

Preface

Monterrey, Nuevo León. The city elicits immediate recognition: industries, conservatism, immense economic power, and the base of one of the country's most powerful business groups. As such, the rise and fall of the fortunes of contemporary Mexico seem to be inextricably tied to the city and its leading capitalists, none more so than the clan known collectively as the Garza-Sadas. Indeed, this family and the city have become synonymous, each nurturing the image of the other. "In Monterrey," as one insider has noted, "the myths of business and industry inhibit the seeing of the reality behind its images."¹ Yet the image persists: the city as root of the Garza-Sadas, and they in turn as the center of a web of interests reaching from corporate boardrooms to presidential chambers—the Grupo Monterrey. Used rarely if at all before 1940, this term nonetheless evokes vivid episodes in the national consciousness that seemingly link past and present.

This study intends to illuminate the origins of the Monterrey elite. It is argued here that a decisive stage in the development of the *regiomontano* bourgeoisie takes place between the 1880s and 1940.² This formative period in the evolution of the Monterrey Group is marked by three key phases. First, as a result of a series of propitious events and circumstances, close economic and social ties develop among a small group of businessmen, producing a cohesive elite by the conclusion of the Porfirian era. Second, the revolution of 1910 and its aftermath alters the political economy of Monterrey, leading to an increasingly tense relationship between the new state and an elite redefined by the postrevolutionary political context. Third, in the 1930s, under the leadership of the Garza-Sadas, Monterrey's industrialists confront the reformist administration of Lázaro Cárdenas with lasting consequences for both the elite and the state after 1940.

In the wider framework of Mexican and Latin American history, the industrial development of Monterrey and its businessmen possess a number of distinctive characteristics, as discussed in greater detail in

the introduction and conclusion of this study. In this respect, the notion of dependency in Latin America finds an exception in the case of Nuevo León. Monterrey's industrialization in its initial stage derived largely from native capital. While the country's economy continued to be essentially dependent, a group of entrepreneurs in Monterrey nonetheless carved out a wide-ranging economic empire, encompassing commerce, industry, and finance before the Mexican revolution. Thus, the roots of their industrial holdings develop prior to the period usually associated with the decisive phase in Latin American industrialization, the so-called import-substitution strategy of the 1930s and 1940s. Second, the social—rather than merely the economic—ties among the *regiomontanos* proved critical to the formation of the elite and its resiliency. In this sense, the Monterrey elite cannot be understood in narrow marxist terms. Third, though this study concentrates on the interplay between the private sector and government, the issue of labor inevitably arises. On this point, Monterrey represents an illustrative, singular case of the rise of company unions. Fourth, the Monterrey example sheds light on the discussion of the authoritarian/corporatist nature of the Mexican state. In this regard, the historical trajectory of the Monterrey elite varies from other economic groups, with implications for the analysis of state-capital relations.

The twists and turns of modern Mexican history and the present crisis have coupled the nation and Monterrey, each one enmeshed in the other's fate, magnifying as a consequence the myths and images of the city and its most visible business family. Certainly there is a measure of validity to this view, as a sketch of recent events amply suggests. The assassination in September 1973 of Eugenio Garza-Sada, captain of the Grupo at the time, dramatized the deepening political strains in Mexico during the tumultuous presidency of Luis Echeverría. After the death of the patriarch, the Garza-Sada empire was divided into four holding companies, two of which became particularly prominent, ALFA and VISA. This partition of the families' companies and interests signified a distinct moment in contemporary Mexico; the short-lived oil boom followed. ALFA and VISA, like the national government as a whole under new president José López Portillo, went on a binge, fueled by the projected abundance of petroleum and the easy credit of avaricious international bankers. The subsequent collapse of oil prices underscored the skyrocketing debt of both the country and the Garza-Sada empire. And, as the crisis took its political and economic toll, ALFA and VISA, as well as the nation, reeled close to bankruptcy. And just as the scion of the Garza-Sadas was compelled to leave the stewardship of ALFA, so the beleaguered

head of the Finance Ministry was sacked by current president Miguel de la Madrid.³

The historian, however, must sift through the convenient parallels of the present and hold them up to the scrutiny of the past. In the case of the Grupo Monterrey, the “fit” between past and present is a partial one. Monterrey has changed a great deal since the times of the Porfiriato and the revolution that displaced it. Elements of an earlier era appear in the Monterrey Group of today, but it fails to be a duplication or simple reproduction of the city’s upper class as constituted in 1940, or before. The present and its perceptions cannot be simply imposed on the past. Still, a legacy remains. This legacy and its origins are the focus of this study.

This manuscript began as a dissertation that covered the years 1880 to 1910. The present work, which takes the story to 1940, required much more additional research and effort. Throughout, the comments and criticisms of others have been crucial to the completion of this book. In this respect, the guidance and counsel of Ramón E. Ruiz, my dissertation advisor and mentor, have been paramount. I am also indebted to Greg Greb, Robert Schaefer, James Wilkie, Ricardo Romo, Manuel Peña, and Andrés Jiménez for their criticisms of earlier drafts of this work. And I benefited greatly from the comments of Ivan Jaksic, Evelyn Stevens, Van Whiting, Jr., Jack Womack, Cesar Gutiérrez, Javier Rojas Sandoval, Ruth Collier, Ramon Chacón, Donald Wyman, Barry Carr, and Abraham Nuncio. I must acknowledge a special note of thanks to Stephen Haber and Mario Cerutti, who shared with me their information, thoughts, and wisdom concerning the businessmen of Monterrey.

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The Monterrey Elite and the Mexican State, 1880-1940

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