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Rebels without a Cause? The Politics of Entrepreneurs in Chihuahua
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Introduction

On July 13, 1992, the Partido Acción Nacional (PAN) scored an important victory in the northern state of Chihuahua, winning not only the gubernatorial election, but also the most important cities of the state and a majority in the local Congress. As in the previous elections of 1986, one of the characteristics of this electoral process was the overt participation of entrepreneurs in the opposition, particularly small and medium-sized entrepreneurs.

The victory of the PAN is intriguing when compared to the poor electoral performance of the party in previous elections and considering the unequal access to resources vis-à-vis the Partido Revolucionario Institucional (PRI). Moreover, many analysts, politicians, and journalists, predicted that although the 1992 elections would be contested, the PRI would be able to win with a comfortable margin. It was argued that the economic and political conditions that led to the strengthening of the PAN in 1983 and 1986 were absent this time. In contrast to the eighties, the economic situation

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1 The PAN won the gubernatorial elections with 52% of the vote. The PRI obtained 47%. The PAN also won the twelve most important municipalities of the state including Ciudad Juárez, Camargo, Casas Grandes, Villa Coronado, Cuauhtémoc, Hidalgo del Parral, Jiménez, Madera, Namiquipa, Nuevo Casas Grandes, Ojinaga and Saucillo. The only two important cities won by the PRI were Chihuahua and Delicias. The PAN also won 10 out of 18 deputies, which gave the PAN a majority in the local congress. This result is unprecedented. Although the PAN has currently two governors in power (Baja California and Guanajuato), in neither case has the PAN a majority in the local congress. The defeat of the PAN in the capital city of Chihuahua can be attributed to two factors. First, PAN's candidate — an entrepreneur who had been president of the local Coparmex and was a charismatic political figure — withdrew from the electoral campaign after being nominated, leaving the PAN without a strong candidate to replace him. Second, the PRI's candidate — also an entrepreneur who had been president of the local Chamber of Commerce — had a similar profile to the PANista candidates. Rumor had it that he had supported the PAN before. In an interview, he admitted that he won because he had a totally different campaign style and because his strong opponent had withdrawn from the race. "If he had not withdrawn, I would have lost." Interview with Patricio Martínez, Chihuahua, July, 1992.

2 In 1989 the PAN lost all municipalities and all but one seat in the local congress. In the federal elections of 1991 the PAN did not win any deputies through majority vote. It is estimated that in 1992 the PRI spent 20 million dollars on its campaign, an amount greater than what governor Ann Richards spent in her campaign for the governorship in Texas. See José Ureña, "Gastó el PRI más de 65 mil millones para derrotar al PAN en Chihuahua," La Jornada, July 7, 1992. The PAN, according to the director general of Francisco Barrio's campaign, spent one million dollars. Interview with Manuel Carrazco, Chihuahua, July 1992.

3 See for example, Alberto Azis Nassif, "Chihuahua: De la euforia a la indiferencia," in Tonatiuh Guillén López, et al., Frontera Norte. Una década de política electoral, Mexico, El Colegio de México/El Colegio de la Frontera Norte, 1992; and "En Chihuahua no habrá otro verano caliente," La Jornada, June 17, 1992. See also the opinion poll published by Nexos where it was predicted the PRI would win by a 2 to 1 margin. Nexos, n. 174, June, 1992, p. 79-84.

4 In 1993 the PAN won the seven most important municipalities of the state, which concentrate 75% of the population. In the 1986 elections, the PRI "officially" won the governorship and all but one municipality in one of the most fraudulent elections of Mexico's contemporary history. See, Alberto
had improved significantly. As the GNP was growing and inflation had been reduced, there was a broad consensus that Fernando Baeza had been a good governor and that therefore, the PRI would be able to recover its traditional dominant role. The PRI had a better organizational structure. But more importantly, it was stressed that the PRI and the government had been able to reestablish their traditional alliance with the entrepreneurs, who in 1983 and 1986 gave their support to the PAN as a reaction against the nationalization of the banks and the exchange controls imposed by President López Portillo. The landslide victory of the PRI in the 1991 federal elections and the unprecedented high electoral turnout, were cited as evidence of the PRI’s electoral recovery.

Although the most prominent entrepreneurs overtly gave their support to the PRI in 1992, a significant number of small and medium-sized entrepreneurs continued to give their support to the PAN. Entrepreneurs not only contributed with financial resources to the party, they also became candidates of the PAN, and played a critical role in the organization of the campaigns.

Why did so many entrepreneurs remain supportive of the opposition despite governor Baeza’s conciliatory efforts to regain the confidence of the business community and the much approved pro-business policies of president Salinas de Gortari? Are they rebels without a cause?

I shall argue that entrepreneurs, who continued to support the opposition, considered that although the current local and federal administrations have been favorable to business, the basic demand of 1983 and 1986 remained unfulfilled, namely, the introduction of democratic reforms. This paper compares the political alignment of entrepreneurs in the 1986 and 1992 elections and analyzes why some entrepreneurs developed an interest for democracy. The first part analyzes the entrepreneurs’ political alignment and their modes of political participation. The second part discusses whether pragmatism and democracy are contradictory principles, and the third part evaluates the impact of the political participation of entrepreneurs and the victory of the PAN in Chihuahua for democracy in Mexico.


