MEXICAN POLITICS AND ECONOMY

Luis Rubio, Chair

The objective of this first session is to convey to all of you a sense of where Mexican politics and the economy are, and what are the challenges and difficulties.

We have an exceptional group of people here. In alphabetical order, Sabino Bastidas, who is a strategist, a thinker and a practitioner of political analysis and strategy. He is an exceptional mind that has been also in practice for many years.

Macario Schettino is an economist, probably the most analytical public mind on Mexico's economy, and an exceptional reader of issues today in Mexico.

And Jesus Silva-Herzog Marquez, who is currently spending some time in New York, is a political analyst that comes also with a very strong legal foundation and has a unique perspective on how politics should be addressed and resolved.

You will be listening to all of them in step. I would like to convey, to give you a sense, an overview of where I see the Mexican political and economic process taking shape and why the problems that might seem overwhelming are not intractable.

The issues at stake are not new, at least not in concept. They have been poorly or at least insufficiently resolved over the last couple of decades.

If one wants to look at the big picture, there have been two big processes that Mexico has been weaving through over the past two decades, two processes that are independent of each other but that inevitably nurture and retrofit each one.

First is the process of economic reform, which was aimed at modernizing the economy and increasing the rate of growth of the economy. That started in the mid-1980s.

And the second is a process of political reforms that, at least at the outset, was meant to appease the opposition and maintain political stability.

Each of these processes followed its own rationale, and though they were meant and thought in different lengths and in different ways of solving Mexico's problems, they inevitably interconnect.

The economic reforms had the objective of trying to resolve the Mexican conundrum in terms of economic growth, and they included liberalization of imports, privatization, attraction of foreign investment, ultimately what came to be NAFTA.

The idea, to some extent, was to address the economic problems but also not to make a significant political reform, and that was obviously a contradictory objective.

As the economy began to progress and as power began to shift away from the presidency by giving up many of the powers that the presidency held through controls of all sorts, the traditional political structure began to crumble, and that eventually weakened the economic reforms, and that's to a large extent what explains the paralysis on the economic reforms.

The political reforms, in turn, started in the 1970s, and they were meant to bring the opposition into
the fold and to appease the opposition by the same token. They were advancing slowly until they spread very much and very fast, particularly when eventually the PRI, that governed Mexico for 70 years, lost in the elections in 2000.

The government and the political establishment at large responded to the challenges at every turn over those decades, but they did not really have more than the objective of maintaining stability. There was not an overarching strategy meant to transform, or a plan developed of what was meant to be achieved.

And this again has become one of the issues that plague the political process because there is no defined objective that Mexicans are trying to achieve in the political realm, and many of the discussions keep on back-tracking to the 1970s on what existed, what was the PRI, and whether the PRI is legitimate or not legitimate, whether they have a right to return to power or not.

The main point I would like to simply conclude with is that the security issues that the country faces are not independent of these processes.

By weakening the traditional, very centralized political system, and by having power flow away from the presidency to the political parties and to the governors, the federal system began to have less ability to control events, while the governors did not turn that new power into mechanisms that were capable of maintaining stability and security. Particularly they did not invest much in the security apparatus, in police, in the judicial system and the like, so we ended up abandoning a very strong, old political system and not creating a new, modern, institutionalized version of it.

On the other hand, the drug dealers for many years had a south-north rationale. They were simply transporting drugs from South America or from Mexico to the U.S.

There was an overwhelming political power in Mexico City that was able to control and establish what the rules were for the “narcos,” as we Mexicans call them. That made it possible for both things to work: Mexico was a fairly secure place, and the drug business kept on moving south to north.

That began to change in the late ’90s, the early days of this decade, for two reasons. One is because the Mexican political system began to crumble and that opened up spaces for the narcos to participate in. The second is that for many reasons they began to develop a domestic Mexican market and that meant that they were no longer in a south-north rationale. They began to also have a domestic rationale, and that happened precisely when the Mexican political system was losing its centralized ability to control events.

So the long story short is that the security issues are not independent from the thrust of political and economic reform of the previous two decades.

Luis Rubio is president of the Center of Research for Development (CIDAC) in Mexico City.