in CONCAMIN increased the material and organizational dependence of CANACINTRA on the state. Because the sectors leaving CANACINTRA tended to generate the fastest growth in the most dynamic areas of the economy, CANACINTRA came to represent firms from a weaker segment of Mexican capital. This outcome led to asymmetry in CANACINTRA's material relationship with the state in that its members came to depend on the state for trade protection, subsidies, and government purchases far more than the state depended on these smaller firms' contributions to economic activity. Mexican manufacturing firms of all sizes benefited from state concessions during this period, and as a result, virtually all Mexican and transnational capital came to depend on the state in this material sense (Reynolds 1970; Vernon 1963). Larger firms, however, with their greater assets and contributions to economic activity and employment, enjoyed a degree of leverage that smaller firms lacked. Thus the typical "structural dependence" of the state on capital was diminished with firms represented by CANACINTRA.⁹ These differences grew as the Mexican economy became increasingly internationalized in the decades following World War II, and the gap widened between large financial-industrial conglomerates and small independent manufacturing firms.¹⁰

CANACINTRA also became increasingly dependent on the state for organizational support in that fragmentation made it harder to hold the organization together. Capitalists in general are stymied less by typical impediments to collective action because an asymmetrical distribution of resources within the collectivity increases the likelihood that larger firms will be able to bear the burdens of organization building (Van Waarden 1991).

8. On this third point, see Brandenburg (1958).

9. For statements of the state's dependence on capital, see Lindblom (1977, 1982), Offe and Wiesenthal (1980), and Przeworski and Wallerstein (1982). The material dependence of CANACINTRA's members during this period has been highlighted by Mosk (1950), Vernon (1963), and Elizondo (1992).

10. See Jacobs and Mattar (1985) for analysis of the changing position of small firms in the Mexican manufacturing sector.

But with CANACINTRA, while the chamber's membership was growing, it was also losing the large firms that might have simplified and facilitated organization. The creation of new chambers also hurt CANACINTRA because each new chamber captured the dues of all firms in its sector—not just the handful of big firms that petitioned for a new chamber. CANACINTRA therefore opposed actively the creation of new industrial chambers.

Although the Chambers Law required state authorization for the creation of new chambers, the vagueness of the law left state officials extraordinary discretion, which then translated into substantial control over CANACINTRA. According to the Chambers Law, the Secretaría de la Economía was to determine when a new chamber could be created and which firms should join which chambers.¹¹ But the law did not specify the requisites for establishing separate industrial chambers, nor did it define the criteria by which the state would determine whether a group of manufacturers should form their own chamber or remain members of CANACINTRA. Also, each chamber's internal statutes had to conform to the requirements of the law and be approved by the government, as would any statutory changes. As secessionist groups petitioned for authorization of new organizations, CANACINTRA objected, and the state became the primary arbitrator of these conflicts. Because separate chambers could not be created without government authorization and the law was vague as to the criteria for creating new chambers, the continued existence and viability of CANACINTRA came to depend largely on the state's discretion.

Thus in the decades following the 1941 Chambers Law, CANACINTRA came to depend on the state organizationally in two major ways. First, CANACINTRA depended on compulsory membership to guarantee the organization an expanding base of dues-paying members. Second and more critical, it depended on the state's rulings against creating new chambers, especially in sectors with many small firms, to save CANACINTRA from suffering massive hemorrhaging of members.

The fact that the Chambers Law gave the Mexican state the tools to determine CANACINTRA's fate encouraged chamber leadership to make small industry an important ally of the state. The strategy of accommodation was developed in this earlier period. CANACINTRA readily supported the state on a wide range of economic and political issues. The chamber supported policies that generally benefited its members, such as the trade protection and consumption subsidies that bolstered local demand. At the same time, however, the chamber refrained from strong criticisms of policies that were less favorable to small firms, such as increased foreign investment in the manufacturing sector and tax and credit policies that facilitated the emergence of large multisectoral conglomerates.

11. Jurisdiction was transferred in the 1960s to the Secretaría de Industria y Comercio (SIC), and in the early 1980s to the Secretaría de Comercio y Fomento Industrial (SECOFI).

CANACINTRA also went out of its way to support the state on an array of issues that took on special significance in Mexico's postrevolutionary environment. For example, CANACINTRA actively defended government proclamations supporting the Cuban Revolution and joined with the state and official labor unions in celebrating the negotiated purchase of foreign electrical companies as Mexico's most significant revolutionary achievement since the 1938 oil expropriation (Alcázar 1970, 53; Puga 1984, 199; and Wionczek 1964, 85–90). CANACINTRA was not entirely supportive of the state on all issues, but its leaders generally refrained from strong criticisms of policy, and their few criticisms tended to be directed toward errors of omission rather than commission. That is, the chamber would artfully integrate policy advocacy into celebrations of the state's otherwise "revolutionary achievements."¹² In sum, CANACINTRA exchanged political support for both material and organizational protection.¹³

Throughout the postwar era, CANACINTRA's accommodationist strategy remained a divisive issue among small industrialists, with tension between the pro-government leadership and those who advocated more critical positions and resented the chamber's sacrifice of autonomy. The leaders defended their actions by pointing to the results: membership was growing,¹⁴ and CANACINTRA was afforded access to policy makers. Although CANACINTRA did not drive economic policy, official status provided the chamber leadership with a reliable set of contacts with state policy makers.¹⁵

THE CHALLENGES OF THE 1980S AND 1990S: SMALL INDUSTRY DIVIDED

Small industrialists have faced a new economic and political environment since the early 1980s, when economic crisis and intense pressure from the international financial community obliged the Mexican government to open the economy.¹⁶ Economic liberalization began in the wake of the 1982 debt crisis and continued throughout the decade (Lustig 1992).

12. For examples, see CANACINTRA (1952, 1961a, 1961b) and Lavín (1960).

13. This interpretation coincides with Middlebrook's (1995) interpretation of the roots of a similar alliance between the postrevolutionary Mexican state and organized labor. In both cases, the tight relationship developed not just as an imposition of the state but as a function of a weak sector's strategy to seek political alliances.

14. CANACINTRA became the largest single industrial chamber in Mexico, with over eighty thousand members by the 1980s.

15. Analysts have disagreed over the extent of CANACINTRA's influence over policy. An issue that has drawn substantial attention has been Mexico's flirtation with entering the GATT in 1979–1980, which CANACINTRA opposed. Story (1982) cited CANACINTRA's opposition to explain in part the decision not to join GATT. Mares (1985), in contrast, attributed the decision to changes in Mexico's oil reserves, arguing that CANACINTRA's opposition was most notable after President José López Portillo and other state officials revealed their reservations about GATT membership and indicated that Mexico would most likely not join.

16. In addition to the references cited, my analysis in this section is based on extensive in-

Mexico entered the General Agreement on Tariffs and Trade (GATT) in 1986 and the following year unilaterally accelerated the pace of trade liberalization by eliminating most quantitative import restrictions and lowering the maximum tariff from 100 to 20 percent. By the early 1990s, import barriers had been reduced, foreign investment deregulated, most state enterprises privatized, and Mexico was negotiating the North American Free Trade Agreement (NAFTA) with the United States and Canada.

