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## INDUSTRIAL PUBLIC POLICY VERSUS THE INDUSTRIALIZATION FACTOR IN AGUASCALIENTES, MEXICO 2000-2018

**\*Dr. Pablo Gutiérrez Castorens and Dr. Fernando Padilla Lozano**

Department of Sociology and Anthropology, Autonomous University of Aguascalientes, Mexico

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### ABSTRACT

This article approaches the sort of industrial policy that has been adopted during the last eighteen years in the city of Aguascalientes, Mexico. Such public policy stands out due to its use of formal and informal (i.e. illegal) means to attract Foreign Direct Investment (FDI). The aforementioned industrial public policy has been possible thanks to the articulation of agreements between its three main social stakeholders: governments, entrepreneurs, and labor unions, who have been able to attain, during the last 18 years, a near-universal reduction of labor conflict within factories. It is noteworthy that this policy could materialize due to the vision of its rulers to push for what they call the industrial "tangible and intangible benefits," thus transforming the region into one that is competitive in the industrial sector.

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### INTRODUCTION

**Methodology and Techniques:** The article is framed from the perspective of the so-called "articulated reconstruction,"<sup>1</sup> whereby historical events are recreated relying on empirical data constructed by the author. This reconstruction was performed through an in-depth semi-structured interview.

### THEORETICAL DISCUSSION

**Theoretical Concepts of Public Policy:** Many authors have approached the concept of public policy. On this occasion, only three of them will be mentioned to contextualize the problem that is developed throughout this text. The first of those authors is Harold D. Lasswell, who, with a starting point of the basic concepts of "policy orientation" and "policy science of democracy," profoundly clarifies the concept of "policy" (Lasswell, 1996: 83). He starts from the idea that policy should solve mankind's fundamental problems, directed by certain *appraisals* oriented towards attaining human dignity (both in theory and in practice) (*ibid.*, 89 and 93). Even though politicians' appraisals do have an impact on the objectivity of the chosen projects, once the investigation started, the possible methods to attain certain goals have been put in objective

terms, evaluating the past and the present of the promoted policy's scope in terms of the sought-after values by creating institutions to evaluate them (*Ibid.*, 95 and 99). Lindblom is another author who believes that policy should respect various criteria: a) to consider that the choice of evaluative goals and empirical analyses of an action are necessary for meeting those goals. They are not different from each other; rather, they are tightly interrelated; b) that the means-ends analysis is often inadequate inasmuch as they are not different; c) the proof of "good policy" lies in multiple people agreeing on a certain policy — without needing to agree on the most suitable *meanstoward* a goal stipulated by everybody; d) no attention is devoted to possible important consequences; e) potentially important policy alternatives are disregarded; f) there is no consideration paid to important affected values; and g) a string of comparisons should be avoided as this reduces or largely eliminates the dependence on theory (Lindblom, 1996: 206). The author calls this proposal a "successive limited comparison." The author is inclined to think that administrators are more successful when their public policies solve problems as they appear during their implementation. In this case, what the author attempts to convey is that there is no theory with enough formulas to solve every single case present in reality, never mind determining the source of the problem to solve (*Ibid.*, 220). On another note, the foregoing proposal is seen by Yehezkel Dror as insufficient, since the problems in the real — and their possible causes — are normally solved

<sup>1</sup> A methodological approach to research proposed by Chilean-Mexican sociologist Hugo Zemelman.

through trial and error. This author considers that “policy science” is aimed at the explicit reconstruction of policymaking by means of the conscious creation of meta-policies. Such explicit drafting of meta-policies strives to break the historical continuity of incompetence hiding behind the phrase “to muddle through” (Dror, 1996: 144). Dror’s proposals are clear about the ultimate objective that public policy should reach: “The main mission of policy science is to achieve a dramatic improvement in human skill to consciously identify the uses of these new abilities” (*Ibid.*, 144). This has led the author himself to discern between public policy application and his own notion of what public policy is, and under a two-pronged criterion he has defined both, respectively, as “attempt to reassert and achieve a central role for rationality and intellectualism in human affairs,” and “as an effort to revise a dangerous trend, due largely to human activities and capacities, which I like to express suggestively in the form of a ‘law,’ ‘While the difficulties and dangers of problems tend to increase at a geometric rate, the knowledge and manpower qualified to deal with these problems tend to increase at an arithmetic rate’” (*Ibid.*, 1996: 145). Thus, Dror raises the need to “[build up] needed novel policymaking systems [that] supply [...] new kinds of ideas and knowledge,” adding that “the supply of such new kinds of ideas and knowledge is the main longer-range mission of policy sciences” (*Ibid.*, 145).

