Privatization and the Populist-Distributive Alliance

Privatization required that reformers transform the social base of the Mexican state. This chapter examines how state officials manipulated the corporatist mechanisms of control to overcome labor opposition and incorporate (in some cases, reincorporate) workers and other groups alienated by adjustment. Particularly during Salinas’s sexenio, state elites reworked the PRI’s corporatist framework and manipulated the clientelist links between the state and labor leadership, on the one hand, and the union leadership and the rank and file, on the other, to insure labor docility and neutralize the challenge of the leftist Party of Democratic Revolution (PRD). Unlike Egypt, the Mexican regime benefited from the presence of several mass organizations, and the PRI’s cooptive capacity facilitated the control of these popular organizations.

Although de la Madrid initiated neoliberal reform measures in 1983, it was Salinas who, after the PRI’s electoral defeat in 1988, realized that top-down reforms could not be sustained without popular support and reached out to workers and unincorporated middle class and popular groups. Salinas took advantage of institutions linking the PRI (and the state) to organized labor to enlist union support for privatization, manipulating mechanisms that controlled strike activity, union formation, and worker demand channels. These institutions of control would prove crucial to the reformers, who would shield them from the privatization process. As Middlebrooke and Zapada put it, “In marked contrast to the ‘state withdrawal’ agenda that economic reformers pursued in other arenas, government officials in the 1980s and 1990s showed little interest in dismantling the complex array of legal and administrative controls regulating wage and contract negotiations, union formation and strikes,” for it was these levers that helped neutralize labor opposition. The strike and exclusion clauses of the Federal Labor Law (LFT) were interpreted
stringently against anti-reform unions. Salinas’s control over strikes and the manipulation of the union registration process weakened the unions’ bargaining position and split the labor movement, marginalizing resistant unionists and co-opting pro-reform ones as intermediaries. The PRI’s social sector was revamped and expanded, with more patronage being delivered to the rank and file, sidestepping the more resistant charros. When traditional corporatist and clientelist mechanisms proved insufficient, Salinas used electoral reforms and the PRI-labor electoral linkage to reshape the electoral arena in favor of pro-reform candidates and unionists. Salinas’s thinking after 1988 was simple: if the PRI was to have the capacity to win future elections without rampant fraud and violence, it had “go to the base” and could not rely on the sectoral organizations and the caciques who ran many of them.

Salinas’s coalition-building strategy had a deliberate logic of timing, sequencing, and targeting. Through party reforms, Salinas’s team wanted to promote just enough institutional change to facilitate economic reform and to recoup the PRI’s electoral support, knowing that opening up the PRI to internal and external competition could jeopardize adjustment. Mexican reformers were trying to structurally revamp the PRI while maintaining power and to reform the economy while using the party structure as an instrument of governance and coalition building. In constructing a pro-reform coalition, Salinas did not totally exclude labor; organized labor was weakened but not totally marginalized, because reformers still needed labor for campaigning and vote gaining. In fact, after whittling away at the CTM’s power and weakening charros to facilitate privatization, Salinas’s labor policy began to change; as the 1994 election approached, he began to restore privileges and benefits. It is this flexibility and responsivity on the part of the Mexican state that stand in contrast to Egypt’s low capacity. The Mexican regime stands out in Latin America for its ability to use the state-labor alliance to contain opposition to economic polices that inflicted tremendous hardship on workers and still maintain organized labor’s support on macroeconomic policy and in elections. The financial crisis of 1994–95 did trigger a backlash against the PRI and Salinas’s economic project, with scores of peasants and workers leaving the ruling party, but the economic and institutional reforms put in place in the previous years were not be threatened.

Pronasol, the antipoverty program, which has been called Salinas’s “greatest institutional innovation,” was central to the reformers’ new coalition-building strategy. Pronasol helped Salinas reverse the PRI’s declining electoral strength. The program helped mobilize and incorporate new social groups by getting them to participate in the state’s new economic and political project. Pronasol, however, was not the “innovation” it has