The major changes in economic policy were accompanied by the emergence of a new alliance between the state and business, in which a cohesive group of technocratic policy makers collaborated closely with the top strata of the Mexican business community. Within the state, a closely knit group of officials with extensive links to the international financial community came to control key aspects of economic policy making (Maxfield 1991; Centeno and Maxfield 1992; Centeno 1994). In the private sector, the peak representatives of the business community came under the control of the most internationalized segment of Mexican capital, which was anxious to consolidate business support for the new development strategy (Tirado and Luna 1995; Schneider 1997; Garrido and Puga 1990).

Each feature of the new alliance diminished CANACINTRA's capacity to affect policy making, as the increasingly technocratic nature of policy making and big business's monopoly of the main channels of interest articulation devalued small industry's traditional points of access to the state. These tendencies were evident in the two most important events of the period under study: a series of tripartite economic pacts that served as the principal mechanism of economic policy making after 1987, and NAFTA. Both featured intense collaboration between the state and elite private-sector proponents of the neoliberal model. For example, when the economic pacts were being formulated, business was chiefly represented by the peak-level Consejo Coordinador Empresarial (CCE).¹⁷ Similarly, during the NAFTA consultations, business representation was monopolized by the Coordinadora de

interviews with the most prominent actors involved in the conflict, including Mireles, Moreno, three advisers to CANACINTRA's presidents, Romo, and a number of his closest supporters in the 1986 CANACINTRA election. The analysis is also based on interviews with less-involved members of CANACINTRA in the capital goods and metallurgy sections (some partial to the leadership, some partial to the opposition).

17. On the making of the economic pacts, see Kaufman, Bazdrasch, and Heredia (1994). For analysis of the dilemma that the pacts presented for CANACINTRA, see Shadlen (1997, chap. 4). The Consejo Coordinador Empresarial (CCE) was founded in 1975 to coordinate the activities of Mexico's various national-level sectoral organizations. Within this network, the organization representing industry was CONCAMIN (of which CANACINTRA is a member). The other members included the Confederación de Cámaras Nacionales de Comercio (CONCANACO, covering commerce, services, and tourism), the Consejo Nacional Agropecuario (CNA, agriculture), the Asociación Mexicana de Casas de Bolsa (AMCB, finance), the Asociación Mexicana de Institutos de Seguro (AMIS, insurance), and two multisectoral organizations, the Confederación Patronal de la República Mexicana (COPARMEX) and the Consejo

Organismos Empresariales de Comercio Exterior (COECE), a related organization created by the CCE to represent business on trade issues.¹⁸

Neoliberalism and CANACINTRA

CANACINTRA leaders responded to the challenges presented by the technocratic and exclusionary introduction of neoliberal policies by intensifying the accommodationist strategy developed over the previous forty years. Although they were aware of the chamber's waning influence, the leaders feared the consequences of public dissent. The chamber lacked the power to influence policy directly, and the technocratic and elite policy-making process meant that even residual access to policy makers was predicated on endorsing economic policy. Thus from the leaders' perspective, economic and political weakness made accommodation the most prudent strategy. After considerable internal analysis, CANACINTRA remained committed to working within the corporatist framework in order to extract as many benefits as possible.

In the leaders' view, the merits of this strategy were demonstrated by the first major challenge of the 1980s, the creation of the Programa Nacional de Fomento Industrial y Comercio Exterior (PRONAFICE). When this program was being developed, CANACINTRA took advantage of its official status and exploited rifts within the state apparatus to become an active participant in the negotiations in 1983–1984.¹⁹ CANACINTRA leaders celebrated PRONAFICE as a vindication of the accommodationist strategy. Faced with policy makers intent on liberalizing trade, CANACINTRA managed to sway the outcome and secure the state's commitment to a program of gradual sector-by-sector tariff reduction. A more confrontational strategy, they contended, would have minimized their access to the PRONAFICE consultations and limited their influence on policy making.²⁰

Mexicano de Hombres de Negocio (CMHN). The Asociación de Banqueros Mexicanos (ABM), a founding member, was replaced after the 1982 bank nationalization by the AMCB, the stockbrokers' association. When the commercial banks were reprivatized in 1991–1992, the ABM rejoined the CCE, giving the peak organization eight members, and the AMCB changed its name to the Asociación Mexicana de Instituciones Bursátiles (AMIB). For an overview of the CCE's structure, see Luna and Tirado (1992). For an analysis of the CCE's public "actions," see Tirado and Luna (1995).

18. As its name suggests, COECE integrated Mexico's export-oriented business associations into a single organization. Although this ad hoc coordinating organization remained formally subordinate to the CCE, state officials transformed COECE into the most important Mexican business organization by granting it a de facto monopoly of representation on NAFTA. For more detailed analyses of COECE, see Luna (1992), Puga (1993), Rubio (1992), and Thacker (1996).

19. For analyses of the PRONAFICE negotiations, see Rubio, Rodríguez, and Blum (1989) and Hobbs (1991).

20. Interviews with CANACINTRA officials. See also Garza (1993, 465).

The Dissidents' Response

While CANACINTRA leaders remained committed to the accommodationist strategy, a faction of dissidents in the organization advocated a more confrontational strategy in response to the changing economic and political environment. The dissident movement emerged from the capital goods and metallurgy sectors, where producers frequently lamented the low quality of inputs coming from state-owned steel and energy firms and the high cost of credit.²¹ For these industrialists, merely reacting to the state's initiatives was not enough. They maintained that the appropriate course for the chamber would be to propose a more active industrial policy in which economic recovery would be based on stimulation of domestic manufacturing. Such a strategy would include resisting trade liberalization, advocating the privatization of some state enterprises to improve the quality of inputs, and demanding more productive credit policies. In 1982 CANACINTRA distanced itself from the business community's general opposition to the nationalization of the commercial banking system, expecting that the nationalization would improve small firms' access to credit. When this objective was not realized and credit became harder to obtain instead, the dissidents became increasingly dissatisfied with their leaders' strategy.²²

Whereas CANACINTRA leaders regarded accommodation as the appropriate response to weakness, the dissidents viewed accommodation as a factor that perpetuated the chamber's weakness. They charged that the chamber was failing to represent members adequately and assailed the leaders' preoccupation with preserving CANACINTRA's niche as interlocutor. The dissidents believed that the chamber as a whole and its leaders as individuals had become too closely allied with the state and too dependent on it. In their view, these relationships were impeding CANACINTRA from sustaining opposition to the government. The dissidents asserted that far from improving the representational capacity and influence of the chamber, as the leadership claimed, CANACINTRA's preoccupation with organizational status had predisposed the chamber toward passivity.²³ As a result, the chamber's presence as an actor in state-business relations had deteriorated.²⁴

The dissidents advanced a radically different evaluation of the leadership's strategy vis-à-vis the state. They regarded PRONAFICE as anything but a success. As soon as the program of gradual liberalization was

21. For analysis of small producers in these sectors, see Villalobos (1989).

22. For a discussion of the impact of the bank nationalization on the availability of credit in the 1980s, see Maxfield (1990, 153–62).

23. This generic trait of corporatism is also a common grievance of workers with regard to union leadership working within corporatist structures.

