UNMASKED

López Obrador and The End of Make-Believe

By Luis Rubio

Wilson Center


LA RANA QUE QUERÍA HACERSE BUEY...
MEMORÁNDUM
CONSTIT


STITUCIÓN
...y lo logró!
EN REFORMA

ACKNOWLEDGMENTS

This volume began to take shape in my mind when Andrés Manuel López Obrador effectively assumed control of Mexico's government on July 1, 2018, the eve of his triumph in the presidential elections. His mandate was absolute and unequivocal, and the problems that he intends to attack are the central problems of Mexico. My differences with him are not his intended objectives, particularly his desire to address any number of Mexico's ancestral evils such as inequality, poverty, and lack of growth—the nodal issues of the country—but rather his intended means of addressing them, as well as his propensity to evade political reality and the realities of globalization. It has been clear from the start that he does not recognize that there are limits to his capacity to act and modify the national reality. That reality must change so that Mexico can break with a past that has not improved the population's well-being—however, such change does not necessarily entail completely wiping away everything that exists, as the new president claims.

If he continues on his chosen path—one guided by obsessions, incidents, and agendas that are incompatible with the vision that he has expressed repeatedly in his speeches and books—López Obrador will end up against the wall, as so many of his predecessors have ended. As long as Mexico remains integrated with international commercial and financial circuits, there is no way to avoid the tangible and inevitable realities of the way financial markets work or the investment decisions made by both domestic and foreign entrepreneurs and investors. Almost no country in the world is free from the ups and downs instigated by these two groups of actors, and Mexico will not be the exception.

Nonetheless, Mexico has significant potential to achieve inclusive development that diminishes poverty and inequality. Its potential will be even greater if it manages to break with the political and social impediments—all interests profiting from the status quo—that have diminished and hindered progress for decades, if not for centuries. López Obrador has the exceptional characteristic of not being committed to this status quo, a fact that gives him enormous freedom and power to face these obstacles. Ever since he won the presidential election, he has been presented with two possible paths to follow. The first path would lead to a true

transformation of the country. The second would lead to a crisis, one that would impoverish the population and decimate its development potential.

I wrote this book to understand the moment that Mexico faces today and explain it to my kind readers. I will have achieved my goal if I can advance this understanding of the challenges that Mexico faces in order for the country to better prepare and address them.

I would like to thank, first and foremost, Duncan Wood, director of the Wilson Center's Mexico Institute, for his unstinting support and willingness to publish my writings. I also would like to thank Edna Jaime for her reading of the text and for her unceasing support. Laurence Pantin made a careful and detailed review and editing of the text, significantly improving the argument, so I am in huge debt to her. For this English-language edition, I thank Andrés Clarke for the translation and Shannon Granville for the editorial revisions. Finally, this book would not have been possible without the extraordinary job carried out by the staff of the Mexico Institute, most particularly Angela Robertson.

I am, of course, solely responsible for the final text that my readers have in their hands.

Professor Samuel P. Huntington said that the job of a scholar or observer is not necessarily to improve the world, but to say bluntly what he or she thought was actually going on in it. To do that meant focusing on matters that would be inappropriate to raise at a polite dinner party—that would elicit an embarrassed silence among the guests. For I have always believed that the future often lies inside silences, inside the things few want to discuss.

Robert D. Kaplan

Table of Contents

Author: Luis Rubio
ISBN# 978-1-938027-84-0
Designed by Kathy Butterfield

Woodrow Wilson International Center for Scholars
One Woodrow Wilson Plaza
1300 Pennsylvania Avenue NW, Washington, DC 20004-3027
www.wilsoncenter.org

Woodrow Wilson International Center for Scholars


PRE

Unmasked

"Comrade, your statement is factually incorrect."
"Yes, it is. But it is politically correct."

Angelo Codevilla,
"The Rise of Political Correctness"

Off with the masquerade—in the end, the long-standing claim that everything was well, and that only a few additional reforms were needed, was no more than a sham. In 2018, the Mexican electorate reached this conclusion, showing their discontent in a massive, relentless, and unflagging display at the polls. A thousand arguments could be added to the people's verdict, but the message was clear enough: Mexico was not on the right course, and the country's long-awaited transformation was not close to being reached. Yet it was paradoxical that voting decided such a fundamental issue, considering that for years, the greatest beneficiary of the 2018 election—Andrés Manuel López Obrador, leader of the Morena political party—had devoted himself to discrediting the National Electoral Institute, the same institution that deemed him victorious. Perhaps it is not much of a paradox, considering that the victor of the elections still does not recognize the legitimacy of the vital electoral institutions that made his triumph possible. Even though his attacks on these institutions had been a central component of his discourse over the past decade, his negative positions did not prevent him from becoming president.

With López Obrador's election, Mexico's voters ended the myth that had been a mantra for decades: that Mexico was heading toward a new stage of development. According to the popular fantasy, which had been in the making for almost 40 years, only "a few more reforms" or minor adjustments were needed in order to realign the country's institutions to benefit the whole of Mexican society. This fantasy was the product of a series of actions and decisions, some more mindful than others, that produced concrete improvements in some parts of the country and some economic sectors but

left a large part of the population marginalized. This marginalized group opted to vote for a candidate who had been a fierce critic of the reforms implemented over the past four decades. In fact, most of the electorate, including many beneficiaries of the reforms, chose the candidate who proposed a different outlook that contrasted with the reigning status quo.

The reforms had been undertaken in the 1980s, not out of enthusiasm or ambition for a national transformation but out of necessity after the excessive and unsustainable spending and indebtedness that had driven Mexican politics from 1970 to 1982. Nonetheless, the changes that the reforms wrought on the structure of the Mexican economy turned Mexico into an export power and enabled several regions—most notably, the Bajío and the north—to grow almost as much as Asian nations like South Korea did in a similar timeframe. Despite the extraordinary results, Mexican economic policy from the 1980s through 2018 was not inclusive enough to allow the entire population to benefit from this growth (at least directly) and feel satisfied with what had been achieved. The low yet constant growth rates of around 2 percent were, for a time, good enough for the establishment. Politicians, businessmen, union leaders, and public officers might not personally have agreed with the status quo, but judging by their collective actions the balance was satisfactory—that is to say, none of them were willing to alter the prevailing state of affairs in order to achieve better results.

"Mexican economic policy from the 1980s through 2018 was not inclusive enough to allow the entire population to benefit from this growth."

In political terms, Mexico was living within two situations that sustained the status quo without altering the structure of privileges and benefits that the system had granted to the victors of the Mexican Revolution in the early years of the 20th century. First, migration to the United States reduced the Mexican government's need to tackle the country's entrenched political and social issues. To address these issues, the Mexican political system would have had to dismantle the rigid power structures enforced by unions, local governments, and public and private companies, as well as the federal executive. The option of migration also eliminated the pressure on the

federal government to transform education and prepare Mexican society for the information age; to eliminate the subsidies, tariffs, and other mechanisms that protected the country's old and outdated manufacturing plants; to develop a competitive infrastructure; and to create conditions to accelerate and sustain the growth of wealth and employment across the country. Migration made it possible to ignore the need to create jobs, as Mexican migrants generated a large source of wealth—namely, remittances—that provided the funds to transform large swathes of the country. Second, the North American Free Trade Agreement (NAFTA) solved the old balance-of-payments issues, created an extraordinarily successful export industry, and became the main growth engine of the Mexican economy. Through its legal structures, NAFTA became a space in which regulatory stability prevailed, better salaries were paid, and employers took a long-term approach to hiring and job creation. Yet the political costs of NAFTA were all the more evident in 2009 when, within the context of the U.S. financial crisis, the Mexican economy collapsed. Beyond the rules and procedures inherent to NAFTA, its essence was political: for foreign investors, it was a political-legal guarantee of the permanence of the rules of the game. In this sense, the key to the treaty lay not in what was produced or exported. Rather, it lay in the fact that the original NAFTA agreement gave foreign investors legal guarantees, and effectively policies, that the Mexican government would not alter the regulations that affected them or expropriate companies without adhering to strict legal procedures. In this sense, without NAFTA, the Mexican economy is not and cannot be viable. This situation will change only when Mexico develops internal sources of certainty that are comparable to those inherent in the original NAFTA. In this, López Obrador could make a huge difference, precisely because he is a critic of the economic strategy from which NAFTA emerged.

"In this, López Obrador could make a huge difference, precisely because he is a critic of the economic strategy from which NAFTA emerged."

The combination of these two factors—migration and NAFTA—became a safeguard for the Mexican elite, an excuse to not implement far-reaching but necessary political, economic, and social reforms. For four decades, all of

the reforms carried out by the Mexican government sought to solve specific issues or tackle particular circumstances. The reform spirit was born not out of a vision of an integral transformation of the country, as it happened elsewhere in the world, but from the pursuit of marginal solutions that would solve certain problems as long as those solutions did not threaten the status quo. In fact, Mexican society appeared to be satisfied with this reality. Despite the electoral ups and downs of the past decades, it seemed to accept, at least implicitly, that mediocrity was better than other alternatives. Perhaps this explains why, between 1997 and 2016, the electorate repeatedly cast ballots that resulted into divided governments. Citizens deemed that the most important priority was to avoid further damage from their rulers: weak governments were better than drastic solutions. This, of course, was not an ideal scenario, but it was the electorate's wish all the same.

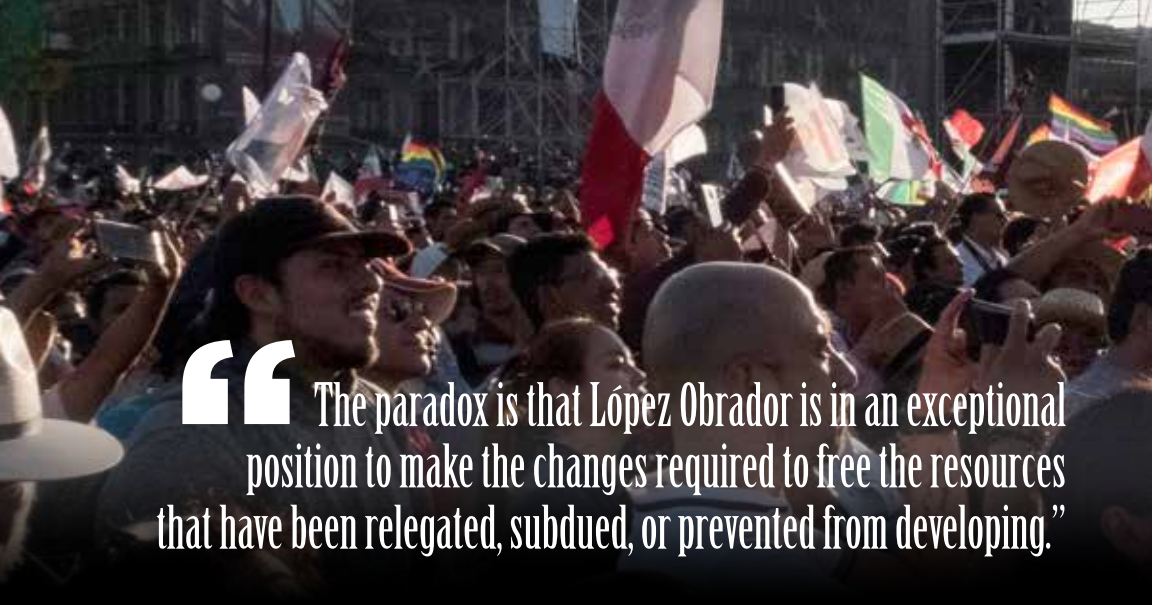
The fantasy world began to crumble when Donald Trump undermined both migration and NAFTA, the two elements that had sustained both the Mexican economy and the stability and comfort of the Mexican establishment. His attacks on Mexicans, and Mexico itself, over migration and NAFTA weakened the reform project by striking at the very factors that the country had accepted as its foundation. As in the old tale of the emperor parading through the streets without clothes, until July 1, 2018, Mexico's establishment had not been willing to recognize its nakedness, though most had always known it. With Trump's victory, the basic tenets of Mexico's political and economic stability would be severely undermined.

The candidates in the 2018 Mexican election never acknowledged the long-term implications of Trump's presidency for Mexico, nor did they understand the depth of the anger and resentment that had accumulated in the recent past. In simple terms, two of them offered more of the same, while the third repeated his long-standing rebuff of more of the same. None, however, acknowledged the fact that all vectors in Mexican politics had changed, and nothing would be the same: the factors that had sustained Mexico's economic growth in recent decades and enabled the government to neglect the central problems of the country's development had ceased to exist. NAFTA's renegotiation might have several virtues and plenty of shortcomings, but for Mexico it was a wake-up call that the old scheme would not be able to continue. Sooner or later, Mexico will have to find new answers to its structural imbalances: how to create conditions that will foster sustained and even elevated growth while at the same time providing a

platform for a society in the middle of a demographic transition. Mexico, in short, will have to create jobs and wealth before it and its aging population end up poor and old.

The 2018 election results changed everything. For the first time since the end of the PRI (Partido Revolucionario Institucional; Institutional Revolutionary Party) era in 2000, voters clearly and decidedly chose a candidate and his party, granting both a vast amount of power and control. There are many possible explanations for the electorate's decision, but the most important is that Mexican voters unmasked the ruling party's assertion that everything was going well and that there was no need for radical change. This does not necessarily imply that those who voted for López Obrador agree with his vision on all of his specific issues, but it nonetheless indicates that they rejected the current state of affairs.

Beyond the surprising outcome, the election had a number of unusual characteristics. First, it was carried out in a context of wide disapproval of the sitting president, Enrique Peña Nieto—a state of affairs that, in a presidential political system such as Mexico's, implies that the heart of its politics had ceased to beat. Second, the void that Peña Nieto created in his feeble response to the 2014 Ayotzinapa massacre—the mass kidnapping and slaughter of 43 male students from Ayotzinapa Rural Teachers' College—was filled by López Obrador, who, in retrospect, dominated the political narrative from that moment onward. Third, the PRI candidate, José Antonio Meade, was controlled by Peña Nieto himself from start to finish, using his own people and employing the tactics and strategy that led him to failure. Fourth, the PAN (Partido Acción Nacional; National Action Party) candidate, Ricardo Anaya Cortés, was attacked in a process that unexplainably politicized justice and turned politics into a judicial matter. To summarize, in the accepted narrative, López Obrador was assured victory because the course of events and the sway of public opinion came together in his favor. Yet the other side of the story is that López Obrador's triumph was more circumstantial than he or his followers acknowledge. Thirty percent of Mexican voters supported him at the beginning of the electoral process—a figure that has been constant since 2006. The additional 23 percent of his vote consisted of young people who were voting for the first time, mostly Millennials; individuals with higher levels of education; and middle-class



urban citizens, a volatile group that has opted for different parties in the past decades.

A victory of the size secured by López Obrador will grant him great powers to carry out any project he chooses, but also will make him fully responsible for his performance and results. More importantly, the strength of his supporting vote does not reduce the complexity and depth of the issues that Mexico faces, nor does it enable him to avoid the structural challenges that characterize them. From its system of government on down, Mexico is not structured to attract productive investment. It does not have the infrastructure to produce accelerated growth and does not provide an environment to develop human capital—not least because its population does not have health or education services suited for the information age and the digital world. It cannot guarantee security for its citizens, and it does not have the institutional mechanisms that provide certainty to its citizens, investors, and future Mexicans. Yet in the 2018 elections, Mexico chose a president whose main characteristic is his rejection of the existing institutional order, and who does not acknowledge, as of now, the inherent complexity of his country’s structural challenges.

The next years will be decisive for Mexico. They offer the possibility that the country will achieve an inclusive transformation, but also threaten to generate countless opportunities to destroy the little progress that has been made without providing feasible alternatives—for instance, by offering the option of having two inefficient airports near the capital city instead

of one productive one that would transform the economy. Now that the voters have removed the mask of Mexico's fantasy of a prosperous present, is the time for the newly installed Morena to remove the masks of its own dogmas. These dogmas may be a natural feature of an opposition party, but they are poisonous to a government. As a political party, Morena must act from the perspective of a political party in government with real-world responsibilities, to see the world as it is rather than how the party believes or wants it to be.

The paradox is that López Obrador is in an exceptional position to make the changes required to free the resources that have been relegated, subdued, or prevented from developing. If, instead of pretending to lead Mexico back to a fictitious idyllic past, he were to focus on creating the conditions for it to prosper—if he decides to break through the stumbling blocks, special interests, and obstacles that hinder social mobility and accelerated, equal development—Mexico could change for the better in his six years in office.

The purpose of this book is to reflect on the nature of the challenge facing President López Obrador today. It starts by looking at the causes of the Mexican people's disillusionment, and then attempting to understand the complexity that characterizes the world in which Mexico is set and from which it cannot detach itself. It concludes by presenting the opportunities that, if seized, could transform Mexico in ways that the Mexican electorate can only imagine.

Masks and Fantasies

You got to be very careful if you don't know where you're going, because you might not get there.

Yogi Berra

From this Mexican author's perspective, there is much truth in the expression that Mexicans are specialists in pretending to be something they are not. Mexicans tend to craft masks to conceal and protect their true preferences, and one of these masks has been not to recognize in public (while acknowledging in private) that the country's development process is suffering from critical problems. As Nobel literary laureate Octavio Paz wrote:

> Even in a quarrel [the Mexican] prefers veiled expressions to outright insults: "A word to the wise is sufficient." He builds a wall of indifference and remoteness between reality and himself, a wall that is no less impenetrable for being invisible. The Mexican is always apart, from the world and from other people, and also from himself.[1]

When it comes to Mexico's political and economic circumstances, theses masks exist for a reason. Those who lived through the era of instability and near-hyperinflation of the 1970s and 1980s see the world of today with starry eyes not because things are perfect now, but because they were (and could again become) much worse. Given the impossibility of getting the beneficiaries of the status quo to carry out the reforms needed to improve the outlook of the country's development, the establishment naturally, and usually unconsciously, opted for the pretense that everything was going well.

The Masks

According to playwright Rodolfo Usigli, the Mexican politician exemplifies the mask phenomenon better than anything else: "in the absence of a face, it has two masks; it equally has the sense of creation and the sense of destruction, and both wage incredible battles within."[1] These masks respond to the interests and privileges of the post-revolution system, in which the revolution's descendants and freeloaders—more the latter than the former—aligned with the revolutionary logic, which pretends that the victor has the divine right to plunder the country and live permanently in a world of privileges. This phenomenon is not limited to Mexico; it tends to repeat itself, in one political system after other, that emerged from revolutionary movements.

The plundering of public finances and the masks worn by the plunderers are two sides of the same coin, with one concealing the other. The writer Sara Sefchovich describes it well: "Our powerful individuals would not be able to lie if it were not for a code and practice that are socially acceptable and firmly established that enable things to remain as they are."[3]

The masks, however unconscious their origins, have a clear function: they make it possible for those in power to live in a world of make-believe and create a narrative to conceal the fact that their so-called reality is no more than a fantasy. The masks prevent the wearers from seeing reality, but they also hide that reality from them and from others. When a familiar mask is combined with a nationalist speech that sounds credible and is supported by a hegemonic point of view, the overall effect creates vast differences and inequalities that nobody can challenge, until they are questioned or revealed in their true form.

Politicians live in their world of masks. For many years, they convinced the electorate that their political projects were feasible and were leading to a better future. That is how it happened in the post-revolution era, with high growth rates and social mobility after the 1990s. The resulting goals of both eras were real, but not everyone enjoyed the benefits.

The Fantasies

For many decades, Mexico went through profound economic and political changes that produced new and contrasting realities in all spheres: competitive and ostracized companies; prosperous and underdeveloped regions; political freedom and violence against journalists and human rights activists; free elections and governors acting as *caciques* (political bosses and controllers of patronage); greater transparency and preferential treatment in Congress; autonomous institutions and vulnerable ones. For each step forward there were an almost equal number of steps backward, as well as a strange, perverse mix of simulation, corruption, success, and failure.

The Mexican economy has been more flexible and susceptible to the whims of the financial markets than many expected (as happened in 2009), but its people live in two contrasting worlds. Some regions, sectors, and companies live a modern and prosperous space, while others are vast examples of underdevelopment, lack of access, and unviability. The same is true, and perceptible, in the ambits of justice and service provision, as well as access to the benefits of development and to decision makers. All of these factors create a profoundly unequal space. For three decades, policymakers expected that the modern part would advance and the underdeveloped one would diminish in importance, both in absolute and in relative terms. This has not happened. The modern part may have grown, as Mexico's export figures show, but the underdeveloped part has not decreased or been integrated into the modern part, and there are no reasons to think that the gap has been bridged. Although the modern part is glamourous and dazzling, the overwhelming majority of the population still belongs to the underdeveloped, unviable world.

The violence of the past decades is further evidence of the country's extensive corruption. Yet the ubiquity of information and the role of social networks in presenting both perceptions of inequality and visible disparities created a new political reality. The extraordinary thing about the July 2018 election was that Mexicans used it to declare that they have had enough of simulations.

For the overwhelming majority of the population, the Italian writer Giuseppe Lampedusa was correct: everything changed (as Mexican leaders from the 1990s onward claimed) but everything stayed the same. The promises of transformation and modernity were not necessarily false, but their advance was modest and limited to certain regions and activities. One Mexico advanced while the other one lagged behind.