This last proposal is useful in order to understand the term “public policy,” and especially the fact that it is impossible for administrators to continuously propose solutions to the problems that arise from their own policies. While it is true that Lindblom argues that it is necessary to come back to the administrators’ experiences for policy design, it is also true that it is not possible that the former be designing the latter on a systematic basis. What appears certain is that, for public policy design, three basic elements are crucial: the kind of decision-making of the administrators, the ends they would like to attain, and the way in which issues to be addressed are systematized by them. That said, these three basic elements shape the way in which rulers would conduct themselves when it comes time to locate resources to solve a particular problem using a kind of public policy that, at first, seems it could be agreed upon. The problem is that the last two proposals (not the first one) depart from the role that those local social actors arguably favored or affected by the implementation of such public policy could play. This fact marks the difference that might exist between the various kinds of public policy and each of the materializations of those policies, due to the collective action of those involved.

*Let us remember that the real problems in a region are the result of the interventions of past social actors, and they are responsible for deciding the way to solve them. This entails the need for refocusing on the concept of “problem” and, by extension, the kind of public policy. Otherwise, one ends up talking about general, abstract notions that are detached from concrete reality. In this sense, what is needed is to debate public policy in the concrete terms of the goals and concerns of those who have charted the course of a region. The three elements of public policy design discussed before can be understood in terms of the above, and in no other way.*

Thus, if we take one kind of public policy and one concrete problem, as in the case of industry and industrialization in a

region, we understand that public policy design will be geared toward continuity vis-à-vis its predecessor. Further, if new challenges or issues were to arise, this policy shall respond to the interests of those who promoted it at the time, for it was them who set the goals or, as the case may be, the solutions to their problems. Hence, to know the design of an industrial public policy is to first understand the interests that originated it historically. Such is the case of the industrialization process that has taken place recently in Aguascalientes, Mexico, as a result of its public policy, which is based in controlling the region’s workers and their conflict. This policy is at the same time promoted overseas by rulers as an industrialization factor representing a comparative advantage for the region, for the purpose of attracting FDI.

**The Role of Public Policy with Regard to the Promotion of Industry in Regions:** The role of governments’ public policy regarding the industrialization of the territories has been a focal point for expert researchers. Arguably, this is a hard-to-define issue which depends on the analysis of several factors or of government-set goals for influencing the regional industry. Whether it is one case or the other, or both, the government’s public policies have recently been a matter of discussion. The problem lies in that experts have not been able to identify the exact purpose of public policy per se, inasmuch as they conflate the terms “economic policy” and “industrial policy” with “public policy” as if they were the same concept. In this situation, it is worth clarifying that industrial public policy constitutes the middle ground between economic and industrial policy, and this is not something that any of the theorists have considered. In this case, it should be noted that a ruler normally instructs its state apparatus in order to achieve the defined goals, making use of either specialized institutions created for such task or other appropriate organs related to the problem to be solved. Thus, it can be mentioned that industrial public policy falls under two areas: one related to the ultimate goals to be reached, and the other dealing with the resources that the ruler uses to accomplish those goals, as asserted by Lindblom.

Now, according to the literature review on this topic, there are some theorists on the topic of clusters who have indirectly alluded to the use that rulers should make of public policies as part of a strategy to promote the industrialization of regions. Michael E. Porter is one of the theorists who call for governments to contribute certain ordinances with which to foster entrepreneurship throughout a country (Porter, 2000: 26). Clusters, namely, are benefited by some kind of industrial policy. In addition, Raúl Pacheco Vega considers that clusters can be classified as “natural” and “forced”; the former are those originated as a result of the historical evolution of one or more industries in a confined geographical region, and the latter originate from an “agglomeration of companies promoted by the country’s industrial policy (or even by a sub-national government policy, such as a state’s or a municipality’s). The classic example of a forced cluster in Mexico is Guadalajara’s electronics industry” (Pacheco, 2007: 690). This author is one of several who describe the existence of an industrial policy that comes closest to what is referred to here as “industrial public policy”; he notes that it can be carried out at the nation, state or municipality level. Via some specialists, these are the so-called “policy entrepreneurs”; to wit, a body of people or organization that, from a privileged position, intervenes as an actor in the building processes of political agendas, draws attention to certain topics dealt with