24. See, for example, *La Jornada*, 18 Dec. 1985, in which the dissidents lamented. "CANACINTRA has disappeared; it has lost its presence not only among industrialists but with the destiny of the country."

announced, the Banco de México and the Secretaría de Hacienda y Crédito Público promised in a March 1985 letter of intent to the International Monetary Fund “a complete revision of trade policy” in order “to reduce the level of protectionism.”²⁵ While CANACINTRA leaders were celebrating the “PRONAFICE victory,” protection was largely stripped from the metal and capital goods sectors.²⁶ The dissidents regarded such events as proof of the chamber’s decay and amplified their calls for overhauling the organization’s relation to the state. The dissidents’ criticisms heightened the tensions within the chamber. For example, at one point, a representative of the metallurgy section admonished chamber leaders for not responding more forcefully to “crucially important changes in our government’s industrial policy whose consequences will be very harmful for us.” In response, he was called before the chamber’s board of directors and accused of provoking divisiveness.²⁷

CANACINTRA under Siege

The tensions produced by the economic and political conjuncture of the 1980s crystallized during the bitter campaign leading up to the chamber’s 1986 elections. In November 1985, CANACINTRA’s outgoing president, Carlos Mireles García, designated Juan José Moreno Sada, the first vice-president and director of foreign trade, as his choice for a successor to be elected in February of the coming year. The “official candidate” was opposed by Roberto Romo Santillán, the owner of two foundries. In his long history of involvement in CANACINTRA, Romo had served as president of the chamber’s metallurgy council and the foundry section.

The dissidents argued that Moreno’s close personal and professional ties to the Secretaría de Comercio y Fomento Industrial (SECOFI) and membership in the governing PRI compromised him too much to confront state policy makers. In fact, several newspapers reported early in the campaign that two SECOFI undersecretaries had instructed outgoing President Mireles to select Moreno as his successor.²⁸ Although these allegations remained unsubstantiated, Moreno’s close relations with SECOFI were never in dispute. One business columnist ventured that Moreno’s close ties to the state would “weigh heavily in the final decision of

25. *Journal of Commerce*, 28 Mar. 1985.

26. For a sector-by-sector breakdown of trade liberalization during this period, see Ten Kate (1992).

27. See *La Jornada*, 5 July 1985, and 2 Aug. 1985. CANACINTRA’s sectoral structure consists of approximately 115 sections integrated into ten councils. Foundry is one of the sections within the metallurgy council.

28. See *El Universal*, 5 Nov. 1985; and *La Jornada*, 6 Dec. 1985. By these accounts, Moreno was “a product of the *dedazo*,” the PRI’s mechanism for presidential succession whereby the outgoing president personally selects the party’s candidate. See *Excelsior*, 5 Nov. 1985.

CANACINTRA members who have repeatedly demonstrated that they are tired of the lack of strong and independent positions on the part of the directors. . . ."²⁹ Thus questions about the official candidate's independence and concerns over further erosion of the chamber's autonomy polarized the campaign.³⁰

The divide between CANACINTRA and the dissidents widened in the aftermath of the February 1986 elections, when Romo and four supporters claimed that Moreno's victory was fraudulent.³¹ They charged that Mireles and Moreno had used chamber funds to buy support, that state officials paid some CANACINTRA delegates to change their votes, and that SECOFI had manipulated the electoral process to ensure that the pro-government candidate would win. Although none of these accusations of government interference in chamber elections were proved, they contributed to the dissidents' political formation. That is, Romo's supporters attributed their electoral setback to the state's capacity to intervene in CANACINTRA affairs to guarantee the victory of docile leaders, a key characteristic of corporatism.

The five dissidents accused of publicly defaming the chamber were suspended and then expelled from CANACINTRA. They responded by immediately announcing the formation of the Asociación Nacional de Industriales de la Transformación (ANIT), an association that would respond "to the yearning of many entrepreneurs to have an organization that truly represents them."³² When granted legal registration as a civil association later in 1986, ANIT counted 94 members, and the founders of the dissident association expected a membership of 3,000 by year's end.³³

The conflict between CANACINTRA leaders and the dissidents did not end with the expulsion of the opposition leaders and the creation of ANIT. The new group quickly mounted a frontal assault on CANACINTRA's status as the representative of small industry in Mexico. Stating that "on account of the people that have controlled and manipulated the organization for the last several years, [CANACINTRA] has stopped serving its members," Romo proclaimed that it was "necessary to throw out those things that no longer serve a purpose."³⁴ Referred to by one observer as "one of the two CANACINTRAs that exist today,"³⁵ ANIT opened its first offices a block away from CANACINTRA's immense nine-story office complex in Mexico City.

29. Herminio Rebollo Pineda, "De IP," *El Universal*, 4 Nov. 1985.

30. "They give each other dirty looks, they shout at each other, and they even threaten each other." See *La Jornada*, 27 Jan. 1986.

31. *La Jornada*, 26 Feb. 1986.

32. Romo, as cited in *La Jornada*, 24 Apr. 1986.

33. *El Nacional*, 14 Aug. 1986.

34. *La Jornada*, 14 Aug. 1986.

35. Alberto Barranco Chavarría, "Empresa," *La Jornada*, 7 July 1986.

State Protection of CANACINTRA

State intervention on behalf of CANACINTRA stymied the dissidents' challenge, however, and ANIT's ambitions of displacing CANACINTRA quickly dissipated. Analysis of the ways in which the Mexican state helped CANACINTRA turn back this challenge will help explain why the dissidents became so vehemently anti-corporatist by the end of the decade. CANACINTRA appealed to SECOFI for assistance in fending off ANIT's challenge, and SECOFI intervened on the chamber's behalf in several ways. First, the state apparently deployed coercive economic instruments to harass some of the dissident industrialists and thereby stunt the growth of the fledgling business organization. Second, SECOFI officials used a set of discretionary prerogatives afforded by the Chambers Law to prevent the creation of a rival industrial chamber. Third, SECOFI employed another aspect of the Chambers Law to uphold the legal standing of CANACINTRA leaders. Fourth, by denying ANIT access to policy making, state officials undermined the dissidents' efforts to represent small industry.

The most prominent members of ANIT found themselves subject to government reprisals that included audits, inspections, and denials of permits.³⁶ One ANIT director maintained that government officials, at Moreno's behest, instigated labor problems in his and Romo's firms.³⁷ Romo eventually sold his foundries and moved to Houston to pursue a business venture with a colleague, prompting one columnist to suggest that he had been driven into exile by "his enemies" at CANACINTRA.³⁸ Like the allegations of fraud following the February 1986 chamber elections, the role of the state in these industrialists' difficulties is hard to document. The significant point is not what the state did or did not do but the dissidents' belief that the state would help CANACINTRA and that this intervention would make the chamber even more indebted to the government.

CANACINTRA also called on the government to prevent the dissidents from creating a separate industrial chamber. Throughout the history of CANACINTRA, groups of industrialists had left the organization and formed sector-specific chambers that provided them with more specialized representation and services. The dissidents who formed ANIT sought to follow the same path, attempting to create the Cámara Nacional de la Industria de Bienes de Capital (CANABICA).³⁹ CANACINTRA, fearing a drain on its revenues, opposed the dissidents' plan to form their own chamber. CANACINTRA and ANIT were in competition for members, but on

36. *La Jornada*, 27 Oct. 1986.

37. *Excelsior*, 2 Jan. 1987.

38. *La Jornada*, 24 Nov. 1986.