By saying no to the status quo, Mexican voters finally admitted that their emperor had no clothes on. This was especially true for youngsters who had not lived through the era of crisis, inflation, and economic woes. For them, the current Mexico was not enough; their county's reality, as they saw it, was a stark contrast with the political rhetoric that everything was going well. For those who felt excluded from the winning side—even the actual beneficiaries—the contrasts were excessive. Furthermore, the Mexico that lagged behind had nowhere to go: the modernizing project had no real drive, direction, or purpose. In that sense, it too was a fantasy.

The paradox of the current moment in Mexico is that the problem is not in the modernizing project itself but in its poor implementation, which protected the status quo more than it contributed to modernization. In the end, the contrast between what was wanted and what was achieved was too large. What is key is that countries nowadays do not distinguish themselves from the direction of their development because there are no alternatives: the digital world will bypass nations that cannot compete and do not raise their population's education levels. The real competition lies in the speed of progress, and that is where Mexico fell behind. Its politicians and political establishment preferred their existing comforts rather than the goals set by their own narrative.

In this context, Mexico is living a profound disconnect between the actual proposals and the narrative of progress. This disconnect led to the result of the 2018 presidential election and opened up the question of what Mexico requires to be a developed country. Citizens granted Andrés Manuel López Obrador a wide mandate on a proposal that is more a vision than concrete actions, and involves more political positioning than governance. One possibility is that voters saw in López Obrador a secret shortcut to prosperity, a philosopher's stone to create the alchemical solution for which Mexicans had been searching for decades, if not centuries. Others saw in him something different than what he actually proposed. Many voters, both those who belonged to his political movement and those who were

independent citizens, believed that voting for him was the only way to break the stalemate. Whatever the reason, voters removed the mask of the vision and mindset that had taken over the Mexican establishment and dominated its political discourse and perspective. This new reality holds two main questions for Mexico: What would it take to remove the mask from the country's entire system? Would removing it help to change the traditional political system?

The End of Make-Believe

Don Quixote lived a series of adventures within the pages of Miguel Cervantes' magnum opus, but once the famed adventurer recovered his memory, he became Alonso Quijano again. In the process of "de-Quixotization," Alonso rebels against the chivalric romances that made him go insane, regarding them as the cause of his own problems. When his companion Sancho Panza mentions Dulcinea, Don Quixote's beautiful but unseen beloved, Alonso tells him to stop talking about her, as she is also a part of these fantasies. In a similar fashion, more than half of Mexican voters rebelled against the equally fanciful novel that had been written about their country.

The problem, as the British author Samuel Johnson once wrote, is that "we may take Fancy for a companion, but must follow Reason as our guide." In a digital world, reason privileges the construction of a future based on knowledge and creativity; without either, success is impossible in this era, in a business environment different from the industrial world of the 20th century. It is here where López Obrador might be able to reconsider his options and make a true difference: what is not built today is lost and, in the era of the ubiquity of information, those who stand still while others run are in effect stepping back, if not retreating outright. The great opportunity that López Obrador presents is exactly the opposite of the one he actually envisions: not to cancel the reforms that he has long criticized, but to make them politically feasible and socially acceptable. Introducing mechanisms for compensation and adjustment could achieve what previous experts failed to do, specifically by enabling the entire population to have access to the most advanced education in order to compete and be part of a successful world. The battlegrounds are not dictated by the government's wishes but by those

that make the population successful. The agenda is set; what is required is the leadership to make it possible. Now that the fantasy is over, the major challenge is to build up from this new political reality.

This new reality makes it possible to resume and conclude the transition that never fully occurred. Starting with the electoral reforms of 1996, Mexico solved the problem of access to power but did not change the political structure or its beneficiaries. The great opportunity now lies in building a new institutional system. Although this idea might seem abhorrent to the new president's nature and preferences, this is what Mexico requires, and it would be the most important legacy he could leave behind. If one observes the opportunities that Mexico has wasted over the past half-century, logic would suggest that this too is another abandoned opportunity. However, it is worth remembering some episodes that have had the potential to transform the country in times past. For instance, in retrospect, it is evident that the 1968 student protests—which grew out of the students' high hopes for a radical transformation of Mexican politics and society—not only should have ended differently but were a missed golden opportunity to start gradually building truly democratic and inclusive institutions. Likewise, Mexico's oil resources have been misused time and again: rather than securing them as a source of future financial security, they were squandered on current expenditures. The 2000 election, in which the PRI was defeated for the first time in three-quarters of a century, was a one-time opportunity to begin a negotiated process of political realignment; instead, it began of an era of paralysis and polarization that continues to this day. The reforms of the most recent administration could have included the whole of the population, but they only deepened corruption and isolated the government.

"Mexico's oil resources have been misused time and again: rather than securing them as a source of future financial security, they were squandered on current expenditures."

Outside of the government sphere, the rise and disappearance of the Zapatista movement in southern Mexico illustrates might well be symbolic of Mexico itself, or at least of the unfortunate nature of its national tendencies. From the time of their uprising in the mid-1990s, the Zapatista leaders had the opportunity to become an institutionalized political force that would represent indigenous Mexicans, giving a voice to those who had long been voiceless. Instead, as the Salvadoran former guerrilla leader Joaquín Villalobos pointed out, "they were engulfed by vanity and ideology up to the point where they ceased to be a fad in the media and became irrelevant."[4] Mexico, likewise, has had extraordinary opportunities, but also has had an exceptional propensity to waste them all in order to preserve the status quo. To date, at least, it has been unable to make these opportunities a part of the process for intentionally building the future.

Poza Rica Veracruz, Mexico. streets Francisco I. Madero and Av. Central Oriente, Colonia 27 de Septiembre. 02-20-19.

2014: The Year That Decided the Election

The beginning is the most important part of the work.

Plato, The Republic

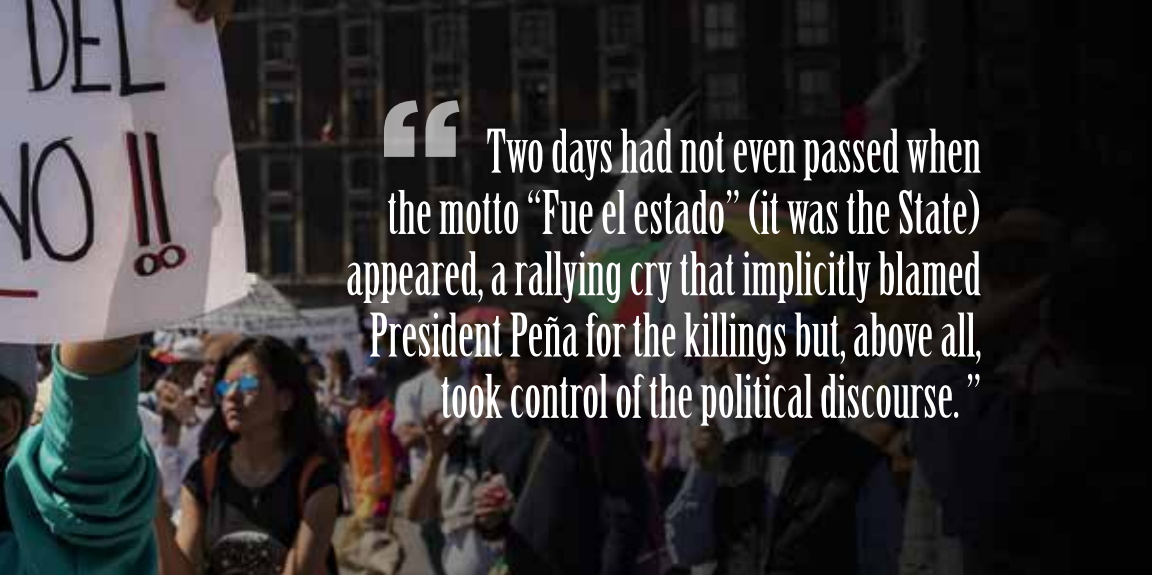
Start from the beginning, with the election that changed Mexico's recent history. Andrés Manuel López Obrador not only won the election, he swept it, winning not only an outright majority but also more than 30 percentage points over his nearest opponent. In such a decisive victory, there is a natural tendency to think that the numbers and the causes of the result are evident and do not require further analysis. Nevertheless, it is essential to understand what happened in order to evaluate the possibilities and opportunities ahead.

Since its independence in 1821, Mexico has enjoyed two periods of high growth alongside social and political stability: the administration of Porfirio Díaz (1876–1910) and the decades of hard rule by the PRI between the 1940s and the end of the 1960s. The common denominator of both eras was the centralization of power and the vertical control that the president exerted from the top. Both eras were successful for a while, but both collapsed for specific reasons and under specific circumstances. However, the memory of each successful period left an aftermath of memories, myths, and nostalgia over which subsequent generations yearned. When the Mexican electorate returned the PRI to power in 2012, after more than 10 years in opposition, it seemed likely that they had done so out of an expectation that the party's old governing capacity would be restored.

The quasimonarchical arrival of Enrique Peña Nieto to the presidency in 2012 and his subsequent fall six years later—voted out of office like a

commoner, rather than being overthrown like a monarch—changed the nature of Mexican politics. The myth and the yearning collapsed, and the PRI collapsed as well, as part of it split off to join López Obrador's Morena. However, the biggest change was not profound or structural, but merely circumstantial. Peña promised a return to stability and growth, but delivered corruption and incompetence. His promise of recreating an idyllic past turned out to be false and unsustainable. Yet beyond the impossibility of recreating the past—something that the new government likely will try to do—the presidential nature of the Mexican political system is still in force. This can be observed in two moments in recent memory: Peña Nieto's "disappearance" as a political force after the Ayotzinapa massacre, and the election of Andrés Manuel López Obrador to the Mexico City executive in 2000.

In an eminently presidential country with weak and ineffective institutions, there are obvious consequences when a president vacates, or abdicates in all but name, his position as the head of national affairs. For a number of years, between 1997 and 2018, the electorate preferred weak presidents with divided governments, in the sense that none of them had an absolute majority in the legislative chambers. This national mood changed in 2018. There are many possible explanations for the voters' mood swing, but one is that Peña Nieto effectively disappeared from the Mexican political sphere after the Ayotzinapa murders in September 2014. The electorate evidently was fed up with the absence of a government, and with the frivolous, incompetent, and corrupt administration that appeared to have no interest in filling the void. Unexplainably, Peña Nieto had no capacity or willingness



> “Two days had not even passed when the motto “Fue el estado” (it was the State) appeared, a rallying cry that implicitly blamed President Peña for the killings but, above all, took control of the political discourse.”

to respond to the mass kidnapping and murder of more than three dozen young men from the southern state of Guerrero. Rather than acting with presidential decisiveness, he opted for reclusion, not only relinquishing his functions and responsibilities but also backing away from exercising the leadership traditionally associated with Mexican presidents. In retrospective, much of the 2018 electoral result had its origins on September 26, 2014.

Going even further back, the 2018 election outcome also owes much to a moment at the end of the 20th century, when López Obrador won a relatively tight election for the government of the then Federal District (today Mexico City) in July 2000. From that point on, he embarked on a presidential project, and after two failed campaigns he ended up victorious. López Obrador left nothing to chance in his third presidential bid. On this occasion, he developed a strategy strictly bound by current facts and circumstances, and dominated each moment along the way. Of course, the 2018 presidential election could have evolved differently, but the succession of actions, inaction, and circumstances that happened from that moment onward ended up determining the result.

Following the Ayotzinapa murders, López Obrador immediately took control of the political narrative. Two days had not even passed when the motto “Fue el estado” (it was the State) appeared, a rallying cry that implicitly blamed President Peña for the killings but, above all, took control of the political discourse. Certainly, the corruption evidenced by the infamous “White House” scandal in 2016 (in which Peña Nieto and his wife Angelica Riveria came under fire for having purchased their private residence from

a government contractor), and other similar and visible cases, created an environment that made it possible to turn the messaging of the 2018 presidential campaign into an attack on corruption. That campaign, started by López Obrador's team, managed to turn corruption into the only politically relevant issue in the country. At the same time, the strident messaging of the campaign further highlighted President Peña's irrelevancy as a leader.

Although López Obrador's campaign started after Ayotzinapa, it was not born in that moment. Weeks earlier, students from the National Polytechnic Institute had started a movement that the then secretary of the interior attempted to manipulate in order to position himself as a possible presidential hopeful, but failed when his efforts to negotiate with the students broke down. From that moment, one could tell that López Obrador and his movement were looking for opportunities to take control of the political discourse from the government. Ayotzinapa became the casus belli that López Obrador's strategists had been seeking. Yet incredibly, Peña Nieto seemed to cede the political leadership and the political narrative without a fight.

Even though López Obrador's narrative had dominated the Mexican political environment since 2014, by the beginning of 2018, the year of the election, only 30 percent of polled voters preferred him. He commanded the highest bloc of preferences, but there was no certainty that he would win. The question to ask then is what happened in those subsequent months. Although López Obrador was always ahead in the polls, PAN candidate Ricardo Anaya was a stone's throw away from him on more than one occasion, and hypothetically it was possible that he might win the election. However, by July 2018, the difference between the first and second in the polls was over 30 percentage points. Moreover, Anaya never had a clear strategy for winning. His lone-wolf personality alienated many traditional PAN leaders, he lacked professional strategists to advise him during the campaign, and he was incapable of uniting the party base. His main attribute was that he was not a PRI candidate, and therefore was the only viable alternate option for those who did not want to vote for López Obrador. His main shortcoming was an ongoing conflict with Peña Nieto, which opened him up to an unending series of rhetorical and judicial attacks from the PRI that not only undermined his campaign but also forced him to systematically defend himself, making it impossible for him to improve his standing in voters' preferences. Indeed, Peña's systematic attacks on Anaya were evidence of a problem that might well be the outgoing president's worst legacy: turning politics into a judicial process, a Pandora's Box that may no longer be shut.

The PRI opted for José Antonio Meade, a candidate who had extraordinary expertise in public affairs as a member of Felipe Calderón's and Peña Nieto's cabinets, but who had no political experience as a candidate in his own right and who was not a member of the PRI itself. The mere fact of nominating a candidate who was not a party member was a devastatingly explicit acknowledgment of the PRI's decaying legitimacy and credibility. According to the prevalent logic, the choice of an outsider candidate offered an opportunity to attract voters who did not personally identify with the PRI. However, Peña Nieto organized and dominated Meade's campaign from the outset, imposing his own criteria and staff, from the campaign coordinator to the strategy and communications team. For that matter, the campaign endorsed the same principles, premises, and strategies that had failed during Peña's administration, guaranteeing their unfeasibility. At the same time, the nonmember candidate was forced to act as if he were a longtime PRI member, a false front that alienated both PRI and non-PRI voters.

As a result, the 2018 campaign was dominated by Enrique Peña Nieto's ineptitude and Andrés Manuel López Obrador's cunning. The former never understood how the dynamics of both Mexico and the world had shifted in the 21st century, and so he made decisions that diminished not only his own candidacy but that of his party and the PAN as well. In both instances, the outgoing president's actions made it easy for the race to focus on López Obrador, who was able to keep himself above the other candidates' disputes and benefit from the mistakes of other stakeholders around him.

Although López Obrador won with 53 percent of the votes, his traditional base of support is closer to 30 percent of the electorate. He has bragged about the figures he attained in this election, but it should be noted that the additional 23 percent of his winning vote came mainly from younger and more educated citizens, groups that often have volatile political and electoral preferences. The new president may have won an overwhelming victory, but in the era of ubiquitous information, he will have to earn his legitimacy on a daily basis. This will not happen with referendums that can be easily manipulated or even rigged—as in the case of the criticisms being leveled at the Morena-organized vote that led to the cancellation of the Mexico City airport construction project—but in social networks, through jokes, and above all with the trust showcased by citizens, workers, business leaders, and investors.


BANOR

Truths, Lies, and Myths about the Reforms

There is only one kind of shock worse than the totally unexpected: the expected for which one has refused to prepare.

Mary Renault

The political and economic system that was built in Mexico at the end of the revolution had given its all until it could no longer support itself. Initially, the import substitution model worked, as exports of grains and mining products financed the import of machinery, equipment, and other commodities in order to develop local industries and reduce foreign dependency. However, at the start of the 1970s, population growth and low agricultural productivity made the grain surplus disappear, which meant fewer exports to support the Mexican economy. From that point onward, the Mexican government began to debate whether the country needed to modify its economic model in order to avoid an eventual balance-of-payments crisis. The government proposal at the time consisted in a moderate and gradual opening of the economic sector that, apparently without any pressure, would enhance export growth and increase economic productivity, both essential requirements to create wealth and boost the population's income. Yet the 1968 student movement had introduced a new range of social demands for which, as the tragic events in Mexico City on October 2 of that year showed, the Mexican political system had no capacity to respond. The student movement unleashed another controversy within the government, this time in the Secretary of the Interior, over the best way to handle the demands that this new political reality had created.

Very soon, both the new economic problem and the new political pressures translated into disputes over the presidential succession. With the triumph of Luis Echeverría in the 1970 presidential election, the notion of gradual economic reforms faded into the background as the government focused on the rising political challenges. The 12 years that followed would be an experiment in the use of public expenditure as a tool to tackle political issues—yet at the end of the day, this experiment would give way to a more polarized society, an uncompetitive economy, and a paralyzing financial crisis.

The Great Collapse

In the summer of 1982, the Mexican government found that it could not pay its debts. Although governments, in contrast with companies, cannot be seized by their creditors, the "Mexican debt bomb" of 1982 was the equivalent of a nation going bankrupt. It was not only that the government of José López Portillo faced a "problem of liquidity," as the then Secretary of Finance David Ibarra Muñoz called it, but that Mexico's entire development model had collapsed, shattering the notion that the government could finance economic growth, particularly with unproductive external debt. In 1982, Mexico needed to redefine its whole economic strategy.

The 1982 financial collapse had direct, immediate, transcendental, and long-term consequences. The immediate outcome was that the outgoing López Portillo administration opted to deflect attention through a histrionic act—the expropriation of banks, a decision that changed Mexico's political landscape for the worse. It created a profound distrust in the government's actions, a feeling is still a distinctive sentiment in the Mexican population and in particular influences economic decision-making among businesses and investors. But right after the inauguration of President Miguel de la Madrid, the new government had to deal with financial and exchange rate problem, as Mexico was unable to import even the input products for essential goods such as lightbulbs, toothpaste, and similar small consumer items. The strategy that the De la Madrid administration chose to adopt began with the underlying principle that the previous two governments had exceeded their financial strategy for public expenditure, so all that was required was to return to the economic and financial management criteria that previous PRI government had used in decades past. From this premise,

the government cut back on public expenditure, negotiated with creditors, privatized failing state companies, and created conditions to regain the trust of bank depositors, investors, and the general population. However, it soon would be apparent that it was impossible to recreate the conditions of the 1960s.

While Mexico had lived on the luxury and expenditure of the Echeverría and López Portillo eras, the global economy had been transformed. In 1973, for instance, the Organization of Arab Petroleum Exporting Countries had launched an oil embargo that caused a massive increase in petroleum prices. For a country like Mexico, which recently had found new oil resources in its southern region, this news sparked pleasant dreams about easy solutions—money falling from the sky, or rather, pouring out of the ground—without having to transform itself in any way. In fact, the promise of abundant oil resources at that time helped to enhance the notion that external debt could be contracted unlimitedly, as it would be paid by future oil revenue streams. However, these revenue streams failed to materialize, at least in the expected timeline. And for countries like Japan, which lacked oil resources, the impact of the price increase of petroleum resources caused an entirely different revolution in its production of industrial goods.

In the postwar era, Japan had industrialized in a manner similar to that of other developed nations, building manufacturing plants that received raw materials and inputs at one door and delivered finished goods through the other. The Japanese response to the sudden increase on oil prices was to rethink this model, and its answer transformed industrial processes worldwide. The Japanese reorganized their production lines along two essential principles. First, they concentrated their production by function. For instance, rather than producing 100,000 completed cars in a single factory, they divided their production into different units, each of which would produce different parts of an automobile, with one plant producing millions of gearboxes and another assembling millions of engines, and so on. This functional division of production based on specialization created vast economies of scale, reducing the number of errors in the production process and thereby increasing quality and reducing costs. Second, they located several units of production with a geostrategic criterion: close to the sources of raw materials, of final markets, or of available resources such as workforce or production clusters that complemented each other.

The impact of the Japanese reorganization in production had three effects. First, it turned Japan into a formidable competitor throughout world markets, both with its competitive prices as well as the exceptional quality of its products. Second, it created a new method of corporate organization, as Japanese companies deployed their production units all over the world. Finally, and most important from a long-term perspective, was that it made traditional producers uncompetitive; under the new circumstances, they were unable match or beat the Japanese products for similar quality and price. The following decades would bear witness to two processes: on one hand, the reorganization of production in other nations and companies to achieve the same structure of costs as those in Japan, and on the other hand, the creation of countless opportunities for new companies to become suppliers of parts and components for car, electronic, chemical, and other industries. It marked the birth of integrated production chains, which today are the main source of exports—and growth—in the Mexican economy.

