

# The industrialization of Mexico: 1821-present essay sample

[Economics](#)



After its independence from Spain in 1821, Mexico has had rapid industrialization rate. It became present in Mexico when Porfirio Diaz had become president in 1871. During his reign, he was able to install a stable federal government with secure financial and industrial supports. However, the vast expansions of both manufacturing and mining outputs encouraged a role of government in the economy. Diaz began to make economical reforms which brought both positive and negative results, many say that these “reforms” were a necessary foundation to help the country rapidly grow industrially, however the close ties between some of the leading figures in the Diaz regime and major companies were benefiting disproportionately. The Porfiriato lasted over 35 years, in which Diaz became more refined making racial groups segregating native Indians from basic society. He was known for his favoritism within parliament and trying to ensure the long-term economic and industrial growth in Mexico. The people of Mexico were divided into two classes; there were elites and peasants. Little or no benefits came out of the Diaz regime for the impoverished majority of Mexicans.

In the mid 1893, Mexico introduced economic policies, which focused on import tariffs, intellectual property institutions, and Industrias Nuevas (The New Industry). Industrias Nuevas was a program, which provided incentives, and tax breaks to entrepreneurs, which would benefit Mexico. At the time, it was thought that raising incentives to encourage industrial growth was socially desirable and that a modern industrial sector would be needed. After these incentives were raised there was a boom in industrial growth for two decades based on the expansion of mining and the expansion of the railroads used to support other extractive industries. In 1890, Mexico

experienced foreign support from investors who began to provide substantial resources especially the production of domestic manufactures. Many historians believe that Diaz understood the basic needs of an infant industry, such as his move for tariffs and support for long-term growth. Between 1890-1910, the basic manufactured goods in Mexico such as bottled beer and cotton cloth rose in domestic production mainly due to the presence of high tariffs.

The depreciation of the silver based peso based on the foreign gold based currencies progressed until 1903 however tariffs still provided a certain degree of protection and little incentive to investors. The prices of basic goods grew as the peso was devalued, the general population had become tired of the little attention their government had provided, as they saw how industrial sectors remained strong while the cost of living rose. Emiliano Zapata, Pascual Orzco and Pancho Villa raised the standard of revolt in Mexico. The national army couldn't suppress the revolt at two ends of the nation therefore as of May, 25, 1911 Diaz resigned, signing Treaty of Ciudad Juarez and sailed to France. Even though the Mexican revolution began November, 20, 1910 it was encouraged even further after Diaz's resignation. Francisco Madero was part of one of the richest families in Mexico, he was also Diaz's opposition. Zapata was not impressed with Madero's plans for land reform deciding how long it would take to enact. Zapata denounced Madero as president and took the position for himself. He controlled the state of Morelos, where he chased out the estate owners and divided their lands to the peasants. Later, in 1919, Jesus Guajardo acting under orders from General Pablo assassinated Zapata.

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During this period in Mexican history, industrialization has slowed due to the presence of the revolution for class reform. Madero was taken prisoner and executed and the entire country existed in a state of disorder several years, while Pancho Villa rampaged through the north, and different factions fought for presidential control. Eventually, Venustiano Carranza rose to the presidency, and organized an important convention, which resulted in the Constitution of 1917, which is still in effect today.

Carranza made land reform an important part of that constitution. This resulted in the "Ejido", or farmland program that redistributed much of the country's land from the wealthy landholders to the peasants. The Ejidos are still in place today and still consist of nearly half of all the farmland in Mexico. It points up the importance of "No Re-eleccion-Sufragio Efectivo." Carranza was going to violate this principle by imposing his own candidate, Manuel Bonilla, on the country. This smacked of *continuismo a la Porfirio Diaz* and Manuel Gonzalez. Bonilla had a strong connection with the United States. Carranza had no large following of his own. The Sonora clique was stronger. It put Obregon in power from 1920-24. Carranza was eventually killed as he fled to the northern parts of Mexico.

Due to the civil conflict within Mexico, further industrialization couldn't take place until the 1950's after the second World War. Within these thirty years, the lack of structure and stability ravaged the financial resources of Mexico and its people. Only the basic industries were able to barely provide for the Mexican people. However, the rapid industrialization in the past 53 years was remarkable, nurtured by an import substitution policy (Placed by Diaz

over 60 years prior) provided emphasis on exports targets and competitiveness. Benefiting from 3 main aspects of resource transfer 1) Energy Subsidies from low input costs 2) Protection for domestic industrial sectors 3) Low exchange rates and tariffs for productive machinery.

Resource transfers were for agricultural development were common during the mid 1960's however the presence of energy subsidies attracted foreign investments from Central and South America, diminishing the excessive need for agriculture by the late 1970's.

The 1980's presented an industrial boom within Mexico, which led to make drastic changes in its policies for " exchange rate protection". This allowed industrial firms to exist in a more open economy. These costs however have become quite high taking most of the governments budget. I believe that this process has gone too far, Mexico has put aside trade and the industrial policies, which had made it, work in the past. Most of their attempts to boost the economy today provide little or no support to the Mexican people but to foreign investors. Their economy today runs at a risk of freezing, or changing too slowly. This has led to unskilled and low paid tasks for the sake of production purposes, which is far from the desirable issue for a country bordering on 90 million residents, that needs to grow rapidly to increase the standards of living for its people.

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