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Industrializing Mexico: Railways, Factories, and the Growth of Capital, 1876-1950

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Introduction

This book examines how Mexico moved from a predominantly agrarian economy toward industrial capitalism between 1876 and 1950. Its central contention is that industrialization in Mexico was neither inevitable nor monocausal: it emerged from the interaction of infrastructure (above all railways), flows of foreign and domestic capital, new forms of enterprise organization, and the contested labor relations that produced an urban working class. Rail lines reconfigured markets and lowered transport costs; factories reorganized production and social time; and both depended on networks of credit, law, and state policy that evolved unevenly across regions and decades.

Porfirian modernization set the initial parameters for change by privileging large-scale infrastructure and attracting foreign investment, but the actors who built industry were diverse. British, American, French, and other foreign investors supplied finance,

technology, and managerial models; Mexican entrepreneurs adapted, resisted, and at times led. The state—through concessions, contracts, tariffs, and later regulatory regimes—shaped incentives and constraints but rarely controlled outcomes fully. Crucially, workers and communities were not passive recipients of modernization: strikes, workplace culture, and mutual aid reshaped industrial practice and influenced policy. This book follows these multiple forces in dialogue rather than in isolation.

Methodologically, *Industrializing Mexico* combines macro-level economic analysis with granular, archival case studies. Chapters alternate between thematic treatments (railways, finance, labor law) and focused empirical examinations of places and episodes (textile towns, Monterrey's steelworks, wartime manufacturing mobilization, and emblematic labor conflicts). Sources include business records, government reports, contemporary press, union documents, and the testimonies of workers and managers. By tracing linkages—how a railway terminus altered regional patterns of capital accumulation, or how a strike shaped subsequent regulation—I aim to show how structure and contingency together produced Mexico's industrial landscape.

The narrative follows a broadly chronological arc while attending to regional variation and sectoral specificity. Early chapters describe the Porfiriato and the physical and institutional infrastructures that enabled factory growth. Mid-book chapters center on labor—gendered work patterns, family labor, strikes such as those that galvanized national debate, and the emergence of union structures—and on the state's shifting role during revolution and the postrevolutionary reconstruction. Later chapters examine the strategic turn toward import substitution, the transformative impact of wartime demand in the 1940s, and the concrete experiences of enterprises that exemplified modern industrial organization.

Readers will encounter the human consequences of economic change as well as the technical and policy mechanisms that accompanied it. Industrial growth created wealth and new entrepreneurial classes, but it also produced precarious living conditions, contested labor markets, and environmental and social strains in rapidly expanding cities. Understanding these trade-offs is central to explaining why Mexico's path to industrial capitalism differed from other nations' and why those differences mattered for mid-twentieth-century politics and development.

Finally, this study situates Mexico's industrialization within broader comparative debates about peripheral industrial development, dependency, and the role of the state. By tracing how railways, factories, and labor interacted across decades and regions, the book offers both a detailed national history and lessons for interpreting industrial transitions elsewhere. The chapters that follow map the institutions, conflicts, and adaptations that together forged Mexico's industrial order by 1950.

CHAPTER ONE: The Porfiriato and the Promise of Progress, 1876-1910

The year 1876 marked a turning point in Mexican history, as General Porfirio Díaz seized power, ushering in an era of unprecedented political stability and economic transformation known as the Porfiriato. For over three decades, Díaz, a Oaxaca-born military hero, dominated the political landscape, promising "order and progress" after decades of civil strife and foreign interventions. This promise, while often delivered with an iron fist, laid the groundwork for Mexico's initial foray into industrial capitalism, fundamentally reshaping its economy and society.

Díaz's rise to power was a consequence of the ongoing struggle between liberals and conservatives that had plagued Mexico since its independence. A veteran of the War of Reform and a hero of the French intervention, Díaz initially presented himself as a champion of liberal principles, advocating for effective suffrage and no re-election. However, once in power, he gradually consolidated his authority, transforming the nascent democratic institutions into instruments of personal rule. His enduring legacy, however, rests not solely on his political machinations, but on the economic policies that propelled Mexico into the global economy and fostered the growth of nascent industries.

At the heart of the Porfirian economic project was an unwavering commitment to modernization, largely inspired by European and American models. Díaz and his advisors, often referred to as *científicos* due to their belief in positivism and scientific administration, saw the development of infrastructure, particularly railways, as the key to unlocking Mexico's vast natural resources and integrating the nation into international trade networks. The vision was grand: to transform a fragmented, largely agrarian society into a modern, industrial nation, capable of competing on the world stage.

This ambition translated into a concerted effort to attract foreign investment. Recognizing Mexico's dire need for capital and technological expertise, the Díaz regime offered generous concessions and incentives to foreign companies. This was a significant departure from previous nationalist sentiments, but the *científicos* believed that foreign capital was essential to kickstarting the nation's economic engine. They understood that domestic savings alone would be insufficient to finance the massive infrastructure projects and industrial undertakings required for modernization.

The legal framework was meticulously crafted to ensure the security of foreign investments. Laws were reformed to protect property rights, facilitate land acquisition, and guarantee the repatriation of profits. This created an attractive environment for investors from the United States, Great Britain, France, and Germany, who poured capital into mining, railways, public utilities, and, increasingly, manufacturing. The era witnessed an explosion of new companies, many of them foreign-owned, establishing

operations across Mexico.