"...as the country was concentrated into what López Portillo called "the administration of wealth," the landscape of the Mexican economy would have to be reconceived..."

Although Mexicans were not aware of it at the time, as the country was concentrated into what López Portillo called "the administration of wealth," the landscape of the Mexican economy would have to be reconceived. The new industrial reality created by Japanese companies took the average Mexican producers out of the market, while opening up exceptional opportunities to attract Japanese and other foreign firms to build their facilities in Mexico. Mexicans took a long time to understand the former and tackle the latter.

By the mid-1980s, it was evident that Mexico's financial crisis could not be solved with merely financial actions. The county would require a profound series of reforms to address its economic issues and to revamp its production infrastructure in order to generate wealth in the new world of the 1980s. In other words, if Mexico wanted to recover its capacity for economic growth, it would have to undertake changes that were much more radical than those contemplated at the beginning of Miguel de la Madrid's presidential term.

The Era of Reform

The Mexican's government bankruptcy brought to an end the fiscal excesses of the 1970s. The 1982 debt crisis was the final stage of a convulsive, complex, and maddening era for Mexican economy and society. The Echeverría (1970–76) and López Portillo (1976–82) administrations had frittered away the high growth rates and the social and political evolution of the post-revolution era, and unintentionally they forced the country to change its course. At that moment, without other options or alternatives, the era of economic reforms began.

The first era of reforms, in the mid-1980s, aimed to restore the macroeconomic balance that had been lost at the beginning of the decade, recover the economy's capacity for growth, and established a foundation for rapid growth in productivity. At the outset, the reforms were modest and sought only to return the Mexican economy to the stability of the decades before the Echeverría and López Portillo administrations. During that time, some public companies that were not considered essential were privatized, and the government's fiscal accounts were adjusted. However, it soon became apparent that it would be impossible to return to the past. The world had changed in the 12 years in which Mexico had been self-absorbed. In the era of globalization inaugurated by the Japanese, it was absurd to think that it was possible to sustain long-term economic growth on the import substitution model that had been in place since the 1940s. Mexico's industrial plants were old and obsolete and required a radical transformation. Mexico as a country needed to profoundly change its development finance approach and to incorporate new product and production technologies. Fresh investment, especially from foreign investors, was needed in order to revolutionize Mexican industry and enable it to produce goods with competitive prices and quality in order to satisfy demanding consumers and generate enough revenue for the needs of a thriving economy.

In this way, the second stage of the reforms began to develop, slowly at first but gathering in speed by the end of the 1980s. The gradual deregulation and liberalization of the Mexican economy, which began in 1985 with the decision to end permit requirements for imports and their replacement with tariffs, was followed by Mexico's membership in the General Agreement on

Tariffs and Trade. Both were important changes in the county's economic structure. However, in contrast with other nations that reformed during those years—including Chile, Colombia, South Korea, Spain, and Taiwan, each at its own pace and under different circumstances—Mexico lacked a pre-established plan for its reform processes. In Mexico, reforms were seen as a necessary, lesser evil, a medium through which to address a specific problem and not as an integral transformational project. Other developing nations regarded their economic reforms as an opportunity for an integral transformation, not merely economical but also political and social, yet Mexico used its reforms to avoid political change—in essence, the reforms enabled the old political system to remain in power, with all that it implied for its beneficiaries within and outside the government. Thus, the reform process in Mexico had inherent profound contradictions that, from today's perspective, not only were detrimental but also in time would be determining factors of the political whirlwind that Mexicans experienced on July 1, 2018. In almost all cases, the reforms were ambitious yet limited: ambitious in that they were conceived by a group of technical experts that aimed to radically transform the economy, but limited as their reach was restricted to what was politically feasible and did not threaten the interests of Mexico's political, business, and union establishments.

"these goals ran into two major problems: the regulations and subsidies that protected old manufacturing sector, and state-level regulations and norms that imposed political and social constraints on any attempts to make economic progress."

The reforms aimed to change the country's economic structure in order to create conditions for accelerated growth. Acting within the limits imposed by politicians, the technocrats modified the tax structures and regulations that affected the private sector, in an effort to provide incentives to boost productivity. However, these goals ran into two major problems: the regulations and subsidies that protected old manufacturing sector, and state-level regulations and norms that imposed political and social constraints on any attempts to make economic progress.

Within this warped thinking, four events stand out as evidence of the problems with the economic reforms of the 1980s. First, the privatization of companies such as Teléfonos de México was used to increase fiscal revenues, not to improve the well-being of consumers or to boost competitiveness and development in an industry on the verge of the information revolution. It would take more than 20 years after privatization for more in-depth telecommunications reform to address the consequences of those decisions. Likewise, in banking, desires for fiscal revenue prevailed over system stability concerns—which, as the 1994–95 crisis showed, would have disastrous consequences. Second, in spite of extensive investment in roads and transportation infrastructure, Mexico failed to invest in gas pipelines, which are the soul of the modern natural gas industry worldwide. This lack of investment stemmed from the simple fact that a particular politician, who owned the fleet of trucks that delivered combustibles such as natural gas, had enough power to prevent new pipelines from being built. Third, the liberalization of imports revolutionized Mexican industry but did not create mechanisms that would enable Mexican companies to adjust to a new competitive reality. For decades, the Mexican economy had been protected from imports, which had allowed an inefficient, unproductive manufacturing workforce to develop. Liberalization became a competitive free-for-all, which unavoidably favored some medium and large companies that had sources of information and access that allowed them to understand the nature of the challenge ahead and appropriate actions to take. Most Mexican companies never had a chance to survive in this new environment, and those

"Rather being an engine for growth, Mexico's manufacturing sector became a drag on the economy."

that managed to scrape by thanks to subsidies and tariffs had a precarious existence. Finally, the reforms preserved multiple regulations and subsidies that protected old, unwieldy manufacturing plants in certain industries. The political logic behind this behavior is evident, as these industries employ hundreds of thousands of Mexicans; nonetheless, the consequences of not carrying out a gradual adjustment have been extraordinarily costly and complex. Rather being an engine for growth, Mexico's manufacturing sector became a drag on the economy. Companies that could not grow or acquire new technology, and were shut out of access to formal sources of financing, had no future.[5] Each of these examples illustrates different phases of the reform process in Mexico and showcases the limitations of the reforms, in their capacity as a way to preserve the status quo rather than a vehicle for a comprehensive economic transformation. The radical difference between both visions readily helps to explain the disappointment that had accumulated over the years and was manifested so vigorously in 2018.

Yet in the 1980s, all of these problems were in the future. At the start, the reforms were popular: polls carried out in the early 1990s gave high approval ratings to both the president and his reform package. However, the 1994–95 crisis devastated thousands of Mexican families, and the levels of corruption that the crisis revealed—particularly in how the privatized banks had gone to people with neither banking experience nor capital—discredited not only the administration that had implemented the reforms but also the very notion of reforms. Thus, starting in the mid-1990s, political parties found it increasingly difficult to win approval for reforms. Although reforms continued with special vigor under Peña Nieto's administration (2012–18), their legitimacy decreased. For the average Mexican, reforms seemed to be less as a ticket to economic development and more of a way to enrich a select few. Whether true or false, that is the spirit that catalyzed the 2018 election.

On the political side, the reforms gradually released hitherto unknown forces. The liberalization of imports and the elimination of import, export, and investment permit requirements changed the relationship between businesses and the government, and between both business and

government with the unions. Political reforms professionalized the electoral administration, and brought opposition parties into government in more and more states, in addition to expanding their presence in the legislative branch. Nongovernmental organizations found fertile ground for proposing alternative solutions to ancestral problems and collecting evidence human rights abuses, which forced the government, at all levels, to respond to public complaints about the improper use of public resources, the lack of solutions, or unequal access to the benefits of development. In sum, the national political environment was transformed, creating conditions that, in retrospect, were crucial for the electoral result of 2018.

The Lack of Alternatives

Seen in retrospective, it is easy to assume that the political and economic reforms were voluntary when, in fact, they came out of a lack of alternatives. The two great reform processes of the past 40 years were indicative of Mexico's self-identity and procedures: great ambition to dream but little disposition to implement, grandiose objectives but small goals, acknowledgment of the urgency for change but reluctance to alter the essential, bombastic discourse but tolerance for close-knit interests. Above all, they highlighted that the status quo was unsustainable but demonstrated a lack of decision or capability to implement and successfully conclude the reforms. Even worse, some reforms were created with good intentions but were thwarted from the start. The very fact that necessary reforms were prevented from achieving their goals confirms that they were carried out because there was no other choice.

As a result, Mexico ended up with incomplete reforms, many of them extraordinarily visionary but unfinished. The transforming vision, not only in the 1980s and 1990s but also in more recent years, has been superseded by stubborn reality. Some reforms were blocked by powerful interests; others failed because they were implemented poorly or erroneously, falling victim to conflicts of interests and the sense that they would have excessive costs for those who benefited from the status quo. Whatever the reasons for their failure, the consequences have been specific: the Mexican economy is not growing and the costs of paralysis are mounting in terms of poverty,

informality, and unemployment, all at the cost of the ruler's legitimacy and reputation.

The political sphere has fared even worse, as it never had a visionary or integral project along the lines of the economic reforms of the 1980s. In the political/electoral sphere, the reform process consisted mostly of negotiations that enabled a platform of fair competition since 1996. However, although there were talks about a transition, no one ever acknowledged that a transition requires a precise, agreed-upon definition of the start and the finish. As it happened, no one knows when the Mexican political transition began, or if there is an agreement on its conclusion. Ironically, the current conflict over Mexico political and electoral reform may not have concluded with the victory of López Obrador—the most strident critic of the entire electoral management structure since 2006.

Whatever the cause might be, Mexicans have not been able to take "the great leap forward." This is a contrast with the findings of Hillel David Soifer in his 2015 study on state building. According to Soifer, Mexico stands out, alongside Chile and in contrast with Colombia and Peru, for having built a strong Latin American state—a result of its elites' ability to organize, impose an order, and develop a common ideology that would provide national coherence.[6] (Interestingly, his study also suggests some of the reasons why some states and regions in Mexico never consolidated an effective system of government.) But the main issue, the core of the text, is that since the end of the 19th century Mexico has had a great capacity for state building, a potential that was renewed in the 1920s, after the revolution.

Throughout the world, countries often have been affected with a type of paralysis in government decision-making. Some call it ochlocracy, or mob rule, pointing to the example of democracies in which powerful interest groups have paralyzed decision-making in order to protect their interests. There are examples of this not only in Mexico, but also in the United States and in many countries in Europe. It is in this context that Enrique Peña Nieto's Pact for Mexico was so hailed throughout the world in 2012: even though it did not explicitly support democratic principles, it had been designed to break up the cycle of stagnation in Mexican public policy and governance. Now it is clear that, in order to achieve any sort of stability, Mexico will have to learn how to build serious, long-lasting institutions. Only society will be able to do so.

The Contrasting Results

Mexico was never able to consolidate the changes that it wanted to make to its economic model. The two main characteristics of the economic reforms were fiscal balance and the liberalization of the economy. Regarding the former, the idea was to return to the comparative restraint of the 1960s, but this goal was never achieved. In spite of cuts to expenditures, most notably in investment but mainly in infrastructure, spending continued to increase. Today, Mexico's current expenditures as a percentage of gross domestic product (GDP) are significantly higher than those of the 1960s, and spending continues to be clumsy and ineffective. The only thing that was more or less achieved was the stabilization of fiscal accounts to avoid a crisis, yet it is no coincidence that financial and currency crises of the 1970s have resurfaced in recent years. In contrast with the 1960s, over the past five decades the concept of austerity has been quite loose.

For its part, economic liberalization helped to construct a more modern, competitive, and successful industrial base for Mexico in the world of globalization. However, the lack of a comprehensive vision of reform and development that would include the entire population resulted in the situation in which Mexico finds itself today. Perhaps nothing better illustrates the current problems than the vicissitudes of educational policy: the central problem of the country is its unwillingness to modify the educational system, perpetuating the backwardness of the entire population which, in other circumstances, could have been an integral part of the modern economy. Human capital, a key component of the modern workforce, has not prospered in Mexico because the interests that preserve the education system have been powerful enough to avoid any change. Here, López Obrador faces an infinitely more intransigent dilemma than he recognizes.

In essence, the problem with Mexico's economic reforms is inherently political. Most were conceived with technical criteria but implemented under political criteria. The intention was not to advance an integral reform that would include the whole of the population, but to increase production, exports, and productivity from those who participated in the reform process. Three decades after the reforms began, it was evident that they were inadequate to achieve Mexico's development goals. The question is why. The contrasts in the Mexican economy are staggering, both in terms

of performance as well as attitude, and both are products of a reality that is not coherent or consistent. The problems that the country faces have to do with stagnant political and social structures that favor what Luis de la Calle[7] calls the "extortion economy," where authorities, unions, monopolies, bureaucracies and criminals extort money from citizens, businessmen, students, proprietors and merchants, thus preventing companies from growing and the country from developing. If the president really wants to trigger high growth and give opportunities to the most disadvantaged Mexicans, his strategy should be to break with this impunity.

Yet political dysfunctionality and economic transformation are both real, and moreover are two sides of the same coin. The overconcentration of power in a dysfunctional government causes paralysis that hinders the actual institutionalization of power. The laws and rules of the game change according to the preferences of whoever is in power, which becomes a source of dysfunctionality, and prevents the establishment of autonomous institutions that can serve as counterweights to the dysfunction. Part of this problem comes from the immaturity of Mexican democracy, and part has to do with the structure of power derived from the regime established by the Mexican Revolution.

"...even though the Mexican economy has grown, the increased economic performance has not been enough to include most of the population."

The economic problem is not the same as the problem of governance capability. It has different origins and dynamics but inevitably they feed into each other. Two points are indisputable: first, even though the Mexican economy has grown, the increased economic performance has not been enough to include most of the population; and second, the political problem (and its manifestation in the form of crime and violence) has not been addressed to any real degree. As Santiago Levy has argued, it was not that reforms were wrong, but rather that not everything that needed reforming was reformed.[8] Specifically, the reforms lacked a social inclusion strategy that would serve most of the population and boost productivity across the entire economy. As it happened, the modernized sector saw as spectacular increase in productivity, but most of the Mexican population was stuck in an

informal, unproductive, uncertain, and hopeless economy. By contrast, Levy's proposal sought to create mechanisms that would enhance formalization and increase productivity through a social policy strategy that would not leave the burden of formalization to small businesses—an ambitious and complex proposal but, coming from one of the original architects of the reforms, an invaluable approach.

Efforts to acknowledge reality do not necessarily imply that the future must continue to support programs that have not brought favorable results for the whole of the population, yet they do provide a starting point for new ways of thinking. For almost half a century, several governments throughout the world have accepted the premise that "there is no alternative" to the market economy, to quote the expression favored by British prime minister Margaret Thatcher. For many decades, the world headed toward a specific direction, and all nations competed for the same sources of investment, which created precise conditions for government strategies. There was no dispute over the direction of public policies; in any case, the source of conflict in countless societies had to do more with the speed of required changes than of their origin. But even though the circumstances that created the environment of competition for investment have not changed, it is obvious that many Mexican voters are no longer willing to tolerate mediocre results, as López Obrador's overwhelming majority indicates. This does not change two essential factors. First, there is no going back in the

world of instant communications and the ubiquity of information. Voters favored a candidate and provided him with an extraordinary mandate, but they did not throw away their sources of information or their smartphones: it would be naïve to suppose they will tolerate the destruction of the aspects of the system that do work. The other unaltered factor is the fact that governments face external restrictions in what they can do to change how their country develops.

The Simple (Yet Difficult) Choice

For Mexico, however, it is not only possible but necessary to change the approach to development. The model followed to date started from the (implicit) premise that the political status quo had to be left untouched, which preserved power domains and limited development to those that were capable of competing, exporting and surviving in a modern, globalized world. That group would be the biggest winners; the rest would not have it so easy. There is no question that Mexico needs something other than a prescription of "more of the same" to confront its problems and limitations. At the same time, it is not obvious that the policies proposed by López Obrador's new administration are adequate to fix either.

Mexico is in the final stage of a demographic transition. As the number of young people entering the workforce begins to decrease, Mexico's society will age rapidly, where a smaller number of young workers will be available to finance the retirement of a larger number of elderly citizens. Unless Mexico can reform its structures to accelerate economic growth, it will end up being an increasingly older (in the demographic sense of the word) and poorer society.

The instruments that enable sustained high economic growth are not out of Mexico's grasp. In the information age and the knowledge economy, human capital (namely, improved education and health), the quality of infrastructure, and the capacity to attract investments with high added value are all vital. The reforms undertaken in previous decades will need to be adjusted to correct their current characteristic bias; if implemented promptly, they may enable accelerated, inclusive growth in the decades to come.

The dilemma for the government, however, is that its premises and prejudices do not line up with reality. NAFTA was popular because it provided Mexicans with better-paid jobs that had greater opportunities: the lesson is to generalize the conditions that made these circumstances possible. Virtually all sectors of the population, political parties, and candidates—even López Obrador—defended NAFTA when President Trump threatened it. However, obvious as this lesson may be, Mexico has avoided any concrete action for five decades, as one government after another has chosen to protect the status quo.

The dichotomy is simple and evident. Mexico can either throw its weight behind efforts to break through the obstacles to success in the modern economy—and give all Mexicans access to that possible success—or stick to an agenda of building unproductive clienteles that will end up killing the country's sources of income. Rather than continuing the same road without being able to prosper, there is no other real choice but to address the problems that previous administrations have not wanted to address. López Obrador's current mandate is more than enough to achieve it.

More of the Same

One need not be a prophet to foretell that the present order of things will have to disappear.

Alexander Kaun

Regardless of its animosities and differences of opinion and mindset, the Mexican political class has been aware for decades that the country has not been on the right path, and recognize the need to carry out widespread reforms in hope of rectifying the situation.

As discussed earlier, the problem of growth in Mexico is not one of pace but of inequality—although not in the sense that this term is normally understood. Different Mexican states have vast differences in their growth rates: some have rapid, Asian-like growth rates, while others have stagnated at the levels first reached at the beginning of the 1980s. Again, the economic model that has been adopted since the 1980s, at least in its essence, appears to be the only possible option, having been adopted by numerous other countries in recent years. Where Mexico has failed, compared with other nations that have prospered more from economic reforms, is the fact that the Mexican implementation has been biased and limited. The economic reforms of the 1980s onward attempted to create beneficial conditions for growth, as long as those changes did not alter the structures of political, union, and business power. Mexico split into a dual economy of the successful competitors and the laggard rest. Mexicans migrate because they cannot thrive at home, but once they reach their destination they are as successful as anyone else. Why is it that a person who migrates from Oaxaca to Los Angeles or Chicago is able to prosper when that same person could not prosper in Oaxaca itself? Does the problem lie in Oaxaca's population, or the state's political and social reality?

The political rhetoric that characterized the three most recent presidential contests (2006, 2012, and 2018) presented a manichean alternative of all or nothing: allow the economy to fully integrate into the world or reverse the reforms. None of the proposals suggested ideas to keep the benefits that the reforms had brought, together with an overarching, inclusive vision to address fundamental problems such as poverty. It is possible that there is a margin to advance this message on both fronts, but the clash of narratives (and the inherent nature of an electoral contest) made it impossible to develop a different vision. In addition, there was neither the greatness nor the political stature to act along these lines. Meanwhile, both NAFTA and migration kept the overall Mexican country afloat and preserved the status quo. NAFTA promoted foreign investment and generated growth rates high enough to avoid significant crises, while migration reduced social pressure on the government to create jobs. Both factors, now under attack from President Trump, are no longer sustainable. In fact, none of these supposed anchors will be sustainable in the future, and this predicament will demand new answers and profound reforms based on internal sources of certainty. Yet the political rhetoric of recent election campaigns has claimed that Mexico will have to destroy what exists and does work (the environment that favors competition and success in the global arena) in order to protect those who have not been successful, rather than opting to redefine the development agenda to include those who have had no chance to be successful.

"...both NAFTA and migration kept the overall Mexican country afloat and preserved the status quo."

In the 2018 race, Peña Nieto's government and the PRI and PAN candidates argued for a continuation of the current economic model. They proposed different corrections or additions to compensate for its shortcomings and limitations, but did not acknowledge the inherent fantasy of the project. In spite of the regional differences that indicate deep, ancestral problems within Mexico, in all of the decades of reforms not a single reform sought to modify the political, economic, and social power structures that have preserved the status quo in places like Oaxaca, Guerrero and Chiapas. Instead, politicians tried everything in their power to avoid altering the established order. The paradox is that in the most recent election, Morena

swept away the established competition—and so either the powers of the status quo believe that López Obrador is their best guarantee to preserve their privileges, or those interests lost control of their base. (It may be possible that they expected the former, but received the latter; only time will tell.)

"Enrique Peña Nieto did nothing more than take the "more of the same" thinking to its ultimate conclusion, and his worldview failed to capture the popular vote."