As the candidate of the PRI for the governorship said with total assurance a month before the elections “good governments give us votes; bad governments take them away.” Interview with Jesús Macías, Ciudad Juárez, June, 1992.

Between 1988 and 1999, the votes for the PRI in federal elections increased by 45.97% while PAN only increased its number of votes by 16.22%. In the 1991 elections the PRI obtained 56% of the vote in Chihuahua while the PAN obtained only 32%. The turnout in these elections was 60%, a high turnout when compared with 34% in 1989 and considering that Chihuahua has traditionally been an abstentionist state. See “Michoacán y Chihuahua. El porvenir de la democracia,” Este País, n. 16, July, 1992, p. 2-26.

Besides Francisco Barrio, an entrepreneur who ran as candidate for governor in the 1986 elections, many entrepreneurs ran as candidates for mayors of the most important cities of the state and as candidates for deputies at the local congress. As in 1986, entrepreneurs also played an important role in the organization of the campaigns.
Looking Beyond Appearances: The Political Alignment of Entrepreneurs

The silent opposition

A year before the 1992 elections, Chihuahua was a state that seemingly presented no electoral problems for the PRI. Since 1986, the PRI had been able to recover most electoral positions won by the PAN in the early eighties. Although governor Baeza confronted severe problems of legitimacy and assumed power amidst a politically charged environment, there was a broad consensus that he had been successful in smoothing over the tense political situation and, above all, in reconciling with the entrepreneurs who had significantly contributed to the strengthening of the PAN in 1983 and 1986.

The confrontational attitude of entrepreneurs had disappeared. Even the most radical supporters of the PAN in 1986 recognized that governor Baeza’s openness towards entrepreneurs and his conciliatory attitude had effectively contributed to the political de-activation of entrepreneurs. As Eduardo Baeza —current president of Coparmex in Chihuahua and an active supporter of the PAN— said,

Baeza has actively courted entrepreneurs to seek their support. He calls entrepreneurs, lets them know that he is ready to help and asks them what projects they want the government to sponsor, what law initiatives they want him to support, etc. He consults with entrepreneurs about issues of public interest on a routine basis. What Baeza does not like is that entrepreneurs present their demands in public; he prefers to negotiate in private.8

After 1986, most entrepreneurs, who had actively supported the opposition, left the political arena and returned to their private businesses. They ceased to confront the government in public and refrained from adopting a visible political role in the 1988, 1989, and 1991 elections. Furthermore, in contrast to 1986, with the exception of Coparmex, business chambers were now controlled by pro-PRI and pro-government entrepreneurs.

The generalized perception in the press before the 1992 elections, as well as in academic circles, was that entrepreneurs did not really have a long-term commitment to the opposition; that they were pragmatic, that is, that they supported whoever assured them a good and safe environment for doing business; and that their interests were more important than their ideas. Their active support for the PAN in 1983 and 1986 was interpreted as a short run strategy to press the government to abandon its “populist” orientation and to become more efficient in its administration of public finances. Once the government succeeded in lowering inflation, reactivating economic growth, and introducing a series of overt pro-business policies —such as the privatization of national enterprises, the privatization of banks, the reform of article 27 of the Constitution, etc.—

8 Interview with Eduardo Baeza, Mexico City, June, 1992. Eduardo Baeza is not related to governor Baeza, even though they share the same surname.
entrepreneurs renewed their traditional support for the PRI. For despite their fraudulent practices, the PRI and the government have a record of “getting things done” with a minimum degree of social conflict.\(^9\)

However, as the 1992 elections showed, many entrepreneurs remained supportive of the opposition. It became clear that their non-confrontational attitude, their willingness to negotiate with governor Baeza, and their withdrawal from the political arena were not synonymous with support for the PRI. How then, can we explain their lack of political participation after the 1986 elections? There are three main reasons.

First, after 1986 there was a pervading feeling of disillusionment amongst all that actively participated in the opposition. Although the campaigns had been successful in mobilizing thousands of people in support of the PAN, the fraud was so massive that people felt there was no chance of effecting any changes through the electoral arena. In contrast to 1983, when the PAN had won the most important cities of the state in relatively clean elections, in 1986 the government resorted to massive fraud to prevent an almost inevitable victory of the PAN.\(^10\) That, according to many entrepreneurs, discouraged them from maintaining their participatory attitude. As Raymundo Gómez said,

> After the 1986 elections, we continued our post-electoral movement for seven months. As time went by, people lost hope, they were frustrated and exhausted. We could not prove our victory, we did not have the actas electorales (electoral certificates). It was a hard psychological shock because our commitment had been absolute. We were totally discouraged.\(^11\)

Second, and related to the first reason, many entrepreneurs abandoned their businesses to participate in the campaigns. That proved too costly in a cause that had low probabilities of success. “My participation,” said one entrepreneur, “implied many sacrifices because I was on the verge of bankruptcy after the elections.”\(^12\) This view was often repeated in my interviews. Moreover, the government also “punished” many entrepreneurs who actively participated in the opposition by boycotting and/or auditing their businesses.\(^13\)


\(^10\) Due to the strength of the PAN in Chihuahua, the 1986 elections attracted an unprecedented number of journalists and academics. They reported and condemned the fraud, and called for the annulment of the elections. See Juan Molinar, “Regreso a Chihuahua,” *Nexos*, n. 111, March, 1987.

