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Economic Policy in the Conception of the Mexican National State through Globalization

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ABSTRACT

The objective of this essay is to contribute briefly to the understanding of the conception of the Mexican State from the perspective of economic policy, under the premise of the struggle between two ideological currents: 1) the one that promotes the intervention of the State in the economy and in the market and 2) the liberal one, which, as a political strategy, it changed its name to neoliberalism in 1938, and whose purpose lies in the liberation of markets and the restriction of the role of the State in public affairs. In this sense, this text also addresses some relations between Mexico and the United States, as well as global events as important factors in the construction of the national state. The essay is presented in three sections: 1) Welfare State: the development of its conception from the conflict. 2) Neoliberalism and the deconstruction of the State and 3) New perspectives on a global State. In addition to an introduction that puts into perspective the problem of the formation of the State since the Independence of Mexico.

Keywords: Economic Thought, Mexico-United States relations, Neoliberalism, Welfare state.

INTRODUCTION

One of the fundamental elements in the construction of the nation state, in addition to issues related to territory, identity and culture, is the economy. In the face of this, several countries seem to be sustaining a long-term ideological clash regarding the role of the State in economic affairs. In the case of Mexico, the conflict began from the beginning of its independence and the break with the hegemonic thought provided by, and for, New Spain. One of the guiding lines of the formation of the Mexican State deals with the liberal ideas that came through the Cortes of Cádiz, which, as a mechanism for the reconstruction of the fiscal and tax question, contributed to the exploitation of the ideas that contributed to the valuation of the subject as an individual. This led as a consequence, to the promotion of the concept of "citizen", which, at that time, combined with the need to uproot the ideas that during the colonial period, had concentrated their efforts on maintaining a society stratified by castes. These castes were, meanwhile, the regulatory mechanism of access to privileges, capacities and restrictions based on racial differentiation and segregation. This had marked a clear

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division between peninsular whites, criollos, mestizos, Indians, and all the other assignments derived from their mixtures. The elimination, at least on paper, of racial differences laid the foundations for the construction of the idea of the citizen as an individual subject, endowed with rights and obligations, among which were fiscal issues. In this regard, Antonio (Serrano, 2007) mentions that the objective of this was to promote the principles of equality, territorial uniformity and proportionality for the benefit of public accounts.

However, the arrival of the Mexican Revolution of 1910, a century after these advances, once again reformed the idea of the role of the State, which, during the nineteenth century, had materialized in the liberal Political Constitution of 1824 and later in that of 1857, also of a liberal nature. The paradigm shift began with the armed struggles of vulnerable settlers, mostly indigenous people who had not had the possibility of accessing land ownership, after the accumulation of large tracts through the consolidation of the hacienda economy, which was favored by the laws of the aforementioned Political Constitutions. The disenchantment with the social reality, sustained throughout the Mexican territory, brought with it a set of ideas linked to popular welfare, which, after the Revolution, materialized in the Political Constitution of 1917. However, for many figures in public life, the change in the legislature was not easy to assimilate. Despite the fact that the new legislature openly manifested the interference of the State in public life to guarantee the improvement of society, there were still some legal frameworks where liberal ideas did not combine with those that sought social welfare. Regarding the new Constitution, it is said that: "it also assumed two different conceptions of public power, one that limited its actions to allow respect for the individual and the other that limited the actions of individuals to guarantee other individuals certain living conditions. The first conception is considered the liberal part of the constitution, and the second the social part" (Cosío, 1988, as cited in Gonzáles, 2017, p. 332).

This Magna Carta, following revolutionary ideas, promulgated constitutional articles that provided citizen rights that could only be realized with the intervention of the State, which was not accepted by liberal ideology, which from its classical and later neoclassical precepts, prioritized the role of individual work and market freedom over social welfare. Now, when we talk about priority social benefits such as health, education, decent work and access to land, we implicitly have economic policy as the central axis. It is the economic thinking of the government in power that will seek to dictate the rules on these issues. Therefore, from 1917 onwards, the rulers could mediate, or regulate the degree of interest in actions aimed at the development of the new Mexican social reality. This way of mediating and directing Mexico's economic policy remained subject only to the power of the State, until the Mexican central bank was erected in 1925, which bears the name of: The Bank of Mexico. This entity was created in 1925 during the presidential period of Plutarco Elías Calles (1924-1928), with the purpose not only of regulating and standardizing circulating paper money, but

also of its issuance. This became a problem in subsequent governments, especially during the presidential period of Lázaro Cárdenas, (1934-1940), since it was during this six-year term that what would later be known as: the economic policy of revolutionary orthodoxy was created, which aimed to carry out and more than carry out the postulates of the Mexican Constitution of 1917. "The Mexican Revolution of 1910, which resulted in the first political constitution of (1917), which enshrined important social rights and non-private forms of property protected by the State, contributed to the formation of the social rule of law" (Vázquez, 2005, p.59).