by the government, and represents a key actor in the promotion of forced clusters (*Ibid.*, 692). Furthermore, there is a paper that, based on Porter's ideas, develops a concept supporting the reasoning whereby clusters are one of the vertices in his proposed rhombus (akin and ancillary sectors); the paper also considers the idea that "companies do not exist in a sort of social void, but in specific geographical, economic, social and cultural environments, [so] the analysis of their current or potential competitiveness strategy should take into account essential characteristics of those environments in order to exert a true explicit power" (Garnica, J. Ricardo, J. and Ganga, F. 2007: 8). From this proposal one can infer the elements mentioning a "social" factor; it may accommodate the cases of public policy: coalition between local actors, among others. On a similar note, another proposal exists that builds on the strategy of developing nascent clusters by means of a rich natural resource base via certain actors connected to local governments. The proposal argues that, by dint of such strategy, it is possible to attain greater growth rates than those of spontaneous or historical clusters; it supports going toward the natural evolution of market forces to accelerate development (Ramos, 1998: 22). In this case, the author underlines that, for the strategy to work, rulers and their state apparatus "should take notice, as a collective, of the strategy's virtues. Indeed, such awareness is the result of a strategic planning process where volitions are united and efforts concerted. This reduces uncertainty, work is always done nearer to the production-possibility frontier, profitability is maximized and, as a result, the performance of productive factors builds up" (*Ibid.*, 22). Conversely, a more explicit proposal exists which is clear about what the government's participation in creating and fostering regional clusters should be. This proposal is picked up by Mikel Navarro Arancegui from T.J. A.; Roelandt, P. Hertog; J. Van Sinderen and H. Van Den Hove. It notes that government policies (among other things) should constitute indirect intervention, unless there are market or system inefficiencies to such an extent that they are evident. Such policies may be in the form of subsidies and protections due to competition. They should foster cooperation and interaction without subverting the competitive climate. In this vein, such government activity (which is nothing but intervention and may not necessarily comprise public policy) acts as coordinator or authority in clusters, helping evade institutional and organizational bottlenecks and conflicts which could impede their proper functioning, but cannot create or develop clusters from scratch or when lacking preconditions (Roelandt; Hertog; Van Sinderen and Van den Hove, as cited by Navarro Arancegui, 2001: 23-24). The above implies that (national or subnational) government intervention is recognized as a way to overcome some hardships in this industry. Hence, this author considers that behind the dynamics of consolidation and specialization of companies lie not only the local market size, but also social, cultural and political factors (trust, social bonds and other institutional considerations), all of them should be taken into account (Bergman and Feser, as cited by Navarro Arancegui, 2003: 26).

As it can be seen, the role of rulers (either national or subnational) is that which is imposed by the trend in the direction of the regional industries, but that trend does not help enlighten the specific kind of public policy that should be implemented. This represents the gap in the understanding of some particular industrial processes in regions. For this reason, the following section presents a case about how a complete

industrialization process was carried out in the Mexican subregion of Aguascalientes, based in the worker's control achieved thanks to its local social actors (entrepreneurs and labor unions) and the sort of strategy orchestrated by its rulers and state apparatus.

## RESULTS

**Industrial Public Policy in Aguascalientes as an Industrialization Factor in the Center-Western Region of the Country:** The core question that drives this article is: *which are the dominant factors in Aguascalientes that spurred the current industrialization process?*

A paper published towards the end of the decade of 1990 approached, for the first time and in a systematic fashion, the topic of economic growth in Aguascalientes. This paper mentioned the factors that then had an influence in the local industrial-economic phenomenon, and found an early form of corporate relation in favor of industry promotion and development. While this article does not underscore the question of the growing corporatism that the state was experiencing, its author concluded that it was personal relationships and/or networks of people the reason behind the industry-moving events in the state (Salmerón. 1996: 172). In other words, the relationship among rulers-entrepreneurs-unions and the elites of the state turned into what was termed labor tranquility. This would later on turn out to become a whole instrument for workers' control in the state, whereby rulers, via public officials, were the first to prevent worker conflicts in factories, by means of docile labor unions with no competition. The remarkable thing in this work is that the person who participated in the advancement of the very same state secretariats<sup>2</sup> in charge of promoting the economy until transforming them in the present SEDEC (*Secretaría de Desarrollo Económico* or Secretariat for Economic Development) would become, years later, the governor of Aguascalientes: Mr. Carlos Lozano de la Torre.

The relations maintained between the state government and the worker sector were formal, unlike those held with entrepreneurs, as they were conducted directly through the formal representation of the Aguascalientes Federation (FTA), an organization associated with the Confederation of Mexican Workers (CTM). However, the direct interaction with the Federation was also in a personal level. The senior leadership of the FTA had a strong relationship with government officials, with whom they shared public office or partisan positions within the Institutional Revolutionary Party (PRI). This relation had the double goal of keeping workers under control and avoid union pugnacity. The harmonious relations with the official union confederation were based in a tacit agreement that delivered "social peace" in exchange for support for the confederation's leadership in the organizing of the Aguascalientes workforce. The statements put out by the officials at the time are telling:

"One thing that we have been always selling and that we consider fundamental is the state's labor tranquility, a high-quality labor force, the readiness of people to work. So, so as to take care of Aguascalientes rather than the CTM, we have never allowed any union that did not belong to the CTM. This