\(^11\) Interview with Raymundo Gómez, an entrepreneur who became director general of Francisco Barrio’s campaign in 1986. He is currently a federal deputy for the PAN, Mexico City, November, 1991.

\(^12\) Interview with Alberto Mesta, former secretary general of the PAN in Chihuahua, Chihuahua, February, 1992.

\(^13\) Several entrepreneurs who supported the PAN reported that their businesses had been audited. In
Finally, entrepreneurs, as well as other sectors of the population, returned to their traditional abstentionist behavior in subsequent elections because federal and municipal elections do not awaken the same degree of interest and participation as an election for governor. With the exception of the federal elections in 1991, which attracted an unprecedented number of voters, the abstention rate in the 1988 and 1989 elections was around 70%.

The 1992 elections were different from all elections after 1986. In the first place, this was a gubernatorial election which normally motivates a greater number of people to participate. Second, Francisco Barrio, a well respected and charismatic entrepreneur, ran again as candidate for the PAN. Barrio’s candidacy strengthened the PAN and encouraged people to renew their support for the opposition. Third, in contrast to the elections of 1986, many voters in Chihuahua perceived that the government would be able to “afford” a PANista victory like that of Baja California in 1989. The 1986 electoral process had tarnished the image of the government both domestically and internationally; these elections represented a good opportunity to let the government clean its image and show its commitment to democracy. After all, Francisco Barrio had considerably moderated his rhetoric compared to 1986; he represented no real threat to the economic policies introduced by the Salinas administration. Moreover, the electoral difficulties in Guanajuato and San Luis Potosí in 1991 convinced people that if they organized well in support of the opposition, the government would not be able to tolerate a post-electoral mobilization like that of 1986, and therefore, that the chances of committing massive fraud were smaller. The belief that the 1992 elections would be cleaner and that the opposition had consequently greater chances of success motivated many entrepreneurs to re-activate in support of the opposition.

their view, this was a consequence of their political activities. The most noticeable case of how the government retaliated against PANista entrepreneurs is that of Federico Terrazas, one of the few large entrepreneurs who overtly supported the opposition in 1983 and 1986. Terrazas owns Cementos de Chihuahua, one of the largest cement industries in the country. After 1986, the local government ceased to buy his cement and bought cement from Nuevo León. As a result, his business was seriously affected. In the 1992 elections he not only refrained from overtly supporting the opposition, but he also financially supported the PRI.

One of the reasons behind the high voter turnout in the 1991 mid-term federal elections, was that the PRI implemented a new electoral strategy based on territorial organization. The PRI was confident that this strategy would yield the same results as in 1991, but to their surprise, this time the strategy did not work.

Indeed, Barrio made an effort to portray himself as no real threat to the central administration and advertised himself as a pro-Salinas governor.

The elections in Guanajuato and San Luis Potosí were highly controversial. In both states the opposition alleged there were too many irregularities in the electoral process and called for the annulment of the elections. In both states the electoral conflicts were solved after the elected PRI governor resigned and an interim governor was named. In Guanajuato, where the PAN was the major opposition party, the PANista mayor of the city of León was appointed as interim governor. That happened before the PRIista elected governor assumed power. In San Luis Potosí, where the opposition was composed of a coalition between the PAN and the Navista movement, a PRIista was appointed as interim governor after the governor resigned.
Entrepreneurs' modes of political participation

As in the 1983 and 1986 elections, the most important cleavage defining the political alignment of entrepreneurs in 1992 was size.\(^\text{17}\) Large entrepreneurs overtly gave their support to the PRI while small and medium-sized entrepreneurs supported the PAN. As I shall elaborate below, this pattern of political alignment derives from the degree to which entrepreneurs have economic and personal links with government authorities. Typically, large entrepreneurs have greater links with the government than small and medium-sized entrepreneurs. Their businesses depend more on government purchases, contracts, subsidies, credits, tax exemptions, and many "special favors", including a lax interpretation of the law and the resolution of labor disputes. Although their economic dependence makes them more vulnerable to the government, they have enjoyed a greater access to the mechanisms of decision making and have thus been able to exert a powerful influence on government policies, both at the local and federal levels.

Small and medium-sized entrepreneurs, on the other hand, have been economically less privileged by the government and have enjoyed less access to the decision making process. They consider not only that their interests are not adequately represented within Mexico's political institutions, but that in fact, these institutions have consistently discriminated against them. Subsequently, they have been motivated to seek a redefinition of the rules of the game through the electoral arena. Their relatively greater economic independence from the government has given these entrepreneurs greater political autonomy to support the opposition without fearing government reprisals.

In 1983, many large entrepreneurs, who were angered by the nationalization of banks and the exchange controls imposed by the government, covertly supported the PAN with financial resources, while publicly declaring their support for the PRI. Their businesses were too vulnerable to government reprisals; they could not afford to overtly protest against the government. By 1986, however, after they were pressed by the government to withdraw their support for the opposition, the majority of these entrepreneurs ceased to financially support the PAN.\(^\text{18}\) As a result, the divisions between large entrepreneurs on the one hand, and small and medium-sized entrepreneurs on the

\(^\text{17}\) The most accepted and commonly used variable to rank firms according to their size is the number of workers they employ. Large firms employ more than 250 workers; medium-sized firms employ more than 100 but less than 250 workers, and small firms employ less than 100 workers. See Instituto Nacional de Geografía y Estadística, Nacional Financiera and ILET, Estadísticas Industriales. Información por Tipo de Empresa e Índices de Concentración, 1988.