This in simple words can be translated into direct interventionism, since, in order to carry out these goals, an expansive economic policy was necessary, the problem is that not everyone agreed with it, especially the then director of the Bank of Mexico: Luis Montes de Oca, who remained under a liberal ideological posture, so he was against the issuance of money to cover deficits.

Thus, it is observed how the construction of the State, understood by José Ayala as "an organization and institution endowed with economic and political power, to impose the framework of obligations, regulations, and restrictions on social life and economic exchange" (Ayala, 1995, p.54), is the result of a leverage that interweaves the type of economic thinking of the dominant factions, because it is in the regulations, obligations and restrictions that the economic issue manifests itself, together, of course, with the cultural and identity part. Likewise, (Zapata, 2005, p. 39) he defines the State as "an essentially political entity, articulated around the management of power, it is an actor that will have to contribute to creating order in social life [...] on the one hand there is the strategy of accumulation, anchored to economic logic and on the other the institutional framework that regulates the former and that is anchored in a political logic [...]".

WELFARE STATE: THE DEVELOPMENT OF ITS CONCEPTION FROM THE POINT OF VIEW OF CONFLICT

In the popular sphere, it is common to point out that the welfare state in Mexico began during the government of Lázaro Cárdenas, which is why it was mentioned in the previous section, since it was during this period that a greater response was sought to address the country's social problems. One of the main problems was land ownership, an essential factor for the beginning of the Mexican Revolution, so the distribution of ejido lands was a priority public policy. However, what is observed during the period was rather revolutionary orthodoxy, which would later allow the development of the so-called welfare state at the beginning of the second half of the twentieth century. Another popular idea on the subject is the attribution given to John Maynard Keynes about his interference in the propagation of ideas regarding the role of the State in the Mexican economy, however, the reading of the aforementioned author was late compared to the development of interventionism consequent on the promotion of revolutionary orthodoxy. What is a fact is the stability in terms of

economic thinking between Mexico and the United States since, during that period, Franklin Roosevelt had signed the New Deal, which was established from the Keynesian perspective for the American economic reactivation. This fact, which marked a clear difference with past administrations, was to some extent replicated in other European nation states, especially after the Second World War, when the countries involved saw the need to contribute to economic development and the reconstruction of the affected infrastructure.

It was clear that the practices of economic liberalism had no place in the situation, so that nation states began to assume more and more social responsibilities. This current assumes the inefficiency of the market in the redistribution of wealth, in this sense "welfare states adhere to a firm vocation for equitably distributed well-being. For this approach, the most important source of distributive inequality is in the concentration of wealth" (Vázquez, 2005, p.58). It must be taken into account that along with the new geopolitical order caused by the resolution of the war, a new economic and political conflict became latent, which ended up increasing the difference in the type of economic thinking between the winning powers. The issue of private property and the strategic planning of the economy marked the division of the world in a deeper way, on the one hand there were those who supported their ideas in neoclassical economics and on the other, those who supported it in the planned economy and historical materialism. Of course, countries known as peripheral or third world countries found themselves in the middle of the conflict, so it was necessary to implement international relations strategies that would allow them to create links with these Western nation states, since there was a concern that more countries would join the redistributive and planned vision of the economy. Thus, after the war, the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) were created, institutions that would later intervene directly in the economic policy of their member countries. It should be noted that several Latin American countries were founding members, such as Brazil and Mexico, which were the two largest economic contributors in Latin America to the creation of the IMF.

For authors such as Petrella, economic models that contemplate the need to provide a minimum welfare for the population are "a system based on a written and tacit social contract that guarantees social security, individual and collective, that promotes social justice and that proposes effective formulas of solidarity between men and generations" (Petrella, as cited in Vázquez, 2005, p.58). These ideas of social justice promoted by the aforementioned model caused concern in the liberal ranks since they were aware that the majority of the population of democratic states were increasingly attracted by the social security proposed by some political parties. This motivated the creation of a vision that would attenuate in a certain way the radical position of interventionism and market regulation, but that, as a form of ideological persuasion, would give hope to the majority of people for attention from the State but without neglecting the capitalist factor, this is how the welfare

state emerged. This could be achieved in Mexico until the seventies of the twentieth century, since before that, the revolutionary and nationalist political ideology prevented limiting public spending in favor of citizens, especially vulnerable classes such as workers, peasants and indigenous people. However, we find more radical cases such as the coup d'état in Chile against President Salvador Allende in 1973 promoted to guarantee the forced entry of neoliberal economic policy.