<sup>2</sup> First-level government departments or ministries are called "secretariats" in Mexico.

to avoid conflict” (Interview with Carlos Lozanos de la Torre<sup>3</sup>, cited by Salmerón: 181). What is apparent after analyzing Salmerón’s work is the very first forms of the state’s industrial public policies that were implemented by public officials, such as the case of Secretariat for Economic Development, created at the request of the state governor at the time. As can be noted, these policies were underpinned by workers’ control and had the aim of achieving what this actor called “labor tranquility.” They were promoted by the state (i.e. the governor) overseas in order to attract FDI, based on workers’ control in coalition with the local labor unions, which in turn were associated with the PRI. The ultimate goal, as the author states in his last paragraph, was for the state to dodgemeddling from unions from outside of the state (including those associated to the same political party in the national level). This detail is important, as it clarifies the sort of industrial relations being conducted in the state and the way in which they were implemented by the state public policy.

Thus, it appears that it is “labor tranquility” essentially what must be preserved as a result of the state’s public policy. There were also some rules limiting the proportion of workers from the countries of origin of the FDIs: 19% of the workforce (Salmerón, 1998: 178). This author, later citing an interview with who would later become Governor of Aguascalientes from 1986 to 1992, refers to the above fact when mentioning the importance of keeping the state free of air, environmental and social pollutants resulting from the potential arrival of companies to the state. “[...] There should be no pollutants not only of the environment, the air, but also of the social fabric. Because one of these factories came with a collective agreement with a union that has a bad name. [...] I told them, ‘Gentlemen: the company may come here, but without [that] collective contract and without bring people which pollute socially.’ The factory bought the land, but could not operate in Aguascalientes. (Interview with Miguel Ángel Barberena, cited by Salmerón: 179). This interview contains a number of claims on the way in which industrial public policies were applied in the state (those which may as well be called working environment-protecting, or what later intervening state actors would call social peace). This has set the norm for the role of rulers in respect of industrial public policy. But the most interesting part of Salmerón’s work, related to the Aguascalientes governors’ actions toward economic development, describes their efforts of *intermediation* (hence the title of his book: *Progress Intermediaries*) between the federal government and the private sector by way of public officials, especially those tasked with fostering economic growth in the state.

This is precisely the main reasoning of this author. He underpins “three groups of intermediation formulas, according to the work: the use of links in the hierarchical networks of the Federal Public Administration for the allocation of federal resources, the procurement of soft financing for local companies, and the use of foreign investment as central axis for local development” (*Ibid.*, 181). Even though Salmerón’s arguments focus on the areas of urban development and

economic growth, they present some primal elements of an industrial public policy tailored for the region-city of Aguascalientes. That is, the governors’ actions during the 1980s and 1990s are clearly recognized as a determinant towards a dynamic industrial policy, with a view to facilitate the development of industrial productive activity in the urban area rather than the rural area, focused on keeping peace among the working class and mediating with the different federal administrations for them to assign resources for the state. In essence, this was an industrial policy whose guiding idea was to strengthen an export-oriented industry (following the federal rationale for the national economic policy) and that attempted to bolster the state’s small and medium-sized enterprises through credit lines.

What was also being developed was an industry supported by *labor tranquility*, a process that started since the end of the decade of 1970. This state of workers’ control was refined over time as a result of increased participation from other public officials: the Secretary of State Government, the President of the Local Conciliation and Arbitration Board, and the Secretary for Economic Development. These three people fundamentally perfected what was at the time known as *labor tranquility* and what is today called “social peace” and “labor peace.” But, what other new functions has industrial public policy assumed in Aguascalientes? Basically, any kind of problem companies find themselves in, which are given a corporate resolution. While it is true that this new industrial public policy has its roots in the one described in the mid-’80s by Carlos Lozano de la Torre when serving as Secretary of the SEDEC in Aguascalientes, it has undergone significant revisions in the years that followed. It is now more dynamic and provides additional capacities to every public officer, so much so that some labor leaders have expressed that they may encroach on the roles of their own colleagues. For instance, concerning labor conflict, the secretary of the SEDEC and the president of the JLCA coordinate to preserve workers’ control and avoid strikes in the state. In relation to the matters concerning labor conflict in companies, the government secretary and all SEDEC and JLCA officials coordinate to build an entire apparatus aimed at controlling the labor movement. This has been carried out for 30 years now among the three actors who have so far avoided strikes from occurring (namely, entrepreneurs, unions and the government), with the authorization of the state governor (Gutiérrez, 2014: 220)

The state’s industrial public policy has grown so large that the aforementioned encroachment or overreach by public officials has even appeared in the problem-solving process of the state’s bureaucracy. One of the interviewee’s responses is relevant in this regard; he served as a SEDEC sub-secretary, and made the first statement on the existence of so-called contingency committees targeted at solving numerous problems that may arise in companies from Aguascalientes: workers’ conflicts, production issues, debt with social security institutions such as IMSS or ISSSTE, and even production halts due to global economic crises (such as the one that occurred in 2008). This is a task that the SEDEC secretary himself should resolve as normal, at the behest of the state’s secretary of government.

