Mexico

Status Index

6.20   **# 50**

on 1-10 scale   out of 137

Socioeconomic Level

Market Organization

Political and Social Integration

Monetary and Fiscal Stability

Stability of Democratic Institutions

Private Property

Rule of Law

Welfare Regime

Political Participation

Economic Performance

Political Transformation

6.05   **# 59**

Stateness

Sustainability

Economic Transformation

6.36   **# 40**

International Cooperation

Steering Capability

Consensus-Building

Resource Efficiency

6.0 7.5
5.5   7.5
6.5   7.0
5.0   5.5
6.3   6.0
7.0   5.0
7.0 5.6 4.7 5.3

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Governance Index

5.02   **# 65**

on 1-10 scale   out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at https://www.bti-project.org.

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Key Indicators

Population	M	126.2	HDI		0.767	GDP p.c., PPP	$	19888
Pop. growth[1]	% p.a.	1.1	HDI rank of 189		76	Gini Index		48.3
Life expectancy	years	74.9	UN Education Index		0.684	Poverty[3]	%	7.9
Urban population	%	80.2	Gender inequality[2]		0.334	Aid per capita	$	5.9

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than $3.20 a day at 2011 international prices.

Executive Summary

The review period was marked by the ineffectiveness of the Enrique Peña Nieto government (2012–2018) and the July 2018 elections, which led to the victory of Andrés Manuel López Obrador (AMLO) as presidential candidate of the National Regeneration Movement (Movimiento Regeneración Nacional, Morena), who took office in December 2018. Of the ambitious reform agenda, with which the Peña government began, almost nothing was achieved. In terms of democracy, nothing happened to improve the rule of law or weak stateness. In terms of market economy, the only good news is that there has been no significant deterioration.

While in the last two years of the Peña Nieto presidency there were some economic successes (e.g., an increase in job creation), the overall picture was one of almost total inactivity in terms of realizing his main strategic programs or developing new projects. The main strategic programs of the Peña Nieto presidency had been education reform, liberalization of oil reserves and several large infrastructure projects (e.g., a high-speed train between Mexico City and Toluca, and a new airport for Mexico City). The government was not able to convince the political and social actors of his educational reform, with the teacher's union particularly strong in its rejection of the reform proposal. Following Morena's election victory, the reform has been canceled. Similarly, the Peña Nieto government's energy reform failed to produce the results it promised: an increase in oil extraction in Mexico, which is at its lowest level. Although the government of AMLO has strongly criticized it, the reform had not yet been canceled two months into AMLO's term.

Nonetheless, the Peña presidency successfully negotiated a new economic treaty with Canada and the United States, which has the agreement of incoming president López Obrador, with very few modifications. This success has avoided a significant shock hitting the Mexican economy if the treaty had abruptly ceased.

In the July 1, 2018 election, the incumbent Institutional Revolutionary Party (Partido Revolucionario Institucional, PRI) suffered a historic defeat, winning just 16% of votes. The

party's electoral demise was due to public dissatisfaction with the federal government and the huge corruption scandals involving several departing state governors, most of whom remain free.

The most significant event of 2018 was the election of AMLO to the presidency, which has awakened high expectations among a large proportion of the population, especially the poorest. Such expectations will be very difficult to fulfill, especially expectations concerning the de-escalation of violence, and ending endemic and generalized corruption. AMLO may, nevertheless, be able to reduce inequality by redistributing resources to the poorest, which he has started to do. Making the economy grow and develop, so that informal workers find formal and better paid work, will be more difficult, and will need a strategic outlook and the cooperation of Mexican entrepreneurs. Only time will tell which projects AMLO will be able to accomplish.

Finally, with the election of AMLO, Mexican society has become more polarized, divided between those who have absolute confidence in him and others that are very distrustful.

History and Characteristics of Transformation

The enduring characteristic of the Mexican state from 1929 to 2000 was the existence of a hegemonic political party, the Institutional Revolutionary Party (Partido Revolucionario Institucional, PRI), which controlled most social organizations. The PRI regime emerged from the Mexican Revolution (1910–1917) and, based on the constitution of 1917, it used the symbolic power of the revolution as the source of the regime's legitimacy and as a justification for its wide-ranging intervention in the Mexican economy. The three decades following the beginning of World War II were a golden age for Mexico, often referred to as the Mexican Miracle. However, the end of the 1960s showed the first signs that the economic basis of the miracle years had been exhausted, and public discontent with the political regime was growing. This was particularly demonstrated by the student movement, which was violently suppressed between 1968 and 1971.