The transition from a welfare state to a welfare state in Mexico is directly related to advances in economic policy and public spending, since public infrastructure works were able to create connectivity that favored the Mexican industrialization stage, known as: Industrialization by Import Substitution. It should be remembered that this stage was fundamental for the economic development of Mexico and occurred precisely as a result of World War II and the shortage of industrial products that were imported by Mexico from the United States. In this regard, Enrique Cárdenas points out in his book: *Industrialization in Mexico during the Great Depression,* that the import substitution strategy began during the Great Depression, since from that point began a need for the supply of secondary goods.

As can be seen, the consolidation of the Mexican national state took relevance from the revolutionary project, with the materialization of the search for the recognition of the vulnerable classes and their attention thanks to the Constitution of seventeenth, which provided the necessary guarantees for its fulfillment, however these are glimpsed in a broader way until the government of Lázaro Cárdenas, who transformed an orthodox fiscal tradition and a contractionary economic policy into an expansive and redistributive one through public spending.

NEOLIBERALISM AND THE DECONSTRUCTION OF THE STATE

Neoliberalism arrived in Mexico as an economic policy after a long battle to influence the development and freedom of foreign markets in a country that had concentrated its efforts since the beginning of the twentieth century on maintaining a responsible stance towards citizens. The external influence on the need of the powers to expand their market is not a recent issue, however in this case we focus on the fact that this change in economic thinking turned into an economic model brought a different reality to the Mexican State since the eighties of the twentieth century. "Since 1982. A crucial year in the contemporary history of Mexico, several processes have contributed to substantially modifying the forms of articulation of the country's economy with political society" (Zapata, 2005, p. 11).

One of the objectives of these new measures was to try to prevent political decisions from intervening in the fluidity of economic agreements, however one of the problems that resulted from these decisions that advocate commercial transnationalization fell on the lack of concordance between liberalization and the development of domestic production. However, neoliberalism began

to be introduced in Mexico shortly before the forties of the twentieth century, thanks to the effort of the then director of the Bank of Mexico Luis Montes de Oca, mentioned above, since he took on the task of translating Walter Lippmann's literary work *The Good Society* published in 1937 into Spanish. which gave new hope to the liberal benches of the United States and Europe.

It was not until the presidential administration of Carlos Salinas de Gortari (1988-1994) that the doors to this model were completely opened. "In 1985 Carlos Salinas de Gortari was recognized, even by Margaret Thatcher, for the scrupulous application of neoliberal recipes in Mexico" (Vázquez, 2005, p. 63). This resulted in the flexibility of markets, the opening of transnational companies, the rupture with collective contract structures, the transfer of national accounts to foreign banks and the privatization of state enterprises. These actions are some of the consequences of the measures carried out in favor of neoliberalism and that were promoted by the International Monetary Fund. "The transition from closed markets to open markets brought with it a radical change in decision-making processes, taking them to the level of the company and taking away from the State a series of attributes for the intervention of economic life" (Zapata, 2005: 24). In summary, and as Vázquez mentions, "The neoliberal strategy has dismantled the welfare state, it has sought to privatize production and access to welfare, and the integration of Mexico into the United States has been implemented" (Vázquez, 2005: 71). Thus, the State reconfigured its actions based on the entry of the neoliberal economic model.

The achievements made in the construction of national identity despite the prevailing multiculturalism in a wide and diverse geographical territory, was possible at the time thanks to revolutionary orthodoxy and the welfare state, since the distribution of land, secular and free public education and the creation of state enterprises in order to provide decent jobs to workers were crucial actions for the majority of the population that had previously been he was invisible in the face of the problems they faced. however, all these actions were modified in favor of the privatization of public goods and transnational trade treaties, thus deconstructing the ideological pillars of the Mexican Revolution by proceeding, for example, with an agrarian counter-reform, which made possible the return of the practices of land accumulation to the detriment of the peasant and indigenous population. and by seeking the commodification of health and education.

However, this deconstruction of national identity brought about by the opening of trade and understood as the entry of foreign products to the detriment of national goods that ceased to be competitive or that ceased to be produced was consolidated in 1994 with the North American Free Trade Agreement (NAFTA), this, added to the lack of protection of the State towards citizens by ceasing to comply with post-revolutionary ideals, They were a reason for identity fracturing that became more evident in recent years with the energy reform of 2013, which had an impact on

Mexican hydrocarbons, which for a long time was a matter of national pride due to the nationalization of oil in 1938.