\(^\text{18}\) There are important exceptions, of course. There are some large entrepreneurs who continued to support the PAN. Most of these entrepreneurs have porfirian origins, their fortunes were not created with the help of the post-revolutionary state. These entrepreneurs have traditionally maintained a politically independent position vis-à-vis the government. They also consider that the post-revolutionary government has treated them with contempt. Examples of these entrepreneurs are Federico and Enrique Terrazas, Juan Muñoz, Jaime Creel, Matías Mesta, and Miguel Fernández. As I mentioned above, Federico
other, became more pronounced. This pattern of political alignment virtually remained intact in the 1992 elections.\(^{19}\)

The most important difference between the 1986 and the 1992 elections was the mode in which these electoral preferences were expressed. In contrast to 1986, when large entrepreneurs supported the PRI on an individual basis, in 1992 these large entrepreneurs were incorporated into the PRI through the so-called *Comités de Financiamiento de Campañas*, organizations in charge of raising funds for the PRI.\(^{20}\) This form of integrating entrepreneurs into the PRI without formally incorporating them as a sector of the party was a response to the growing politicization of entrepreneurs. On the one hand, it offered entrepreneurs an institutional channel of participation without compromising the principles of the party. On the other hand, giving entrepreneurs a stake in the PRI and allowing them to play a more visible political role was considered necessary in countering entrepreneurs’ increasing support of the PAN. The *Comités de Financiamiento de Campaña* became the vehicles through which entrepreneurs expressed their political preferences, organized reunions with the candidates and gained exposure to the mass media. In addition, in contrast to the past, the PRI made an extraordinary effort to advertise that it had the support of business. The PRI traditionally portrayed peasants and workers (the popular sectors), and not business as the party’s main constituents.

Small and medium-sized entrepreneurs, on the other hand, became politically less visible than in previous elections. As I have argued elsewhere, in 1983 and 1986 entrepreneurs played a critical role in the organization of the campaigns, but these were virtually organized outside the party.\(^{21}\) The PAN as a political institution was organizationally weak, thus giving entrepreneurs a greater room to manoeuvre. Furthermore, until the mid-1980’s, Chihuahua’s local business chambers were controlled by pro-PAN small and medium-sized entrepreneurs. Although by law the chambers could not

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19 There are some cases of small or medium-sized entrepreneurs who supported the PAN in 1986 and in 1992 supported the PRI. Most of these entrepreneurs, particularly those in the construction business, were granted important concessions by the local government which made their business grow considerably. “In 1986, when I supported the PAN, my business was small. Today I am a large entrepreneur and I support the PRI. My business benefitted from the construction projects sponsored by the local government.” Confidential interview.

20 The *Comité de Campaña* in Chihuahua was chaired by Lic. Rodolfo Martínez, who owns one of the biggest construction firms in Chihuahua. His business heavily depends on government contracts. In Ciudad Juárez, the *Comité de Campaña* was chaired by Ing. David Arelle, who also owns a big construction firm that relies on government contracts. Most of the largest entrepreneurs in Chihuahua were members of these *Comités de Campaña*. A notable exception was that of Eloy Vallina, one of the largest entrepreneurs in the state. However, Vallina publicly declared his support for the PRI and one of his high level managers became one of the leading organizers of PRI’s campaigns.

express a partisan opinion, the chambers took an active role in encouraging people to vote and after 1986, they condemned the electoral fraud and organized a business strike.

In 1992, the PAN had fewer economic resources compared to 1986 because many large entrepreneurs ceased to financially support the party. However, as a result of a project undertaken in 1988 to reorganize the PAN, the party had a stronger organizational structure which allowed it to organize the campaigns without having to rely on outside persons or organizations. Entrepreneurs still occupied leading positions in the organization of the campaigns, but this time, they did not create parallel organizations. They were incorporated into the party structure. Moreover, with the exception of Coparmex, Chihuahua’s business chambers adopted a low political profile. This was mainly because these chambers were now controlled by pro-PRI entrepreneurs.

**Pragmatism and Democracy: Two Contradictory Principles?**

Throughout Latin America, entrepreneurs have not been characterized by their commitment to democracy. On the contrary, entrepreneurs have commonly been supporters of authoritarian regimes and have frequently become key allies of military coups. Because they are one of the most privileged sectors of society, entrepreneurs have tended to support regimes that safeguard their interests by maintaining order and political stability, regardless of how repressive, unfair and/or immoral they might be. Entrepreneurs have indeed been committed to pragmatism, and not to democracy.