Enrique Peña Nieto did nothing more than take the "more of the same" thinking to its ultimate conclusion, and his worldview failed to capture the popular vote. Seen in retrospect, Ricardo Anaya and José Meade also failed because their strategies also appeared to proposer "more of the same." Even if their proposals actually were more ambitious and complex than this simplistic line of thought, neither proposed to change the factors that preserve and enable the status quo. Such proposals were destined to fail even before the election began.

The electorate, likewise, ceased to be tolerant. The people chose to call out problems by name and reiterated that the appearance of continuity without a serious and transformative proposal was not a sustainable project. With the preservative powers of NAFTA and migration no longer viable, this political position explains the electoral result but does not fix Mexico's future.

Two Ways of Perceiving the Same Reality

The first lesson of economics is scarcity: There is never enough of anything to satisfy all those who want it. The first lesson of politics is to disregard the first lesson of economics. Reality is not optional.

Thomas Sowell

Politics in the era of ubiquitous information deals with narratives: contrasting visions of the world with electoral ends, which exaggerate some differences and mitigate others, all to capture support and voters. The essence of politics has not changed, but the speed of the message, the use of social media, and the confrontation inherent to instant communications produce very different effects compared to those of the era of direct or unidirectional politics (i.e., through television and radio). The result is a permanent clash of wills that does not help to advance the goals that all politicians say they want to achieve, such as peace, security, stability, and economic growth.

Throughout the past four decades, Mexicans have lived two contrasting narratives: one that hails the transformative effects of the structural reforms implemented in the mid-1980s and other that vilifies the current reality, disapproves of the reforms, and elevates an idyllic past. Between these two narratives lies the reality—the one that the Mexican people live every day and that contains some elements of these extreme positions. The reality of everyday life is affected not only by economic circumstances, but also by factors such as corruption, insecurity, violence, and the disappearance of relatives. These pressing concerns undoubtedly affect citizens' perceptions of politics, the government, and the future.

The narrative of the successful reforms is clear: they enabled Mexico to break out of the era of financial crises, they stabilized the economy, they set the foundations for an elevated and sustained rate of economic growth, and they eliminated the worrying prospect of inflation. According to this vision of the world, the Mexican economy's integration into international circuits of technology, trade, and investment allowed Mexico to become an export power, transformed its industrial base to become one of the most competitive in the world, and improved the salaries and benefits of all associated with this economic sector. States like Querétaro and Aguascalientes are examples of what a good development strategy can achieve; they suggest that if Mexico as a whole continues to follow this adopted path, it will come together a thriving economy with a democratic political system thoroughly within the rule of law. Yet these two states face a peculiar phenomenon: their economies depend mainly on the modern companies that employ the majority of the population. These companies have a massive internal political weight, however implicit, that leaves little latitude to local governments to misuse public resources or turn a blind eye to outright corruption. These states have progressed toward a more balanced political system because multinational corporations provide effective counterweights to local authorities. In both states, different political parties have alternated control of the government—another aspect of good governance that has consolidated a path toward a rule of law unknown elsewhere in the country.

"In both states, different political parties have alternated control of the government—another aspect of good governance that has consolidated a path toward a rule of law unknown elsewhere in the country."

The narrative of economic, ecologic, and social chaos, by contrast, highlights the poverty brought by the reforms, the lack of economic growth (a mere 2 percent average nationwide), the public's sense of insecurity, and the preponderance of poor-paying, uncertain jobs without any benefits in Mexico as a whole. The starting point from this narrative is the elevated economic growth that characterized the 1970s, the social harmony of those times, and the public security that was the rule back then. This narrative uses

the problems of Oaxaca, Guerrero, and Chiapas to show the meager results of the reforms, the poverty that characterizes these states, and their increasing levels of inequality. Instead of achievements and opportunities, this negative narrative showcases corruption, insecurity, impunity, and excesses from rulers at all levels and across all dimensions. It proposes that Mexico return to the era and strategies that enabled its earlier stability, which would strengthen democracy and citizens' participation in governance. The country's problems, it argues, started when the country took the path of reform in the 1980s, and so the reforms must be canceled in order to restore Mexico's capacity for economic growth and social development.

Each Mexican citizen will tweak and adjust these narratives to fit his or her experiences, but the inherent point of the narratives is that they aim to polarize: for some all is well, for others everything is terrible. For the former, the important thing is to do more of the same; for the latter, everything needs to be changed. If one analyzes it concretely, the differences are less staggering than what the narratives suggest, but what is relevant is not so much the narratives (which attract all of the attention) but the reality of everyday life. A more objective vision of the previous decades suggests that the Mexican economy is extraordinarily diverse. Some regions have been growing at more than 7 percent annually while others lag behind; most of those who are employed live in a relative state of precariousness; insecurity has nothing to do with the reforms but rather stems from the government's and political system's failure to transform—in short, it is not possible to return to the past, but more of the same will not solve anything. Furthermore, Mexico is not becoming more democratic or embracing the rule of law. Above all else, though, Mexico's problems are real and transcend narratives that polarize but that do not address the issues that affect the population.

The greatest success of President Carlos Salinas de Gortari (1988–94) in his first five years in government was that he created a single narrative and inspired the population to take steps to transform it into a reality. His failure in his sixth year as president, followed by the financial chaos of the year that followed, was not the fault of the reforms themselves, but their timing led to the clash of conflicting narratives that create an environment of distrust. To have any hope of success, López Obrador will have to make the effort to unite and bridge such a destructive gap. However, López Obrador's own conception of the world is very different from that of

a society that is integrated, in their everyday lives or in their hopes for the future, with a cosmopolitan world. For him, the reform era was a grave mistake for Mexico, as the reforms shattered all previously existing balances, produced vast inequalities, and destroyed the government's ability to exercise control over the country's development. In López Obrador's worldview, reforms were technocratic decisions that betrayed the spirit of the Mexican Revolution and ignored the political guidelines that its victors had established. In this vision, Mexico lost its sovereignty by subjecting its internal decisions to the whims of financial markets or the interests of foreign companies and their governments. From his perspective, any cost to recover this sovereignty is an acceptable cost.

The main point to make is that both of Mexico's narratives in recent decades are not a product of chance but of contrasting (if not diametrically opposed) views. One can like one narrative more than the other, or one can question whether the narratives are compatible with the country's development goals, but nonetheless both narratives are profoundly entrenched in the population, and have given rise to the brutal contrasts of vision and capabilities to govern across the country. What ensues from this point will depend mostly on Andrés Manuel López Obrador himself. Having won the presidential election, he controls and dominates one of the largest and most diverse, complex, and scattered coalitions in Mexican history. This complexity is both his biggest worry and his greatest opportunity. López Obrador, the first charismatic leader in decades, has the opportunity to transform not only Mexican politics but also the logic of the reforms. This line of thinking might seem contradictory but actually is straightforward: López Obrador has clear ideas of what he wants to achieve, but soon he will realize that his grand project is not feasible in real life. His true dilemma will be whether to continue with the dogmas or to reform reality. The charismatic leader is rare in Mexico's modern history—and his opportunity is even more so.


Tlaplan
Coca-Cola

Mexico City, CDMX / Mexico - December 1, 2018: Mexican citizens raise hands while Andrés Manuel López Obrador, new Mexico's president, participates on an indigenous ritual.

Charisma: To What End?

Whosoever desires constant success must change his conduct with the times.

Niccolo Machiavelli

Andrés Manuel López Obrador is like no other Mexican politician from at least the past half-century. He is more akin to the politicians of the post-Revolution era: a street politician, or as the journalist Héctor Aguilar Camín has described, an "outdoor" politician:

> It is a unique phenomenon of Mexican politics: an outdoor politician in an environment of cabinet politicians. One of the advantages of Mexican politics, with all of its horrors, has been the absence of personal leaderships that are independent from the bureaucratic fabric. Mexican politicians are the same size as their positions. Their political capital vanishes when they lose their position within the government. López Obrador is a different politician, an outdoor and arena politician in a world of hierarchy politicians. He stands not on his position but on his charisma. And in a political environment of ceremonious, rhetorical, or technocratic language with usually pompous and badly written speeches, López Obrador speaks with persuasion and creates a political reality with everything he says.[9]

López Obrador is not a good speaker. His messages are poorly phrased and, as he himself admits, he talks "slowly and not fluently." Nonetheless, he is a political phenomenon who captivates his audience, who communicates

with a quasireligious fervor that generates not followers but believers. Those who attend one of his rallies feel the overwhelming impact of his force of personality and its influence on their own ideas of politics or politicians. His sway over the Mexican public at large is not only illustrative but moving, and it is capable of producing an extraordinary if not overwhelming connection. The López Obrador effect is real, and it gave him a formidable platform for his triumph. The question is whether that platform is enough to govern.

Since 2006, López Obrador has had the support of 30 percent of the electorate. This figure matches the proportion of the population that has rejected the legitimacy of the electoral system and has stayed loyal to their leader through his ups and downs up, through to his overwhelming victory. This 30 percent appears to be a permanent faction, made up of "believers" who identify López Obrador with honesty, austerity, integrity, and the capacity to save the country. The fervor with which they support him is impressive, as is their unwillingness to turn in any other direction. Nonetheless, López Obrador's base alone was not enough to give him his 53 percent victory. The additional 23 percent is composed mainly of young people—many of whom were voting for the first time in 2018—and more educated citizens. Nobody knows which part of this additional 23 percent are "believers" in López Obrador, but they likely are only a minor part. This suggests that López Obrador's triumph stems from other reasons, perhaps from that unusual charismatic strength that led him where he is today. Moreover, Mexico's traditional political parties appear to be incapable of adapting to a changing environment, responding to the citizenry, and offering attractive alternatives, as López Obrador did.

"Since 2006, López Obrador has had the support of 30 percent of the electorate."

The electoral triumph was achieved in three stages. The first involved constructing a narrative that divorced the electorate from President Enrique Peña Nieto. This stage began around the end of 2013, starting with calls for the president's resignation and an attempt to force him to resign before the end of his second year in office. This narrative later took control of social media with the Ayotzinapa murders on September 26, 2014. Bolstered by the accusatory motto "it was the State," the plot took form, and transformed corruption into the only relevant issue in national politics. It was not a

chance sequence of events but a carefully designed strategy to discredit the sitting president and lay the foundations for a winning candidacy in 2018. There is no doubt (at least in this author's mind) that the strategists who conceived this scheme never imagined how easy it would be to consolidate their plan and hand López Obrador the presidency, practically unopposed.

The second stage was the integration of a wide and diverse coalition, one of the largest ever in Mexican politics, with unprecedented geographical and political diversity and dispersion. From its inception, in addition to the Party of the Democratic Revolution (Partido de la Revolución Democrática; PRD) groups that later joined the new movement, Morena established an alliance with the Labor Party (Partido del Trabajo; PT)—one of López Obrador's previous left-wing allies—and later added the more conservative Social Encounter Party (Partido Encuentro Social; PES), which opened up a politically and geographically different electoral base. López Obrador would later include people that symbolically were important for the PAN, such as former party chairs Manuel Espino Barrientos and Germán Martínez Cázares. López Obrador also included leaders of community "self-defense" organizations from the violence-torn state of Michoacán, union leaders such as Napoleón Gómez Urrutia, the National Coordinator of Education Workers (Coordinadora Nacional de Trabajadores de la Educación; CNTE), and important stakeholders from the Teachers' Union (Sindicato Nacional de Trabajadores de la Educación; SNTE). In the same vein, he also attracted social and indigenous leaders, organizations dedicated to specific projects (such as rejecting the Texcoco airport), and business groups as well as notable businesspeople, all of whom helped to construct a winning coalition.

Fernando Luna argues that "the pursuit of agreements with organizations and individuals with such diverse careers [is due to a] fragmentation of the party system. . . . In such scenario the service that these parties make for López Obrador's campaign with regards to territorial structure is fundamental, even more so as Morena is a recent organization which has a charismatic leader whose roots can be found in the center and southern regions of the country."[10] In order to win, López Obrador did not leave anything to chance. In fact, the third stage was the one that had the greatest impact in attracting voters, giving him not only the final triumph but also an overwhelming margin of victory. He chose to revamp his image, articulating a moderate discourse and abandoning the categorical phrases that had harmed him so much in previous elections—such as his infamous

2006 "*chachalaca*" speech, a personal attack on then President Vicente Fox that backfired on him. He approached the group of businesses that he used to call the "mafia in power," and insisted on a healthy management of macroeconomic variables. The moderation of his discourse allowed him to attract voters who had rejected him before, as well as to add a diverse base that would hand him the presidency but nevertheless has contrasting, contradictory agendas.

López Obrador's leadership not only enabled him to add constituencies, but also to preserve a coalition that was hard to manage from the beginning. Likewise, his charismatic leadership comes with the antibureaucratic and anti-institutional characteristics that have been Morena's hallmark, and have shaped its performance in both legislative chambers since September 1. However, it is the leader who makes the decisions and settles the differences that are necessarily multiple and permanent.

A New Logic

As a political leader, López Obrador carefully built his networks of loyalty that promoted both his authority and popularity in bringing people together and showcased how he had won the acceptance and support of a large part of the population. His leadership, as Federico Berrueto indicates, is charismatic and is adorned by a discourse of social change that has gone from radical to moderate.[11] The strength of his leadership lies in the fact that his rhetoric incorporates and capitalizes on social outrage. His biggest success in the 2018 election was that he managed to form his base from not only the poor but also the outraged. This is the source of his political potential.[12]

López Obrador's leadership skills are beyond any doubt. But his anti-institutional type of leadership will by its very nature face enormously complex challenges ahead. Morena is, and will probably continue to be, a movement rather than a political party. Instead of the formal structures that are the essence of a standard political party, Morena is a collection of groups, people, and organizations that cover Mexico's entire political, ideological, and social spectra. One can find people with social democratic leanings and Christian democratic affiliation; activists and operators; intellectuals and

academics; business owners and union leaders; former guerrilla warriors and shock forces; ideologues and gangs; social leaders and elegant women; individuals with the highest levels of education and those who do not know how to read. The coalition is impressive in its dimension and diversity. The glue that holds it together is López Obrador's personality, which extends toward groups and individuals unconnected to the coalition which saw in him a leader that could modify the country's path.

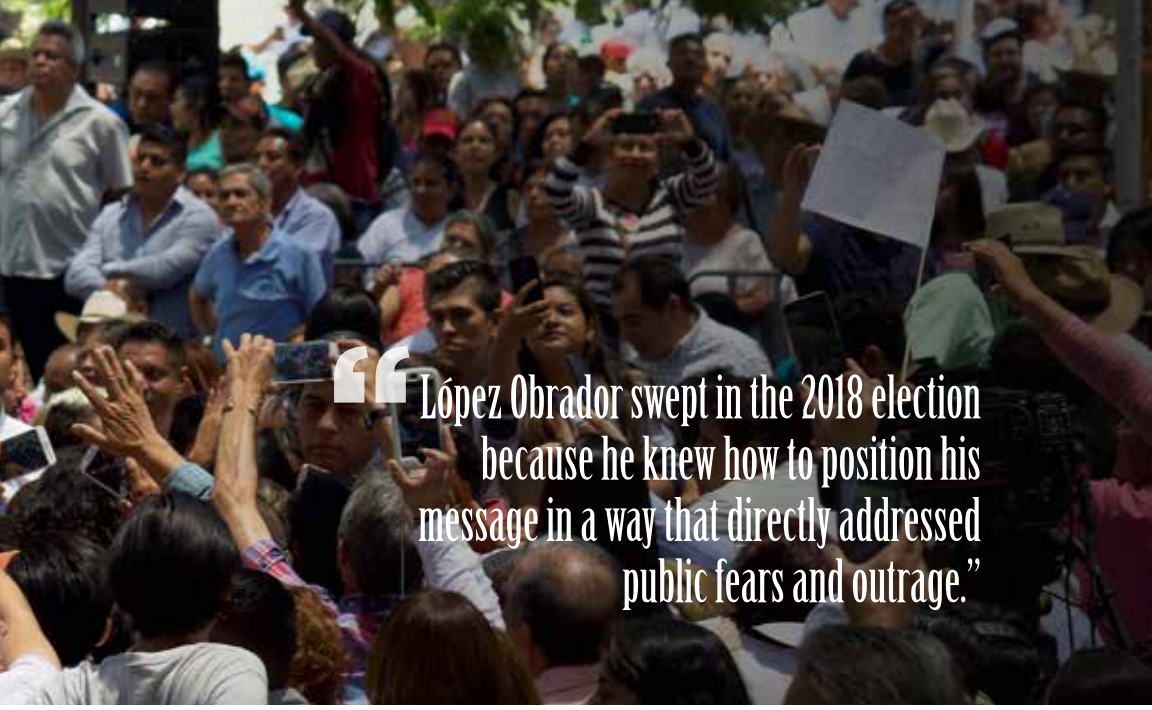
Just as a PRI politician from the 1960s, or even from a previous time, López Obrador has the vision of rebuilding the economic and political successes of a long-past era. In contrast with the first era of economic reforms—in which the administration of Miguel de la Madrid attempted to recover the financial health that had been the main characteristic of the prosperous years—what López Obrador sees in this period of Mexican history is the control that the state exercised over the economy to establish priorities; use public expenditure to guide private investments; and, on the issue of security, preserve public order throughout the country. From this perspective, López Obrador's rationale is wholly political. His decisions on economic matters will take into account the criteria of power at the core of his overall political project. This way of thinking obviously clashes with the logic that has characterized governmental decision making in the past four decades; during that time, economic considerations were what limited the decisions (and excesses) of politicians. Of course, politicians would have preferred to not have these limitations, but the reality of globalization gave them few alternatives. In this context, López Obrador means to make a radical break with the recent past. Economic considerations will now be the heart of government actions. According to his premise, if Mexico corrects its political structure and relations, the rest of the country will arrange itself and start working: as the government acts like an orderly entity, with clear and functional criteria, the economic agents will have the certainty they need in order to function. Politics will hold sway and be prioritized over economic criteria and financial actors, as Mexico returns to the thinking of the past in order to recover the path that was lost 50 years ago.

"López Obrador has the vision of rebuilding the economic and political successes of a long-past era."

The approach is not limited to rebuilding the government leadership along the lines of centralized power and societal organization. Rather, it inverts the political and economic pyramid that has guided the country since the 1980s. In this vision, politics comes before the economy: losers (for instance, the poor) come before winners, political logic comes before transparency, López Obrador followers come before public tenders—the focus is on treating the symptoms, not the causes. Although the Peña Nieto administration had altered some aspects of the criteria that guided earlier reformers, the plan of the new administration entails not only a new rationality, but a paradigm that stands in absolute contrast with the existing order.

Mandate and Reality

López Obrador swept in the 2018 election because he knew how to position his message in a way that directly addressed public fears and outrage. He was responding to the weariness felt by most of the population from the government's lack of response and action in the face of ongoing problems, the paralysis within many areas in the country, and the unfulfilled promises



of the reform era—a key factor, perhaps, for the 23 percent of voters that he gained beyond his historical base. For many Mexicans, the reforms had stopped being credible because of the contrast of what was promised and what had been achieved. The country's growth rates, average wages, and the quality of jobs to which most Mexicans have had access to cannot be compared to the eloquent discourse of the promoters of reforms throughout the years. Whatever its origin or cause, this lack of improvement became a natural platform for a naturally charismatic leader like López Obrador.

No one doubts López Obrador's potential for leadership or questions the circumstances that enabled him to be president. However, the election results opened up an unusually complex side of Mexican politics. To start, the nature of López Obrador's coalition—a movement rather than a structured organization—means that it must be systematically and permanently "managed." In addition, because of the diversity of interests and agendas among the parties that support it and the diverse groups that form its social base, the president will have to dedicate a great amount of time to reconcile positions, to lead and avoid conflicts, and to manage contradictions. If events do not happen as he has planned or if the contradictions are so complex that they are irreconcilable, the president will have to carry out political

operations that inexorably will generate conflict. The Argentinian political commentator Mariano Grondona presents one possible outcome of this revolutionary cycle: "Every revolution and all drastic political change go through four phases. The first, hesitant phase, is the initiation. In the second phase, the dominant group becomes radicalized, turning aggressive. In the third phase, the excesses of the second phase turn against their protagonists. In the fourth phase, the revolution runs out."[13]

"Yet if the president has one thing clear in his mind, it is that a financial crisis will have serious and harmful consequences for society, a lesson he observed firsthand in 1995."

Faced with a scenario like this, López Obrador would return to his traditional way of being, seeking a confrontation with other actors as a way to avoid disturbances within his own coalition. In a similar fashion, if there was an economic crisis—caused by actions from the government or inherited from abroad—the president would have to act before an audience that does not support him, and even more so, one that he feels has no right or reason to influence governmental decisions: the financial markets. Yet if the president has one thing clear in his mind, it is that a financial crisis will have serious and harmful consequences for society, a lesson he observed firsthand in 1995. The tension between both factors—the pursuit of liberty to act and the risk of unleashing a financial crisis—will be a constant factor in his government.

A World of Exclusion

The only thing that white people have that black people need or should want is power; and no one holds power forever.