NEW PERSPECTIVES ON A GLOBAL STATE

The end of the 1980s undoubtedly marked a reconfiguration of nation states around the world. The triumph, so to speak, of an economic model that permeated strategic central countries that later had an impact on peripheral countries, not only disrupted the commercial aspect, but also opened a new form of economic cooperation such as the European Union, at the same time that some States began to fragment. In this sense, Habermas speaks precisely of a new vision of the citizen that goes beyond the territorial limits of the State, since the State is overcome by a blurred border, but that seeks to reformulate, to a certain extent, a sense of identity: "being a citizen of a State and being a citizen of the world constitute a *continuum* whose outlines are at least beginning to be drawn" (Habermas, 2005, p.643) but in this fragmentation and reconfiguration of States, another important element stands out, the cultural visibility of minority groups, which for the sake of a national unity that could support the nation State through homogenization, were denied in exchange for the idea of the citizen, which in itself harbors a longed-for and unified legality around the administrative, economic and political. "The plurality of moral and political affiliations possible under the same cultural horizon ultimately questions the basic premise on which nationalist devotion rests" (Colom, 2001: 33). It is then that it is assumed that minority recognition can call into question the conception of the nation state.

But this questioning of the problem of minorities and ethnic and cultural diversity is not exclusive, migrations in European countries and the ethnic plurality of the countries of the American continent have been contributing for some years to the discussion on the issue of the recognition in general of multiculturalism, and its consequences on the classical conceptions of the State. the current policies of recognition of ethnic minorities, aboriginal peoples, suppressed nations, linguistic groups, immigrants and women [...]" (Tully, 1995, as cited in Mardones, 2001, p. 39). But one would have to ask what consequences the recognition of each minority would have on the conception of the State. In this regard, Vizcaíno puts into perspective the paradigm of the State in the context of globalization, giving great weight to the need for its re-conceptualization based on the recognition of cultural diversity, which it assumes as a multinational.

At this point it is necessary to return to the central issue that is the relationship of economic policy with the conceptualization of the State, for this we assume that at present there is an indissoluble relationship between the global context and economic models, which, regardless of their original ideology, have seen the need to accept, assume and act on the basis of the elasticity of trade borders and the increasing presence of diverse cultural units within nation states.

Thus, we find social actors that are adding majorities within the country, and that can influence the course of political life in democratic countries, but we also find the growing force of transnational corporations that can exert pressure on some weak states, influencing their internal policies, not only from international organizations, but also from international organizations. but also with trade agreements between countries.

However, it is necessary to question the role of sovereignty under this guideline. Since the recognition of each minority, not only of the State but of the international community, assumes the recognition of its freedom to govern itself according to its cultural particularities, thus relegating the role of the State. In the same way that international interference in the affairs of a particular nation-state can infringe on national sovereignty. An example of this is the concession of land for the purpose of mining or hydrocarbon exploitation, or the privatization of areas that were previously an essential part of the native communities "the era of globality, of intensification of trade, culture and international law [...] implies, on the one hand, the reduction of the State's capacities and a greater violation of its sovereignty" (Vizcaíno, 2004: 99).

CONCLUSIONS

Throughout this brief essay, it has been possible to appreciate how the economic policy implemented by the State affects the conceptualization of itself. In the case of Mexico, its development was observed from the liberal precepts emanating from the European Enlightenment that arrived in the territory through the Cortes of Cádiz, where equality was sought above all, under the name of citizenship. Without a doubt, this mechanism made diversity invisible, but we cannot ignore that as a new State, it was necessary to implement mechanisms to promote a national identity. This was reinforced after the triumph of the popular revolution of 1910, which, although in itself had a mixture of liberal ideas in the north and communal ideas in the south, was overcome and materialized ideologically with the Constitution of 1917, which by far took a great step towards state interventionism, which was widely reinforced from of the six-year term of Lázaro Cárdenas with a deep-rooted nationalism that led him to key actions such as the oil expropriation in 1938. In addition, the heterodox economic policy he implemented allowed an increase in the standard of living of a large sector of society.

Subsequently, the change in economic thinking again had an impact on the conception of the State, with the liberalization of the market and the new global wave that accepted the recommendations of the International Monetary Fund and the World Bank, many of the approaches built under post-revolutionary ideals of social welfare were reversed. This led to a conceptual rupture on the role of the State, hence neoliberal governments encouraged the internalization of the negative

idea of a paternalistic and beneficent State, alleging that it goes against the individual capacities of people to make their own means.

The consequent years around neoliberal approaches, together with technological advances, have allowed us to internalize the global as a new way of understanding the interaction of States, no longer with a strong national identity roots, which has allowed us to generally begin to normalize the interference of foreign interests in national affairs. All these reconfigurations and conceptualizations of the State lead us to ask ourselves about the fate of the nation-state. Economic policy, emanating from the dominant economic models, undoubtedly permeates this conception, also affects the idea that citizens have about their role and about the reinforcement or thinning of nationalism. It is not unreasonable to think that part of the interest of central countries in the recognition of ethnic minorities in peripheral countries and their self-determination is related to the exploitation of their natural resources or the exploitation of their labor force without the support of the rights conferred by belonging to a Nation State. For neoliberalism, everything is part of the market.

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