In the 1970s, Mexico's economic prosperity came to an end as the import substitution model reached its limits, culminating in the debt crisis of 1982. The financial crisis, coupled with pressure from international financial institutions, led the Miguel de la Madrid government (1982–1988) to initiate a liberalization of the Mexican economy. The governments that followed, under Carlos Salinas de Gortari (1988–1994) and Ernesto Zedillo (1994–2000), continued this liberal economic course. Significant steps toward liberalization included the signing of the North American Free Trade Agreement (NAFTA) and Mexico's admission to the OECD in 1994. The Zapatista uprising of 1994 symbolized the rejection of these policies by those parts of the population that were to lose out from the neoliberal economic strategy. Steadily increasing discontent with the single-party PRI government fueled a surge in support for the opposition parties in 2000: the right-wing National Action Party (Partido Acción Nacional, PAN) and the left-wing Party of the Democratic Revolution (Partido de la Revolución Democrática, PRD).

The PAN candidate, Vicente Fox, won the 2000 presidential elections essentially on an anti-PRI vote. His victory raised public expectations for change, but Fox failed to establish more democratic institutions and continued to apply the orthodox liberal economic model. His government's social assistance policies did not manage to significantly reduce poverty and inequality. This set the stage for polarization between those who had benefited from Mexico's economic model and those who had suffered because of it.

In the highly polarized 2006 elections, the PAN candidate, Felipe Calderón, won by a minute margin (0.56%) after a campaign marred by the intervention of President Fox and the business sector. PRD candidate Andrés Manuel López Obrador denounced the elections as fraudulent, declared himself the legitimate president and launched a movement of resistance against the incoming government. This political crisis influenced President Calderón's decision to send the army into urban areas to fight the drug cartels. In part a political tactic to gain legitimacy and demonstrate to López Obrador's supporters that President Calderón had the support of the army, it was also seen as a means of tackling the growing power of the drug cartels.

Since that time, the war against the drug cartels has become Mexico's main challenge, with violence escalating to unprecedented levels. With the 2012 election of Enrique Peña Nieto, the PRI returned to power after 12 years in opposition. After an initial year of political successes and economic development, the Tlatlaya and Ayotzinapa massacres, corruption scandals and the plunging price of oil paralyzed the government's reform policies. Over the last two years, 2017 and 2018, the government administered policy, but did not introduce any significant changes.

The election of López Obrador, who won more than 50% of the votes on July 1, 2018, raised public expectations that the government would tackle corruption and increase spending to improve the situation of Mexico's most marginalized population groups – both of which drive recruitment to criminal groups.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).
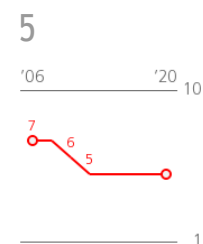
Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of force continues to be endangered by drug-related organized crime as well as by ordinary crime. The last year of Peña Nieto's presidency was characterized by a rise in assassinations and executions, reaching a peak just before the elections of July 2018. The states that were most affected by this tendency were Colima, Guanajuato, Tamaulipas, Guerrero and Chihuahua. Whereas Tamaulipas, Guerrero and Chihuahua have historically been violent and under the control of criminal gangs, Colima and Guanajuato entered the spiral of violence over the two last years. This signifies two more states where the federal state has lost control. In fact, many analysts stated that the government had given up trying to control the violence and had adopted a passive attitude for the last year of the presidential term, which was especially evident after AMLO won the presidential elections and began the long five-month transition. The new government, which took office on December 1, 2018, launched a serious campaign to recover control of the oil refineries and pipelines, which were under control of the mafias. In fact, according to the new government, the amount of gas theft exploded from MXN 10 billion to MXN 60 billion in Peña's presidency. This means not only that the "war against drugs" started by Calderón has been a failure, but that under Peña's presidency the mafia had diversified its activities (e.g., gas theft), with the government proving incapable of controlling or confronting the mafias.

