

The Problem at Heart

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Mexico is a walking contradiction. Ambitious reforms have been implemented and, nevertheless, the results, at least on average, are not praiseworthy. The problem is the average: the country is experiencing extreme contrasts between a poor south that barely stays alive and a north that grows at almost Asian rates. There are entire regions that have been transformed, there is a hyper modern industry that competes with the best in the world, there are examples of virtue in the performance of the functions of local governments and, of course, Mexican companies that are successful inside and outside the country. How is it possible that these extremes coexist?

There are parts of the country that function as in the first world and there are forces - traditions, interests and powerful groups, whether economic, political or union related - that have managed to halt changes and reforms to preserve the status quo. In practice, this implies that, while one part of the population - and the country in general - prospers, there is another that experiences a continuous deterioration in living standards. In other words, they are two indisputable truths and contrasting realities with which Mexicans coexist every day.

If one observes the growth of GDP per capita, exports, formal employment or access to the Internet, to cite obvious indicators, the country has certainly progressed. On the other hand, the lags are equally evident, as can be seen in the contrasting growth rates between Oaxaca and Aguascalientes, the two most extreme cases. The disparities in the Mexican economy are staggering both in terms of performance and attitude, the two a product of a reality that is neither coherent nor consistent.

Both political dysfunctionality and economic transformation are real; in fact they are two sides of the same coin: the combination of over concentration of power with dysfunctional government (where the former explains the latter) leads to paralysis because it prevents the institutionalization of power. The laws and rules of the game change according to the preferences of those who are in government, which becomes the source of dysfunctionality and causes the absence of institutions capable of exercising autonomous and counterbalancing functions. These phenomena are historical and the system emanating from the Revolution sharpened them.

On the other hand, the growth of the country in both economic and demographic terms generated a dislocation of the traditional political system because the old control mechanisms ceased to be functional. The paradox is that the response that successive governments have given to the loss of capacity to govern and the consequent

disappearance of the legitimacy of the State has not consisted in the reinforcement or reconstruction of the capacities of the government itself or, even, the redefinition of its functions, but in the adoption of patches, compromises and temporary solutions.

The point of all this is that the problem of the country is not economic but political. If one sees the aggregate growth figures, the economy has experienced a pathetic performance (of 2% annual on average); however, if one sees these region by region, there are parts of the country that undergo an inconceivable transformation. The relevant question is: why doesn't the south of the country grow at the same speed as the north? The reality is that the reforms undertaken since the eighties to the present have been transformative where there has been leadership (political or business); On the other hand, growth has been very low or nonexistent where political-social structures have entrenched themselves and privilege groups such as unions, bureaucrats and traditional entrepreneurs.

The issue ends up being political, not economic. The country's economy is doing well and it could be much better if deep political reforms were carried out. In this sense, AMLO's proposal to do away with the economic reforms would only impoverish the country. If what he wants is to resolve the wrongs that characterize the country, he should be proposing an advanced political reform that would lead to the institutionalization of power, the construction of checks and balances and the liberalization of the political system to foster an active participation of the citizenship. He does not do this because his vision is that of concentrating power. That is, he does not recognize that the country has advanced economically and that its problem is precisely paralysis and political dysfunctionality.

Mexico has been a peculiar case of partial and incomplete transformation. Many nations have sought reforms, but few have been as partial in their reform process as Mexico has been. Chile, Spain, Korea and other paradigmatic nations assumed modernization as an integral process; Although they have evidently encountered problems and crises along the way, their instinct has been to reform more in order to move forward. In Mexico, economic reforms were undertaken in order not to reform the structure of power and that is the problem that lies at the heart of the country's so-called "social bad mood." Canceling the reforms would destroy what does work.

The solution is there: in a comprehensive reform, not in the recreation of the program of "stabilizing development" that failed fifty years ago.

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