Mexico has not been an exception to this general tendency. As in the rest of Latin America, Mexican entrepreneurs have been characterized by their pragmatism. As I have argued elsewhere, until the 1970’s, they accepted the tacit division of labor between the economic and political arenas that ruled the relations between

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22 In 1988 Raymundo Gómez —Francisco Barrio’s general campaign manager in 1986— became president of the PAN. One of his most important goals was to reorganize the party structure which was severely weakened after the elections of 1986. He encouraged the “professionalization” of the party by paying salaries to those officials assuming executive positions. That enabled them to become involved in the party on a full-time basis. Prior to these reforms, all officials worked on a voluntary basis. Gómez also introduced a strict internal discipline and ousted many members of the party.

23 Manuel Carrazco, the general director of the campaign is a small-sized entrepreneur who took this position after being invited by Francisco Barrio. Interview, Chihuahua, July, 1992.

24 Coparmex remained politically active as it has always been. Traditionally, Coparmex has been the most independent and radical business organization. In Chihuahua, as in many parts of the country, it is led by entrepreneurs who support the PAN. In Chihuahua, Coparmex organized a public forum where the four candidates for the governorship were invited to answer entrepreneurs questions. It was the first and only event of its kind. Coparmex originally wanted to organize a debate, but the PRI declined.


entrepreneurs and the government. By constraining their activities to the production of goods and services and refraining from overtly becoming involved in politics, entrepreneurs implicitly supported the Mexican political system, which although not as repressive as other Latin American political regimes, can hardly be defined as democratic. An entrepreneur’s main concern was assuring a profitable and safe environment for doing business, without getting too involved in the type of political regime necessary for that end. That was the job of the politicians. Entrepreneurs became a powerful interest group that only became publicly involved in matters related to economic policy while privately seeking access to high government officials. Although businessmen suffered from a negative public image, until the 1970’s, they neither made any effort to combat their image nor to promote and diffuse their ideas and values. Pragmatism, as Blanca Heredia has argued, became the golden rule of entrepreneurs.

Yet, since the 1970’s and especially throughout the 1980’s, a growing number of entrepreneurs, particularly small and medium-sized entrepreneurs from the provinces, started to become interested in politics and justified their political involvement in democratic terms. They considered that their traditional refusal to become involved in politics had been an omission and a mistake; they increasingly became preoccupied with acquiring a political education and with defining, promoting and diffusing their ideology.

Entrepreneurs’ political awareness was triggered by President Echeverría’s spending policies, which led to a greater intervention of the state in the economy, as well as by his “populist” and anti-business rhetoric. However, after President López Portillo nationalized the banks in the midst of an economic crisis of unprecedented dimensions, what had been only a political awareness turned into overt participation in the electoral arena in support of the opposition. For entrepreneurs, the bank nationalization represented a violation of the tacit agreement between business and the government. They accused the government of corruption and blamed it for mismanaging the economy. In their view, Echeverría and López Portillo were not just two isolated cases of presidents that confronted severe economic crises and turned against business to regain legitimacy vis à vis the popular sectors. The root of the problem was that the political system had no effective checks and balances to guarantee a more efficient administration of resources and to prevent public officials from adopting unilateral and “irresponsible” actions. It was therefore necessary to curb the highly discretionary power of the executive, create formal mechanisms to make the government accountable for its actions, and bind the government to the rule of law. In short, it was necessary to introduce democratic reforms to insure that public officials became more “responsible”

27 For an excellent analysis of the entrepreneurs’ increasing interest in the promotion of their ideas and values see Blanca Heredia, “Ideas vs Interests? The Mexican Business Community in the 1980’s,” paper presented at the Conference on the Right in Latin America, Columbia University, April, 1990.
28 As we shall see below however, their commitment to democracy was divorced from matters related to social justice.
and responsive towards business. How can we explain the entrepreneurs' increasing interest for democracy? Did they become less pragmatic?

As I mentioned above, entrepreneurs who gave their support to the opposition were typically small and medium-sized entrepreneurs. They were not directly affected by the nationalization of the banks, but were highly vulnerable to the shocks experienced by the economy. Most of these entrepreneurs have few economic or personal ties to the government and consider that the largest entrepreneurs have disproportionately benefitted from a privileged access to government's credits, subsidies, contracts, concessions, and other favors the government distributes in a highly discretionary fashion. Similarly, large entrepreneurs have also had a greater access to high government officials, allowing them to exert a powerful influence in the process of decision making. In contrast to large entrepreneurs, small and medium-sized entrepreneurs feel politically marginalized and believe their interests are not adequately represented in the current political system.

Their limited "informal" access to the highest levels of government has pushed these entrepreneurs to seek greater political representation outside the tutelage of the PRI and the government. They have also had more freedom to organize in opposition to the PRI and advocate for a fundamental change in the rules of the game, without fear of retaliation from the government. For these entrepreneurs, a more democratic political regime is consistent with pragmatism. In fact, it represents the best political alternative to protect and express their interests. Their commitment to a more democratic regime explains to a great extent why these entrepreneurs remained supporters of the opposition even though at the federal and local levels the administrations advocated pro-business policies.

