

THE TOP LEVEL MANAGEMENT GROUP IN MEXICAN BUSINESS

Luis Alberto Rodríguez J.

In a recent newspaper article, the head of the highest level management group in Mexican business, ex-banker, Agustín Legorreta, affirmed that 300 businesses dominate the national market and are the ones that have set the guidelines for the government's stabilization program known as the Economic Solidarity Pact. This has led to the resurgence of the hotly contested topic of the role of business organizations in representing the rights and interests of almost two million businesses.

Not long ago, a former business leader stated that in reality the top level management of industrialists and businessmen are bastions of power in the business oligarchy. This functions in spite of the fact that the men who are actually among the 100 most wealthy people in the country are not in positions of control. An exception to this rule is Agustín Legorreta himself, heir to an establishment begun with the National Bank of Mexico (Banamex), founded at the end of the past century and today state-owned since its nationalization in 1982.

Grouped together under the Business Coordinating Council (CCE), the top management of today's Mexican businesses are represented by seven basic organizations: the Mexican Association of Insurance Institutions (AMIS), the Confederation of National Chambers of Commerce (CONCANACO), Confederation of Employers of the Mexican Republic (COPARMEX), the Confederation of Industrial Chambers (CONCAMIN), the Mexican Investment Houses Association, the National Farmers Council (CNA), and the powerful Mexican Council of Businessmen, a type of exclusive "club" for rich businessmen whose fundamental philosophy is secrecy toward the public.

According to Isaac Guzmán Valdivia in his book, *The Employers Movement (El movimiento patronal)*, all of these are powerful pressure groups, which despite their main differences, make coherent decisions. It is not by chance that the most important announcements concerning economic policy made by the public officials take place be-



Representatives of the Business Coordinating Council with President Miguel de la Madrid. (Photo from Novedades archive)

fore assemblies and meetings of the most powerful private organizations. According to Fernando Carmona, analyst from the Institute of Economic Research of the Autonomous National University (UNAM), these groups, "more than than the legislative power, often act as a kind of true national economic congress."

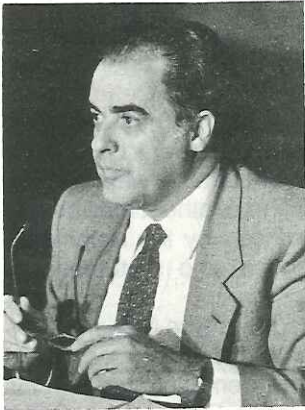
And in practice, this does indeed occur. It is in business meetings where the outlines that the government will have to follow are made known, where economic policy is evaluated and in which, frequently, errors are admitted.

Hidden Politics

These influential business groups thus constitute a way of participating in politics without formal recognition. According to financial columnist Herminio Rebollo of the Mexico City daily *El Universal*, it is not by accident that the major capitalists are in favor of the radicalization of industrial, trade and employer organizations to exert more pressure against the government even though they have what may be described as "latchkey rights" or privileges.

The interest in controlling the top management organizations is based on concrete facts. For example, in the case of the commercial sector, only 44 businesses, which represent less than 0.08 percent of the 610,059 establishments distributed in urban areas, are at the peak of the commercial structure. Furthermore, only 10 percent of the commercial businesses capture 70 percent of total sales,

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Jorge Ocejo, President of COPARMEX.
(Photo from uno más uno archive)



Agustín F. Legorreta, President of the Business Coordinating Council.
(Photo from Novedades archive)

while 54.6 percent of the businesses are responsible for 11.7 percent according to statistics collected by the Ministry of Programming and Budget.

But beyond this, according to Mexican journalist Alicia Ortiz Rivera, the 300 businessmen who control the economic development of Mexico as well as the top management groups physically represent only 0.03 percent of the total business enterprises in the country. This small percentage accounts for 35 percent of the Gross National Product.

Influential business groups constitute a way of participating in politics without formal recognition

In Ms. Ortiz Rivera's article, Legorreta is quoted as stating, "a small, very comfortable group of 300 persons are the ones who make economically important decisions in Mexico... and the president (Miguel de la Madrid) negotiated with them in structuring the Economic Solidarity Pact."

"We gave the government a plan that would remedy its financial difficulties... and the government has carried it out, even in advance. They understood that when July arrived [elections were held in July for president, senators and deputies], they ran the risk of losing power. Maintaining it is the only thing that interests them... so they agreed to carry out the conditions imposed by the 300 persons who make up the top management group."