*How does labor peace work here in Aguascalientes?*

When two significant factors combine, what one wants... [is a certain foreign investment], to find a first-world industrial culture. Because companies arrived whose work

<sup>3</sup>This social actor was a former three-term Secretary for Economic Development of the State of Aguascalientes, and occupied the equivalent position for one term in the Government of the State of Zacatecas. The three terms during which he was Secretary of SEDEC were 1974–1980, 1980–1986 and 1992–1998. He would later serve the same position in Zacatecas from 1998 to 2004. He was a federal senator from 2007 to 2010. He was elected Governor of Aguascalientes for the 2010–2016 term.

methodologies included total quality, strategic planning and staff involvement; that resulted in people engaged with their company and who value their company, which in the end gives rise to good citizens. When you stumble upon a company with such a level of industrial culture, you won't find conflict there. And if conflict does arise, let me tell you: the Secretariat for Economic Development sorts it out. A committee is created, called a Contingency Committee, but I don't like that name because "contingency" means potential problems. This committee consists of INFONAVIT<sup>4</sup>, Social Security (IMSS), the union federations, the Secretariat for Economic Development (SEDEC), the General Secretariat of Government (SEGGOB), etc. So what does this committee pursue? To try to foresee. I mean, whenever you detect that a company starts having conflicts (which happens when they don't pay for social security), when they start having problems with the INFONAVIT, what these groups do is bring up this matter [the problem] and work on it all together, to support the company and avoid social problems. And how to avoid those? [the interviewee provides some examples]: by negotiating with the INFONAVIT a deadline to pay, by negotiating with the IMSS so they won't seize property... And we, as government, work towards providing those kinds of easings, because our duty is to ease processes... (David Cisneros, SEDEC sub-secretary during the term of governor Luis Armando Reynoso Femat).

The denominations "contingency committee" and "duty to ease processes" are just some of the terms that denote the different proceedings that public officers have conducted as part of a public policy that eases industrial processes. However, those duties that this sub-secretary of Government talks about are just the tip of the iceberg of all those that public officials have enumerated, which are related to the problem of industrial location in the state, as an effect of a policy geared towards producing for overseas. For instance, some of the new — and not so new — duties that public officials in charge of promoting regional industrialization (from the SEDEC and the JLCA) have, in agreement with local unions and as part of their industrial public policy, are expressed in terms of social peace and labor peace<sup>5</sup>. Both expressions describe the roles played by the secretaries of the SEDEC and the JLCA for the purpose of preventing companies arriving in Aguascalientes to have a union representing their workers before the labor authorities. To wit, for over 20 years the state government has permitted, and increased the use of, the so-called *collective protection contracts* to prevent unions to form in companies (signed with the participation of existing unions, entrepreneurs and public officials from the JLCA), in order to make strikes disappear in the state. The duties discussed above (which are carried out on the instructions of the secretary of government and with the consent of the state governor) have reached such an inordinate point that even the union actors themselves are not able to tell apart the tasks that they are supposed to perform to preserve labor peace (regarding the distribution of collective protection contracts by the governor and the secretaries to the official local labor unions to prevent unions and strikes). This is the view taken by Jesús Enrique Ramírez Ramírez, leader of the Aguascalientes branch of the CROM who holds a master's degree in Industrial and Labor Sociology. He notes the not-quite-clear duties carried out by

the public officials in charge of preventing labor conflicts in Aguascalientes. Yeah, but I haven't found the reason behind that policy, that problem-solving methodology. From saying: "I will no longer do that distribution... [Referring to the repartition of the ownership of the collective contracts from the enterprises already located in the entity, also known as protection contracts for businessmen], but let the market flow, however it decides", this means, there is also a lack of knowledge... Even more, there is a lack of coordination because when this distribution was made [about the ownership of the collective contracts], the local conciliation and arbitration board along with the SEDEC had such a symbiosis that you couldn't tell them apart — they were twin siblings. What ever occurred in the board was immediately notified to the SEDEC, and then, they would think about boasting... Me, as an extra: labor relief. That was being built from the very government, along with every social actor: head businessmen, labor representatives, and every other intervening part; and currently it is not the case. They boast about a labor peace that they haven't put any effort to build, nor to rebuilt or to promote. (Jesús Enrique Ramírez Ramírez, líder de la CROM de Aguascalientes).