39. The initial efforts to create this chamber occurred when the eventual leaders of ANIT were still members of CANACINTRA. Its title notwithstanding, ANIT founders aimed to attract producers of capital goods and metal goods.

uneven terms due to ANIT's unofficial status. Because the Chambers Law required that each industrialist join and pay membership dues to a single chamber and because CANACINTRA was an officially recognized industrial chamber, corporatism guaranteed its membership and a robust source of revenue. In contrast, ANIT's status as a fledgling association made membership voluntary, and any dues paid by members were paid in addition to the dues already paid to CANACINTRA. Because a new chamber would take thousands of small firms in the capital goods and metal sectors away from CANACINTRA, the dissidents' effort to convert ANIT into a chamber threatened CANACINTRA's ability to retain its substantial dues-paying membership. CANACINTRA therefore appealed to SECOFI to prevent the dissidents from creating a separate industrial chamber.⁴⁰

The dissidents' movement to create a separate chamber was still-born because CANABICA did not receive state authorization. If ANIT were to compete with CANACINTRA for members, it would have to do so as a voluntary industrial association. Producers of small capital goods and metal remained legally obligated to continue paying their dues to the official organization. Although most ANIT members refused to pay their membership dues to CANACINTRA, not all potential members could be expected to engage in such civil disobedience.⁴¹

In addition to harassing the dissident leaders and blocking authorization of CANABICA, the third way in which the state intervened on behalf of CANACINTRA was by authorizing a change in the chamber's statutes that cleared up doubts about the legal standing of a number of high-ranking officials. When the dissidents contested the February 1986 election results, they challenged not just Moreno's victory in the presidential contest but the legality of the chamber's executive board as well. They maintained that the election results violated the chamber's own statutes setting a two-year limit on service on the CANACINTRA executive board.

40. A second reason why CANACINTRA objected to the dissidents' effort to gain official status was that the chamber did not want a constant source of criticism and attacks to be legitimated. ANIT caused CANACINTRA officials serious public-relations problems. The dissidents were determined to embarrass the chamber and its leadership publicly and were equipped to do so. The leaders of ANIT had been active and risen to prominent positions within CANACINTRA. As presidents of sections and councils and members of the executive board, they had become familiar with the inner workings of the chamber. Their criticisms could be damaging if coming from an officially recognized industrial chamber that might compete with CANACINTRA for membership and government attention. But ANIT criticisms would be much more manageable so long as CANACINTRA's leadership could dismiss them as the ranting of a small association formed by a group of dissidents disgruntled by their frustrated bid for power. Concerned with the damage that the dissidents' criticisms were inflicting on CANACINTRA's image, the chamber's leaders also appealed to other business organizations to repudiate ANIT. See *La Jornada*, 18 May 1987.

41. The sanctions for those who did not pay their annual membership dues included fines, blocking of permits, and forfeiture of the right to conduct business with the public sector.

Moreno, two of his vice-presidents, and the treasurer would allegedly be exceeding these limits once reelected.⁴² More than a year afterward, the chamber's general assembly considered modifying the statutes. The new statutes proposed by Moreno would clarify the ambiguity regarding term limits and deflect such criticisms in the future. According to the Chambers Law, any interpretation of CANACINTRA's statutes was to be resolved by SECOFI, and the revised statutes also required SECOFI approval.

The dissidents chose not to remain passive bystanders in what might have been an issue between CANACINTRA and SECOFI. ANIT was engaged in a battle with CANACINTRA over who would represent small industry. The dissidents were losing the battle after being weakened by harassment and their inability to form a separate chamber. The controversy over CANACINTRA's statutes was their chance to undermine the chamber in return. ANIT called for SECOFI to reject CANACINTRA's proposed changes. In a full-page letter published in a Mexico City newspaper, the dissidents argued that Moreno's attempt to reform the statutes recognized that ANIT claims were accurate, that the president and the executive board were indeed serving in violation of the chamber's statutes. The letter concluded with a statement summarizing the dissidents' organizational grievances: "We express our complete repudiation of the current 'leadership' of CANACINTRA headed by Moreno Sada, which in addition to not representing the interests of industrialists, has become an important obstacle for the formation of specific organizations. We emphasize once again our support of the imputations of Mexican industrialists, who by law, are obliged to belong to this chamber."⁴³

Once again, with the Chambers Law making SECOFI the referee in such a dispute, CANACINTRA officials appealed for help. Again, the government intervened on behalf of the chamber. The legality of CANACINTRA's executive board was upheld, and the chamber's revised statutes were approved.⁴⁴

Finally, ANIT also suffered from the state's failure to recognize the new organization as a business representative and provide it with access to policy-making forums. While CANACINTRA leaders felt that their weakness and contingent access to policy making left them with little room for dissent, ANIT was locked out altogether. The dissidents were effectively consigned to the role of permanent critic, assailing both CANACINTRA's

42. In the week prior to the election, Romo's campaign had formally requested that SECOFI invalidate Moreno Sada's slate of candidates on these grounds. See *La Jornada*, 17 Feb. 1986. The dissidents also argued that 113 of the 190 representatives to the chamber's board of directors were also in violation of the chamber's statutes. See *El Sol de México*, 24 Apr. 1986.

43. *El Universal*, 28 Apr. 1987, capitalization in original.

44. See *Diario Oficial*, 21 Jan. 1988.

continuing accommodation and the centralized and exclusionary process of policy making.⁴⁵ ANIT's failure to gain access to the state prompted many industrialists to remain within or return to CANACINTRA. Membership in CANACINTRA continued to provide at least minimal access to policy makers and some means for resolving problems affecting their own firms. ANIT could offer nothing in this regard. Thus despite its considerable organizational efforts and the public relations storm it created, ANIT never neared its stated goal of 3,000 members.

To summarize, CANACINTRA, under siege from ANIT, appealed to the state for organizational protection, and the state responded by using various instruments to help the chamber ward off the dissidents' challenge. ANIT faced stumbling blocks as its leaders became burdened with economic troubles at their firms and the creation of a separate industrial chamber was blocked. At the same time, CANACINTRA leaders were upheld by the reformed statutes, and the chamber managed to retain its virtual monopoly on official representation of small industry to the state. ANIT's project to create a rival business organization to displace CANACINTRA failed.

THE TRANSFORMATION OF DISSIDENCE: ANIT'S CAMPAIGN AGAINST CORPORATISM

State intervention did not demobilize ANIT, however. The way that the leaders of the dissident movement witnessed their challenge to CANACINTRA defeated served to radicalize them on the issue of corporatism. It is important to note that ANIT's initial challenges to CANACINTRA conformed to the rules of the game established by the corporatist framework: the dissidents attempted to win leadership positions within the organization, they tried to create an official industrial chamber, and they appealed to the state to use the requirements of the Chambers Law to regulate CANACINTRA statutes. Failure to displace CANACINTRA within the corporatist framework motivated the dissidents to dedicate their resources to a campaign to repeal the Chambers Law and dismantle business corporatism. While they were initially "anti-CANACINTRA," losing the conflict with the official chamber made them "anti-corporatist."

45. Good examples are ANIT's regular references to CANACINTRA's leadership as "pseudoleaders," as is the following comment by ANIT President Adolfo Valles Septien (1991–1993) on the NAFTA consultations: "It is worrisome that in the face of NAFTA, two groups have been formed in Mexico: on one side the institutional group, represented by the trade authorities, and fed with information, studies, and monographs of the COECE; and [on the other side] the legislative, consisting of the chambers of senators and deputies, together with small and medium businesses, who have not been properly notified about the proposals because they have no direct input into the process and the discussions." See *Excelsior*, 16 June 1991.