President Miguel de la Madrid's response to Legorreta's comments came in a public ceremony: "Business activity cannot be reserved for minority groups, rather it is a right of all Mexicans." De la Madrid added that the notion of a small minority in power "undermines democratic aspirations" and reduces liberty to pure formalism before "the privilege of only a few."

According to UNAM analyst, Fernando Carmona, fewer than a thousand families monopolize the bulk of private wealth in Mexico. Among them, only 100 would be placed in a kind of "class A," and of these, only 35 families would be situated at a very high level.

These people are not at the head of business organizations at present, although in other times they intervened, exerted widespread influence and participated directly. One example is the Garza Sada family of Monterrey whose economic empire has diminished as a result of confronting serious economic problems, derived from a high debt with foreign banks incurred during the past administration.

The Business Organization

Until Eduardo García Suárez became president of the CONCANACO which unites more than 1,350,000 businessmen in all of Mexico, the acceptance of the political nature of business organizations was a "tabooed" subject. This is because Mexico's private sector has always been considered to favor the National Action Party (PAN), although in practice some businessmen, industrialists and their leaders are members of the ruling Institutional Revolutionary Party (PRI). García Suárez, a militant anti-communist in his youth who today is said to be pluralistic and mature, affirmed recently that the business organizations are essentially political, although he added that they did not constitute a partisan policy.



CONCANACO meeting. (Photo from uno más uno archive)

The 300 businessmen who control the economic development of Mexico—0.03 percent of the total businesses in the country—account for 35 percent of the country's Gross National Product

CONCANACO is the largest business organization with affiliation mandatory by law. Since García Suárez entered office, it has maintained the course followed over the past 30 years, although with greater radicalism, of relying upon "organizations that battle" the government. CONCANACO is committed to free enterprise and a business strategy identified closely with Christian social thought.

On the other philosophical extreme is COPARMEX, a voluntary organization of some 50,000 businesses. COPARMEX was created in response to the formation of the central union of workers known as called the Labor Congress. Traditionally, COPARMEX has maintained a hard line in political activity. Among its prominent members are José María Basagoiti, current president of the Mexican chapter of the International Chamber of Commerce, and Manuel Clouthier, former presidential candidate for the PAN and prominent agroindustrialist.

COPARMEX has the reputation of doing the "dirty work" when the top management of businesses are confronted with serious difficulties with the government. That is to say, it is responsible for making accusations that other business organizations would not dare to make formally.

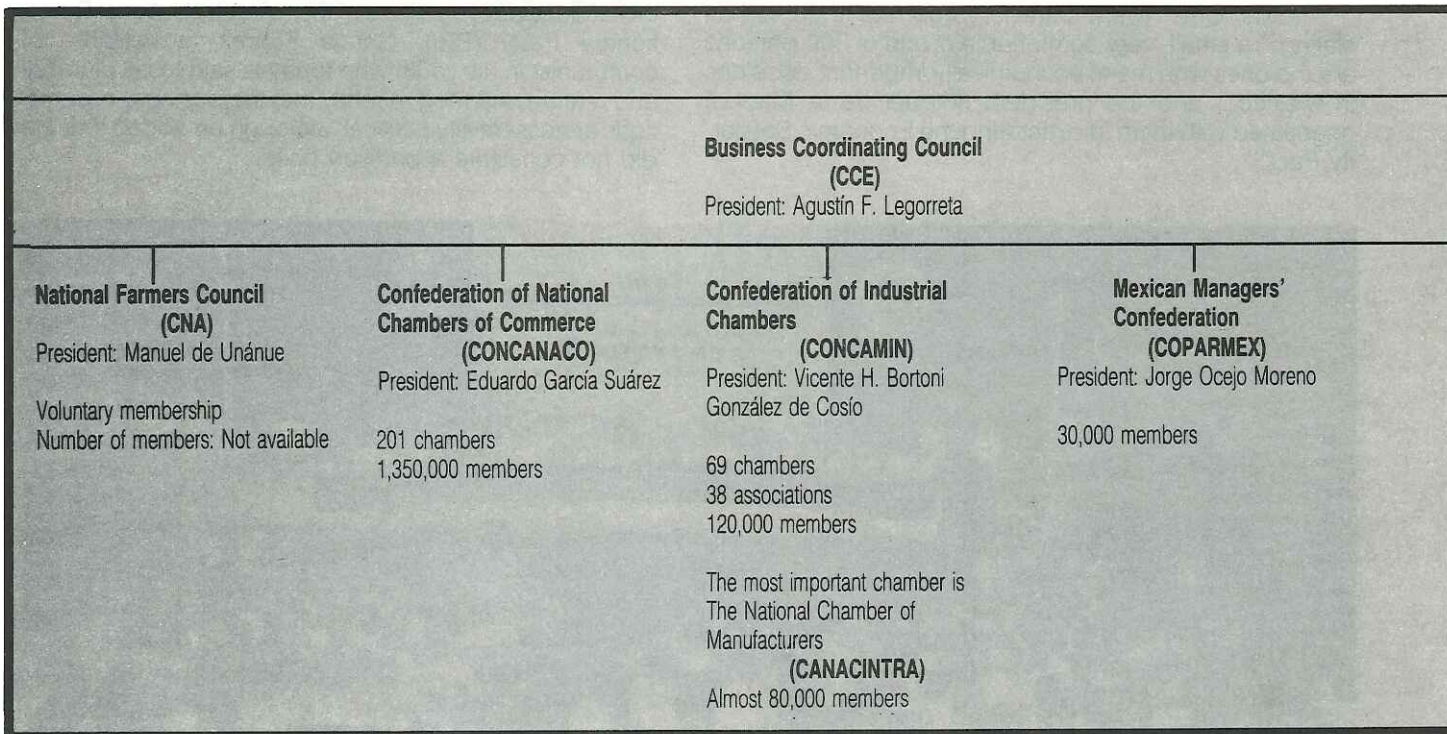
COPARMEX's tradition of taking the hard line was visible recently when then COPARMEX president Bernardo Ardavín Migoni faced serious criticisms from his consti-