James A Baldwin

One main explanation for the result of the recent presidential election lies in the fact that a large part of the Mexican populace feels excluded from the things that affect their daily lives. In a conceptual sense, "exclusion borders are wide and diverse. From the exclusion of access to economic resources, poverty, to the exclusion because of gender, race or ethnicity, for being immigrant, young, old, physically or mentally handicapped, for lack of access to water, housing, digital literacy, etc."[14] Social exclusion goes beyond traditional measures, because it not only deals with measurable factors but does so in the way that affects broad swathes of the population. The portion of the Mexican population that feels excluded is so vast that it goes unnoticed—except when the situation suddenly changes, as it happened in this presidential election. The excluded saw in López Obrador someone like them: someone who sees himself as a victim, someone who talks like them, someone who projects inner peace (almost akin to being resigned to life), somebody who once was rejected by the learned and informed society that is not close to today's president. A vast number of Mexicans, including many who have relatively high incomes and education levels, feel rejected, discriminated against, or excluded from Mexican society. This group of Mexicans changed the country.

In Mexico, social exclusion comprises populations who are and feel discriminated against. They often do not have access to potential solutions to their problems—which range from essential needs like clean water to more complicated issues such as justice procurement—but they go through an

educational system designed to subdue rather than enhance individual skills, within an exclusionary social and political structure, even if the exclusion is not always overt. The Mexican educational system, which was designed to advance an ideological hegemony for the post-revolutionary regime, privileged political control over individual development. Even so, for several decades after the revolution, the educational system was able to foster rapid social mobility. However, this changed after the 1970s, when the government prioritized political control over education and educators through the teachers' union. The increasingly bureaucratic and corrupt education system had a detrimental effect on education, and reduced Mexicans' social mobility.

Mexico's profoundly classist society excludes most of the population often without realizing when or how it does it. In this classist context, it is natural for a person to speak informally to cleaners or waiters, and expect that those who serve will answer in a formal manner. It is a condition that is taken for granted. This in-built inequality in Mexican social structure is seen as something normal, as if colonial institutions of servitude were still current—and in many ways, they still are.

All chronicles of colonial times showcase incidents of social exclusion and even abuse. The success of the post-revolution education system helped accelerate social mobility but did not solve the problem of exclusion. Some chronicles in the 1950s and 1960s, especially the research by the American anthropologist Oscar Lewis (*The Children of Sánchez*) or the 1950 Luis Buñuel film *Los Olvidados* (*The Young and the Damned*), present the exclusion in a vivid and palpable but also distant manner. The 2018 election showed that the exclusion is real, and those who are or feel excluded are no longer willing to accept that status. A wide range of academic studies show that a vast majority of Mexican citizens (and therefore voters) feel discriminated against, which makes it easy to conclude that many of the votes that gave López Obrador the presidency saw in him not only somebody to identify with, but a vehicle through which they could vent their own feelings and resentment.[15]

My Own Experience

The 1992 film *Sarafina!*, starring Whoopi Goldberg, is set in apartheid South Africa. It tells the story of a teacher who tries to instill a sense of dignity and a spirit of freedom in children living underneath the impenetrable discrimination of the regime. Although it is a remote and distant place, radically different to Mexico in its history and specific characteristics, I left the movie theater profoundly upset: I remember thinking to myself that if in Mexico, we had such contrasting skin colors as those of the people of South Africa, we would be forced to acknowledge that our reality is not that different.

In Mexico, the main problem is not necessarily racial discrimination or flagrant racism, but classism. Nothing exemplifies this better than a 2001 incident known as "the Polanco ladies," when two women from the upscale Mexico City district of Polanco were caught on video verbally abusing (using terms such as "shitty wage slave") a policeman who had stopped them for an apparent traffic violation. In addition to the insult given to the personification of authority (at least, theoretically), the terms they used and the tone they employed reveal the women's whole way of understanding the world. The incident neatly sums up some of the problems that keep Mexico from prospering: disregard for authority, impunity, classism, and the absence of a political system that is relevant to Mexico's reality and circumstance. More troublingly, it also indicates the extent to which many are resigned to their lot in life, and to the perception that "others" are born with privileges that they do not understand or acknowledge. The video encapsulates the injustice that characterizes Mexican society, a fundamental source of the anger that emerged on the day of López Obrador's election.

video grab of "the Polanco ladies"

One of Mexico's greatest ills today is classism. I have seen clear examples of this problem on many occasions. The American hotel and restaurant industries employ hundreds of thousands, if not millions, of Mexican migrants. Anyone who has observed the relationship between Mexicans and their American coworkers or bosses can attest to the fact that communication generally is respectful, conducted in the same terms that characterizes those among Americans. Yet when a Mexican customer arrives in the establishment, he or she commonly will address the Mexican American worker in informal Spanish, expecting that the worker will respond in a formal manner, as if to acknowledge their more menial position. In the United States, communication often is presumed to be among equals, whereas Mexicans frequently take their cultural and classist structures with them and immediately reproduce them in another setting.

A more comical case, but also quite revealing, happened on a beach abroad. An important Mexican businessman was sunbathing on the sands when a severe thunderstorm developed. Out of concerns over lightning, the police officers patrolling the area asked everyone who was swimming or sunbathing to get inside the closest building as quickly as possible. All Americans did so without hesitation. Almost all Mexicans followed suit, though much more casually. However, the businessman refused to leave his place. When one policeman approached the man and politely asked him to move, the offended businessman retorted arrogantly, in unaccented, educated-sounding English: "Me boss, you cat." Fortunately for the businessman, the policeman did not understand the insult, but merely took the businessman by the

arm and forced him to move indoors. There was no doubt as to who was really in charge, but there also was no doubt about the nature of what the businessman said: the two men were not of the same class.

Disregard for authority is as old as the colonial era. The old Mexican saying *obedezco pero no cumplo* (I obey but I do not comply) summarizes the legacy of Spanish colonial rule, although of course it has nothing to do with the reality of Spain's first-class police system today. In modern Spain, people respect authority and the rule of law—which suggests that there is no reason to assume that the habits of the past cannot be changed. Raymundo Riva Palacio refers to this issue: "We despise policemen. We are not afraid of them anymore, we defy them. And when none of that is possible, we corrupt them. They are the weakest part of institutions, the most fragile link in society, where they are massively discredited."[16] The combination could not be worse: uneducated and incompetent police officers, a society that despises them and does not acknowledge their authority, and above all a virtual caste system in which a police officer could never be accepted because he or she is deemed as an inferior class. It is what it is.

The old system worked because the structure of vertical control managed crime as a patrimony, where the only relevant goal was to keep the revolutionary mafia in power. Justice and the police were managed with political criteria to preserve order, but also to look after the interests of the so-called revolutionary family, and the system never sought to the

professionalize these critical services for development. As society grew, becoming more complex and diverse and making central control impossible and unsustainable, that old system died—something that happened, little by little, before the PRI first lost its grip over the Mexican political system. With the PRI's defeat and the opening-up of Mexican politics, the issue of electoral legitimacy was partly resolved but other institutional issues have lingered. The issue of classism in Mexican society opened up a Pandora's box: Mexico may elect its officials in an egalitarian manner, but society itself is not equal and nothing has been done to change this historical reality.

The paradox exemplified by the screaming "Polanco ladies" is that the upper classes demand that authority fulfill its social role (to keep social peace, thwart crime, and protect society) but despise those who are responsible for enforcing it (the everyday police officers, who they see as being in a denigrating profession that they would not want their children to pursue). The same demand is clear among the population at large, though most people have less means to make a public and forceful complaint: they are fed up with poor public services, the inefficiency of the transport system, daily assaults, and an abusive police force. Unlike the economic inequality most evident in developed societies, Mexico's discontent takes the form of social inequality. The old system hid or contained classism within society. Now it has become uncontainable, and López Obrador has provided a public spotlight for it.

Public insecurity and violence are juxtaposed with inequality: if we are not willing to acknowledge the authority of a policeman or a soldier, and for ancestral cultural and social reasons he sees himself as inferior, who will keep social peace? Put under different terms, why would a policeman who is despised by society protect that very same society? At least as a hypothesis, one could think that many of the professional killers who have become part of organized crime were drawn to it because it liberated them from a social structure that kept them subdued. It is easy to imagine a drug lord boasting that he too is a mogul, just like those in the financial sector.

Some years ago, when Antonio Villaraigosa, an American politician of Mexican descent, won the race as mayor of Los Angeles, the Spanish-language newspaper Reforma published a story of a dinner organized by a group of Mexican businessmen in the politician's honor. Villaraigosa (then the president of the California State Assembly) was asked to explain, from his

perspective as a Mexican American, the difference between both countries. "It is very simple," he said: "if my family had stayed in Mexico, I would be serving your food today."[17] At the confused stares of everyone in the room, Villaraigosa added: "Instead, they went to the United States, and today you are hosting this dinner for me." The words of the Los Angeles native are revealing because they refer to Mexico's social structure and indicate the resentment that many less-fortunate Mexicans feel but often do not express with such clarity and determination. This is also true for those who feel marginalized, but also by many who have benefited from the reforms of the recent past and voted for López Obrador all the same.

Reality has come crashing down: just as Mexicans have been incapable of transforming their economy in an integral manner and building a modern and stable political system, they continue to live with the burden of social inequality and classism, an anchor to a world where such discrimination is no longer an option. As the 19th-century English poet Matthew Arnold wrote, "A system founded on inequality goes against nature and, in the long run, breaks down." The other Mexico, the one that feels alienated but sees no progress, and that overwhelmingly supported López Obrador, has become bolder. Whatever happens, it will change Mexico.

The Coming Revolution

"The social differences and lack of social mobility that have characterized much of Mexico since at least its colonial days undoubtedly have been exacerbated in recent years by the contrasts in the levels of consumption across the country's diverse social groups."

Popular anger and public "resentment have two origins. On one hand, a large part of the Mexican population feels resented, subdued, and abused, and believes that it has been downtrodden for decades, if not centuries. The social differences and lack of social mobility that have characterized much of Mexico since at least its colonial days undoubtedly have been exacerbated in recent years by the contrasts in the levels of consumption across the country's diverse social groups. For the first time in history, these contrasting images of wealth and poverty are free for all to see through social networks and on television, as well as in attitudes and assumptions made in daily life. It is also evident that

the socialist discourse that permeates much of society, and for years was promoted in the textbooks published by the government of Luis Echeverría, created a polarized vision based on the notion that those who have prospered have done so by stealing from those who have not, and that only a social revolution can lead to change. For this reason, many of the members of López Obrador's coalition do not see July 2018 as an electoral triumph but as a political takeover, one that gives them license to break up anything that is currently in place. But there is another source of resentment, and it stems from frustration. Millions of Mexicans accepted the implicit rules of the game established with the reforms, and yet they have not progressed. People who made an effort, studied, passed their exams, and completed higher education have nonetheless seen their income stagnate, or have failed to find employment to match their education and now drive taxis or work in other low-income, unstable jobs. These two sources of frustration, one fostered by a social narrative mixed with ideology and one emerging from incomplete and insufficient reforms that protected entrenched groups, sectors, and interests, produced much worse results than what was promised.

When incomes do not improve, even in the most successful industrial sectors, it seems useless to study harder or improve one's education. For the Mexican people, there are few more frustrating things than the tangible fact that in Mexico, unlike other countries, higher educational attainment does not translate to a higher income. This disconnect has many causes, starting with the fact that there is relatively little value added in most of the country's industrial processes. In this, the contrast with countries such as the United States is dramatic: the income of someone with university education is vastly higher than that of someone who went no further than high school.[18] In Mexico, the problem is not the fault of education alone: it can be attributed to the way in which supply chains are structured, to the quality of academic preparation, to the incentives that industrial companies have in adding higher value within the country, and numerous other factors. But for individuals who made an effort and dedicated years of study and preparation, the frustration is uncontainable. This is magnified when an individual does not advance in the scale of responsibilities and income in a company, entity, or function, even though others who are perceived as privileged reap greater rewards with less in the way of skills and experience.

There are many examples of frustration and unsatisfied expectations in all spheres, but four examples are illustrative:

- An older person who for decades paid into the Mexican Social Insurance (IMSS) system, but lost his job and was unemployed for two years, now only has a meager pension because according to bureaucratic rules, only the most recent years of employment are counted.

- A soldier who dedicated his life to protecting the country, facing considerable risks in confrontations with drug traffickers, receives a monthly pension of 4,000 pesos (about $200). This pension, which soldiers may receive when they are 40 or 50 years old, is not indexed or adjusted for inflation; they have to live with it for the rest of their lives.

- A professional who studies, passes the necessary exams, and secures a job still may not be able to break the cycle of poverty—the county's infrastructure is poor, he has no access to credit, and his employer is not successful.

- The director of a ISSSTE hospital (serving federal government employees), who for whatever reason does not have access to the higher levels of the government institution, has no way to obtain the medical supplies needed to fulfill his obligation of providing quality care to his patients.

Whichever the cause of these circumstances, and regardless of what or who causes them, the sources of frustration and the destroyed expectations are pervasive and endless.

Perhaps nothing is a better illustration of the contrasts within Mexico than the ways of consumption. It is not only the kind of goods and services consumed or acquired, but even the way in which this process occurs. There may be plenty of supermarket carts or many malls filled with food and other products, but the marginal areas in the cities tell a very different story. The examples are not far away from each other: the contrast between supermarket franchises like Walmart or Bodega Aurrera, both owned by the same company, is telling. In Walmart, a consumer typically buys cereal or laundry soap, medical supplies, and all the goods one can imagine. Their purchases are visible in the carts in the parking lot and in the trunks of customers' cars. In the discount chain Bodega Aurrera, a franchise built for

people with less purchasing power, products are sold in a radically different way: rice, cereal, laundry soap, and other measurable goods are sold by the cup; antibiotics are sold by the pill (which implies that a person can begin a treatment and never finish it, having run out of money to buy a full course of medicine); cigarettes are sold by the smallest possible units; even diapers, sanitary napkins, or sausages are sold individually. The obvious paradox is that those who buy by the unit end up paying much more. At the same time, those who are forced to purchase their most essential goods in the aforementioned piecemeal manner work in houses, offices, or companies where other staff members and supervisors live opulently, at least by comparison. The dramatic and visible contrast between both words inexorably creates a sense of frustration and resentment. It is impossible not to end up feeling helpless in the face of this reality.

In addition to the factors that make everyday existence contrasting and frustrating, two historical factors have become ingredients of the bitterness that characterizes Mexican society and feed resentment like no other, to the point where politicians invoke them regularly. One is the bank rescue derived from the 1995 crisis and the fund employed to manage that process, the infamous FOBAPROA (Fondo Bancario de Protección al Ahorro; Banking Fund for Savings Protection). The way in which this rescue was carried out was reprehensible, but it nonetheless protected the savings of the population who deposited their money in banks. However, in popular imagination, the absolute and unflappable conclusion is that bankers and shareholders were the ones who were actually rescued. There is no argument that will convince nonbelievers of this supposed truth, especially when it is extremely useful for political mobilization because it stokes the anger felt by those who were forced to pay, including those who organized in antidebt movements like El Barzón. The fact that it is a fallacious argument does not alter the political reality. The second factor is the flagrant corruption, which can take different forms: the rapid enrichment of somebody who starts working in the government; the contracts assigned to friends; impunity of public officers; the way in which some Mexicans treat others; a driver who blocks traffic because it makes it for him easier to wait for his boss; the "favors" that some teachers demand in exchange for a better grade—this last one being an issue that is far more damning that it might appear, for it is an early entry into the world of corruption. And this frustration could easily extend to the new government if the sources of anger and resentment are not addressed. The history of the governments from the left in Mexico

City, the political origins of much of the new federal administration and its coalition, is full of examples of corruption, allocation of contracts with no transparency, all of which are now commonplace practices in the Congress that started a new session on September 1, 2018.

The 2018 election vented an enormous amount of frustration and bitterness into the Mexican political environment. The question is how López Obrador will deal with it. There is no doubt that he assumes his base is immutable and immovable, that they are a captive audience, and that he is able to provide concessions or carry out consultations at will. However, many of the sources of frustration that characterize citizens, not just the poorest, cannot be corrected in a short time even if a new ruling group acknowledges and tackles them (and there is no indication that Morena is doing so). More importantly, there is no way to satisfy all expectations and promises, and this is liable to become a new factor of Mexican politics: an emboldened population determined to change reality in any way possible, with or without López Obrador.

Causes and Symptoms

"How did you go bankrupt?"

"Two ways. Gradually, then suddenly."

Ernest Hemingway

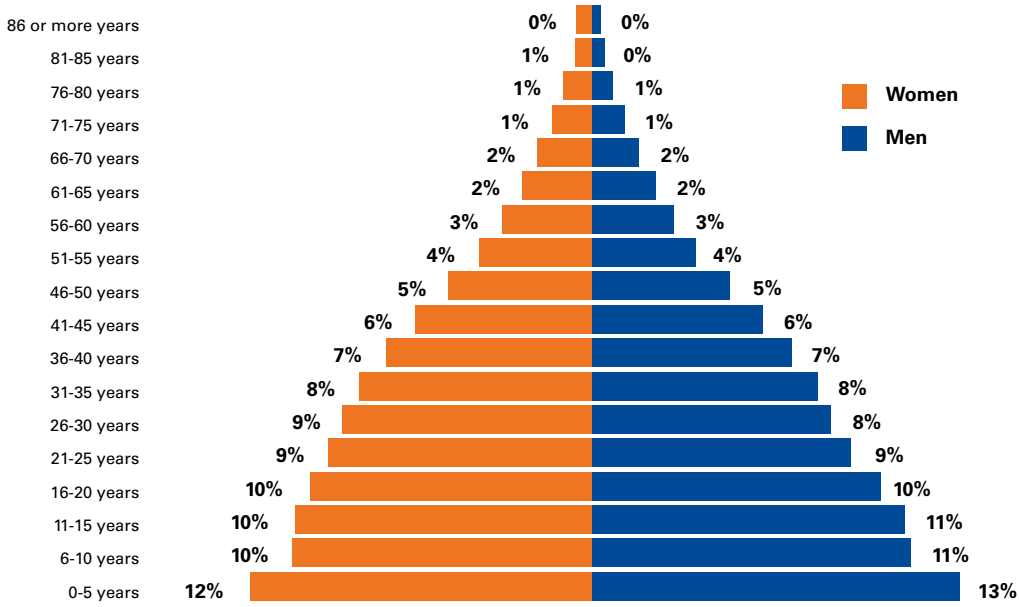
In 2000, Vincente Fox had the opportunity to modify the structure of power that had subdued the country, but he did not have the vision or guts to do it. Nowadays, the electorate has provided Andrés Manuel López Obrador with a new (and perhaps final?) opportunity to carry it out and prevent the country from drifting away. The key does not lie in change for change's sake, but rather in what to change and, especially, why it must be changed.

Throughout the year before his election, López Obrador stressed three central priorities: economic growth, poverty, and inequality. If one adds the issue of security that is an increasing worry for more and more Mexicans, this is the agenda that has to be addressed. The question is how to address them, as these phenomena are causes, not symptoms, and at the same time they are the consequences of the ills affecting the country.

One trait that distinguishes López Obrador from his most recent predecessors is his natural tendency to tackle symptoms rather than causes. His first programs, one for young people who are not in education, employment, or training and one for the elderly, are conceived and designed to mitigate existing problems (for the former, employment; for the latter, low incomes) rather than finding lasting solutions. The Mexican demographic structure is changing rapidly. The young people who have joined the labor market in the past few years are the largest cohort in history, an element that will have two traits and consequences. This influx of new workers opens up the opportunity to create many more productive jobs that would enrich the

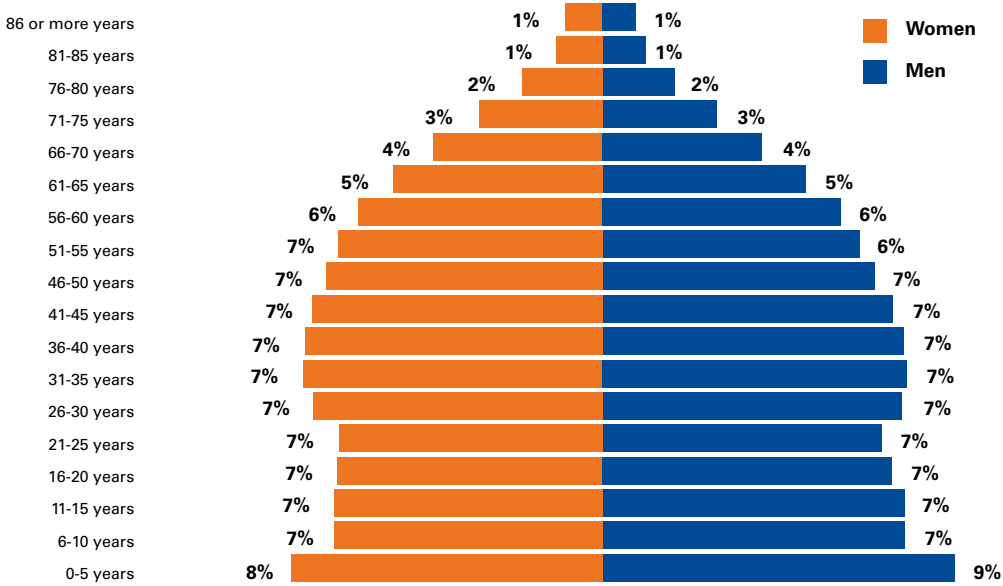
country, but if those jobs and productivity increases are not forthcoming, Mexico will waste its demographic bonus without having raised its per capita income, and in the coming decades it will become older and poorer. The contrast between the population pyramids of 2005 and 2030, shown in the figures below, is telling: in 2005 it was only beginning to be evident that there would be a potential demographic bonus; by 2030, that cohort will be entering its fourth decade of life.