Waging War on Corporatism

Defeated by the corporatist framework, the leaders of ANIT aimed to abolish it. By the late 1980s and early 1990s, ANIT had been transformed from a fledgling business organization seeking external support in representing small industrialists to the leader of an anti-corporatist movement committed to repealing the Chambers Law. ANIT used the media to wage war on the corporatist framework. Holding regular press conferences, the dissidents consistently criticized the unrepresentative nature of state-business interaction.⁴⁶ ANIT leaders made insistent attacks on the official organizations, especially CANACINTRA, and they called repeatedly for reform of the Chambers Law. Their rallying cry was that compulsory membership violated the Mexican Constitution and the Universal Declaration of Human Rights, which Mexico had signed. ANIT leaders also organized a series of public forums to analyze the Chambers Law and develop a revised law to be submitted to the Mexican Congress.

ANIT leaders used the media successfully and began to direct significant public scrutiny of compulsory membership and business corporatism. A significant breakthrough occurred in February 1989, when the dissidents were featured in *Expansión*, the leading business magazine in Mexico. This exposé likened their campaign to reform the Chambers Law to the struggle of David versus Goliath.⁴⁷ The article attracted more press coverage when the dissidents' undocumented (and exaggerated) assertion that nearly twenty thousand business owners were refusing to pay membership dues was reported by a prominent business columnist in *La Jornada* in March 1989. Thus ANIT leaders managed to keep themselves and the Chambers Law in the public eye. As early as July 1989, rumors began to circulate that SECOFI officials would convoke "a forum of popular consultation" to consider changes in the law that SECOFI would present to Congress in November.⁴⁸

The dissidents' concern with the Chambers Law was not entirely new. From the time they founded ANIT in 1986, they had been demanding that compulsory membership be abolished,⁴⁹ and each year, ANIT mem-

46. Rubén Barrios Graff (president from 1989 to 1991) held weekly press conferences, and Valles Septien (1991–1993) attempted to do the same, according to Puga (1992, 42). Since 1993 ANIT has held a regular press conference the last Thursday of each month.

47. "Microindustriales: De la disidencia a la organización," *Expansión*, 15 Feb. 1989.

48. *La Jornada*, 19 July 1989. The dissidents' immense skill in using the press also brought them limited attention from the academic community. See, for example, the opening sentence of Cristina Puga's monograph on small business representation in Mexico: "The curiosity awakened by the political activity of a business group—the Asociación Nacional de Industriales de la Transformación (ANIT), which since 1989 has led a visible and well-directed media campaign in defense of the country's small industrialists—was the origin of this project" (Puga 1992, 11).

49. See, for example, *El Universal*, 14 Aug. 1986.

bers celebrated the association's anniversary as another year "in defense of free association." But the multipronged campaign to reform the Chambers Law marked a significant change in the dissidents' goals. In the immediate aftermath of ANIT's split from CANACINTRA, repealing the Chambers Law was an attractive means of undermining CANACINTRA. By the late 1980s, ANIT's experience with the state had caused "the means" to become "the end."

The broadening of the dissidents' campaign from anti-CANACINTRA to anti-corporatist allowed them to tap into a wider base of dissent. Many in the business sector who had nothing to do with CANACINTRA harbored their own grievances against the system of business interest organization and representation. Many regional business associations shared this resentment of the official chambers and confederations. The Chambers Law largely ignored regions in organizing the industrial sector almost exclusively by type of productive activity rather than by location. The members of CONCAMIN are sector-specific national organizations. Where industry is organized according to region, it is for the most part in voluntary unofficial associations.⁵⁰ While these associations can join CONCAMIN and take advantage of the confederation's services, they are not allowed to vote because only officially recognized chambers can be full voting members of confederations. Many regional associations became concerned about the lack of representation stemming from their second-class status within CONCAMIN.⁵¹ This sense of underrepresentation was exacerbated by the economic dislocations of the 1980s and 1990s and by the exclusionary patterns of state consultations with peak business organizations on the tripartite economic pacts and NAFTA. By the early 1990s, various business organizations representing a mix of regions and branches of industry had come to share a common resentment of the way business interests were organized and articulated in the Mexican political system.

Small business dissidents found themselves at the core of a broad anti-corporatist coalition that included a multitude of voluntary business associations from throughout Mexico. An important actor in uniting and mobilizing this heterogeneous anti-corporatist coalition was the Consejo

50. Exceptions can be found to both these general rules. CANACINTRA, for example, is a mixed-activity industrial chamber. Similar chambers exist in the states of Jalisco (the *Cámara Regional de la Industria de Transformación*, or CAREINTRA) and Nuevo León (*Cámara de la Industria de Transformación*, or CAINTRA), as well as a few single-sector regional industrial chambers (the footwear industries of Guanajuato and Jalisco have their own chambers). The basic pattern of organization by activity rather than location contrasts with that in the commercial and service sectors, where chambers are strictly regional organizations.

51. For a more complete discussion of how the activity-based pattern of interest representation in the industrial sector left regional groups underrepresented, see Hernández (1991) and Luna and Tirado (1992).

Coordinador de Asociaciones Industriales (COCAI).⁵² In addition to ANIT, COCAI's membership consisted of a variety of voluntary associations. COCAI thus bridged various sources of discontent over how private-sector interests were organized and represented, uniting them around the campaign to reform the Chambers Law.⁵³

The anti-corporatist coalition became increasingly active in the 1990s via press conferences, forums, newspaper announcements (*desplegados*), and, critically, the drafting of an initiative to reform the Chambers Law, which was submitted to the Mexican Congress. These activities made the Chambers Law, particularly compulsory membership, a prominent issue in Mexican politics. Many official organizations felt compelled to undertake studies to evaluate the Chambers Law, to launch public relations campaigns to defend compulsory membership, and to lobby state officials to forestall major revisions of the law.⁵⁴

The 1941 law was replaced in January 1997 by the new *Ley de Cámaras Empresariales y Sus Confederaciones*.⁵⁵ Rather than defusing the opposition to business corporatism, however, the 1997 law only heightened the conflict. Although the new law complied formally with the words of the Supreme Court's ruling by abolishing compulsory chamber membership, it required participation in a national business registry and awarded the chambers control over the funds generated by the registry. Many regard this approach as a disguised effort to retain state control over business organizations and have mobilized to repeal the 1997 law as well. Dissidents prepared hundreds of legal complaints that the national registry is uncon-

52. Although COCAI was founded in 1982, it was inactive for nearly a decade and has received even less scholarly attention than ANIT. Hernández, for example, noted that COCAI was formed in protest of the bank nationalization but said virtually nothing else about the organization (1991, 461–62). Puga dismissed COCAI in a footnote as “ghostlike” (1992, 37, n. 37). These observers' lack of attention is warranted given the dates of their publications. According to a former president, COCAI was merely a social club for most of the 1980s (interview with Sergio Rico, Mexico City, 6 Dec. 1993). I found little evidence of the organization's activity until 1992. In the February 1989 *Expansión* feature on private-sector dissidence, COCAI was the outlier, still lauding the unity of the private sector. This once-dormant organization was awakened in the early 1990s and united various business associations in the campaign against the Chambers Law.

53. Nearly half of COCAI's membership consisted of associations from industrial regions in Mexico City and the state of Mexico, such as Azcapotzalco, Iztapalapa, Tlalneplantla, and Vallejo.