Although small and medium-sized entrepreneurs have, in general, welcomed the economic policies introduced by President Salinas, they disagree with the procedures the government follows to adopt particular decisions or implement policies. The basic characteristics of Mexico's political system have remained unaltered. The government still operates with a high degree of discretion, it does not have to account for its actions, the legislative and judicial powers are subordinate to the executive. More importantly, there are no guarantees that government decisions are undertaken in the most effective and/or fair way: economic decisions often reflect political interests. Furthermore, no one can be sure that people like Salinas will continue to be in power or that the government will not turn against business for political reasons. As a medium-sized entrepreneur said, "Salinas and Baeza are performing well now, but there is no guarantee that the president will not go crazy during the last year of his administration."29

29 Interview with Matías Mesta, Chihuahua, November, 1991. This is also one of the reasons why entrepreneurs in general support the North American Free Trade Agreement between the United States, Canada, and Mexico. The NAFTA is perceived as a regulatory framework that will ensure the continuity of the policies introduced by the administration.
It is important to emphasize here that entrepreneurs' support for democracy is divorced from the question of social justice. Democracy is understood as a set of procedures or rules of the game that make the government more responsible for its actions. By democracy, they do not mean a better distribution of income or an expansion of the welfare state.

For large entrepreneurs, on the contrary, democracy and pragmatism are contradictory principles. Their interests are better served by a more authoritarian political regime that allows the executive to distribute government favors and concessions with a high degree of discretion, i.e., the privileging of large economic concerns. Although discretionary power potentially generates a high degree of uncertainty because it enables the executive to turn against business, large entrepreneurs have always preferred it to a political system that binds government officials to formal and general rules. Their privileged access to the highest levels of government, on the one hand, and their ability to press the government by threatening to withhold investment and ship their capitals out of the country, on the other, make large entrepreneurs a powerful pressure group capable of informally influencing the government's decisions, thereby reducing its ability to go against their interests or their privileged position. In addition, large entrepreneurs perceive that due to the efforts on the part of the government to integrate the Mexican economy into the North American and Canadian economies, the likelihood that the government will turn against business is remote. In the unusual situations where the government has affected business interests, like the nationalization of the banks, large entrepreneurs have shown a remarkable capacity to negotiate and subsequently reconcile with the state authorities.

As I have argued above, entrepreneurs who supported the PRI in the 1992 elections, are, in general, those who have a stake in the continuity of the status quo because their businesses depend on their access to government concessions and contracts. These entrepreneurs supported the PRI, despite the low political profile and inexperience of its candidate for governor. As one of the most prominent entrepreneurs said when asked why he supported the PRI,

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30 This position entails a potential risk, namely, that the have-nots will democratically decide to affect the interests of the property holders. The position of the entrepreneurs in this respect—and heavily influenced by social Christian doctrine, I believe—has been to offer good treatment to workers inside the firm, to promote education and economic growth which will have a trickle down effect to the lower strata of society, and to publicly administer resources more honestly and efficiently, so that people see a stake in supporting a more democratic political system. PAN's political program in Chihuahua was based on "Seven Points," none of which addressed the problem of poverty, marginality, or redistribution of income. On the question of what democracy means to these entrepreneurs see Enrique Krauze, "Por una democracia sin adjetivos," Mexico City, Joaquín Mortiz, 1986. This essay was highly influential for these entrepreneurs. In my interviews, Krauze was often cited as a reference.

31 Jesús Macías, the PRI's candidate for governor, was City Mayor of Ciudad Juárez. He was virtually unknown throughout the rest of the state and was accused of having economic and political links with a corrupt public official that escaped to the United States.
It is hard to believe the PRI chose such a fool to be our next governor. However, I have to support the PRI because my business is extremely dependent on the government. If I do not support the PRI, I may get into deep trouble.

Although not as explicitly, most entrepreneurs who supported the PRI admitted that they supported the party, regardless of its candidates, because the PRI has had more experience in government. It has been able to guarantee social peace and to ensure a profitable environment for business. When asked about the problem of accountability and lack of effective checks and balances, many of these entrepreneurs said that Mexicans are not really ready for democracy.

The President of the PRI’s Comité de Financiamiento de Campaña in Ciudad Juárez overtly admitted that pragmatism led to entrepreneurial support of the PRI. “We are pragmatic and we have seen results, that is why we have decided to participate politically in support of our state and our country. Entrepreneurs have confidence in our country; we recognize the work of President Salinas, who has known how to lead the country.”

Before the elections, it was often argued in the press that a PANista victory in reality did not represent a threat to the entrepreneurs who supported the PRI because the economic programs of the PRI and the PAN were virtually identical. Although there were similarities in the economic programs of the two parties, PAN’s commitment to bind the government to the rule of law and to reduce the discretionary power of the government represented a threat to those entrepreneurs who benefited from their privileged access to government officials. A PRIista entrepreneur who won the election for Mayor of the city of Chihuahua expressed this clearly when asked what would be the impact of a PANista governor on the entrepreneurs.

Entrepreneurs are mourning PAN’s electoral victory. There is a high degree of uncertainty about Barrio’s capacity to manage the state. Who knows if he will have the capacity to negotiate [with the authorities] in order to prevent the explosion of strikes...PRIista governors have the power to get things done. They can go to Mexico City and negotiate with federal authorities to be exempted from the implementation of laws [that may harm particular interests]. A PANista governor does not have the same capacity to get exemptions, the law will be enforced.