Figure 9-1. Mexico: Population Pyramid, 2005



Source: CONAPO (National Population Council)

Figure 9-2. Mexico: Population Pyramid, 2030



Source: CONAPO (National Population Council)

The problem today is not absence of opportunities but the lack of human capital to matches employer demands. In fact, the lack of training for workers is one the main bottlenecks facing the country. This problem lies at the heart of López Obrador's objective to treat the young as a priority and tend to their needs and concerns as a central element of his platform.

The case of the elderly is similar. Subsidizing their pensions can be seen as a justifiable act of charity, but the main issue has to do more with the insufficiency of income throughout life and the problems with existing retirement plans. As with young people, it will be necessary to subsidize the problem in order to eliminate it. Subsidies attract clienteles, which translate into political support, and so López Obrador is attracted to these programs. However, the only possible way to face the problem in a sustainable manner, as more young people reach working age and more elderly live longer, is to attack the causes of these phenomena.

In the short term, López Obrador will try to increase the economic growth rate, as all of his predecessors since the 1960s have attempted. He might try different or similar approaches, but unless he addresses the causes of the low average growth rates, his results will not be very different. Some of his predecessors tried to finance their way out of it with debt, others chose public investment, and others sought out foreign investment. With successes and mistakes, they reached contrasting results, but the main issue was not solved. This issue has exacerbated two of López Obrador's other priorities: reducing and lowering the levels of inequality. Among the projects attempted in the past, NAFTA is most complete and long-lived of them all; it has had a monumental success in some parts of the country but little impact in others.

The new government's diagnosis of the problem will be crucial how it determines what to do to treat it, and will influence (if not determine) its outcome and chances of success. As the Mexican saying goes, there is a world of difference between a drunk and the bar owner who serves him the drinks; thus, it is now not a rhetorical issue but one of responsibility and opportunity. López Obrador came to power with an overwhelming support and an incomparable legitimacy that makes him stand out from all of his predecessors. Yet even though he incorporated into his coalition representatives from the most recalcitrant parts of the business, labor, and political establishment, he is under no obligation to preserve the status quo. These two elements create a unique opportunity for him to build a new platform of development for Mexico by including those who have always felt excluded and discriminated against and by institutionalizing power under strictly democratic rules. Beyond rhetoric, however, none of these factors is natural to López Obrador. Although he enjoys vast popular support and has a unique connection with historically excluded populations, his tendency to attack symptoms rather than causes places him in an uncomfortable position. It is more likely that he will attempt to convert this legitimacy into a base for a political clientele than to embark on a structural transformation that will address the profound causes of stagnation across Mexico as a whole.

The governments of the 1970s attempted to use expenditure and debt to tackle the issue of growth, and ended up creating the financial crisis that led the government to bankruptcy in 1982 and deepened the overall poverty in the country. The vilified reforms had two characteristics that would cause problems in the years to come: they boosted economic activity in some

industries and regions but not in others, and there was always a political, bureaucratic, business, or union interest to prevent them from being fully implemented. The economic reforms were permitted only in so far as they did not affect the status quo or the major interests of specific groups. This aspect is where the new government can make a decisive difference: breaking with the status quo to provide an equal opportunity for all Mexicans to be successful.

The Example of NAFTA

The success of NAFTA lies in the fact that it created a space for economic activity that was isolated from political interests and issues. For Mexico, NAFTA is not only the driving force of the economy, but it also provides a perspective to examine what is wrong in the country and what has perpetuated poverty and inequality. In brief, the economic factors associated with the institutional framework of NAFTA work, whereas the rest of the economy stagnates under the despotic interests that kill all opportunity. This state of affairs condemned Mexico's south and west to fewer opportunities for growth. Poverty comes not from the reforms but from the lack of political reforms that could create a new government system from top to bottom.

If one observes the contrast between Mexico and Canada after the beginning of NAFTA in the 1990s, the differences are both staggering and illustrative. To start, Mexico saw NAFTA as the end of a reform process that should have been institutionalized, whereas Canada saw NAFTA as the beginning of an era of growth and transformation. Mexico's government enabled every business owner, governor, or important stakeholder to act as they saw fit to make the best use of all advantages offered by NAFTA. In Canada, the national government created programs that allowed all Canadians, without exception, to have access to those opportunities. It did so by focusing on the citizens, looking at how best to help each person help themselves by providing training, a better understanding of the new economic rationale, data on the implications of the trade agreement, and access to all available sources of information on these matters. For business owners, the Canadian government created conditions so that all businesses, not just those who already were incorporated into the global economy, would understand what NAFTA meant for them. At its core, the foremost objective of Canada's NAFTA-related programs was to better inform the public so that all Canadian citizens would have the best chance to be successful. Where Canada created conditions—laws, infrastructure, educational opportunities, training programs, and mechanisms for adapting to competition—so everyone could not only compete but be successful, Mexico left all of these factors to chance, and to those who already had the means to seize potential opportunities for themselves. Twenty-five years later, Canadians are richer and more egalitarian than they used to be; Mexico has greater inequality and did not solve its most essential structural problems.

The post-revolution political system was built on assigning privileges, and this system has been preserved in the most creative manner. Employers create opportunities for corruption with full-fledged impunity or the usual contracts and concessions, but even the mechanisms for appointing senators or deputies ensure the permanence of the same stakeholders, those who are dedicated to their own interests and those of their party rather than those of the population. The education system does not educate, but preserves the status quo and subdues the population through ignorance and low wages. Excessive spending on programs designed by governors does not translate into better infrastructure or higher added-value investments. All of the aforementioned is designed so that nothing changes and the usual suspects reap the benefits.

If López Obrador wants to change the country, using the mandate he received through the ballot box, he has two options: open up the political system to take it away from politicians and their cronies and transfer it to the general population; or smash the current political system in order to recreate the old political system with an imperial presidency. The former course of action would build public trust in a more permanent manner, institutionalized in a new system of government. The latter would destroy what already exists, without a chance of success.

The problem facing the south of the country is not necessarily that the north is inherently more prosperous, but that the south is dominated by chiefdoms, intricate political and union groups that plunder and subdue the population, preventing economic development. Thus, the solution lies in breaking up these cabals and building a new system of government, not recreating something that died a long time ago. In contrast to Fox, López Obrador has the skills to carry out structural changes. The question is whether he will use these skills to break through obstacles that hamper Mexican citizens' rights and liberties, or to rebuild an authoritarian past. If he can somehow manage to succeed at the former, it would be a worthwhile revolution.

López Obrador came to power with the help of a diverse, complex coalition, but his own legitimacy is indisputable. The question I would ask him is if his goal is to invest his legitimacy in nurturing his coalition or if he is dedicated to transforming the country *despite* his coalition and his traditional support. This is not a game of words: all leaders who reach the heights of power are full of promises and indebted to those who supported them, but only a few transcend these heights because they choose to build something new and truly transformative regardless of what their supporters demand. Fiorello La Guardia, one of New York's most successful mayors, broke with all of his support the day he took office: "My first qualification for this great office is my monumental ingratitude."[19] Hopefully, López Obrador will start the same way.

What to Tackle?

In Mexico, the symptoms of the country's problems and the paradoxes inherent in them are evident everywhere. No one can avoid seeing them, regardless of their position, party, or activity: the country is a mess, but at the same time, it has strengths that are not being properly exploited because something limits and hinders them. López Obrador was elected with such overwhelming numbers because Mexicans know this fact to be true.

Mexico has made great progress in many areas, yet it has not fully developed. Change happens, but is not consolidated, and the population does not benefit. The typical political disputes that are naturally magnified in electoral periods merely reflect the discontent in the national mood. Whoever sees the general panorama cannot fail to observe Mexico's characteristic contrasts and its self-imposed limits to development. A few small, nonexhaustive examples follow here:

- Mexico has a thriving export economy but has not built the necessary infrastructure to magnify these gains.

- Mexico's economy is not a single integrated structure, but contains at least three with dramatically different growth rates. Yet contemporary political discourse (including used to justify the creation of so-called special economic zones), now assumed by López Obrador, focuses on how to protect the south rather than how to encourage it to imitate or join the north.

- Mexico's leaders are not doing their jobs. Rather than governing—which would imply building efficient security systems, planning infrastructure to attract investment and employment, and improving people's lives—they are dedicated to frivolity, to setting the stage for their next political jobs, or to financing their cronies. Some abandon governance altogether in favor of making a mission out of political conflicts.

- Mexico's expensive, nonrepresentative legislative power that is accountable not to the citizens but to the personal interests of the legislators and their political bosses. Decisions are not made after

relevant debates, political negotiations, or individual convincing, but through less-than-aboveboard "exchanges." The private offices of some legislators, with their luxuries, fine art, and other signs of excess and likely corruption, are clear evidence of the criteria on which they base their decisions and actions.

- Mexican companies increase their productivity in a prodigious manner, but their clients are harassed by criminal protection rackets.

- The federal government has taken back control of public finances, but mayors, governors, and cabinet members, to say nothing of the Treasury and the Congress, continue their perpetual demands for greater spending.

- Mexican legislators approve electoral and anticorruption laws, but also create mechanisms to violate them, as campaign financing scandals have shown.

- Ambitious reforms are enacted, but the cost of implementing them is never discussed.

- Infrastructure projects are seldom finished and usually are not fit for purpose from the start. Even worse yet, existing infrastructure is not maintained or policed: oil theft and robberies, for instance, run rampant on major roadways in the State of Mexico, but there is no police force to watch over and protect those who travel through the area.

There are thousands of examples beyond these, and they all point to Mexico's extraordinary progress and massive waste. Projects of enormous reach and caliber, whether in structural reforms, infrastructure, building of institutions (such as the Supreme Court), or market liberalization, are limited by the absurdities of the Mexican political system, especially the old political system's disinclination to open and give up its privileges.

Like Robert Louis Stevenson's tale of Dr. Jekyll and Mr. Hyde, in which one man's good and perverse sides fight for control of his body, the Mexican government—or rather, the political system and all who participate in it—is two things at once. It is a progressive entity that promotes changes and development, and a shambling wreck that exploits and plunders its

"López Obrador wants to change this whole system, but it is not evident that he has a plan to do so."

population and resources and then pretends that it has not done so. Of course, it is impossible to see each of the misdeeds happening in all spheres of the public sector, in all levels of government, from the smallest municipality to the presidency itself, but the general effect is unmistakable: things do not happen because they would affect the beneficiaries of the system. And in this aspect, all political parties are the same.

All of the aforementioned explain the everyday citizen's incredulity when listening to a public official who claims that the public works programs he carried out will transform his municipality, or when a secretary of state praises a specific reform. The benefits not only take time to materialize, but also fail to relate to the original promise. The second level of the in Mexico City inner highway, for instance, solved transportation problems between the far sides of the city, but the endless traffic jams show that the consequences of this project had not been fully thought out.

López Obrador wants to change this whole system, but it is not evident that he has a plan to do so. Beyond a clear and finished vision of he wants to achieve and a series of ideas and obsessions, as shown with Mexico City's airport, his plan is to act now and improvise along the way. This is not a recipe for success for three reasons. First, the support he enjoyed at the beginning of his tenure is not permanent or immutable, it depends on whether he can satisfy the Mexican people's needs and demands. Second, the only way to make progress is to tackle the causes of the problems, not their symptoms, which requires both willingness and more importantly a long-term plan. Finally, time is never in a president's favor: if he does not have a plan from the beginning, programs will start late and the results will lag behind as well.

Mexico will change, and its restlessness will cease, when there is no more Jekyll and Hyde: when the government is dedicated to solving problems and ruling for everyone, not only for itself.

López Obrador and Power

Power corrupts; absolute power corrupts absolutely.

Lord Acton

López Obrador intends to restore the Mexican state's ability to function by reconcentrating its power. From his perspective, Mexico was a functioning country in the years when it was under the stabilizing development model because the government set priorities and had the power to make those priorities happen. The problem with this vision of the past is that scheme collapsed, in part because of its own limitations and in part because the world itself changed. The scheme depended on a closed economy and tight control over not only the population, but also the information that the population received and the factors of production (i.e., businesses and unions). Internal decisions and transformations in the world economy have made this model no longer viable. In the 1980s, it was clear that in order to recover its growth potential, Mexico would need to integrate with the world's economic, financial, and technological circuits. Yet the way in which it tried to adapt to global changes was not the best, because it had neither a central plan for adaptation nor the necessary mechanisms to give its entire population a chance to succeed. When the country's economic and political systems opened up, Mexico had changed without building the institutions and structures to solidly, feasibly, and capably integrate society as a whole.

Francis Fukuyama explains, in conceptual and historical terms, what has happened to Mexico. In his analysis of political order and political decay, he concludes that in order for a country to reach a level of stability and order that enable political, economic, and social progress, it needs a competent government and an efficient accountability system; however, without a competent government, systems of accountability can make government functions impossible.[20] Because Mexico democratized before it modernized

its system of government, government reform has become a practically impossible task, even if it is on a candidate's or president's plan.

Countries that first built competent and efficient bureaucracies and later embraced democracy tend to be more ordered, efficient, and noncorrupt but their governments usually are less responsive to their citizens' demands. The prototypical case in point is Germany—a country that Fukuyama compares to the United States, where democracy preceded the construction of a strong state and where organized citizens consequently have a much greater influence on decision-making. The extreme of the first example would be China (very efficient but not democratic at all) and the second example would be Greece (very democratic but quite dysfunctional).

Where Would Mexico Stand?

A way to assess Fukuyama's argument is to observe clientele systems: a system dedicated to granting favors ends up drowning in corruption and is resistant to being reformed. Clienteles, Fukuyama argues, are an "ambiguous phenomenon" because they are "inherently democratic" but also "highly corrupting." Governments that are dedicated to building, nurturing, and exploiting clienteles generate incentives for everyone to see politics as an opportunity for personal profit.[21]

When Fukuyama evaluates underdeveloped countries, he argues that what differentiates nations such as South Korea, Vietnam, or China from the nations of sub-Saharan Africa is that the former are highly competent states with great margin for action, whereas the latter did not have strong state institutions.[22] The key, from his perspective, lies in the strengths and capabilities of the institutions, not in a society's ideological or ethical (that is to say, cultural) orientation. Strong institutions create competent governments, and vice versa.

Whichever the correct diagnosis of Mexico's problems, it is obvious that its weakness in institutional matters is legendary, and this presents two crucial questions. First, is the López Obrador government willing to face a problem that was not on its radar and which its predecessor could not

overcome? Second, will Mexican society be able to accept that some of the progress in democratic affairs is also part of the problem, because it makes the existence of a functioning and accountable government impossible? This is where López Obrador could emerge and make a great difference. Mexico has not had a leader with the conditions and circumstances that he currently enjoys in order to carry out a profound and transcendental change. He could concentrate power to invert the way in which the country was democratized, building a rule of law and institutionalizing power precisely because he has no commitments to the traditional power structures.

Of course, it is necessary to be realistic regarding the current circumstances. Mexico lacks governing capacity for even the most elementary issues: security, justice, infrastructure, and willingness to create certainty within the population. Yet López Obrador has an extraordinary capacity and skill, in addition to his leadership talents, to enable what is necessary to build a functional government. His greatest challenge will end up being the institutionalization not only of his own party, but of the country in general, all towards his avowed goal of transforming Mexico and creating a legacy of economic growth and more equality.

Power: For What?

For far too long, the Mexican government has been inefficient. It has gone from an era of almost absolute control to a stage where all political, economic, and societal stakeholders take whatever they want however they can. The government did not adapt to the country's changing reality, and the general complaint from the electorate is that it has lost any semblance of efficiency. López Obrador has expressed a desire to recreate the old structures of control—an impossible task for this day and age, not only because the country has changed demographically, economically, and politically but because the tools for control used in the 1960s no longer exist. Any citizen with a smartphone can find the information he or she needs. However, as argued earlier, the reconcentration of power makes sense when contemplated as an instrument for change and transformation. It can work if it helps decentralize power in a way that suits the information and

knowledge age, a near-requirement if the country is grow and prosper.

But control is not a unique or unidirectional element. When observing control from a citizen's perspective, rather than exclusively from the perspective of the powerful, the vision is a vastly different one. This might explain why so many structural and electoral reforms in the past decades failed to create a platform for the country's stability and economic growth, and fell short of developing a more agile and responsive system of government. One way in which citizens' perceptions have evolved after years of desperation is rejecting all that is in place, mocking the rulers, voting against those who hold power, believing that the abuse to come could not be worse than that which is already here. The reality of a Mexican in the face of power is reminiscent of the famous exchange between former Argentinian president Carlos Menem and the mother of singer Facundo Cabral: reportedly, Menem warmly greeted the singer's mother with pleasantries: "Madam, I am a great admirer of your son. Please tell me if there is anything I can do for you." After a brief silence, the mother allegedly replied, "Not screwing me would suffice."[23]

"This might explain why so many structural and electoral reforms in the past decades failed to create a platform for the country's stability and economic growth, and fell short of developing a more agile and responsive system of government.."

López Obrador would do well not to forget that this is how the majority of Mexicans, including those who voted for him, think of politicians in general.


PRESIDENTE
2018

What Is to Be Done?

We live the first great hangover of the new world order that emerged by globalization, a world that is not static and that is characterized by constant change. A change that stuns many. Globalization is a reality full of opportunities and challenges, a creator of wealth—the new capitalism needs adjustments, of the sort needed every time an era changes, but it is still the system that has created and distributed more freedom and wealth in the history of humanity—but it still has the Achilles' heel of the absence of governance that allows us to know and correct its excesses. The crisis is one of trust, and trust is one of the fundamental pillars of democracy.

Borja Sémper

At the beginning of the 20th century, Vladimir Ilyich Lenin wrote a polemic that had the same title as this chapter. In it, he argued that the working class would not automatically transform into a political movement through the day-to-day struggle for issues like employment or wages, but that it would have be constituted in a political party dedicated to transforming politics. To succeed in his vision of reconstituting power and transforming Mexico, López Obrador needs to think like this—but he must use 21st-century terms in order to address circumstances are nothing like that of the years of the PRI or even less to Lenin's.

López Obrador is not the first to consider solutions to Mexico's problems in these terms, but as Macario Schettino has argued, instead of a "fourth transformation," he is more likely to achieve a fourth failure, following in the footsteps of the Bourbon, liberal, and structural reforms from the

19th century to the present day. The alternative is to become the great transformer of institutions to build the Mexican 21st century.[24] Although embracing this alternative would mean betraying himself—because it would go counter to the convictions he has stated in his speeches and written in his books—his legacy would secure a future for the generations to come.

"For two decades, Mexicans opted for weak presidencies and divided government, but now they have given President López Obrador a mandate to act with strength and unity. The question is what to do with that mandate."

The electorate was not shy in its judgment of the past decades: López Obrador's overwhelming mandate sends a transparent and transcending message. For two decades, Mexicans opted for weak presidencies and divided government, but now they have given President López Obrador a mandate to act with strength and unity. The question is what to do with that mandate.

Of course, López Obrador has a clear idea of what he wants to achieve, and to date his words and actions point in the direction of rebuilding the strong presidency of the 1960s to exercise full oversight on general issues, especially the economy. His affinity for restoring the system of the 1960s makes sense: it was then when the system reached its highest point of economic leadership, combining investment in organized infrastructure from the government with the productive capacity of private investment. It was then when projects like the development of Cancún started, when the southeast of the country got electric infrastructure, and when many of the main highways—then some of the first ones to be built in Mexico—were planned out. Even though there was corruption then as well, the government had a much greater capacity to concentrate strength and resources.

Nostalgia for that time, or for the similarly strong regime of Porfirio Díaz 50 years earlier, is attractive for a government that aims to change Mexico's direction of development. Even the previous government shared a similar nostalgia for the so-called good old days. But it is important to acknowledge that these two eras of high growth with stability eventually collapsed because they were unable to solve the inherent contradictions of their own strength.

In the case of the Díaz administration, the system was inextricably linked to the president himself and followed his own life cycle. The Díaz government was born and ended with Porfirio Díaz because there was no mechanism or willingness to ensure a peaceful succession—and because no individual is permanent, the government rose and fell with him. The contradictions between the needs of the country and the limitations of the individual were exacerbated: the final result was the Mexican Revolution.

The era of the hard PRI ended for different reasons. In a way, as Roger Hansen has argued, the PRI was nothing but an institutionalized version of the rule of Porfirio Díaz.[25] The system did not immediately collapse because of the rigidity that is an unavoidable characteristic of centralized control. The cycle starts with all the virtues of new ideas, positive expectations, goodwill, and the promise that the main issues of the country will finally be solved. However, once power is concentrated, the former receptiveness to change disappears and the vices and excesses of people in power come to dominate the scene. The success of growth generates new sources of power and gives rise to needs that those who are in control refuse to countenance, and leads to explicit or implicit challenges to the system, as it happened with the 1968 student movement.