54. See, for example, CANACINTRA (1992), CONCAMIN (1992), and CONCANACO (1995).

55. In 1992 the Mexican Supreme Court ruled that compulsory membership in business chambers violated Article 9 of the Mexican Constitution, which guarantees every individual freedom of association. In Mexico, the same aspect of a law must be declared unconstitutional five times to establish a legal precedent. Although the first ruling against the Chambers Law came in July 1992, it was not until August 1995 that the five-ruling threshold was reached.

stitutional, and thus business corporatism remained a prominently contested issue in Mexican politics.⁵⁶

Corporatism, CANACINTRA, and Accommodation in the 1980s and 1990s

The controversy over corporatism, which began with the state's intervention into the conflict with ANIT, increased CANACINTRA's dependence on the state and reinforced the leaders' accommodationist strategy. In helping the chamber fend off the challenge from ANIT, SECOFI extended numerous organizational, financial, and legal concessions to CANACINTRA, making the chamber ever more dependent on this organizational protection for its survival, revenues, and the legality of its leadership. CANACINTRA was therefore unable and unwilling to present any effective opposition to neoliberalism. After its initial protests against liberalization were disregarded, CANACINTRA presented only weak opposition to the radical reorientation of economic policy in the 1980s and 1990s. This response was evident in such instances as the chamber's decision to ratify regularly the economic pacts. Also, during the NAFTA consultations, even as the chamber's own economic analysts warned of the threats of extensive liberalization, CANACINTRA never mobilized any opposition to the free-trade agreement.

This explanation of the small business sector's response to neoliberalism adds an important organizational twist to arguments that small industrialists did not oppose trade liberalization because they welcomed it as part of a larger anti-inflationary strategy (Pastor and Wise 1994). While lack of information may have affected many small business owners' ability to separate the effects of trade liberalization from stabilization, the leaders of CANACINTRA had enough information and were aware of the threats that liberalization presented to small industry. Rather, the chamber's dependence on state concessions discouraged its leaders from mobilizing opposition. The chamber's precarious organizational position pushed them toward accommodation. The state delivered organizational protection to CANACINTRA

Even then, the 1941 law was not automatically repealed. The outcome merely meant that individual plaintiffs were able to obtain injunctions without going through long court battles. See "La rebelión de los empresarios," *Expansión*, 30 Sept. 1992; and SIID (1996). The plaintiff in the first Supreme Court ruling was not affiliated with ANIT. But the dissidents were quick to integrate this judicial strategy for combating corporatism into their own campaign, which had consisted mainly of holding press conferences, shaping public opinion, and having meetings with legislators. They became actively involved in many of the cases that followed the 1992 ruling. COCAI even offered legal services to businesses that were sanctioned by the government for violating the Chambers Law by not paying their membership dues.

56. See, for example, "Rechazan dos millones de pequeños empresarios su afiliación al SIEM," *Excelsior*, 9 Oct. 1997.

mainly through the corporatist framework, and the protracted debate over the Chambers Law raised the possibility that this framework, especially compulsory membership, could be removed. The imminent threat of a revised Chambers Law hung over the heads of CANACINTRA leaders like the sword of Damocles.⁵⁷

SHIFTING ARENAS OF POLITICAL ACTIVISM: FROM BUSINESS POLITICS TO ELECTORAL POLITICS

The dissidents' campaign against corporatism allowed them to take advantage of the electoral democratization that Mexico was experiencing in the 1980s and 1990s. State-dominated corporatist channels had served as the principal forms of interest articulation in the past. Now, democratization presented new and potentially more effective alternatives, especially as political parties sought to broaden their constituencies by cultivating the support of social actors with historically low profiles in electoral politics.

CANACINTRA and the dissidents responded to the opportunities of democratization in distinct ways. CANACINTRA's increased dependence on the state discouraged the organization from taking advantage of the opportunities presented by democratization. Instead, the official chamber came to see the ruling PRI as its protector, and thus the bond between CANACINTRA leaders and the PRI tightened.⁵⁸

For the dissidents, the campaign against the Chambers Law opened avenues for building alliances outside the business community, ultimately positioning ANIT leaders to take advantage of the opportunities presented by democratization. The broadening of ANIT's struggle, from a targeted challenge to CANACINTRA to a more general claim against an unconstitutional law that distorts interest representation and deprives citizens of their rights of free association, created opportunities for the dissidents to expand the appeal of their movement. That is, their struggle was no longer

57. Numerous CANACINTRA officials used this phrase in my interviews. While the chamber's external response was to defend compulsory membership, internally the chamber began to implement reforms to prepare for the possible loss of this subsidy. These reforms sought to diversify the chamber's sources of revenue and reduce its dependence on dues.

58. Story (1986) provided evidence that individual CANACINTRA leaders did not have inordinately close relations with the PRI from the 1940s through the 1970s. But a new pattern had emerged by the late 1980s and early 1990s. For example, Juan Moreno, president of CANACINTRA (1986–1988), became a PRI representative in the Cámara de Diputados (1988–1991) and then an official in the Secretaría de Pesca. President Vicente Gutiérrez (1992–1994) was appointed by President Zedillo as a Mexico City borough president (*delegado*). Between Moreno and Gutiérrez, President Jorge Kawaghi (1988–1990) participated in the PRI's 1994 campaign, and Juan Sánchez de la Vara (president 1990–1992) even pledged PRI President Luis Donaldo Colosio the support of eighty thousand small industrialists (the rough size of CANACINTRA's membership) on the eve of the August 1991 elections.

limited to the representation of small industrialists but now addressed the more general issue of the ability to form associations free of state constraints. This crusade against corporatism resonated with other social actors' struggles to democratize Mexico and could be integrated into the larger effort.

Small Industry and PAN

One might expect that the dissidents' grievances would have resonated most with the Partido Acción Nacional (PAN), a traditionally anti-corporatist political force. Yet PAN's only formal support for the anti-corporatist coalition came in 1991, when a deputy submitted an initiative in Congress to repeal the Chambers Law. Presented at the end of the 1988–1991 legislative session, this initiative was never considered by the full Congress. Nor did PAN representatives in the 1991–1994 and 1994–1997 legislatures propose new initiatives. In fact, a PAN deputy was president of the Comisión de Comercio when the Cámara de Diputados received the executive branch's proposal for a revised Chambers Law in 1996, and PAN supported the new law.