In many localities of Mexico, the drug organizations have control of the local police, the judicial and political systems, and an economic hold over large segments of the population. This means that the state does not exert control over some parts of the territory. States such as Michoacán, Guerrero, Veracruz, Tamaulipas and Morelos lack governance and state monopoly on the use of force.

Question
Score

Monopoly on the use of force
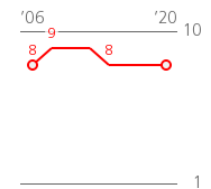
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Although Mexico is an ethnic and increasingly diverse religious mosaic, there is no significant ethnic, religious, economic or political group that demands economic, social or political autonomy, much less territorial independence. Since the Zapatista uprising in 1995, there is a heightened popular consciousness about the fact that some of the country's indigenous peoples face discrimination, their difference has been ignored and threatened, and are economically, socially and politically marginalized. This has led a number of indigenous movements to call for the preservation of an autonomous identity in the face of the majoritarian national Mexican (mestizo) culture. Nonetheless, they have not posed an aggressive stance toward non-indigenous peoples nor challenged the Mexican state. In 1994, the constitution was changed to define the Mexican nation as a multicultural state and accept the existence of different nations within Mexico. In addition, most municipalities in Oaxaca have been granted the possibility to exert political and civic rights under indigenous customary laws.

The separation between the church and the state was achieved in the mid-19th century and reinforced by the Mexican Revolution of the second decade of the 20th century. The Mexican Republic has no official religion and no religion is taught in public schools. Until the early 1990s, the Mexican government did not even have formal relations with and did not officially recognize any church. In 1992, the Salinas government modified the constitution in order to give recognition to the various religions that exist in Mexico. Following PAN's accession to the presidency and its rise to power in some of the more devoutly Catholic regions, the Catholic Church has increasingly intervened in issues such as abortion and same-sex marriage. As a result, states such as Guanajuato and Querétaro have restricted what was already a very limited right to abortion. The only state to have passed liberal laws on abortion and same-sex marriage is Mexico City. In the administration of Peña Nieto, the Catholic Church (or sympathetic NGOs) organized marches against a presidential legislative project to legalize same-sex marriage at the federal level in 2016 and effectively stopped it.

Nonetheless, if one looks at Brazil, the secularization of the Mexican state may be more challenged by the rise of evangelical churches in Mexico. Although the evangelical population of Brazil is double the evangelical population of Mexico, the evangelical populations in both Mexico and Brazil are rapidly increasing. Since 2014, there exists an evangelical party (Social Encounter Party, PES), which has gained enough importance that the current president, AMLO, formed a coalition with them. Although PES lost its registry in the last elections of 2018, because it did not get the required 2.5% of the vote, it will probably reappear in the next elections.
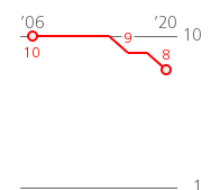
State identity

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No interference of
religious dogmas

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The Mexican state has been able to extend its influence by way of social services (e.g., education and health care) since the 1940s, when it committed itself to intervene actively in the country's economic and social development. As a result, the education and health care systems have been extended to most parts of the country. Nonetheless, although 85% of the population today has access to sanitation, 15% still lack this basic service. Populations in the most isolated regions, typically regions home to Mexico's indigenous population, are marginalized and likely to lack basic sanitation.

Although, according to data of the World Bank, 96% of the Mexican population has access to a water source, this figure appears exaggerated as it is well known that around 10% of the population (mainly indigenous peoples) do not have access to water and in large cities, most notably in Mexico City, more than two million people must buy water from tankers.

On the other hand, there are significant disparities in administrative capacity and public service provision between the different regions of Mexico. Although this has been a constant characteristic of Mexico's socioeconomic structure, decentralization of some of the most important public services in the 1990s, most notably education and health care, added to the disparity. While richer states provide acceptable services to their populations, poorer states do not. In addition, decentralization has enormously increased the resources that governors administer, with the result that corruption has grown enormously (diverting these resources to enrich themselves) over the last 20 years, becoming especially rampant in the last years of Peña's presidency.

