

The Worry

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G.K. Chesterton understood Mexico's dilemma better than anyone: "When a religious precept is shattered it is not merely the vices that are let loose. The vices are, indeed, let loose, and they wander and do damage. But the virtues are let loose also; and the virtues wander more wildly, and the virtues do more terrible damage."

Mexico is facing enormous risks on its domestic as well as on its foreign front, both the product, to good measure, of what Chesterton would have denominated "the shattering of a religious precept," although in this case it has nothing of the religious: the incapacity and legendary incompetence of the Mexican system of government.

Ayotzinapa, the *gasolinazo* (the recent steep escalation in gasoline prices) and the poverty –three unconnected examples and radically distinct among themselves- illustrate the failure of the system's management over the decades, if not centuries. Ayotzinapa sums up the crisis of security, justice and government that characterizes the country; the so-called *gasolinazo* depicts the ancestral propensity of the government to cut corners, in this case incurring in politicized and deficit-ridden public budgets with the consequent growth of the debt, achieving nothing relevant (except devaluations), although of course, more privileges for an inefficient and most self-engrossed bureaucracy; poverty, that age-old evil, has not been extinguished because petty fiefdoms, corrupt unions and political control are privileged above development and progress.

Certainly, each of these examples emanates from their own particular circumstances, but the common denominator that causes them is an aloof political system, which is not only incapable of solving problems once and for all, but also indifferent to the need to solve them, not to mention achieving integral development.

Nothing better portrays the indisposition to resolve the root cause of our problems than the North American Free Trade Agreement (NAFTA), currently under assault by the new U.S. President. NAFTA has been the economic salvation of the country over the past twenty-odd years, the sole engine of growth that the economy possesses. The threat hanging over the country from without is aggravated by what President Peña Nieto termed the end of the "hen that lays the golden eggs," oil.

The pending menace concerning NAFTA and the end of the oil era generate huge, and absolutely reasonable, fears, in the society as well as in the government. The reason is very simple: because both, each in its own way, have allowed the system -for decades- to

avoid addressing the issues and undertaking actions that the nation required to develop itself.

Oil permitted the construction of grandiose works that nobody needed; this substituted for the development of a modern tax system, because it (apparently) generated interminable cash flows that, in addition, could be deflected to private accounts, personal expense accounts and political campaigns. Oil in the hands of Ali Baba enabled years of privileges, explicable enrichments and a sufficient economic impact for everyone to feel satisfied.

NAFTA was the way to go around all of the political system's vices and inefficiencies. While NAFTA evidently concerned an agreement regarding trade matters and investment, its true transcendence does not reside in the economic per se, but rather in the legal certainty that it conferred on companies and investors to risk their capital in Mexico.

Viewed from a cynical perspective, NAFTA was (yet another) way of sidestepping the internal problems that engendered (and that continue to engender) legal, fiscal and patrimonial uncertainty among Mexicans. Instead of solving these problems, the government opted for creating a régime d'exception in which foreign investors could trust. That is the grounds for why NAFTA is the *sole* engine of growth: as could be seen in 2009, when exports fell due to the collapse of import demand by the U.S. economy, without the demand for imports by the U.S. economy, the whole Mexican economy came down (a recession three times as great as America's). The solution is not more public expenditure as the Peña government attempted following the grand tradition started in 1970, but a political and legal regime that citizens can trust.

The uncertainty of today is perfectly logical, but it is home-bred: it is the product of everything that has not been done to build a modern nation, free of its predatory bureaucracy. Instead, one government after the other has preferred exceptional actions which, as the old joke goes, privileged "technical" solutions (like the Virgin of Guadalupe) rather than "religious" like a new political system at the service of the citizen.

Like so many other times in the last fifty years, Mexico finds itself vis-à-vis the eternal dilemma of trying to take the bull by the horns or close the gate to the corral once and for all. It is evident that it is indispensable to negotiate a broad agreement with the U.S. after which all technical issues (like trade and security, and others that become necessary) would be derived, but none of this will avoid the next crisis if we do not begin to transform the political system for it to be able to respond to the demands of the citizenry, block bureaucratic excesses and obligate the building of working checks and balances.

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