PAN's unwillingness to support the dissidents' campaign against the Chambers Law is best understood as an instance of strategic party-building considerations overshadowing ideological principles. Since the early 1980s, active participation by business leaders, particularly from the north of Mexico, had given PAN increased visibility, financial resources, and fresh leadership and had contributed to professionalizing the party.⁵⁹ Many of these new Panistas from the commercial and service sectors participated actively in local chambers of commerce and the Confederación de Cámaras Nacionales de Comercio (CONCANACO). This confederation, which collected dues from hundreds of official chambers across the country, was one of the business organizations most threatened by a change in the law. CONCANACO was therefore a leading defender of compulsory membership throughout the debate sparked by the anti-corporatists in the 1990s. Reluctant to alienate this important constituency, PAN proceeded cautiously on the question of the Chambers Law.⁶⁰ On one hand, party leaders consistently made public declarations against the law, and PAN officials criticized the governments of Presidents Carlos Salinas (1988–1994) and Ernesto Zedillo (1994–2000) for their long delays in submitting new

59. For analyses of the relationship between business and PAN, see Arriola (1994) and Mizrahi (1994).

60. Based on interviews with PAN officials, Sept.–Oct. 1993 and June 1997, also on an interview with CONCANACO's president of business development, 9 Feb. 1994. The fact that the dissidents also opposed the neoliberal economic model, which PAN has strongly supported, made it easier for PAN to disregard them.

legislation and their constant threats to bypass Congress. But when push came to shove in the legislature, PAN supported the new law proposed by President Zedillo in 1996. ANIT then criticized PAN for claiming to be an “anti-corporatist,” “democratic,” and “pro-business” party while supporting legislation that one current of the business community opposed as being corporatist and anti-democratic.⁶¹ In the debates in the *Cámara de Diputados* in late 1996, critics of the new law repeatedly assailed PAN’s inconsistent position.⁶²

Small Industry and the PRD

Throughout the conflict over business corporatism, the dissidents’ most reliable advocate in the political arena was the PRD. The party criticized compulsory membership and assailed the state’s excessive capacity to intervene in the chambers’ internal affairs. Echoing the dissidents’ grievances, the PRD linked the lack of representation within the official business organizations to the chambers’ dependence on the state. As early as 1993, PRD deputies presented a proposed reform of the Chambers Law, arguing that the “corporatist and anti-democratic law” produced unrepresentative organizations and deprived Mexicans in the business sector of their freedom to associate.⁶³

The PRD’s opposition to corporatism should also be considered in the context of the party’s history. Since its founding in 1989, the PRD has faced considerable obstacles to obtaining support from popular-sector constituencies, such as workers and peasants. These difficulties were attributable to corporatist-engendered linkages between the governing PRI and Mexico’s largest labor and peasant organizations, the *Confederación de Trabajadores de México* (CTM) and the *Confederación Nacional de Campesinos* (CNC).⁶⁴ PRD leaders came to regard the elimination of corporatism as a means of dissolving the link between popular sectors and the PRI.⁶⁵

Whereas imperatives arising from PAN’s party-building strategy contradicted its anti-corporatist principles, party building and anti-corporatism

61. Among the many examples, see *Excelsior*, 17 Sept. 1996.

62. In particular, see the testimony of Diputado Mauro González Luna Mendoza, *Diario de los Debates*, 5 Dec. 1996.

63. The quotation is from the preamble to the PRD’s 1993 initiative, presented in the *Cámara de Diputados*.

64. Difficulties establishing alliances with popular-sector organizations have historically been a problem for parties of the Mexican Left: corporatism helped the PRI capture “their” constituencies.

65. The PRD’s position on corporatism is reflected in a June 1996 internal document (PRD 1996), in which party leaders sought to reconcile party positions on collective representation in the business and labor sectors with the Supreme Court rulings.

were complementary for the PRD. Party leaders were anti-corporatist and so were some of the PRD's key constituencies. The class-based popular-sector linkages that the PRD managed to establish were attained through alliances with dissident labor and peasant organizations. In the urban labor movement, for example, the PRD found a reliable source of support in the Frente Auténtico de Trabajo (FAT), an advocate of independent unionism since the 1960s. In the rural sector, the PRD obtained support from the Unión Nacional de Organizaciones Regionales Campesinas (UNORCA).⁶⁶ These autonomous organizations, which antedated the PRD, brought their own histories of struggle against corporatism into the party. Like ANIT, they had emerged in opposition to the official organizations charged with representing their interests in the Mexican corporatist regime.

Support for the small business dissidents' anti-corporatist campaign would help the PRD broaden its coalition. Since the late 1980s, the PRD has attempted to amass an array of grievances against the PRI and the authoritarian political system. By incorporating the representation of small industry and opposition to business corporatism into its campaign against the PRI—by offering “to grant them their freedom”⁶⁷—PRD officials seized an opportunity to broaden the party's base of support to include a potentially sympathetic faction of business. This faction was regarded by many in the PRD as yet another “victim of neoliberalism.” Thus the PRD integrated the private-sector dissidents' anti-corporatist campaign with their own criticisms of PRI authoritarianism. A passage from the 1993 proposal to reform the Chambers Law illustrates this PRD attempt to integrate criticisms of corporatism and the neoliberal economic model:

Recently, the Asociación Nacional de Industriales de la Transformación [ANIT] and other autonomous business organizations have criticized obligatory affiliation with business chambers. Beginning with the negotiations for Mexico's entry into the GATT, and later, within the current framework of the negotiations of NAFTA, there have been groups of entrepreneurs, particularly medium and small, that have expressed criticisms with respect to the terms of our country's incorporation into these agreements. Furthermore, there have been declarations of distinct regional and sectoral organizations, some of them expressed in forums of consultation in the Senate, where what was being presented by these autonomous business organizations was different and contradictory to the favorable positions to policies of indiscriminate trade liberalization and structural adjustment that the peak business organizations have defended.⁶⁸

66. For discussion of FAT, see Cook (1995). For discussion of UNORCA, see Foley (1995) and Fox (1994).

67. PRD Deputy Jorge Calderón, cited in *El Economista*, 9 Feb. 1993.

68. PRD proposal for reform of the Chambers Law, presented to the Cámara de Diputados, 17 Feb. 1993.

Economic Crisis, Small Business, and the PRD

The deep economic crisis that followed the peso devaluation in December 1994 created greater opportunities for collaboration between dissident small firms and the PRD. The crisis spurred small business mobilization in opposition to neoliberalism, and widespread social discontent created new opportunities for the PRD to broaden its electoral coalition.

Economic crisis in 1995 brought policy analysis back to the forefront of ANIT's agenda and prompted the dissidents to join forces with prominent social movements opposing the neoliberal economic model and demanding accelerated political reforms.⁶⁹ For example, in 1995 ANIT began to collaborate intensively with nongovernmental organizations such as Alianza Cívica and the Red Mexicana de Acción frente al Libre Comercio (RMALC) in proposing an alternative economic model. ANIT served as co-organizer of the Referendum de la Libertad, in which the proposed economic plan was disseminated in a public signature-gathering campaign in September and October 1995.⁷⁰ The following year, ANIT helped coordinate a national Jornada de Condena of the government's economic policy on 8 September 1996. More than fifty popular organizations set up tables in public places throughout the country for citizens to visit and register their economic grievances.⁷¹ The collaboration continued through 1997, when ANIT and six popular-sector organizations copublished a book (RMALC 1997). This book featured critical evaluations of NAFTA and the neoliberal economic model, diagnosed the post-1994 economic crisis and the government's responses, and proposed a set of alternative economic policies.

ANIT also began to collaborate with El Barzón, a debtors' organization created in 1993 by small farmers to protest rural credit policies. El Barzón experienced dramatic urban growth in 1995, as high interest rates and a contracting economy saddled thousands of middle-class families and small businesses with unserviceable debt obligations.⁷² In July 1995, ANIT

69. The dissidents embarked on an intense outreach program "to make friends with half the world" and establish links with various sources of opposition in Mexican politics. Interview with ANIT President Adán Rivera (1997–1999), Mexico City, 23 June 1997.

70. For more discussion of the referendum and ANIT's role, see Arroyo and Monroy (1996). See also Enrique Calderón, "Un referéndum para el cambio," *La Jornada*, 24 June 1995; and Julio Boltvinik, "Hacia un modelo económico alterno," *La Jornada*, 30 June 1995. Some of the dissidents had participated in RMALC activities prior to 1995, but they did so as individuals. After the crisis, clearer linkages were established between RMALC and organizations such as ANIT and the Foro de Cambio Empresarial (from Puebla).

