

Between November 1994 and the depth of the peso crisis in the third quarter of 1995, Nuevo León lost more than 53,000 full-time registered jobs, a drop of about 8 percent. According to official statistics, the pre-crisis employment levels have now been re-established. But the data conceal a considerable amount of underemployment. In addition, these statistics cover only private-sector formally employed workers who are registered with the *Instituto Mexicano del Seguro Social (IMSS)*, Mexican Institute for Social Security. It will be some time before job growth can catch up with new workers who entered the labour force over the last two years.

Because they are both export-oriented and highly diversified, with operations throughout Mexico, most of the large *grupos* were not hurt badly by the crisis. Several of them continued with previous expansion plans even before the trough in the third quarter of 1995. There have been a few notable setbacks, but they were not necessarily attributable to the crisis. In any event, these companies have considerable staying power with both the resources and the will to take a long-term view.

HISTORY AND CULTURE

Prior to the Spanish Conquest, northeastern Mexico was occupied by a variety of indigenous tribes. Initially, the Spaniards, under Hernán Cortés, concentrated on subduing the Aztecs further to the south. Cortés founded Mexico City on the site of the Aztec capital in 1521. Francisco de Montejo moved north and conquered the remnants of the northern tribes in 1526, and by the 1540s most of northern Mexico was under Spanish control.

Ciudad de Nuestra Señora de Monterrey was founded in 1596 as the capital of the Kingdom of Nuevo León. Monterrey initially developed as a trading centre, linking the agricultural and mining areas of the north to the sea ports in Nueva Santander (now Tamaulipas). It did not emerge as an industrial centre until the 19th century. The state of Nuevo León was created in 1824 following the declaration of independence three years earlier.

Cattle ranching was the principal economic activity prior to the Mexican-American War. Monterrey was occupied by the Americans, under Zachary Taylor, and the Battle of Angostura was fought nearby in February 1847. The war ended with the Treaty of Guadalupe Hidalgo in September 1848. Although Mexico lost a great deal of territory, relations with the United States were normalized. The northern links helped to offset the fact that the northeastern region was relatively isolated from the centres of power in Mexico. Historians generally cite this isolation as a driving force in the development of the entrepreneurial spirit that characterizes the Monterrey region today.

After the war, a textile industry began to develop, with the first major plant constructed in Santa Catarina in 1856. Monterrey also developed as a transportation centre for Confederate cotton during the American Civil War of 1861 to 1865. Two more textile plants opened in 1872 and 1874. A railway from Laredo, Texas, was opened in 1882, and telegraph service also became available at that time. This, combined with favourable investment legislation, led to the rapid development of the beer, steel, glass and cement industries.

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