The end of the PRI system was not as thunderous as the end of Diaz's rule, but it was equally catastrophic. It inaugurated the era of financial crises—1976, 1982, 1994—that impoverished the population and destroyed the emerging middle class, over and over. All of the virtues of the PRI era, in the end, collapsed when the system tried to satisfy, artificially, all of its bases and clienteles, causing the catastrophe that not a single reform to date has been able to stop.

Centralization in the Knowledge Era

The world changed radically in the last three decades of the 20th century, in three specific ways. First, the way of industrial-scale production was transformed, creating what is known as globalization, where the fabrication of goods is distributed throughout the world, depending on proximity to

markets or commodities and the competitiveness of each region. Mexico was a latecomer to this process, but once it embraced the new reality, it became one of the major exporting powers. Second, the liberalization of commercial flows, financial exchanges, and technology availability increasingly integrated the world's economies. Each factor took place for its own reasons, but they came together to internationalize economies. For Mexico, the main consequences of this change have been that its economy ceased to be isolated, and both its stability and its progress now depend on its competitive ability. Nowadays, a graduate from a Mexican high school or university competes not only with peers from his or her city but with students from the same level throughout the world. For this reason, education has become paramount for Mexico's development and for the opportunities that Mexicans manage to get. Finally, the emergence of the internet and the availability of smartphones altered power relations in societies around the world, as information that once was exclusive and controlled by the government is now ubiquitous and available for anyone. Today, a modest citizen can make decisions with the same information that the president has.

The common denominator of these three changes is the shift in power within society. Decisions are no longer merely local or national: today, all economies are integrated, information is instantaneous, and choices made in one place have immediate effects around the globe. When the Mexican president decides to cancel an infrastructure project that are already well underway, his acts have instant consequences in world markets. If, in addition, he makes this decision based on what appear to be purely political calculations, investors (local and foreign, it makes no difference) are not slow to react. In a flash, they will change their perceptions of Mexico and its government. It can take years to build certainty and confidence in a government—and a single decision to destroy all of it.

In this context, when considering President López Obrador's proposal to reconcentrate power, it is not pointless to ask why he is so attracted to centralization and control. Centralizing power to prevent the waste and mismanagement of public resources, improve public spending, and control stakeholders like governors (who naturally gravitate toward the center of power) all sound like sensible propositions. Although such a scheme has its own risks, not least because decision-making would be concentrated as well, it opens up the possibility of greater potential success—much as happened

50 years ago, when the government chose to create an oasis known as Cancún on an open expanse of coastline. Yet as the lessons of the 1960s and 1970s tell us, such a scheme is not always sustainable and certainly cannot last forever.

In the face of this new reality, following the decision to cancel the Mexico City airport project, President López Obrador has two alternatives. On one hand, he could continue to pursue his vision, albeit with obstacles since he no longer has the trust of national or international producers or investments. On the other hand, he could follow the course proposed in this volume and build a new institutional era, perhaps one that is opposed to his historical vision but one that would be much more likely to have favorable economic results, lower levels of poverty, and greater social equality—in essence, one that will make Mexico's modernization socially and politically feasible.

The Opportunity

The legitimacy of the election and the vast popular support enjoyed by President López Obrador have granted him a wide margin of maneuver. People voted for him because he earned their trust, not because of how specific his project was. As his popular rallies indicate (see chapter 6), his success does not come from his spoken messages, but from his extraordinary capacity to identify with the population. This indicates that his true mandate is achieving the transformation rather than carrying out each of the projects that he mentioned throughout his campaign.

Legitimacy and popular support are not eternal and unchangeable. Beyond a period of truce—a "honeymoon period," as the saying often puts it—citizens will demand results. In the current state of affairs, López Obrador's promised results will be impossible to achieve because the government is not capable of doing it and because he has eliminated the only other alternative by alienating private investment. This presents him with the choice of following his current path or building a new regime, a new paradigm. Nothing like this moment has existed in Mexico's contemporary history: López Obrador's current opportunity is a once-in-a-lifetime chance.

In this moment, the case of China may be instructional. For four decades, China has experienced extraordinary growth rates, higher than any other nation has seen for so many consecutive years. It achieved this expansive growth through a successful combination of a focused government effort and reforms that liberalized markets and created opportunities once considered inconceivable in the former communist nation. For Mexico today, and especially for its new president, the most salient point of this comparison is that in recent years, Chinese leader Xi Jinping has started to dismantle the network of reforms originally developed by Deng Xiaoping following the death of Mao Zedong. Xi's current goal seems to be aimed at reconcentrating power and exercising further control. In other words, Xi is trying exactly what López Obrador wants to attempt: to remove the factors that have given his country its new base for development in order to gain greater control over it. Although the specific circumstances are different for each nation, in both there is a profound rejection of what already has been advanced, as well as an assumption that it is possible to return to an idyllic past.

"This author proposes that López Obrador advocate for exactly the opposite of what he claims to want in order to achieve the goals he intends to pursue."

Throughout his campaign, López Obrador set four clear goals: economic growth, reduction of poverty, combating corruption, and eradicating inequality. His proposals to face them are generally vague and not always adequate solutions to the real problems. This author proposes that López Obrador advocate for exactly the opposite of what he claims to want in order to achieve the goals he intends to pursue. To overcome the country's lack of growth, he will need to build a new institutional structure that will guarantee equal access for all. To reduce poverty, he will need to build an education system that will prepare Mexicans for the challenges of the 21st century instead of demanding the obedience required in the 19th century. To control corruption, he will need to eliminate the discretionary powers in laws and regulations in order to guarantee transparency in purchases, contracts, and permits. And to make the Mexican people more equal, he will need to impose a clear and predictable rule of law, acknowledged by all of the population, that will be difficult to change and will ensure citizens' trust in their government.

In philosophical terms, the goal is to liberate Mexicans from poverty by offering the entire population an opportunity for a dignified life where they might develop their potential to the maximum. They will need to be freed from corrupt politicians who make many promises but only obtain benefits for themselves. They will need to be liberated from the impunity that allows flagrant abuses of law and authority, and justifies the opinions of those who do not see a future in their country because they believe that Mexico will always be poor and corrupt. The purpose is to set opportunities for everyone, within a secure and peaceful environment, to allow them to carry out their activities and develop their full potential; to bring prosperity and productive employment within the reach of the whole population; and to enable educated citizens to take (for themselves and the rest of the country) advantage of the emerging opportunities that the traditional political and education system have made it impossible for them to reach.

Toward an Inclusive High-Growth Project

The essence of an inclusive project that will produce high growth rates lies in three elements: equal access and opportunities, prosperity and productivity, and clear and predictable rules. All three have clear rationales:

- The biggest problem facing Mexican society is its profound inequality. It is not the poverty itself, but the alienation, discrimination, and the lack of access that determines whether a person finds it possible or impossible to progress, to work his or her way out of poverty, to prosper, and to become part of the social mobility at the core of any society's development. Mexican society limits access to education, credit, basic information, communications, and infrastructure. Being poor in Mexico means being condemned to study in schools that do not teach (or even attempt to prevent learning), limit knowledge, and preserve poverty; being forced to depend on the whim of the ruler to have the basic resources to survive; and being prevented from having access to rulers, potential employers, or sources of training and development, whether personal, familial, or professional. Individuals and families who manage to break out of poverty's vicious cycle are those that step

out of the traditional scheme and fend for themselves, sometimes by going abroad. A government determined to eradicate poverty should start by creating conditions for the whole population, starting from the bottom, to have access to the best education, infrastructure, and available information. This is the complete opposite of the current state of affairs, but it is also the opposite of what López Obrador has proposed, because he seeks to mitigate the symptoms of poverty rather than eradicate its causes.

- Without an increase in productivity, no society can grow and develop. Productivity, as Paul Krugman wrote, "isn't everything, but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker."[26] Productivity grows when there are ideal conditions in the many areas that affect the functioning of productive life: quality infrastructure, worker training (formal and on-the-job education), investment, technology, entrepreneurial ability, and an environment of social civility within companies. The government has the task of creating a regulatory and political framework that will enable these factors to come together, creating a social effort that produces productivity growth and, thus, prosperity. There is no other way: either the conditions are created, or the goal is not achieved.

- For an economy to function successfully, clear, known, and predictable rules are essential to governing the interaction between rulers and ruled and the exchanges between stakeholders in society. They are the basis of success and civilization. There are no shortcuts: the rule of law protects citizens and creates an environment of clarity regarding their rights and duties, as well as mechanisms to enforce them. As argued by Tom Bingham, the rule of law is not a bunch of laws but a series of essential principles that rule social behavior.[27] Among these principles are a few notable examples: the law must be accessible, intelligible, clear, and predictable; rights and responsibilities must be solved by applying the law and through discretional criteria; laws should be applied uniformly to everyone, regardless of rank or condition, except in cases where objective differences justify different outcomes; and means must be provided for resolving, without prohibitive cost or inordinate delay,

legitimate disputes which the parties themselves are unable to solve. Each of these principles has a long history, one that provides them with content and foundation. More importantly, they give citizens greater certainty in their everyday lives. Bingham's explanation is not that different from Douglas North, who wrote that the rule of law implies "that the government in all of its actions is bound to fixed and announced beforehand—rules that enable to provide with enough certainty the way in which the authority will use its coercible powers in specific circumstances." The core of the matter is certainty and predictability that, in a large, complex, and diverse society, "can only be provided by the rule of law, which due to being transparent, universal and equal for everyone ensures the adhesion to principles that liberate and protect."[28]

"...the interaction between rulers and ruled and the exchanges between stakeholders in society. They are the basis of success and civilization."

The three components are intimately linked, and all have to be present for a country's entire population to make progress, find prosperity, and become more productive. Advancements in each one of these factors requires an explicit strategy that will help advance and consolidate the others, but only all of them together will fully achieve the goal. For Mexico, this means having the elements that guarantee a real, effective equality among all Mexicans, regardless of their socioeconomic background or place of birth. In a country where access is linked to a person's personal networks, to who they know and who knows them, most people will be excluded from development because, in the absence of equal opportunity, they will not have access to it. In practice, the main challenge of access involves transforming the conditions and the environment in which the less-favored percentage of the population lives: currently, the poor have worse educational services, poorer-quality infrastructure, and no access to justice, credit, or other mediums that are essential for social mobility. The government's effort should focus on creating conditions to reverse these ancient realities. The discussion that follows presents some lines that could guide the government's approach to secure each one of these principles.

A Project of Accelerated Inclusion

I cannot think of a market that is more dysfunctional . . . right now than education.
Most education is now disconnected from the needs of students and the labour market.

Rana Foroohar

There are two relevant lessons from the period of import stabilization and internal development, which provided the highest growth rates that Mexico has ever experienced. One is that success was based on a clear development project with well-established priorities. The other is that the population benefited directly from massive internal social mobility. At the end of the Mexican Revolution, Mexico was a rural and improvised country, and by the 1960s it had become an essentially urban country with a buoyant middle class. No one can deny the attractiveness of the vision that this model produced.

If one follows the biography of each of the best-known government, military, private sector, and cultural (both academic and artistic spheres) stakeholders of the post-revolution period through to the 1960s, the overwhelming majority of these wealthy Mexicans came from rural areas. The country's extraordinary social mobility allowed them to leave poverty to develop their personal potential to the fullest. Thus, the son of one of the most prominent public officials in the 1950s and 1960s could tell this story: "I was born in the comfort that a bureaucrat could provide. My father was the son of a musician, who was the son of a muleteer and who, as soon as he had an education, all of it public, succeeded. People who know me nowadays may not know that this is my story because they cannot fathom that the education of earlier days enabled that change in a natural way. Now that the public education has stumbled, it would be impossible to repeat my story—which I'm sure, is the same as almost all my generation."

The great story of Mexico's 20th century lies not in its strong government—although it was a characteristic of the time—but in the social mobility that transformed the country and gave thousands of people the opportunity to make progress and prosper. What is clear is that a well-structured government with a clear sense of direction can establish priorities and create conditions for development, just as in the era of stabilizing development. However, 50 years after the end of that era, Mexico is an increasingly unequal country, mostly because the education system has stopped fulfilling its goal. Public education has wide coverage but does not prepare Mexicans to develop through life. The typical educators do not have the necessary skills or the opportunities for lifelong learning that are required in the knowledge and information age, to compete in a system that demands that every child must have the same chance to be successful in life, regardless of their socioeconomic origins. Private education has covered a small portion of the population, but the only way to break the cycle of poverty and inequality lies in the public education system. However, since the 1970s, public education became an obstacle to social mobility because it was taken over by powerful figures who were dedicated to political control and avarice, rather than to the welfare of their students.

"The poor first"—the motto repeated by López Obrador, from the intellectual foundation provided by Julieta Campos—can be advanced through many possible ways, but only one way can actually achieve it.[29] The solution, in technical terms, is known as "human capital," which at the bottom is nothing but education and health services. Someone who has access to these two mediums for progress can reach his or her full potential by breaking the vicious circle of poverty. That, more than government action, is what enabled social mobility in the 20th century and what Mexico has lost today. Its educational system has become a political tool for manipulation, control, and exploitation from politicians and leaders dedicated more to politics than to individual growth and development. In fact, it was the "strong" governments in the 1970s—that is, those that had the power to impose greater control over society—that changed the logic of Mexican education and politics. It was then that the priority of promoting social mobility disappeared, and the goal of education was altered as lesser issues gained prominence.

The change that happened in the 1960s was not a small feature. School textbooks not only incorporated a new ideological element, but the very

philosophy behind education changed, and students became far less important than the advancement of a leader—or, in any case, of a different ideological-political project. The notion that some are poor because others progress crept into the educational system. With that logic, the government itself promoted class struggle, and closed the door on the majority of the population, who could no longer use education to escape poverty and find success. The key for a successful future lies in inverting the logic that, since that time, has dominated education. The new government project dedicated to young people who are not in education, employment, or training could be a start if its planners see it less as a subsidy or a clientele-building program and more as a medium for developing skills to match the country's aspirations.

An education project of this nature can become a ticket to inclusion if it can link health and education with the job market. It must focus on the skills and professions that are in high demand to prepare youngsters that will have to compete directly in global markets. This was the original conception of the National Polytechnic Institute, whose graduates are sought after by employers and whose education levels meet the demands of industry. Conversely, graduates with degrees in areas such as law, economics, or architecture often struggle to find employment in their chosen professions. Even as engineers or technical professionals have their pick of jobs, other graduates must find work driving taxis or similar occupations that do not use their education. This is not an argument to prevent students from following their interests and individual preferences, but it does argue that those who are inclined to enter high-demand fields should receive all the educational support they need to succeed. A government that focused on this approach could structure the whole education and health systems according to the sources of scholarships in order to transform both of the systems and the country as a whole.

Education aside, the first step toward the future is equality of access: without such fundamental equality, social mobility is inconceivable. "The poor first" would need to go through a transformed system that would provide all opportunities to those who have suffered from the lack of social mobility in Mexico today. The key question for the new government is how to advance this principle in a manner that will have a lasting effect—which raises an important question: what is the government for?


Future
Past

Backward or Forward?

Human beings, who are almost unique in having the ability to learn from the experience of others, are also remarkable for their apparent disinclination to do so.

Douglas Adams

Many of those who voted for López Obrador have been living with uneasiness for a while. This is no surprise: it is easy to be hopeless when analyzing the problems facing Mexico today. At first glance, the economy does not seem to be improving, insecurity takes new forms (and claims new victims) every day, and the almost overarching sensation is that everything is getting worse. However, if one looks back, one can see that the country has been through some difficult experiences at a shockingly fast pace. It is easy to believe that everything that happened in the past was good, but that is not true. Despite Mexicans' problems and issues, the physical changes in the country, the change in production, and the remarkable shifts in all standards—from the way we choose our rulers to the way we have pushed for greater freedom of speech—speak for themselves. Of course, life has become more complex, which is a universal phenomenon, but no one with even minimal common sense can fail to appreciate the radical nature of the changes in our lives.

Not everyone in our public life, however, seems to have noticed how everything has changed. No one there seems to have truly assessed the extraordinary transformation that the population and, thus, the country as a whole, have experienced. People's lives today are not necessarily universally better than they used to be, but it is impossible to pretend that nothing has changed or that there has not been a plethora of truly favorable changes.

The belief that Mexicans need to go back to a past time, where social, economic, and political institutions supposedly did work, ignores two points.

The first is that this fabled past has ceased to be feasible: as circumstances changed, the old ways could no longer apply. At the same time, the world has been changing, and Mexico had no alternative but to try to adapt to these changes, even though it did not always do so in the best possible way and its leaders frequently made more promises than delivered actual successes. It may be human nature to try to put the genie back into its magic lamp, but is not a more serious or believable goal than the notion of trying to put toothpaste back into its tube—and yet this implausible notion has set the tone of the debate and attitudes in Mexico's current political world. The notion of returning to the past reveals a complete lack of understanding about the real nature of the convulsions that has rocked the country.

In the past 20 years, Mexico has been through two major revolutions that have transformed everyday life and cannot be reversed. The transformation of the country's production apparatus through the liberalization of imports, which began in the mid-1980s, has given Mexican families access to clothing, footwear, food, and durable goods, all of good quality and at lower prices. The competition of imports has enabled and in fact forced manufacturing to transform in ways that benefit local consumers. Even with the limitations and problems of this news system, today Mexicans (and people the world over) enjoy goods and services at prices that would have been inconceivable before. Mexico's production plants are competitive, its exports have shown that the national quality is as good as the best in the world, and workers who are part of this revolution enjoy significantly higher incomes than their predecessors in the times of the autarchic economy.

The second revolution is political. Even in Mexico's imperfect democracy, the Mexican people enjoy freedoms that would have been unthinkable in the post-revolution era, even though Mexico never experienced a dictatorship as severe as those that controlled other South American nations. Today, Mexicans choose their rulers, vote, and have their votes counted—a fact that many within the Morena coalition still do not acknowledge. Perhaps more importantly, these liberties come without restrictions, at least from the political apparatus. Mexicans have become used to saying what they think and acting freely. Little by little, both revolutions have transformed Mexico's reality in all levels and regions. People are used to freedom; merit is becoming a vehicle for rising higher in productive life; and, above all, the sensation of opportunity and possibility is growing and multiplying as Mexicans show that they are capable of working and being

successful on their own. In other words, Mexicans are slowly transforming into citizens.

Yet many do not understand or acknowledge this transformation, and their failure to do so can be seen in many levels. It appears in those who demand greater spending with less transparency. It is evident in the pharaonic levels of expenditure on frozen monuments rather than productive infrastructure, or in the creation of works without a project or common sense, like the Toluca fast train. It remains in the stubborn power of unions that hinder progress and development in entire sectors, but most of all in ways that shut off access or opportunity for marginalized members of the population, starting with education. It promotes the myth of exploitation of natural resources, appears in the unwillingness to acknowledge the importance of legality as a key for a functioning economy, and above all, it disregards the population's capability to support themselves. If one observes the economic and social transformation experienced by Mexican migrants who enter the U.S. workforce, it is clear that the problem does not lie in their intrinsic capabilities, but rather in a system of government that restricts and nullifies it.

A Strong Government

López Obrador has proposed that Mexico must return to the era when the federal government centralized and controlled the running of the country, and the country functioned. The idea seems reasonable because it appeals not only to the need to rebuild empathy in a population besieged by inefficiency, exclusion, and insecurity, but also identifies the hardships faced by those who have not been able to prosper in the modern digital economy and those who have been the victims of crime. These majoritarian social groups certainly should have their concerns addressed, but the problem with López Obrador's proposed solution is that the past cannot be repeated.

Twenty years ago, I had the opportunity to chat with the economist Antonio Ortiz Mena, who had been secretary of finance from 1958 to 1970, a very stable era with one of the highest growth rates Mexico has ever seen. During the conversation, I asked him what he thought about the current moment the country was experiencing, shortly after one of the worst financial crisis Mexico had ever seen. His answer still echoes in my mind: in essence, he

told me that when he was in charge of Mexico's financial responsibilities, the problems he faced were comparatively easy to address. In those days, the government was all-powerful; exchange rates were fixed; the economy was closed; the government had a massive influence over unions, businesses, and the press—in short, the key of his success during his years in office lay in the will of the government to control itself. Specifically, he told me that his main priority had been to "control the checkbook" so the president would not spend more resources than what was available. That is an absolutely contrasting scene with the current scenario, in all senses. I was impressed by his humbleness and mental clarity: the past cannot be recreated because conditions are different. If that is the case, what can be done?

The only way to break this vicious cycle is to leave it altogether: confronting nostalgia with a different project, building on what is already in place, proposing new solutions rather than returning to ones that did not work, and chasing opportunities instead of utopias. This can mean a new federal arrangement, social reforms, or political and economic initiatives that will enable new education, infrastructure, and health standards, but above all it requires a new vision.