71. See *El Universal*, 9 Sept. 1996. ANIT's press release to accompany the Jornada de Condena stated, "Only collective societal action will be able to force the changes that are so necessary and will be able to get the government to modify the current economic model, which is the cause of the difficult crisis"

72. For background on the origins and growth of El Barzón and its transformation from a localized movement focusing on rural credit policies to a broader "clearinghouse" for middle-class grievances against neoliberalism, see Williams (1996).

and four other small business associations joined El Barzón in declaring a suspension of payments to banks.⁷³ Later that year, the dissidents and El Barzón repudiated the state's program for debtors. ANIT President Pedro Salcedo described the Zedillo administration's Programa de Apoyo a Deudores de la Banca as "a financial trick" that would serve only to "improve the economic situation of the banks through the socialization of their losses and the disappearance of indebted firms."⁷⁴

In the context of economic crisis and increased small business mobilization against neoliberalism, the continuing conflict over business corporatism presented the PRD with a valuable instrument for broadening its electoral coalition by attracting a segment of small business. The PRD intensified its activities on behalf of the dissidents' challenge to the Chambers Law. Throughout the summer and fall of 1996, with advance copies of President Zedillo's revision of the law circulating throughout the business community, PRD officials participated in the forums throughout the country organized by the anti-corporatists, harshly criticizing the government's proposed national registry.⁷⁵ One day before the president officially submitted his initiative in November, the PRD sponsored another proposed reform, written in collaboration with anti-corporatist small industrialists, but this proposal was not considered by the full congress. In the December 1996 congressional hearings on the president's proposal, PRD deputies voiced impassioned criticisms of the new legislation, asserting that the new law circumvented the constitution and buttressed the undemocratic corporatist system of business interest organization.⁷⁶

By late 1996 and early 1997, then, neoliberalism, corporatism, and economic crisis had brought together a segment of small business and the PRD. With national midterm elections scheduled for July 1997, ANIT proposed explicit electoral collaboration, requesting that its president, Pedro Salcedo, run as a PRD candidate. ANIT leaders declared,

It is left to the PRD to defend the interests of society, and our goal is to contribute to your efforts. . . . We need your help to attract micro, small, and medium businessmen to the PRD, to convince them of the affinity of ideas and principles among us. . . . The PRD has called on all social forces in the country to work to reestablish the sovereignty of our national institutions in defense of our genuine interests. We are responding to these calls, and we wish to collaborate from inside the Party and bring the support of the many members of our sector.⁷⁷

73. *La Jornada*, 14 July 1995.

74. *La Jornada*, 1 Sept. 1995.

75. For the PRD's position on the proposed law, see *Propuesta* (the PRD newspaper), 17 Oct. 1996. The president's initiative was officially submitted to Congress on 13 Nov. 1996.

76. *Diario de los Debates*, 5 Dec. 1996. Notwithstanding the PRD's opposition, the initiative was converted into law, published in the *Diario Oficial* of 20 Dec. 1996, and went into effect on 1 Jan. 1997.

77. Letter from ANIT to PRD, 12 Dec. 1996. In July 1997, Salcedo was elected to the Cámara de Diputados as PRD representative from District 21 of Mexico City (Federal District). He de-

CONCLUSION

This article has contrasted the strategies developed by two organizations representing Mexican small manufacturers for responding to the sweeping economic and political changes of the 1980s and 1990s. It has focused on public expressions of support or opposition to policy, orientation vis-à-vis corporatist state institutions, and extra-organizational political alliances. The accommodationist strategy entailed public acquiescence to radical changes in economic policy, deployment of significant resources to preserve the corporatist framework, and support for the incumbent PRI. In contrast, the dissident strategy entailed persistent public criticism of neoliberalism, spearheading a national campaign against business corporatism and ultimately forming alliances with the Center-Left PRD. The accommodationist strategy strengthened the government by mitigating organized opposition to economic reform throughout most of the 1980s and 1990s. More recently, the dissident strategy deepened democratization in Mexico by helping a Center-Left opposition party broaden its electoral coalition. These distinct strategies have been explained in terms of the material and organizational bases of small business political activism.

The analysis of small business politics in Mexico illustrates how institutional legacies can affect political economy during periods of regime change. Although neoliberalism and a new relationship between the state and big business posed considerable challenges for small manufacturers in the 1980s and 1990s, a creeping process of democratization offered opportunities for new avenues of interest articulation. The emergence of electoral avenues for interest articulation, however, does not necessarily imply the obsolescence of corporatist channels. Different institutional arrangements can dominate in different realms of state-societal relations (Schmitter 1992). The durability of corporatist institutions, even in a time of democratization, can make it difficult for weak actors to shed old patterns of state-societal interaction, notwithstanding a changed array of material and political incentives. In Mexico the perseverance of corporatist channels provided CANACINTRA leaders with strong incentives to intensify rather than revise the accommodationist strategy. This strategy had sustained the organization for decades and, the leadership maintained, brought significant benefits to small industrialists. Even though the dissidents evaluated the accommodationist strategy much more critically and advocated a stronger defense of small industrialists' interests, they did so within the same corporatist framework that CANACINTRA was operating in. Thus the dissidents' original challenge was not to corporatism per se but to the leaders' strategy

feated the PAN and PRI candidates by receiving some 36 percent of the votes. By maintaining the dissidents' ongoing anti-corporatist campaign in his new capacity as deputy, Salcedo quickly earned a reputation as "el Diputado del SIEM," in reference to the name of the national registry included in the 1997 Chambers Law.

and responses to the constraints imposed by corporatism. After failing in this campaign, the dissidents later waged war on the same institutions.

This conflict over institutions exacerbated the differences between the two strategies. The conflict over corporatism drove CANACINTRA closer to the state and left the chamber in no position to take advantage of the significant alternatives that began to emerge in the late 1980s and early 1990s. In contrast, the dissidents found themselves well positioned to establish alliances with democratizing opposition movements in Mexico. The alliances formed between small business groups and popular-sector movements after the 1994 economic crisis are thus best understood in the context of these larger political and institutional conflicts. Economic crisis further aggravated the perilous conditions of both the Mexican popular sectors and small business, but among the latter sector, only the dissidents were prepared to form such alliances.

From a broader perspective, instrumental collaboration between small business and popular movements is not unprecedented. In Latin America, such "defensive alliances" have emerged regularly in periods of economic contraction, only to wither away as more typical conflicts over wages, benefits, and unionization accompany resumed economic expansion.⁷⁸ Such tensions are likely to reemerge in Mexico too. But by placing the alliance between small business dissidents and the PRD in the context of a longer trajectory of political activism, this article has highlighted the political dimensions of the alliance. The basis of opposition politics is not limited to economic policy but includes eminently political issues such as rights of free association and limiting the state's capacity to structure patterns of interest organization.

78. For excellent illustrations of such alliance patterns in Argentina, see O'Donnell (1978) and Smith (1991). Smith wrote of the "transitory pacts of convenience" that formed regularly in Argentina between organized labor and domestic-oriented industry in the 1950s and 1960s. He emphasized, "once expansion was under way again, conflicts between labor and capital eroded the alliance's cohesion" (Smith 1991, 38).

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