The above view provides several elements worth discussing, but the one of the most relevant right now is the one that expresses the sort of industrial public policy that exists in Aguascalientes. One that lays bare the informal and illegal means authorities use to create comparative-advantage conditions for companies located within the region-city. One that, with no doubt, attracts IED and generates industrialization. For this reason, the labor tranquility mentioned by governors in the past has now acquired a new meaning: the term now denotes "social peace"<sup>6</sup> and "labor peace."<sup>7</sup> Consequently, this labor tranquility is the result of a public policy that has been refined over time. Aguascalientes has consolidated by now a regional industry. Its specific sort of industrial public policy, based on what has been called (Gutiérrez y Padilla, 2014; 289), has been the result of the political vision of subnational governments in Aguascalientes, by which material and economic resources have a very specific goal: to attract FDI by offering efficient workers' control instruments and mechanisms for companies, and to generate industrial development within the region-city. But, how is the industrial public policy implemented nowadays in Aguascalientes based on the labor stability? In this case, the mechanisms are pretty specific, starting with the governor offering to the FDI the properties of the area as competitive advantages: terrains offered at a competitive price near to giveaways, low salaries, qualified work-hand, a location near to the main urban centres, an excellent inbound and outbound communication system of the merchandise, among others. And this offers also labor stability: workers' control. Once the company has decided to locate itself within the area, the secretaries of government are in charge of developing the instrumental part so it can start with its productive activities as soon as possible. This operative part is described by the secretary of the SEDEC of Aguascalientes: Raúl Landeros Bruni,<sup>8</sup> as part of the other duties any government secretary must do in accordance to the industrial public policy of Aguascalientes.

<sup>6</sup>Term that denotes civilian tranquility.

<sup>7</sup>Term that makes reference to workers' control within factories to prevent conflicts with workers.

<sup>8</sup>This secretary of the SEDEC of Aguascalientes, at the moment of the interview, held the position of sub-secretary for SMEs.

<sup>4</sup>An institution in charge of solving housing problems in Mexico.

<sup>5</sup>Term derived from the one used during the decade of 1970 by the state rulers and elite (labor tranquility), which means to have zero strikes in the state.

*To which extent has the labor-peace public policy (mentioned several times by Mr. Carlos Lozano de la Torre) influenced the location process in the state?*

I would say that the labor stability motif [and] the 40-plus years of zero strikes on record, is totally a determinant factor; I wouldn't be able to tell you the percentage..., over all of the virtues and intangible benefits this state offers you. But I want to tell you quickly that indeed it is an attention-grabber, it is the bait, the persuader, the first lure, it's the first letter of introduction that we throw when selling the state abroad. For us and for any citizen it's very normal to know that there are no "messy situations" [labor conflicts], no "labor issues", "no strikes", no "expressions of dissatisfaction" turning up everywhere, no "lockups" [in a reference to the social peace of Aguascalientes, Mexico], etc. as it happens in other states, which are not even that far away. So we, by casting the hook, we're able to catch attention, and that sows a seed, a need to say, "at least I should go get to know the people of Aguascalientes, to see what else can the state offer me [other comparative advantages being offered]; I think that is very important, in addition to the virtues Aguascalientes has.

*Among those other virtues, which other would you add?*

Next up is public security [social peace within the state]. Aguascalientes, as we sometimes like to say, an island within Mexico. And thirdly, the quality of life and lifestyle Aguascalientes can offer you, your family, foreign families, education, health standards, healthcare and education coverage, the accessibility of roads... In sum, all of the benefits offered to foreigners...

*Could this policy by Carlos Lozano be considered as an Industrial State policy?*

Absolutely, absolutely, and this is the stamp he puts in it, this trend. To be frank, Aguascalientes' greatest asset has been its intangible benefits, again, labor stability, social stability, quality of life, etc. In a nutshell, I believe there's no better investment promoter than Carlos Lozano in this country. (Raúl Landeros Bruni, SEDEC secretary, Aguascalientes).

From this interview it is possible to draw two things: the instrumentation of the industrial public policies regarding the secretary of the SEDEC, and the benefits obtained by those companies that were convinced by the pluses offered by the state: intangible and tangible benefits. In this case, for those with a relationship with the workers' control as part of the industrial public policy and as an industrialization factor in the area stood out: the intangible benefits are no other thing but the collective protection contracts.

Thus, the fact that the public officer claims that Aguascalientes has been strike-free for more than 40 years implies two things about its industrial public policy: a good control of workers' unrest in the area, and the eradication of the collective negotiation with the unions, due to the lack of these within companies. These intergovernmental relationships will be named as Aguascalientes' industrial articulations as a part of the industrial public policy. The above is demonstrated with the following part of the interview done to the secretary of the SEDEC. In this alternative version, the social actor describes the processes done by the secretary to convince the FDI that Aguascalientes is one state with great comparative advantages.