The government of AMLO has promised to implement "superdelegates," which will represent the federal state at the state level in order to overlook the activities of the state administrations that have been a source of extreme corruption in the past. Although this may have salutary effects on the way resources will be used, it does mean a recentralization of Mexican federalism, which may create other problems.

2 | Political Participation

Although, since the 1990s, there has been a process of institutionalization of the political life with independent institutions – like the National Electoral Institute (Instituto Nacional Electoral, INE) and the Electoral Tribunal of the Federal Judicial Branch (Tribunal Electoral del Poder Judicial de la Federación, TEPJF), which organize elections and count votes, and can penalize candidates and parties, or declare elections invalid –, their oversight is limited to official campaigns and elections. As such, what happens in between campaigns and elections and outside of the polling booths is not controlled. Thus, clientelistic practices, carried out by all parties have prevailed: they publicize official public programs as their own, distribute food, household appliances, construction materials, money, and other gifts to gather people for their meetings or for elections.
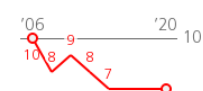
Basic
administration
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7   7
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Free and fair
elections
7
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On the other hand, there are many loopholes to control "black" money, coming from legal and illegal sources.

Whereas in the last presidential elections of 2018 there were the usual improprieties among all parties (e.g., buying votes), as AMLO won the presidential race with 53%, claims of fraud or irregularities at the national level were minimal. Nonetheless, the same did not happen at the local level. For example, in Puebla, the election was tightly contested between Morena and PAN; after being referred to the INE and TEPJF, the final decision found in favor of PAN, despite widespread controversy. Nonetheless, as the governor of Puebla died in a helicopter crash at the end of 2018, the election has been repeated.

In the nine months before the elections, 132 politicians were killed, among them 48 candidates.

There are many organized interests that hold veto power in Mexico. In the past, the autonomy of the state was limited by the interests of monopolies or oligopolies, which control sectors such as telecommunications, the media, banking and cement. There are also strong economic interests that were very close to the presidency of Peña Nieto, which were granted important infrastructure contracts. At the state and local level, this situation is even more scandalous. The fact that AMLO canceled the construction of a new airport for Mexico City, where most of these interests were represented, may hopefully mean that these interests will lose their grip on the state.

Effective power to govern

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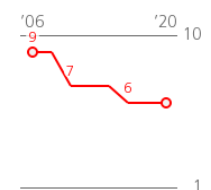
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Another organized interest group are the unions that cover some of largest public and private sectors, such as education and oil. They have been able to block reforms, while the oil workers union (which represents employees at the state-owned oil company Pemex) is part of an organization that has been stealing millions of Mexican pesos worth of gas every day.

In addition to these sectors, we have to add the ever-stronger criminal groups, which control some localities, regions and even states. The criminal groups exert pressure on or control over politics through cooptation and threats, directly to elected officials, specific sectors or the general population. In the last 10 years, 82 municipal presidents have been assassinated in Mexico, mainly in four states: Oaxaca, Michoacán, Veracruz and Guerrero.

Finally, although the Mexican army has been under the control of the civilian government since the beginning of the 1950s, the fact that the army has been called upon to perform internal security tasks and is receiving large amounts of resources in the context of the war against drug-trafficking implies a change in this situation. Most recently, AMLO had to abandon his intention to appoint himself secretary of the army (possibly even a civilian) and accept that the appointment of the next secretary of defense would be discussed with the present heads of the armed forces.

Formally, there are ample rights of association and assembly in Mexico. Nevertheless, there are formal, informal and even illegal means by which free association can be undermined. These include creating unions before an enterprise begins production, preventing workers from organizing in unions or forcing them to organize under specific unions, some of which are under the control of the employers (i.e., "protection" trade unions, which have proliferated since the 1990s).

Although the limitations have been most visible in the labor movement, other types of organizations are also prevented from forming, operating or independently selecting their leadership. Since it is the government that gives organizations official recognition, there are many ways in which local, state and even national governments can restrict unions, peasant organizations or other groups from organizing. While this practice was instituted and implemented by the PRI, other parties have adopted these practices as well. The government of AMLO has declared that this will not be allowed under his presidency, that workers will be free to organize in whatever union they choose and that protection unions will disappear.