For several decades through to the present day, the whole government strategy, regardless of the person or party in power, was to marginally improve what was in place without disrupting the political status quo. López Obrador is willing to be a disruptor, but he will only be successful if he reconsiders the point of his project. A new political arrangement does not necessarily imply destroying what is in place, but does entail change the government's purposes and priorities. If the real priority is no longer the preservation of the status quo at any cost, opportunities are infinite and promises (which appeal to emotions) become believable. Everyone knows that the essential elements of successful governance are the physical and proprietary security, judicial certainty, anticorruption efforts and statues, and education dedicated to social mobility and infrastructure (in the widest sense of the word) for a great future. Everybody knows these truths, but subsequent governments have ignored their responsibility to make them reality. The key lies in breaking with vicious cycles in which the Mexican people have been submerged into for decades, which keep the country paralyzed and demoralized in spite of small points of progress. It is not rocket science.

Government: For What?

All Mexican presidents feel that they are destined to change the world, but in the past half-century none has achieved this dream. What difference will the next one make? Recent leaders have tried everything: massive outpourings of public expenditure (Echeverría and López Portillo), pacts (Miguel de la Madrid and Peña Nieto), alliances (Salinas), agreements (Ernesto Zedillo), and treaties (like NAFTA). These myriad plans had few results because none of them faced the main challenge in the country: how, and especially with what, to rule. Some presidents' plans collapsed in the face of uncontainable crises; others were discredited up to the point where they were no longer able to be in the public eye. To be sure, some left significant legacies, such as NAFTA, and some were able to build institutions that changed the nature of the issue they were designed to address. Each in their own way, they all tried to reform the country to achieve elevated and sustained growth, but none managed to share those benefits with the rest of the population. López Obrador offers the opportunity for a radical transformation not merely because of his unusual legitimacy but mainly because he is not committed to preserve the status quo.

At the present moment, it is clear that until this point none of Mexico's leaders has wanted to or has been willing to face the county's core institutional and political structural issues. Much has changed, inside and outside Mexico, but the government has been the same. The country has gone through a profound economic transformation from an autarchy to an exporting power; its demography cannot be compared to that of 50 years ago, following a threefold increase in population and a much broader geographic dispersal that nonetheless has built permanent contacts and exchange with the rest of the world. Mexico is in a critical demographic moment known as the demographic bonus—young people are in the majority, and if they are fully incorporated into the job market they would be the most important platform for wealth creation. If this process were to fail, Mexico would be worse off than before, as a poor and aging society.

If the economy and demography offer enormous opportunities, the crises of security, poverty, and political upheavals are the obstacles that paralyze and hinder Mexico from prospering and transforming into a power able to successfully respond to the needs of its population. At the end of the day, if

the purpose of governing is not prosperity, its functions are irrelevant. The records of the past 50 years are not illustrious, but for that matter neither is the way in which López Obrador pretends to govern, as illustrated by the cancellation of the Mexico City airport project and his apparent disregard for the costs or consequences of the pet projects that he prefers. Politicians love to employ the term “governance” when they are really speaking about their capacity to do as they please. López Obrador does not shy away from this approach, and he has proved it time and again. The problem for him is showing results: it is not enough to dismantle existing programs or have an overwhelming majority in the legislative power. If he cannot improve Mexico’s prosperity, his enormous power is inconsequential. History indicates that recreating the same vices, programs, and strategies that did not work in the past will not work now. If López Obrador’s new government intends to reach the heights that its leader desires, then it must create conditions for the population’s prosperity. To do so, it must not only change the structure of government but also build mediums of access for those who have been excluded in the past. Power is not enough: success demands a new institutionalized system of government with explicit criteria of social inclusion.

Education as a Government Axis

"The next five years will be essential in the decisions we take to move Mexico toward a knowledge economy," argue José Antonio Fernández and Salvador Alva in their recent book *Un México posible (A Possible Mexico)*.[30] This statement appears obvious, except that it clashes with the way things are, with the two contrasting narratives that are alive and well in the same society. Many of the undesirable effects being felt today have stemmed from technological changes that rocked the world in recent decades, but Mexico has been especially resistant to the urgent need to develop human capital, the key factor to success in the digital era and to redressing the lack of equal opportunity in Mexican society today. The focus on the past seems logical and reasonable, but makes it impossible to tackle modern challenges, which are nothing like those of the past.

In order to be successful, Mexico must transform its education system in order to incorporate itself into the knowledge economy. Only in this way can it create value and build wealth; without that scope, the country will be kept in the past and poverty. The reforms made in past decades have created opportunities, but these can only be taken if the whole of the population is able to seize them. Likewise, time is of the essence, as other nations have advanced further and faster—a fact that implies that progress can be measured in terms of both social mobility and pace. Meanwhile, Mexicans

continue to argue whether the modest education reforms of previous administrations should be enhanced or dismantled. Many nations, especially developed ones, have stagnated and have been seized by a nostalgia for the past, but the countries that Mexico needs to consider—specifically, India, China, and the Southeast Asian nations—are moving to fill the void left by rich countries.

"The entire world is a competitive playing field, and the goal is the consumer, not the producer—which only highlights the absurdity of the longing to return to an apparently certain past."

In South Korea and Thailand, the education debate is framed in terms of beating out the competition by adding higher value rather than protecting the status quo. Fifty years ago, children competed only with their local peers for jobs; nowadays, a child from Dos Bocas, Tabasco, will compete with graduates from Mumbai, Lagos, or Helsinki. The entire world is a competitive playing field, and the goal is the consumer, not the producer—which only highlights the absurdity of the longing to return to an apparently certain past. When technology is changing rapidly and the entire population is as informed as the most centralized ruler, solutions must be decentralized: that is to say, the truly important decisions should made by educated citizens who have with necessary skills to adapt smoothly to unforeseen changes. Education, as a means of social mobility, puts the future ahead of the past. If López Obrador fails to place education at the core of his project—education for social mobility in the digital era—he will lose the race even if he wins some battles. No president, not even the wisest and most experienced leader, has the skill or the capacity to understand, alone, the vast complexity of today's world. Such a leader can be successful only with the effective participation of an informed and active society through well-established democratic means. Rather than centralizing the economy out of nostalgia for the past, it is essential to bet for skills in a changing world where the only constant factor is intense and growing competition. The bet should be for an education system radically different to the one in place and to an open political system that can give the president the full support of the governed.

As mentioned at the beginning of this chapter, all presidents feel destined to change the world; however, those that have made a real difference have been those who acknowledged their moment in history. Nowadays, only a real decentralization of decisions could change the direction of Mexico; in practice, this means "empowering" the population with the skills to compete globally in the 21st century. There is no magic wand that will dispel with one wave the real, damaging problems of inequality and poverty. A leader should focus on a strategy of building human capital that will grant individuals the chance to make their own future.

Centralizing power and control sounds like a good option—if only we were back with Lenin in Moscow in 1923. The current reality, which no one can deny no matter how much they want to, is that only individuals can face their problems. Obviously, the government should create conditions for this to happen, and its primary instrument is public education, but the responsibility for taking action falls upon the individual.

Mexico has failed to provide its citizens with the opportunity to be successful. Centralization and control merely delay the solution to the problem of poverty and, in fact, make it even more difficult to address it. The way out, whether it is appreciated or not, is a first-class education that will grant all citizens effective skills to solve their own problems.

López Obrador, The Statesman

I always think the same, but act according to circumstances.

Andrés Manuel López Obrador

In 2018, the Mexican electorate shed the mask of the establishment's dominant narrative and chose the candidate that promised to change the ruling axes of the country's political and economic systems. Since the election, but especially since the congressional swearing-in on September 1, Morena's groups and allies have acted less like an institutional parliamentary group and more like a clashing force that wants to alter the established order without formal procedures or negotiations. According to their logic, they came to power regardless of the election: rather than winning the election, the election merely acknowledged their victory. In light of this vindictive undercurrent among many members of the Morena coalition, the key question in the months ahead is whether López Obrador will support this idea or whether he will assume the presidency as a statesman who is accountable to the whole of the electorate.

The contrast between both scenarios is radical. The first case presents a government that seeks not only to rule in its own manner but also to change the established order and its sustaining institutions in an integral, drastic, even violent manner. It hearkens back to the days of the Mexican Revolution, where one regime ended and another began without an institutional process in between. In the second case, López Obrador could maintain the existing institutional frameworks in order to carry out his agenda while bringing with him the population at large, as happened in post-Franco Spain. Such an approach has the enormous virtue of making changes permanent.

Spain illustrates the contrast between these ways of proceeding. When Francisco Franco died in 1975, after nearly 40 years in power, the Spanish people wanted a new regime. Politicians wondered how to take that step. One option was to break away from the Franco regime and enter an environment of absolute uncertainty; the alternative was to accept the existing institutional regime—even if it was hated by most political forces and parties—until a new legal and institutional framework had been built. In that regard, the Moncloa Pact of 1978, in which the political parties and the trade unions came together to discuss the management of the post-Franco economy, did not agree on the "what" but on the "how." The most pressing issue at that time was that of prices and wages, essential to economics but of lesser political importance. Mexico, by contrast, has failed to agree on the "how": on procedures for governance and economic management. Beyond the specific issues discussed during the pact negotiations, the essential factor in its success was that all relevant and economic forces were there, from the extreme left to the extreme right, business owners to politicians to union leaders. After decades of exclusion, the presence of all these forces—including iconic figures who had been in exile, such as the communist leaders Dolores "La Pasionaria" Ibárruri and Santiago Carrillo—changed the national context. The presence of these stakeholders spoke volumes. During the discussions, Prime Minister Adolfo Suárez proposed that Spain's political and economic leaders accept the continued existence of the Franco legal establishment until a new constitution could be drafted and implemented. In other words, the process through which the post-Franco Spain would transition to full democracy was agreed. The negotiations did not attempt to make headway on the content of the new constitution, the way in which state companies would be managed, or the process for granting media operating licenses. These affairs would be decided by a future government. The agreement confined itself to handling how the decisions would be made rather than what the decisions would be—and this was the key to its success. With this in mind, López Obrador must determine whether he will take the institutional path—as Suárez did, through which he rose to become one of Spain's greatest statesman—or the path of

"Mexico, by contrast, has failed to agree on the "how": on procedures for governance and economic management."

radical imposition, typical of a revolutionary project.

In this author's opinion, López Obrador will soon find (as the evidence and arguments in this volume have indicated) that many of his ideas are unfeasible or extraordinarily damaging, and thus are counterproductive to his vision of Mexico's future. His decision to cancel the new Mexico City airport project is a window through which one can observe his perspective on the potential costs of carrying out actions that have more relevant angles than initially thought. In this case, the airport project cancellation affected not merely a few contractors (for whom López Obrador has assured compensation for the termination of their contracts) but thousands or hundreds of thousands of bondholders in international financial markets, national and foreign providers, and many other kinds of key stakeholders. By closing that door, López Obrador sent a sign that he will not stick by the existing rules, and that no investment can be completely certain. The immediate costs of this decision were apparent in the actions of the credit-rating agencies as well as the effect on Mexico's exchange rates, but the potentially uncontainable costs will come later, when future investors ponder whether it is worth losing their investments to the actions of an unpredicatable government. Unlike contractors and the construction industry, businesses and investors operate a longer-term horizon.

Above all, López Obrador has a fundamental decision to make in terms of how he will act as president: whether to be a social activist or a statesman. If the former is true, the airport decision has set the tone already. If the latter, there is still time to set a new course, as he showed before the Conago (national governors' conference) when he demonstrated his willingness to work with the governors rather than seek to impose his will on them. For López Obrador, such a change likely would be difficult to make, given his deeply rooted conviction that everything that was done after 1982 was wrong. This conviction is an important factor for his base, which has stayed with him against all odds and often chants "it's an honor to be with López Obrador!" As a leader, he might well regard such a change, in a way, as the equivalent of betraying himself and the political bases that have supported him through thick and thin. Yet it also may be more important, in López Obrador's point of view, to achieve his goals than to stick to counterproductive dogmas. Perhaps it was in that context that Denis Jeambar wrote that "treason is the political expression of flexibility, adaptability, and anti-dogmatism. Its goal is to maintain the foundations of society, while

criminal cowardice disaggregates them."[31]

For López Obrador, advancing toward his goals likely is much more important than insisting on preserving his own ideas and obsessions as well as those of his own base. He will not want to betray himself, but rather to find a better and more endurable way to make his vision happen. Mexico needs a profound change, and more than half of the electorate decided that, in order to progress, López Obrador was the one to bring about that change. However, the nature of change does matter, and it will determine the future of his administration and Mexico.

Mexico has become stagnant for two reasons. First, there are too many interests that have been subjugated to the status quo and have enough power to prevent any change that might shake up their position. These interests—unions, businesses, and politicians—have paralyzed the country, increased inequality, and prevented the population from prospering. If López Obrador chooses to confront the education unions that have destroyed social mobility; if he eliminates the protections enjoyed by countless companies that have locked in Mexico's meager productivity growth; and if he tackles the political, social, and bureaucratic interests that keep states like Oaxaca, Guerrero, and Chiapas paralyzed, Mexico would change in truly unforeseen ways. There is no other figure like López Obrador to achieve this change, because of the democratic mandate with which he came to power and because of his own political cunning. Second, in spite of the economic liberalization project of the 1980s, the Mexican government neither adapted to the circumstances and demands of an open and competitive economy nor created the mechanisms to support and accelerate the necessary adjustments. Liberalization was a radical change in the way the economy functioned, as it forced companies to increase their productivity levels in order to compete with imports and new technologies. This change was brutal and required adjustment mechanisms that were never carried out or even put in place. Mexico could learn much from the Canadians on this front. In Mexico, the government carried on as it always had, distant from everyday affairs, and left every individual and company alone to face the liberalization challenge as they chose to do. Some companies and individuals adapted promptly and are now the economy's growth engine, but the absolute majority still works as if nothing had happened. Many companies disappeared, others remain

in precarious conditions, and the middling majority are destined to limp along without the possibility of growth, access to credit, or integration with the successful economy, remaining shut out from economic growth, higher salaries, greater productivity, and progress in general.

As president, López Obrador has the chance to help solve the problems that these circumstances have spawned, or to undermine the progress that has taken place. Of course, none of this can be solved quickly, as any solutions must break up the strong obstacles and chiefdoms that dominate many aspects and regions, but it is the agenda that Mexico needs to address the causes of the county's underdevelopment and general inequality.

* * * *

López Obrador's success or failure will depend on his ability to keep "the street" alive and, at the same time, sustain and preserve the confidence of productive activity. This difficult-to-achieve balance involves actions on two different planes. On the one hand, López Obrador must maintain the support and the electoral legitimacy he and Morena have received from the population in general. This implies a sometimes aggressive and always confrontational discourse, as well as actions that may go against the objective of boosting economic activity. On the other hand, if the economy does not work and fails to grow at a speed that is politically necessary, he runs the risk of losing the support of his base. For economic growth to materialize, it is necessary to attract investment; preserve the confidence of entrepreneurs, savers, and investors; and above all, never lose sight of the fact that in a globalized world, these actors always have other options. The Mexican government will be permanently competing with governments worldwide for the same investment sources, and it must make itself an attractive option.

In 2018, Mexican voters took off their masks and said "Enough!" Now it is time for Morena's members to remove their own masks in order to see the world as it is rather than how they have imagined it to be. This does not mean sacrificing their agenda, but it does mean making it more feasible. It is a great opportunity for leadership, something in which López Obrador has excelled.

What will López Obrador choose to be: a statesman or an activist?

Endnotes

1 Octavio Paz, "Máscaras mexicanas," in *El Laberinto de la soledad* (Mexico City: FCE, 1981), 1.

2 Rodolfo Usigli, "Masks of Hypocrisy," in Roger Bartra, ed. *Anatomía del mexicano* (Mexico City: Delbosillo, 2015), 139.

3 Sara Sefchovich, *País de mentiras / Country of Lies: La distancia entre el discurso y la realidad en la cultura mexicana* (Mexico City: Oceano, 2008), 299.

4 See Joaquín Villalobos, "Exjefe de la guerrilla salvadoreña habla sobre el proceso de paz," *El Tiempo*, April 7, 2013, https://www.eltiempo.com/archivo/documento/CMS-12730546.

5 Santiago Levy, *Under-Rewarded Efforts: The Elusive Quest for Prosperity in Mexico* (Washington, DC: Inter-American Development Bank, 2018).

6 Hillel David Soifer, *State Building in Latin America* (Cambridge, UK: Cambridge University Press, 2015).

7 De la Calle, Luis (2019, February 1). Extortionomics and Ideas to Leverage the Digital Revolution, Wilson Center, https://www.wilsoncenter.org/publication/extortionomics-and-ideas-to-leverage-the-digital-revolution.

8 Levy, *Under-Rewarded Efforts*.

9 Héctor Aguilar Camín, "A las Puertas de AMLO," *Nexos*, June 1 2018, https://www.nexos.com.mx/?p=37769.

10 Fernando Luna, "Radiografía de un partido. Morena y el carisma de López Obrador," *Cuadrivio*, June 25, 2018, https://cuadrivio.net/radiografia-de-un-partido-morena-y-el-carisma-de-lopez-obrador/.

11 Alberto Escamilla and Luis Medina, "Liderazgos políticos durante el proceso de democratización en México: el caso de Vicente Fox y Andrés Manuel López Obrador," in Mario Bassols, Alberto Escamilla, and Luis Reyes, eds., *Liderazgo político: teoría y procesos en el México de hoy* (Mexico City, Universidad Autónoma Metropolitana Iztapalapa, 2008), 141–74.

12 Federico Berrueto, "El PRD en su laberinto," *Milenio*, March 6, 2016, https://www.milenio.com/opinion/federico-berrueto/juego-de-espejos/el-prd-en-su-laberinto.

13 Mariano Grondona, "El kirchnerismo ha entrado en su fase jacobina," La Nacion, December 18, 2005, https://www.lanacion.com.ar/opinion/el-kirchnerismo-ha-entrado-en-su-fase-jacobina-nid765800.

14 "Inclusión Social," Andalucía Solidaria, n.d., http://www.andaluciasolidaria.org/que-hacemos/inclusion-social.

15 See, for instance, Marco Andrés López-Santiago, Martín Hernández-Juárez, and Aurelio León-Merino, "La marginación y exclusión como posibles factores socioeconómicos de la violencia urbana: el caso de Valle de Chalco Solidaridad, Estado de México," *Papeles de Población* 23, no. 91 (2017), http://dx.doi.org/10.22185/24487147.2017.91.008; Gerardo Ordonez Barba, "Discriminación, pobreza y vulnerabilidad: los entresijos de la desigualdad social en México," *Región y sociedad* 30, no. 71 (2018), http://dx.doi.org/10.22198/rys.2018.71.a377; and "Millones inactivos por exclusión social," *Forbes México*, November 9, 2016, https://www.forbes.com.mx/millones-inactivos-por-exclusion-social/.

16 Raymundo Riva Palacio, "Policías, ¿de cuarta?," *La Razón*, August 26, 2011, https://www.razon.com.mx/columnas/policias-de-cuarta/.

17 Leonardo Valero, "'El secreto está en la clase media,'" *Reforma*, September 6, 2005.

18 Eric Morath, "Wages Rise at Fastest Rate in Nearly a Decade as Hiring Jumps," *Wall Street Journal*, November 2, 2018, 1, https://www.wsj.com/articles/wages-rise-at-fastest-rate-in-nearly-a-decade-as-hiring-jumps-in-october-1541161920.

19 Cited in Michael Shelden, "'They didn't elect me for my looks': Michael Shelden Reviews *The Napoleon of New York* by H. Paul Jeffers," *Telegraph*, June 15, 2002, https://www.telegraph.co.uk/culture/4727996/They-didnt-elect-me-for-my-looks.html.

20 Francis Fukuyama, *Political Order and Political Decay: From the Industrial Revolution to the Globalization of Democracy* (New York: Farrar, Straus and Giroux, 2014).

21 Ibid., 272.

22 Ibid., 294.

23 Gonzalo Fanjul, "Facundo Cabral y Su Madre," *El País*, July 11, 2011, https://elpais.com/elpais/2011/07/11/3500_millones/1310338366_131033.html.

24 Macario Schettino, "Paso a paso," *El Financiero*, October 30, 2018.

25 Roger D. Hansen, *La política del desarrollo mexicano* (Mexico City: Siglo XXI, 1991).

26 Paul Krugman, *The Age of Diminished Expectations* (Cambridge, MA: MIT Press, 1994), 11.

27 Tom Bingham, *The Rule of Law* (London: Penguin, 2010).

28 Douglas C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge, UK: Cambridge University Press, 1990).

29 Julieta Campos, *¿Qué hacemos con los pobres?: la reiterada querella por la nación* (Mexico City: Aguilar, 1988).

30 José Antonio Fernández and Salvador Alva, *Un México posible: una visión disruptiva para transformar a México* (Mexico City: Debate, 2018).

31 Denis Jeambar and Yves Roucaute, *Éloge de la trahison* (Madrid: Gedisa, 2010).

One Woodrow Wilson Plaza
1300 Pennsylvania Avenue, N.W.
Washington, DC 20004-3027

www.wilsoncenter.org/mexico
mexico@wilsoncenter.org
facebook.com/MexicoInstitute
@MexicoInstitute
202.691.4325

Wilson Center