

New Head of State

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In their extraordinary chronicle on the government of Menem in Argentina, *El Octavo Círculo* (The Eighth Circle), Cerrutti and Ciancaglini relate the following exchange: “‘Have dinner menus here always been the same?’ asked Menem’s aide to the chef at the Argentinean presidential residence. ‘The menus change, the presidents change. What never changes are the dinner guests’, retorted the presidential chef de cuisine”. That’s what Mexico’s history is like. The context changes but the essential is always the same: ambitious legislation is approved, but with no willingness in the least for the reality to be modified. The cost of this piles up.

The first reformative wave of recent decades, in the 1980’s, sought to boost economic activity to achieve high and sustainable rates of economic growth (those that disappeared at the beginning of the seventies), but without putting the businesses, interests and power sources of the formerly so-called “revolutionary family” at risk. That rationale produced incomplete reforms, incapable of delivering the avowed objectives. Thus, there were partial improvements, but not the promised transformation. The discredit of the political class stems from this.

Thirty years later, the rationale of the reforms of the current administration did not change much. The new reforms, some of them -particularly that of energy- are of enormous transcendence and potential; still, these reforms were also conceived to improve the economy without altering the way decisions are made and, thus, without providing certainty and predictability to the citizenry and to the economic actors. It is this dichotomy that was exposed by Trump.

What’s crucial, that which Mexico has failed to address, follows two dynamics. On the one hand, although NAFTA constitutes Mexico’s main engine of economic growth and has helped attain levels of productivity, quality and competitiveness similar to those of the best of the world, the part of the economy that is part of this world (in people) remains pretty small. A good part of Mexico’s economy, particularly manufacturing, has not modernized and that means it lives in a context of permanent uncertainty and vulnerability; much of the unease that today overwhelms Mexicans probably stems from this. Although this part of the economy produces relatively little, it employs the vast

majority of the labor force, which implies that innumerable Mexican families live in permanent insecurity.

On the other hand, a quarter of a century after the NAFTA negotiation, we have not had the ability to create local institutions capable of satisfying the key function of NAFTA for investors: a source of certainty and stability for investors but also for society at large. Instead of turning NAFTA into a lever for the development of the country, involving all of Mexican society in its logic, NAFTA remains isolated from the avatars of everyday life. Now, in an environment of extreme vulnerability coming from abroad, it becomes evident that Mexico never developed institutional counterweights to limit the government, the main cause of uncertainty at present.

Regardless of Trump's agenda, what differentiates Mexico from other nations that have been the target of his incendiary diatribes, is that we are extraordinarily vulnerable, in a way that China, Germany, Japan and other nations that trade big with the US are not. Instead of having built an institutional platform to provide stability, Mexicans are governed by a political system created in the XIX century by Porfirio Diaz and only institutionalized thereafter by PRI, almost a hundred years ago (in the immortal words of Daniel Cosío Villegas, "non-hereditary six year monarchy"). That system is dysfunctional, favors corruption, hinders accountability and nurtures permanent tension and distrust among the population.

The forms changed, the presidents changed, even the political parties in government changed, and -as with Menem, the menus changed-, but the diners remain the same. It might appear to be a joke, but the history of Menem and Argentina actually constitutes a warning: it is impossible to preserve a reality that deteriorates by the minute without supplying the population with ways out. Given the uncertainty coming from the north, it is to be expected that virtually no new investment will materialize until the outlook clears. The only way to eliminate the uncertainty is by building a new political system, that is, an effective system of checks and balances capable of modifying the reality of power, eliminating the arbitrary powers that today miss-govern Mexico and canceling the risks that many Mexicans associate with the presidential succession of 2018.

The alternative could be to appoint don Giuseppe Tomasi di Lampedusa, the novelist best known for his posthumous work, *El Gatopardo* (The Leopard), as permanent Head of State. If nothing else, this would help attain perfect congruence among objectives, processes and results in our reality: preserving what exists while feigning great transformations. As *The Leopard* says, "Unless we ourselves take a hand now, they'll

foist a republic on us. If we want things to stay as they are, things will have to change”.
That is, everything must change in order for everything to stay the same. Or worse.

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