"There's not much to it... well, first, we receive them at the airport [entrepreneurs interested in investing in the region], we bring them here with all the possible hospitalities, we play them a video, we pitch them on the benefits. We go see the industrial parks, as that's their first need: they see whether they can locate [the company space] and whether the industrial conditions are feasible for the specific project. Immediately afterwards, the rest of the day's agenda is an awareness-raising agenda for the entrepreneur seeking to locate themselves here, and we take them directly to... I mean, this articulation you're rightly mentioned happens. It keeps on happening, but not only among the state government and its departments, which I'll exemplify in a moment, but among academia, the universities. In the end, among everything, this is an articulation that the governor has been able to implement very well and which I think it's been a determinant factor for the achievement and industrial boom Aguascalientes has experienced during the last months.

So, after analyzing all of the quantitative parts, the industrial parks, finance questions, tax-related questions and all of the other questions the entrepreneur may have before entering our "business plan", we go visit the Secretariat of Public Security, we're received by the General. Then we visit the universities — sometimes we're asked to go see the universities, see the curricular plans of what they're offering, and, of course, we have a great relationship with the industrial group, the universities and the companies, and what we do when companies tell us: "hey, I need mechatronic engineers with these subjects, strong at programming or subject X," we pass on the feedback to the State Education Institute, and the Institute implements those industry requirements in universities, at least the public ones, and suggests them to the private ones. So, this is the type of articulation that I think has given so much confidence to the foreign inversionist.

*Are you of the opinion that in this state we have a sort of union movement that embraces industrial relations, that is very participative and collaborative regarding the industrial development of Aguascalientes? Is it remarkable somehow for participating in the process at all? How do you all see that?*

I agree wholeheartedly; look, we call that the virtuous square, as there are four edges to it: a government, a company, academia, and unions. They are, and always were, important like that. Even though this was considered a triangle before, personally I consider it a square and this is what the governor has instructed us [to do], and everything makes... well, it's a virtuous square that translates into labor stability, it's that simple. If you combine these four edges you'll obtain a state that's well-educated, well-governed, with a very strong industrial base and a peaceful, happy, willing-to-negotiate labor union. For example, we hold roundtables frequently, well, the secretary [the secretary of government of the state], directly holds roundtables with union leaders, eh?, they even play golf together on weekends and stuff like that; that's the level of closeness they have, isn't it? So these four edges are how we achieve labor stability and, again, it's the most important hook to attract investors.

And regarding the state, who participates the most? There are you I suppose, but what about the other secretariats?

In fact it's all of us, eh. Look, for example, a company comes here, and it approaches us first, literally, "hey, look, how are

things in your state? What can it offer me, and how?" So we tell them all: the tangible benefits, some of them economic in nature, some intangible [alluding to the workers' control attained by the use of protection contracts in companies]. So I believe it has been a resounding success, the way in which, again, the governor has managed to coordinate us all with very clear, very precise instructions, and the highest level of exigence, too, let it be said. Because he knows this topic really well. (Raúl Landeros Bruni, SEDEC secretary, Aguascalientes) As it can be seen, this SEDEC secretary exposes in a very clear manner the way in which they work and how they articulate the government departments to offer the state to the FDI as one that can perceive almost everything they need and demand. One that offers what is called tangible and intangible benefits that other countries and other states from Mexico have not achieved yet. Nevertheless, the contribution of the local unions to this industrial governmental project which could not have been accomplished resulted in the 40 years goal without strikes in the state and to nearly eradicate collective negotiation that the enterprises should do in the state of Aguascalientes.

However, to what extent has the articulation mentioned by the SEDEC secretary (as part of the other duties that each of the secretaries from the different state departments are in charge of) been actually demonstrated among the government departments, to accomplish the construction of these so-called intangible benefits that are being offered to the FDIs to establish themselves in the area as part of what he defines as "the virtuous square"?