One of the most visible and transformative aspects of Porfirian modernization was the prodigious expansion of the railway network. At the beginning of Díaz's presidency, Mexico possessed a paltry few hundred kilometers of track, largely remnants of earlier, often aborted, projects. By 1910, this had ballooned to over 19,000 kilometers, connecting major cities, mining centers, agricultural regions, and ports. This rapid expansion was largely driven by foreign capital, particularly from American and British companies, lured by government subsidies and land grants.

The railways were more than just a means of transport; they were arteries of change, fundamentally altering Mexico's economic geography. They facilitated the movement of raw materials from interior mines and haciendas to coastal ports for export, and brought imported manufactured goods to burgeoning urban centers. This drastically reduced transport costs and travel times, opening up previously isolated markets and stimulating commercial activity across the nation.

Beyond raw materials and finished goods, the railways also played a crucial role in the movement of people. Laborers could now travel more easily to new employment opportunities in mines, factories, and commercial farms, contributing to the growth of an incipient urban proletariat. The tracks themselves, and the associated workshops and maintenance facilities, also created new employment opportunities, further drawing individuals into wage labor.

The construction of these railways was a monumental undertaking, requiring not only immense capital but also a significant workforce. Thousands of Mexican laborers toiled under often harsh conditions, laying track, building bridges, and tunneling through mountains. This experience, while contributing to the nation's infrastructure, also fostered a new sense of collective identity and, at times, grievance among these workers, laying some of the groundwork for future labor movements.

While railways were the most prominent symbol of Porfirian progress, the era also saw the nascent development of industrial manufacturing. Prior to Díaz, manufacturing was largely artisanal and localized, catering to regional needs. Under the Porfiriato, with increased capital availability and improved transportation, larger-scale factories began to emerge, particularly in sectors such as textiles, tobacco, brewing, and food processing.

These early factories often adopted modern production techniques and machinery, many imported from abroad. Textile mills, for example, equipped with steam-powered looms and spinning machines, began to replace traditional handcraft production, signaling a shift towards a more industrialized economy. The concentration of workers in these factories, often under strict supervision and fixed hours, marked a significant departure from previous labor arrangements.

The growth of manufacturing was not evenly distributed across the country. Certain regions, such as the Valley of Mexico, Puebla, and later Monterrey, began to emerge as industrial hubs, benefiting from access to markets, labor, and infrastructure. These regional clusters would play an increasingly important role in Mexico's industrial trajectory, fostering distinct entrepreneurial cultures and labor relations.

The state's role in this industrial development was complex. While championing *laissez-faire* principles in theory, the Díaz regime was pragmatic. It actively intervened to support industries deemed strategically important, offering protective tariffs to shield nascent domestic manufactures from foreign competition. This selective protectionism aimed to nurture local industries, allowing them to mature before facing the full brunt of international competition.

Furthermore, the government played a direct role in establishing and regulating certain industries, particularly those related to public services. Concessions were granted for gas, electricity, and waterworks, often to foreign companies, but under terms that aimed to ensure a degree of state oversight and control. This delicate balance between attracting foreign capital and asserting national interests would be a recurring theme throughout Mexico's industrialization.

The Porfiriato also witnessed the strengthening of Mexico's financial institutions. New banks were established, often with foreign capital, providing credit for infrastructure projects, agricultural ventures, and increasingly, industrial enterprises. The Banco Nacional de México, founded in 1884, and the Banco de Londres y México, along with regional banks, played a vital role in channeling investment and facilitating commercial transactions. This nascent financial system, while still underdeveloped by international standards, provided crucial lubrication for the wheels of industrial growth.

However, the "order and progress" of the Porfiriato came at a cost. The economic policies, while fostering growth, also exacerbated social inequalities. The concentration of land ownership in the hands of a few wealthy hacendados and foreign companies intensified, dispossessing many rural communities and driving them into wage labor. The rapid modernization often bypassed the majority of the population, leading to growing discontent among peasants and the nascent working class.

While the *científicos* emphasized rationality and scientific administration, their policies often prioritized economic growth over social justice. Labor conditions in mines and factories were often harsh, characterized by long hours, low wages, and dangerous environments. The right to organize and strike was severely curtailed, contributing to a simmering resentment among workers who felt excluded from the benefits of the era's progress.

The cultural impact of the Porfiriato was equally profound. Mexico, for the first time in its independent history, was firmly integrated into the global capitalist system. This brought not only economic changes but also a wave of new ideas, technologies, and consumer goods. European fashion, American machinery, and a cosmopolitan urban culture began to take root in cities like Mexico City, Guadalajara, and Monterrey, further highlighting the growing divide between the modernizing elite and the traditional rural masses.

Despite its inherent contradictions, the Porfiriato undeniably laid crucial foundations for Mexico's industrial future. The extensive railway network, the influx of foreign capital and technology, the emergence of a rudimentary financial system, and the beginnings of factory-based manufacturing all marked a decisive break with the past. These developments, while not uniformly beneficial or equitably distributed, undeniably propelled Mexico into the industrial age, setting the stage for the complex and often turbulent transformations that would follow in the decades to come. The promise of progress, while unevenly realized, had irrevocably altered the nation's trajectory.

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