This study is a sequel to my M. Phil research on the role and repercussions of direct foreign investments in the Mexican economy. Based entirely on secondary data, the results of the previous study revealed the preeminence of United States private investments in Mexico. It also showed the shift in US foreign investment from the primary and services sectors to the manufacturing sector since the Second World War and the penetration of US based multinational corporations in the Mexican economy. Further it revealed a process whereby US capital gradually came to acquire dominance and control of the Mexican economic sectors initiating, in turn, a process of industrial denationalization of Mexico i.e. the acquisition and control of indigenous industries by foreign, in this case, American hands. It was this preliminary assessment that promoted the need for a more systematic study based on primary source material and field research. The outcome is the present monograph.

Latin America had remained virtually a dark continent for the people on this side of the hemisphere. However, early 1970s triggered off an interest in the countries that was more than just curiosity. Across the vast geographical distance and linguistic barrier,
countries like Mexico and Brazil seemed to set examples of 'success stories' for the backward and underdeveloped regions of the Third World.

Such was the euphoria of these 'success stories' that they paled into insignificance any study that cast doubts on their veracity. Thus, as I prepared for a field trip to Mexico, I found myself beginning to be carried away by this euphoria and felt a little unsure of my own earlier investigation and findings. Reaching Mexico City my trepidations further mounted as I observed traffic zipping on the eightlane highways, large neon decorated hoardings screaming out the once familiar messages of Coca Cola, the ultra-modern architecture of concrete and glass blending in with carefully preserved colonial architecture and that image of plenty-- the super departmental stores -- all reinforcing Mexican economy's creditable track record. However, it did not take too long to discover that behind 'Las Palomas' - the richest area of the city, lay stretches of slums known popularly as las ciudades perdides - the lost cities, that the gaudily painted murals by eminent Mexican artists on tall walls that skirted either side of the highway from the airport to the city, actually curtained miles of these same "lost cities". The curious confluence of mutually opposed
forces, of modernity on the one hand and morbid poverty on the other, posed a challenging task, providing an inspiring setting for my research.

It is against this backdrop that the present study attempts to decipher and assess the Mexican 'success story'. What camouflaged the success (a remarkable growth rate of 7-8 per cent) was the preponderance of foreign investments that still loomed large and were in reality gradually leading to a dominance and control of the Mexican economy especially by American capital interests. This control, as unravelled by the study, was exercised in a manner that contradicted the very nationalist aspiration and constitutional safeguards for Mexican sovereignty which the Mexican Revolution had aspired and fought for.

The significance of the present research rests upon the fact that US direct foreign investments, through their resilient agencies, the multinational corporations (MNCs) became important instruments for the industrialization of Mexico, in particular of its manufacturing sector. At the same time however, there remained a contradiction between the logic of growth as seen from the vantage point of the multinationals, and of Mexico, as seen from the broader perspective of "mexicanization" and indigenous development. The
proliferation of MNCs over time was not indicative merely of simple investment of foreign capital in Mexico, but of an ever-growing trend towards the acquisition and control of the productive structure of indigenous Mexican enterprises that were not only well established but also viable and profit making ventures.

The central focus of the present study then, has been to delineate the inner logic of the US MNCs which exerted an efficacious control over the manufacturing sector of the Mexican economy. The analysis of available evidence with the above focus revealed an elaborate _modus operandi_ of acquisition and control made possible by a 'Mexican State and private' alliance between the MNCs, Mexican State and private—alliance. Such an alliance caused a deleterious impact on the indigenous economy thwarting thereby a self-sufficient and autonomous development. This epitomized a process of denationalization of the Mexican economy. Characterized by a tacit transfer of economic decision-making in the sphere of Mexican industry and resources, this process marked the shift of corporate power from national to foreign hands.

The Mexican case could provide an instructive commentary on the performance of MNCs in the Third
World. It demonstrates that finding solutions to technical problems, increasing the efficiency of production and raising profit levels and other factors, often enough advanced for justifying the red carpet welcome to MNCs, can scarcely be synonymous with development. Even with such benefits the impact however, is short-term. Economic denationalization also goes hand in hand with political and cultural denationalization.

It is worth recollecting that Mexico made international news in August 1982 when its economy succumbed to the so-called 'debt-trap'. It may be noted that though the study does not deal with this development, the changing contours of foreign capital and its operations in Mexican economy, which emerged in the study, could be seen to provide an appropriate backdrop and put into perspective the debt crisis-- a poignant story of 'economic boom' to 'economic bust', a miracle to a debacle!

The nature and scope of the present study required both primary and secondary materials for which field work was conducted both in Mexico and the United States. During the field work, data was collected through interviews with concerned senior government officials in Mexico in Departments of Industry and
Commerce, the Foreign Investment Commission, the National Registry of Technology Transfer, the Nacional Financeira and also officials of concerned non-governmental bodies such as the Centro de Investigaciones y Docencia Economicas (Centre for Research and teaching of Economics) and the Instituto Latinoamericano de Estudios Transacionales (Latin American Institute for Transnational Studies). In close interaction with scholars working in related areas especially at El Colegio de Mexico and the Centre for Economic and Social Studies at the Universidad Autonoma de Mexico and with those at the Harvard Business School in Boston, United States and later at the Institute of Latin American Studies, London, such data as available, was also sought for the completion of the study.

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