32 Confidential interview. Big entrepreneurs also knew that in the event of a PANista victory, the PAN would not turn against them for having supported the PRI. Interview with Eduardo Baeza, Chihuahua.
31 Interview with David Areille, La Jornada, May 24, 1992.
33 Interview with Patricio Martínez, Chihuahua, July, 1992. Judging from the experience of Baja California, where the PAN won in 1989, the fears about the capacity of a PANista governor to negotiate with the federal authorities seem unfounded. Governor Ruffo has not have major problems in negotiating with the federal authorities and attracting investments to the state. For big entrepreneurs, the greatest fear is the curtailment of the government’s capacity to distribute concessions and special prerogatives with a high degree of discretion. However, big entrepreneurs have direct links with federal authorities.
This discretionary and erratic pattern of law enforcement that has characterized Mexico's political system was precisely one of the main targets of the opposition.

**PAN’s Electoral Victory. Is Mexico Closer to Democracy?**

The victory of the PAN in Chihuahua was advertised by the government as a sign of democratization of Mexico's political system. Indeed, the 1992 elections in Chihuahua were remarkably clean, and its results were hastily accepted by the federal government. In contrast to the controversial elections in Guanajuato and San Luis Potosí in 1991, in Chihuahua the electoral process was calm and undisputed.

Nevertheless, it is highly problematic to conclude that Mexico's political system is unequivocally undergoing a process of transition to democracy. Although the government did not resort to its traditional fraudulent practices—like stuffing ballot boxes, annulling votes in those areas that favored the opposition, stealing ballot boxes, etc.—the electoral process was far from clean. The PRI used public funds lavishly to finance its campaigns, a situation that besides being illegal, created an enormous disparity with the other contending parties. Although the PRI claimed that its resources came from private contributions, it is highly unlikely that the PRI was able to collect 20 million dollars. Moreover, the PRI resorted to its traditional methods of using the carrot and the stick to "buy votes." It promised to pave streets, build roads, construct schools, etc. in those neighborhoods that voted for the PRI; the PRI also distributed a variety of goods—meat, cooking oil, rice, hats, aprons, etc.—to those willing to put PRI banners in their windows, and threatened not to attend to the needs of those neighborhoods that voted in favor of the opposition. Finally, the access of the different parties to the mass media was highly biased in favor of the PRI throughout the whole electoral process.

Furthermore, in other parts of the country, particularly where the Partido de la Revolución Democrática (PRD) was strong, the government and the PRI resorted to fraud to ensure a PRI victory in the elections. The official electoral results in Durango, Puebla, Sinaloa, Tamaulipas and Michoacan were censured by the opposition, claiming that there were too many irregularities during the electoral process to make these results and continue to have the power to influence them on their behalf. While they prefer to have a PRIista in government, they are not too affected by a PANista at the local level.

The opposition has repeatedly accused the PRI of using public funds during its campaigns. Moreover, they have argued that the Comités de Financiamiento de Campaña have been used as a facade to cover up PRI's illegal use of public funds.

I joined PRI's candidate for Mayor of Ciudad Juárez in one of his campaign rallies. This rally took place in an extremely poor area of the city. The PRI was not only promising to build roads and pave streets once they were in office, they were actually promising to do these public works while they were on the campaign. When I asked where they got the funds to pay for these activities, they answered that the PRI only "pressed" the municipality to take care of these needs. It was obvious that this is only one of the forms in which the PRI uses public funds for its campaigns.
credible. In contrast to the post-electoral conflicts in 1991 in the states of San Luis Potosí and Guanajuato, the government was more reluctant to deal with the opposition’s demands.38

The victory of the PAN in Chihuahua appears, in fact, to have allowed President Salinas to promote his administration’s commitment to democracy, both at home and abroad with a minimum of democratic reforms. The key pillars of Mexico’s political system remain very much in place, namely, presidentialism, centralization of power, subordination of the legislative and judicial powers to the executive, etc. Clearly the government and the PRI still hold a firm grip on power: they decide where and when the opposition can be allowed to win. The victory of the PAN in Chihuahua was recognized because the President had the political will to respect the results. In other parts of the country, that political will did not exist. This can hardly be considered as a path towards democracy.

Furthermore, clean elections are indispensable to democracy, but that is only the first step. Democracy also requires freedom of the press, division of power, accountability, and freedom to organize and participate in the political process. To advance towards democracy it is not enough for the political authorities to allow occasional opposition victories. It is also necessary for opposition political parties to be strong enough to maintain their political presence between elections, keep a permanent watch on the government, and continually press the political regime into opening the political system. Democracy will not be granted by the political regime; it must be fought for and won from the bottom up.