Another way to prevent or impose certain organizations is the manner in which the police repress informal vendors' organizations, preventing particular vendors them from installing themselves in a certain place.
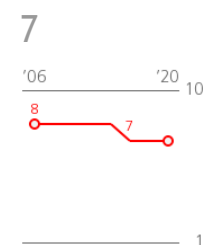
More grimly, recently, social activists have been murdered in the maelstrom of violence that exists in many regions of the country. As most crimes in Mexico go unpunished, no one ever finds out who ordered these murders. Thus, in the midst of this confusion, political enemies or local governments may command the assassination of some of their opponents with relative impunity, something that has surely made political, social and journalistic activity riskier.

Mexico's mass media is basically free; de jure and mostly de facto, citizens and journalists may speak and write freely. However, electronic media ownership is very concentrated, so that the media groups decide, according to their economic and political interests, which journalists are allowed to give their opinions. There are two main television channels and radio is largely controlled by two companies, along with a few other big radio companies throughout the country.
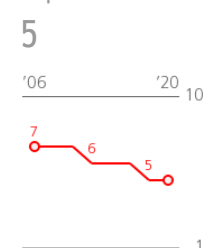
Since 2000, concerning freedom of speech in Mexico, more than 100 journalists have been assassinated and 30 others have disappeared (according to the Latin American Federation of Journalists, FELAP). Accordingly, Mexico ranked 144 out of 180 countries in the 2018 Press Freedom Index of Reporters Without Borders. Reporting on certain topics (e.g., crime, drugs, and the relation between politics and drug-trafficking) is very risky if not impossible. Most of these cases go unpunished.

While freedom of expression is relatively free at the national level, it is both more restricted at the state and local level, with local authorities having more leverage over radio stations and local periodicals. As such, it is more dangerous for local reporters.

Association /
assembly rights

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Freedom of
expression

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3 | Rule of Law

Since the PRI lost its majority in the Chamber of Deputies in 1997, there has been a clearer separation between the executive and Congress, where no party has held a majority and, consequently, no party has had to negotiate with other parties. Congress has had the power to modify the initiatives of the president (e.g., the budget) and has presented its own legislative initiatives. Nonetheless, in many respects Congress has not functioned as an effective check on the executive.

On the other hand, independent institutions to supervise and check the executive (e.g., the National Institute for Transparency, Access to Information and Personal Data Protection, INAI) were created since the political alternation of 2000. Nonetheless, since the return of the PRI in 2012, these institutions have been weakened.

The judiciary has also acquired a certain degree of autonomy, although largely at the level of the Supreme Court and thus at the national level. The reforms of the mid-1990s defined the manner of election (with the Senate selecting from three candidates proposed by the president) and the length of the term (15 years) of its 11 members. At the state level, the judiciary is almost totally subordinated to the governors.

The arrival of the present administration may weaken even further these two sources of power balance, since AMLO has an absolute majority in both chambers – the first time a party has held majorities in both chambers since 1997. In the case of the Supreme Court, the presidency, including the present presidency, has always presented candidates that have been close to it. They are, nevertheless, balanced by members of the court elected by previous administrations.
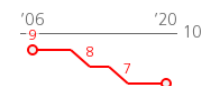
With the exception of the Supreme Court, neither the federal nor the state judiciary are independent of the executive in Mexico. Since the reform of 1995, when the Supreme Court acquired the status of a Constitutional Court, it has ruled against the president and Congress on several occasions. There have also been occasions, however, where the president has been able to secure a Supreme Court appointment for a person close to him. On the other hand, the general prosecutor remains totally beholden to the presidency. This situation will probably not change under AMLO, as he has tried to secure a prosecutor that is close to him and will probably succeed in doing so given the control he has over Congress.

At the state level, the judiciary is totally bound to the local executives. All the governors that have been accused of fraud and corruption have been able to escape trial. Furthermore, there have been very few cases where corruption by a party, union, Congress leader or functionary is brought to justice, despite rampant corruption.

