



Good Mexico vs. Bad Mexico

Moisés Naím

OP-ED

NOVEMBER 19, 2014 *ATLANTIC*

SUMMARY It remains to be seen whether corruption and criminality will once again sabotage the reforms that Mexico so urgently needs.

A young Mexican president assumes office and surprises the world, not least his own nation. He proposes unprecedented reforms that don't just clash with the entrenched ideologies of his party, the ever-mighty PRI (Institutional Revolutionary Party), but also with some of the country's most powerful interests: hitherto untouchable economic titans, union bosses, and local chieftains. International observers laud the potential of the reforms to make Mexico less corrupt, and more prosperous and just. But at home, the reforms are met with distrust and seen by many as just another ploy that will benefit the greedy elites who build fortunes on the backs of the poor. Analysts and academics take to opinion pages and talk shows to predict that the reforms will have devastating social effects. Leftists and nationalists alike equate the reforms with submission to yanqui imperialism. Businessmen, too, oppose the reforms, which will increase competition and thus threaten their firms' market dominance. The reforms may promise hypothetical benefits in the long term, but in the short term they pose tangible costs to these disparate and politically influential groups.

This is exactly what happened two decades ago when then-President Carlos Salinas de Gortari liberalized Mexico's closed, state-centered economy. And it's happening again today to President Enrique Peña Nieto.

Ultimately, Salinas was able to defeat the opposition within and outside the PRI, ramming through an ambitious set of economic reforms that included a landmark free-trade agreement with the United States and Canada. While the result of that effort, NAFTA, has not been a panacea for Mexico's problems—from poverty and inequality to mediocre economic growth—the country's international trade has doubled and foreign investment relative to GDP has tripled since its implementation, and the agreement has surely boosted the country's economic dynamism.

But in those years, this moment of promise, the "Good Mexico" came into conflict with a "Bad Mexico" where assassins and criminals roam freely, and corruption and injustice are the norm. In this Mexico, impunity reigns and the rule of law exists only for those who can pay for it. This "Bad Mexico" predated Salinas's reforms, and it persists today.

NAFTA took effect in 1994. That same year, an armed rebellion broke out in the impoverished state of Chiapas, the PRI's presidential candidate and its secretary-general were assassinated, and the country's economy collapsed. Thrashed by his own political allies and public opinion, alike, Salinas exiled himself, while his brother Raúl was accused of murder and jailed.

Poor economic conditions and an avalanche of corruption scandals created a toxic political climate that undermined attempts to modernize the Mexican economy or unshackle it from business and labor cartels. Not

surprisingly, trust in government—which was always low—evaporated. Bad Mexico thrived. History is now repeating itself with unusual precision. Since assuming office in 2012, Peña Nieto has declared war on multiple fronts simultaneously. He's raised taxes (of all OECD countries, Mexico collects the least taxes as a percentage of GDP), advanced a tough anti-monopoly law, forced greater competition in television and telecommunications, and allowed foreign investment in the oil and energy sector—a move that had been anathema to the presidents that preceded him. He has also proposed cleaning up Pemex, the notoriously corrupt national oil company, and overhauling the education system by insisting that teachers undergo evaluations that, if failed, could cost them their jobs. He's jailed Elba Esther Gordillo, the once-unassailable leader of Mexico's teachers' union, accusing her of embezzlement and organized crime; he's even brushed up against the interests of the world's second-richest man, Carlos Slim, and Televisa, the giant media conglomerate, both of which were previously off limits as well.

In many countries, people would applaud a president who undertook such measures. Not in Mexico, where Peña Nieto's approval ratings have nosedived since the start of his term and where many people seem to doubt that his reforms are in the country's (or their) best interests. And recent events seem to confirm their worst suspicions. The suspected abduction and murder of 43 students in the city of Iguala by a drug gang, with the involvement of corrupt law-enforcement officials, has highlighted nefarious collaboration between cartels and local authorities. Meanwhile, the government recently canceled a \$3.7 billion high-speed rail contract when critics accused the PRI of awarding the deal to a Chinese company through a rigged bidding process. And just this week, First Lady Angelica Rivera announced she would sell her stake in the family's private mansion after reports surfaced that she had purchased the property with help from a private company that had won lucrative government contracts while Peña Nieto was a governor. These scandals have generated a political environment as poisonous as the one that marked the end and aftermath of the Salinas presidency.

Will corruption and criminality again sabotage the reforms that Mexico so urgently needs? The Good Mexico cannot triumph over the Bad without a courageous national leader who demonstrates zero tolerance for the kinds of corrosive practices that most Mexicans are tired of. A president perceived to be too permissive of corruption or unwilling to aggressively fight the criminals that now control important parts of the country will face an awakened and furious population that is increasingly hard to govern. Good Mexico is desperately searching for a leader bent on obliterating Bad Mexico. Peña Nieto has four years left as president.

Is he up to the task?

This article was originally published in the *Atlantic*.

Related Topics

- Americas
- Latin America

- Economy
- Emerging Economies
- Economic Instability
- Political Reform

Source <http://carnegieendowment.org/2014/11/19/good-mexico-vs.-bad-mexico/hv06>