As I have argued above, entrepreneurs played a critical role in strengthening the PAN in Chihuahua and allowing the party to win elections. As in 1983 and 1986, they occupied leading positions in the organization of the campaigns, contributed financial resources, and became candidates of the party. For them, the PAN represented the only alternative to voice their demands and participate in public life. However, it is still

38 It appears that the government supports a “selective democracy,” willing to recognize few and occasional PANista victories but foreclosing all possibilities of recognizing the victories of the PRD. Where the post-electoral mobilizations have proven to be too strong, the PRI has been forced to attend to the demands of the opposition. In Michoacan, the governor resigned after he had already assumed power due to the strong mobilizations which made his job impossible. This was a compromise solution that allowed the PRI to attend to the opposition’s demands without having to recognize a PRD victory. In the long run, this can prove more damaging to the PRI. The PRD represents a real threat to the government for several reasons. First, its most important leaders defected from the PRI. Second, the party supports economic policies that run against the government’s economic strategy. Finally, the PRD has adopted a confrontational position and, in contrast to the PAN, has been reluctant to moderate its position and negotiate with the government. PAN’s strategy to seek good relations with the government has proven successful in that the party has been allowed to win elections, but it also threatens to reduce the independence of the PAN as an opposition political party. In the case where the PAN made a coalition with the PRD, like in Durango, the government appeared reluctant to attend to the opposition’s demands after the elections. The government has increased PAN’s stakes to run alone and seek good relations with the government, a situation that divides the opposition and prevents it from unifying forces to challenge the government on a united front. This will become more important for the presidential elections of 1994.
debateable whether the PAN is strong enough to transcend beyond the electoral arena. Compared to 1986, the PAN has currently a stronger organization, but it is still a party that becomes activated mainly during elections. Furthermore, the participation of entrepreneurs has triggered severe divisions within the PAN, as old time supporters complain they have been displaced by the newcomer entrepreneurs. This might weaken the party in the long run. PAN’s electoral victory will in fact become a test to the party itself, that is, its ability to maintain its independence from the government, to make it accountable for its actions, and to preserve its links with its constituents. The extent to which the PAN is successful on all these fronts, will determine whether or not democracy has won a victory in Chihuahua.

Conclusions

In this paper, I have argued that contrary to what had been expected, in the 1992 elections, small and medium-sized entrepreneurs continued to give their support to the PAN. Compared to the 1986 elections, the political alignment of entrepreneurs remained virtually unchanged. Small and medium-sized entrepreneurs rebelled against the PRI, even though they agreed with most of the policies introduced by President Salinas de Gortari and recognized that Fernando Baeza had been a successful governor. For although both the federal and local administrations have been favorable to business, the basic institutions of Mexico’s political system remain untouched.

The original “cause” that motivated “rebellious” entrepreneurs to organize against the PRI persists, namely, the introduction of democratic reforms. In their view, only through the creation of checks and balances in the political system is it possible to protect private property and guarantee that the government does not turn against business for political reasons. In contrast to large entrepreneurs who have many economic and personal links with government officials, and thus have informal means to safeguard their interests, small and medium-sized entrepreneurs have less power to influence decisions that might affect them and have, in general, been less benefitted by the government in terms of having access to the contracts, concessions, credits, and other favors the government grants in a highly discretionary manner. Thus, for these entrepreneurs, supporting the opposition became a pragmatic option because in their view, a political system that is bound to the rule of law and is forced to account for its actions is less able to negatively affect their interests and discriminate against them on a permanent basis. A more democratic political system also allows these entrepreneurs to have a greater political presence in the political system. For large entrepreneurs, in

39 At the national level, there has recently been an important split in the PAN. The members of the so-called “Foro Democrático y Doctrinario” — a faction within the PAN — left the PAN on the grounds that the party has closed ranks with the government in a way that compromises its principles. They accused the leadership of the PAN of being overtly pragmatic: trading off a few victories of the PAN in return for the complacency of the party on other matters.
contrast, a more democratic political system is not only not pragmatic, it represents a virtual threat against their privileged position.

In most Latin American countries that have experienced a transition to democracy, entrepreneurs accepted to organize and play by the new rules of the game.\(^\text{40}\) In part, this was because they saw no other feasible alternative. It was better to become "committed" to democracy than risk the outbreak of a social revolution or the total disintegration of the body politic. In Mexico, in contrast, democracy has not yet appeared as a feasible alternative to the largest and most powerful entrepreneurs. The PRI is still very much able to ensure social peace; the government is not confronted with a crisis of governability; and there is not yet an organized and strong opposition at the national level pressuring the government to introduce democratic reforms.

For the supporters of democracy, the victory of the PAN in Chihuahua represents a good starting point but it cannot be unequivocally taken as a sign that Mexico is advancing towards democracy. Democracy requires not only for opposition parties to win elections, but that people, including the largest entrepreneurs, become committed to democracy on a permanent basis. Furthermore, it is questionable whether democracy can exist and persist if it does not include the concerns of the majority of the population; that is, if it does not address the problem of social justice. While some entrepreneurs perceive democracy as a pragmatic option, it still remains to be seen whether or not they will accept the potential risks that a fully democratic regime entails in the long run. In other words, will entrepreneurs allow a democratically elected government to adopt policies that harm their interests?

While large entrepreneurs in Chihuahua will be forced to learn to negotiate with an opposition government that is committed, at least, to democratic procedures, at the federal level —where they have most of their economic and political links— they will continue to support the more authoritarian characteristics of Mexico’s political system. Large entrepreneurs are currently one of the most important allies of the PRI and the government. Unless large entrepreneurs see a stake in supporting a more democratic political system, it is highly unlikely that a democratic transition will take place at the national level in Mexico. Whether or not the government and its official party are able to “administer” political crises stemming from a greater politicization of civil society, it is doubtful that large entrepreneurs will develop an interest for democracy. Unless large entrepreneurs see a stake in supporting a more democratic political system, it is highly unlikely that a democratic transition will take place at the national level in Mexico.

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