tutents for officially signing the Economic Solidarity Pact with the government. COPARMEX does not easily accept any accord with the government. Agustín Legorreta, the leader of the Business Coordinating Council, had to publicly defend Ardavín Migoni: "At times he has deserved the reproaches of those who have considered him to be too uncompromising and vehement against what he considers to be erroneous policies, and at other times he has been censured...for being convinced by the arguments that are not to the liking of those who systematically attack everything."

Today COPARMEX is headed by Jorge Ocejo, a highly pragmatic, soft drink industrialist. He too is a "hard liner," although so far he has not demonstrated it in his new office. Ocejo along with García Suárez from CONCANACO come from the so-called "Puebla Group," an informal group of business leaders from the state of Pue-



COPARMEX meeting. (Photo from Novedades archive)



Source: Luis Alberto Rodríguez based on official information

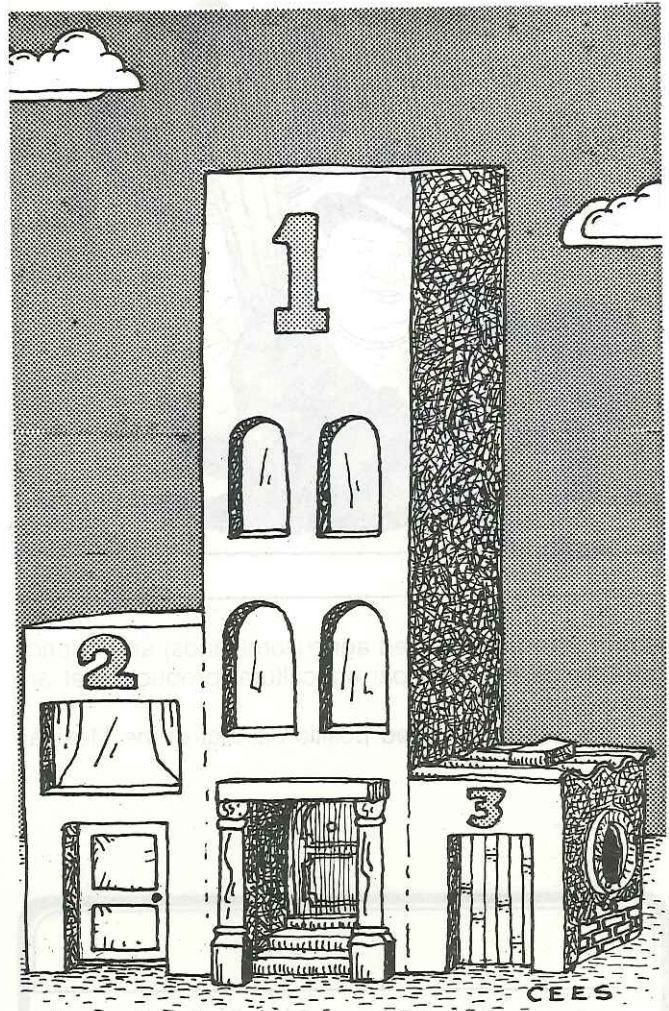
la. During the 1970s they had in one way or another participated in the fight against communists, socialists and Masons at the University of Puebla.

