

## A NAFTA for Politics\*

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Beyond its (enormous) economic impact, the true transcendence of NAFTA was its exceptional character in the public life of Mexico. NAFTA resolved the main source of uncertainty that impeded the flow of private investment. However, its exceptionality resides in that the government accepted limits to its capacity of action vis-a-vis those investors and in that altered one of the core characteristics and tenets of the so-called “system”, the way Mexico had been governed ever since the Revolution by the victors and according to their own will. I ask myself whether it will be possible to take the next step: construct a mechanism that limits the government’s capacity of action –thus, the main source of arbitrariness that exists at present, in reality or potentially, in front of the citizenry- but in the world of politics.

In its original conception, the objective of initiating the negotiation of a North American trade agreement was the creation of a mechanism that would grant long-term certainty to the investor. The context within which that objective was procured is important: Mexico was just emerging from a stage of financial instability, high levels of inflation, bank expropriations and, in general, an investment regime that repudiated foreign investment and that sought to regulate and limit private investment in general. Although the rules had changed in this respect, investment did not exhibit a willingness to pour into the nation as the government at the time pretended. Risk-averse investors needed certainty. NAFTA was the factual recognition that a much more audacious step was required to attract that investment.

At the end of the day, the governmental response constituted a milestone in the political life of the country because NAFTA entails a set of “disciplines” (as trade negotiators call them) that are nothing other than impediments to a government acting as it feels like or as the various interests that operate within the political apparatus might prefer. Acceptance of this set of disciplines implies the decision to “self-limit”, that is, to accept that there are rules of the game and that there is a severe cost to be paid in the case of violating these norms. In one word, the government ceded power in order to gain credibility, in order to attract investment. This ceding of power allowed the country to generate a huge new engine of growth in the form of foreign investment and exports. Without this ceding of powers, the country would have at best muddled along for the last twenty years.

Beyond the economic challenges the country encounters today (which are not few in number or simple), Mexico continues to face a fundamental challenge in politics and this one is not conceptually distinct from that which existed when it was decided to accept these economic and commercial disciplines. To the extent that the governor can say yes or no according to his own personal, political or party calculations without a concern for whether that decision violates the law, the rule of law is irrelevant; it does not exist. This circumstance is the one that makes the country dependent on one individual (a factor that tends to reproduce itself at the state level), thus impeding the consolidation of plans, projects or careers because everything is limited to the time lapse of a that individual’s six-year term in power.

What a certain cynic called the “sexennial metric system” (everything starts and ends within the span of a presidential term) is a national reality that not even the recent PAN governments (2000-2012) altered. The propensity for reinventing the world every time a new government takes over and to negate the value of everything that exists has its consequences in all ambits. For example, there are no master plans for the development of cities; investment –public as well as private- is conceived for the short

term; pacts and agreements among parties are understood as personal, rather than institutional, issues; decisions on matters of permits and appointments are guided by choices of friends; there is no State policy in elemental affairs such as education, health, the fight against poverty or foreign policy.

The point is that each government feels itself to be the country's owner and does not see its management as part of a long-term development process. Of course each governor believes that his projects will last and that he personally will join the ranks of the leaders of the nation's Independence and Benito Juárez, the Founding Fathers, and that his name will go down in history as one of the great builders of the country. Few take note of the fact that the latter is infrequent because the country's way of being impedes the growth and consolidation of independent institutions, leads to pernicious dependencies, and limits the very potential for success of any individual administration.

There's a reason why some nations achieve access to development and that has less to do with the rates of economic growth than with the strength of the institutions that render growth feasible in the long term. A governor attempting to transcend would do much better to cede those arbitrary powers, what Mexicans call "meta-constitutional" attributions and power in the interest of consolidating an institutional system. In the history of PRI, personal power was everything and was never institutionalized. Institutionalizing power would be a much more effective way to transcend than to endorse grand projects that are none other than the reinvention of the wheel.

What nations such as Chile and Korea, among others, have achieved is instituting the Rule of Law as their prime institution. Each of these countries pursued its own process but the common denominator, was the acceptance of the governor to self-limit. This crucial step, which in the case of NAFTA transpired in a specific ambience, is the most tangible example of the challenge that Mexico faces. The country will not move on to the major leagues unless it takes that step. Until that point in time, everything is a mere child's play.

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