

## Maladroitness and Opportunity

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The strangest thing about the Peña-Nieto government is its total indifference toward its own legitimacy. It is probable that the presidential team's calculation lies in the eventual redemption that the projects and reforms it has undertaken produce, but that would imply that its actions in past years would render results of their own and not be products of the day-to-day function of governing. Be that as it may, it is a peculiar wager, above all in the light of the offer that today's President made in his campaign for the presidency: efficacy.

The governments of past knew that their legitimacy was fragile and that it depended nearly totally on the country's performance, above all in economic matters. For seven decades, the PRIist governments did even the unspeakable to achieve high growth rates; they knew that the alternative was popular opprobrium. Despite the intrinsic strength of the presidency during that epoch, all of those presidents knew that their credibility depended on the success of their efforts. So exaggerated was that mantra that it led to moments of madness such as those of Echeverría and López-Portillo in which they ran wild with, and in fact bankrupted, the government in pursuit of high growth rates.

The government of Enrique Peña-Nieto not only contrasts with those PRIist governments of before, but also even contrasts with others of this era, such as that of China, which strive to procure the credibility of their populations in spite of being unable to effect the high growth rates like those in the past. The Chinese Government has for decades attained very high growth rates, but it is currently confronting what is perceived there as almost a recession: growth rates of "only" 6%. What is interesting is that, beyond the specifics, the similarities are astounding because, at the end of the day, the two systems coincide in one thing: the fragility of their societies and their incapacity to oblige the government to respond to it.

The Mexican economy is growing at 2%, which is the same it has attained, on average, along the last twenty years. The government vowed to break with this mediocre growth level but has not been able to improve on it despite having raised taxes, augmented public spending, and increased the deficit and the debt. Everything has changed except for the only thing that matters to the citizenry: economic growth.

The growth problem is not exclusive to Mexico. At present the majority of the nations in the South of the Hemisphere are undergoing severe recessions and others are not even achieving the 2% that we have at present. Further than national and regional differences, what is evident is that growth is not obtained merely with greater governmental spending or because functionaries want it to be so. In a globalized world in which everything is interconnected and where communications are ubiquitous, the only thing that counts is the capacity of each nation to attract investment, whether from their own co-nationals or from the exterior. For purposes of investment, the source is the same because the world in its entirety is the playing field and everyone is part of the same space.

What the government has not understood is that legitimacy in this era is not won by the ephemeral growth rate but rather by the quality of the government. It is this factor that determines not only the trust that

nurtures the citizenry but also it is, in the last analysis, what attracts investors. Inasmuch as investment determines the growth rate, one would think that the central focus of governmental action would reside in attending to the concerns and needs of potential investors and entrepreneurs but, in Mexico, the sole investors who appear to be relevant are the foreign ones, although their investment continues to be less, much less in absolute terms, than the domestic one. The citizenry does not exist in its vision.

The differentiating factor among nations is one and a very simple one: the quality of the government. By quality of government I understand that deriving from the capacity of collecting taxes and redistributing these intelligently, to that obtained by the certainty that their acts generate, beginning with the existence of predictable game rules known by all before the fact. That is, the country's challenge does not lie so much in knocking on a thousand doors, but instead in creating general conditions so that all potential investors, including existing businesses, may have confidence in the government. It is much more important for the population to understand the challenges that the country is up against than for the government to squander the citizens' resources on interminable opacities. The point is that trust, key for enticing investment and generating growth, depends on the quality of governance and not on the promises or individual preferences of the functionaries.

The cause of our stagnation is evident. The government betted everything on growing public spending and now is having to cut back, but is doing so without conviction or a clear sense of direction. This is insufficient in an era in which investors have a whole world as their space for developing and growing. If Mexico does not offer ideal conditions, there will always be opportunities in some other latitude.

The heart of the matter lies in one thing: the government must understand that its initial proposal was correct. What Mexicans want is an effective government, a government that functions because it solves problems and creates conditions for growth to be possible. The problem is that the government identified effectiveness with control but control is not a strategy but a vice. What Mexico needs is a government that works. Nothing more, but nothing less.

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