CONCAMIN, another organization with mandatory affiliation, represents more than 100,000 businesses. It maintains a traditional line of negotiation with the government because nearly 40 percent of its members depend on sales to governmental agencies. Its current president, Vicente Bortoni González de Cosío, is a member of the construction industry and closely tied to public works projects.

Until recently, the political nature of business organizations was a tabooed subject

This relationship explains CONCAMIN's moderate discourse. CONCAMIN abandons its moderate position only when industrial interests are seriously threatened as is now the case with Mexico's trade opening which has brought about the dismantling of tariff protection measures for businesses. Recently, CONCAMIN has been more critical of the government's handling of the economic recession.

With respect to the Mexican Association of Stock Exchange Brokers and the Mexican Insurance Institutions Association their performance has been tentative. Since the 1982 nationalization of the banking system, they are well aware of the fact that they too could be seriously affected by government actions. The National Farmers Council, the organization that voluntarily unites private farmers, has also been able to accomplish little, although it supports the doctrine of free enterprise, the elimination of the *ejido* (sys-



Mexican Insurance Institutions Association

(AMIS)

President: Clemente Cabello Pinchetti

Voluntary membership
Number of members: Not available

Mexican Association of Stock Exchange Brokers

(AMCB)

President: Alfredo Harp Helú

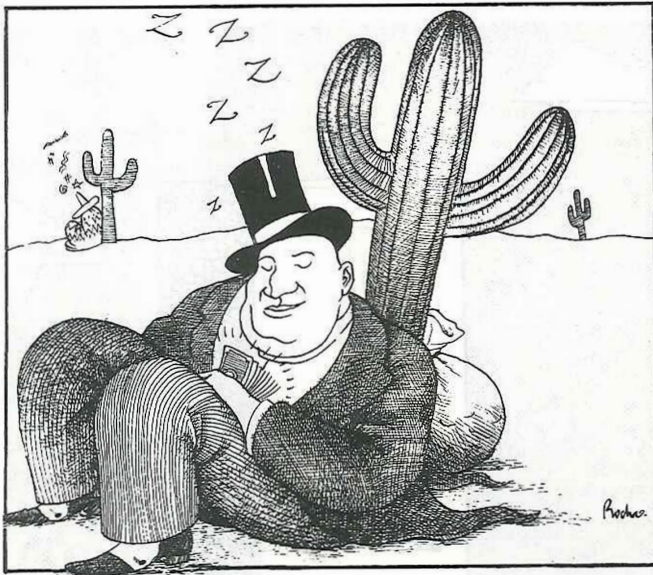
Number of members: Not available

Mexican Businessmen's Council

(CMHN)

President: Ivan Sánchez Navarro

Enormous collective influence
40 to 50 Leading business leaders



tem of comunally-owned agricultural lands) and of price controls on the principal agricultural products that are grown in Mexico.

But the most closed position is that of the Mexican

Some Mexican businessmen have openly opted for partisan political action

Businessmen's Council which is made up of 40 businessmen from the principal commercial, industrial and services businesses in the country. The last two presidents of the Business Coordinating Council: Claudio Xavier González Laponte, president of the board of directors of Kimberly Clark of Mexico, and Agustín Legorreta are both members of the Mexican Council of Businessmen.

Thus, in a two-sided game, Mexican businessmen have seen how some colleagues, convinced of the futility of acting from the highest level of private enterprise, have opted for partisan political action. This is the case of Manuel Clouthier, PAN's presidential candidate in 1988.

And behind the scenes, openly distant from Clouthier, the big investors maintain close ties with governmental power.

As magnate Cloy G. Vallinas said years ago. "Oh, the state needs our cooperation for development, and it knows it, and we could not do anything without their support and we know it... no government of the Revolution can enter into any conflict with modern businessmen..." □