Another interview done to the worker leader from the Aguascalientes branch of CROM (Mexican Workers' Regional Confederation) revealed the coordination that exists among the secretariats and the representative from the labor institution in Mexico (JLCA). It describes how the organisms mentioned above distribute the collective contracts corresponding to newly-located companies among the local unions, so that they can then transform them into protection contracts for the companies and this achieve labor peace. Even more, there is a lack of coordination because when this distribution was made [about the ownership of the collective contracts], the local conciliation and arbitration board and the SEDEC had such a symbiosis that you couldn't tell them apart — they were twin siblings. Whatever occurred in the board was immediately notified to the SEDEC, and then, they would think about boasting... Me, as an extra: labor relief. That was being built from the very government, along with every social actor: head businessmen, labor representatives, and every other intervening part; and currently it is not the case. They boast about a labor peace that they haven't put any effort to build, nor to rebuilt or to promote. (Jesús Enrique Ramírez Ramírez, líder de la CROM). This testimony describes the coordination that exists between the two public officers responsible for preserving labor peace in the state, carrying out duties that are nearly illegal; and how both are knowledgeable of each other's duties. In other words, despite of power alternance, public officials in separate state secretaries are well aware that they need to replicate certain practices to further an industrial public policy that is aimed at attracting FDI, based on labor stability.

Well, the complete interview with the SEDEC secretary in Aguascalientes completes our understanding of how has the governor achieved labor stability in the state, a process that is

defined in public discourse as social and labor peace based in the internal coordination of state- and federal-level organisms. Regarding tangible incentives, it is the SEDEC secretary in Aguascalientes the one in charge of summoning and coordinating national and subnational institutions to promote agreements and/or solutions to issues that may arise at companies, either national or foreign-capital. It may be asserted that the institutions being articulated are: universities (public and private), the State Secretariat of Public Security, the Industrial Development Trust (local department), the Secretariat of the Environment (SEMARNAT, local delegation of federal department) and the State Institute for Education (IEA), the JLCA, and several others from the federal administration, such as the IMSS, the ISSSTE, among others. And additionally there is the secretary-general of the State Government, who deals with the solving of worker-conflict issues in the region-state and with thus preserving labor stability. In short, these are the local social actors invoked by one actor to solve labor-related problems in the state, through so-called "contingency committees", creating thus what they call intangible incentives: by invoking and coordinating the president of the JLCA and local unions<sup>9</sup> whenever conflicts arise between capital and work. Therefore, it can be said that the interview done to the SEDEC secretary represents the most relevant empirical piece of data that could be obtained from any state public official during the last 40 years, as it has clarified the way in which Aguascalientes has achieved its successful industrialization.

## Conclusion

Generally speaking, public policy does not emerge from sensible ideas coming from a politician or ruler with an outstanding team, even less so from a clear-headed theorist. Public policy responds only to solving urgent problems experienced by whomever rule a territory. It is a fallacy for rulers to direct their attention and public resources towards covering the needs of the population related to various services, if in doing so they are benefiting external social actors in the hope that they will feel welcome in the region. This is the case of the State of Aguascalientes, where its rulers apply a sort of public policy that is aimed at benefiting anyone who has helped elect them as governors. In this respect, the proposal by Harold D. Lasswell, who declares that politics should solve the fundamental problems of mankind through certain *appraisals* oriented towards attaining human dignity; the one by Lindblom, who uses certain criteria to define an ideal of a ruler's policy and what and how to expect from society; or Dror's work, who alleges that it is possible to exploit and develop the intellectual capabilities of those who lead and manage regions according to the clarity with which they see the ultimate goals of public policy — all of these are just utopic proposals of what the profile of a ruler should be, of what their approach should be and what possible and potential capabilities first-rate public officials should develop, none of which happens in real life. Reality is what is observable in public institutions: well-defined and structured orientations by the region's rulers: such is the case of Aguascalientes, Mexico, where one can appreciate how the goals to be reached by entrepreneurs are clear-cut: controlling labor conflict by using

<sup>9</sup>The most important labor union confederations in the state are: the Aguascalientes Federation of Workers of the Mexican Worker Confederation: FTA-CTM, the Revolutionary Confederation of Workers and Farmers: CROC, Aguascalientes branch, and the Mexican Workers' Regional Confederation: CROM, Aguascalientes branch.

collective protection contracts under the cover of the regional union leaders.

In this way, the state's public policies are only the formal instrument through which all of the actions taken by the government should be justified on, as it relies on informal (illegal) means for those policies to be operable and feasible in practice. That said, the operability and feasibility of Aguascalientes public policy is so high that it has even managed to avoid labor instabilities that would normally be the result of corporate modernization processes, global economic crises and changes in power. Also, it explains why this region consistently is among those that retains the most FDI and achieves the greatest rate of industrial development. Hence, it can be said that the sort of industrial public policy implemented in Aguascalientes has been successful in achieving the goals set by the state's elite: workers' control by rulers responding to the interests of lobbies through a well-structured system of political parties which can take turns in power without affecting the ability to realize their goals: local power elites (entrepreneurs and unions) that are well organized by the specific interests uniting them. But mainly, it can be said that this industrial public policy (characterized by its control of conflict among the region's workers) has become the crucial factor for industry location in the state. This last functionality is what gives this industrial public policy the rank of comparative advantage, from an economical-analysis standpoint.

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