The judicial reform of 2014 that created a supposedly independent attorney general (in the Mexican terminology a fiscal general instead of a procurator general) signified

Separation of powers

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Independent judiciary
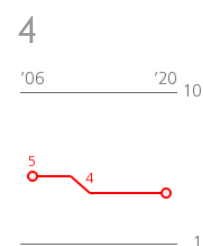
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an important modification in the relation between the executive and judicial branches. Nonetheless, this measure only took effect in January 2019 under AMLO. Although the new attorney general is an independent and honest lawyer, the fact that he is very close to the current president prevents us from considering (as yet) this reform a significant step in the direction of an independent judiciary.

At the national and highest-ranking level (i.e., the Supreme Court), the judiciary has achieved some autonomy and has become a counterbalance to the executive and legislative powers. However, not much has changed for ordinary citizens who continue to confront a very corrupt judicial system in which criminals are released and innocent people are detained for years before they are even tried. A substantive reform of the manner in which trials are conducted in Mexico was passed in 2008. However, the reform has not had any concrete effect as yet due to its very slow implementation. Though the reform may yet modify the situation given that the new system (Juicio Oral) is based on the presumption of innocence and requires an explicit charge to be brought against the defendant, and no longer allows for accusations based on confessions (as the previous accusatory judgment did).

Prosecution of office abuse

4

During the review period, almost all Mexican corruption cases (especially cases involving governors, businessmen, functionaries and union leaders) have gone unpunished. Of the numerous cases of corruption by governors, members of Congress, judges, lawyers, functionaries and corporate executives, only a handful have gone to trial and most of those tried have been released. Although increased levels of political democratization and transparency have contributed to the mass media's autonomy and an increasing number of civic organizations that scrutinize politicians – resulting in increasing numbers of denunciations against corrupt or inefficient politicians – the fact that most go unpunished, merely increases public frustration, demeaning both democracy and the rule of law. The governors that have been charged with corruption in the last two years, most notably the governors of Chihuahua and Sonora, remain free with no charges having been brought against them or have escaped to a foreign country. The only exception is the governor of Veracruz, who is still in prison, but whose case is progressively falling apart. The leader of the teacher's union spent almost six years in prison but was released with no charges. The leader of the petroleum workers union has just got an "amparo," which prevents any state force from arresting him. The new president has promised that he will stop corruption, but he has also declared that past cases will not be prosecuted, arguing that the prosecution of past cases would absorb all the government's energies preventing the country from moving forward. While in the rest of Latin America, the Odebrecht scandal has had significant consequences (e.g., presidents, functionaries and entrepreneurs have been sentenced to prison) and some Mexican functionaries were mentioned in trials in Brazil and other countries, in Mexico nobody has been investigated.

Although AMLO has declared that the fight against corruption is his first priority and he has begun tackling oil theft, we have no way to know how effective he will actually be.
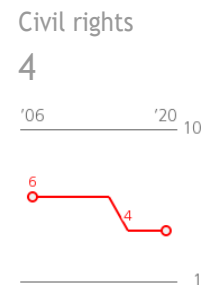
Though civil rights are constitutionally guaranteed, they are continuously violated by police, the army and even the judiciary. This has always been a constant for the indigenous populations, the poor and sexual minorities. Prisons are full of people who have committed minor (and in some cases no) crimes, but who do not have the financial resources to hire a lawyer; they may be imprisoned for years before their trial begins (if it ever does).

Civil rights

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The situation has worsened dramatically in those places where the drugs war is intense. The situation has been aggravated by the number of people in those regions that have been disappeared. We do not know if they were abducted by criminal gangs, the army or the police. The most recent estimate is that 37,000 people have been disappeared.

As a consequence of impunity and the fact that official forces are in many cases involved in criminal acts, people who are victims of crime rarely report the crime to the police. People are afraid that as the police may be involved, they will be victimized again or because they feel it is useless. 97% of crimes go unsolved and thus unpunished.

At the federal level, the National Human Rights Commission (Comisión Nacional de los Derechos Humanos, CNDH) manages to defend some cases where the evidence is blatantly clear. State human rights commissions are either totally controlled by the governors or, when they are independent (e.g., Mexico City), their recommendations are almost never complied with.

In 2008, a substantive legal reform was undertaken, which (it is hoped) will modify the manner in which people are accused in Mexico. The new system (Juicio Oral) is based on the presumption of innocence and requires an explicit charge to be brought against the defendant, and no longer allows accusations based on confessions (as the previous accusatory judgment did). This modification has been thought necessary as so many people have been unjustly accused and held in prison for years before they are tried.

4 | Stability of Democratic Institutions

Mexico's democratic institutions in principle perform their functions, but limitations to the rule of law and stateness reduce their ability to operate effectively and unhindered. We have already mentioned the limits of democracy at the federal level.

At the state level, where governors control the local congresses and the judiciary, the situation is more acute. Though elections are regularly held and election procedures are endorsed by local institutions (OPLES), they may refer a decision to the federal INE or the TEPJF, if they receive undue pressure from local actors. Nonetheless, there are countless irregularities in elections, as most of the parties buy votes and put clientelistic pressure on citizens.

The fact that at the state level, governors control the local parliaments and judiciary invalidates the division of power. This has meant that there are no checks and balances on their actions, as can be seen by the numerous corruption (and criminal) cases at the state and local level that go unpunished.
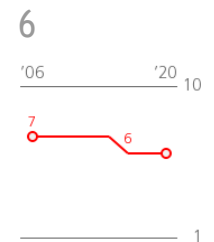
The fact that pressure from criminal actors has been continuously increasing has aggravated the schism between the formal democratic roles of institutions and how they function in reality.

The main political and social actors are formally committed to the country's democratic institutions. Entrepreneurs, unions, peasants, social organizations and all political parties are committed to democratic institutions and elections. To date, the army has preserved its allegiance. Though over the last two presidencies (and under the current one, as AMLO has proposed the creation of a National Guard under the control of the army; something that some deputies of the chamber contest) the army has been given public security tasks.
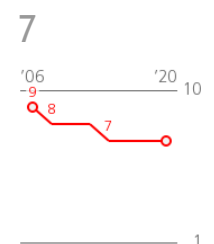
Over the last decade at least, there has been no evidence of the existence of guerilla groups in the country.

Nonetheless, the threat proposed by illegal groups to democracy is to be taken very seriously. The killing of candidates and the fact that many local elected functionaries are under the control of these groups poses a real threat to democracy.

Performance of democratic institutions

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Commitment to democratic institutions

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5 | Political and Social Integration

In contrast to most political systems in Latin America, the Mexican party system is relatively unfragmented, while voter volatility is lower. Three parties (or coalitions) have in the past secured one-third of votes, though this varies across elections. Prior to the last election, the distribution was between the PRI, PAN and PRD. However, in the last election, Morena displaced PRD. In 2018, the results were atypical, which may mean more instability in the party system, as 53% of the votes went to Morena, 22% to the PAN-PRD alliance and 16% to PRI. PRI received the lowest vote share in its history and some analysts consider the party to be about to disappear, as have other traditional parties in Latin America.
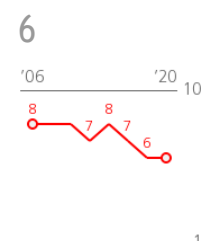
Although we do accept that these results mean higher systemic instability, the 2018 election may nevertheless be considered as atypical and may not repeat in the future. In this last election, there were nine parties (which is not enormous by Latin American standards), which congregated into three coalitions, with four presidential candidates. On the other hand, although AMLO won the election with 53% of the votes (Morena displaced PRD, with the parties winning votes from more or less the same base), and the vote share of PAN and PRI reduced considerably, the same parties held second and third place.

Independent presidential candidates are very restricted. In the last election, there was only one independent presidential candidate, who won 5% of the votes. In fact, the last electoral reforms (2007 and 2012) strengthened larger parties at the expense of smaller parties, although the reforms allowed for independent candidates.
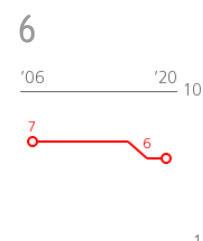
On the other hand, the party system is very loosely linked to civil society, mainly by clientelism, which all parties practice. The roots that the PRI had established in civil society have eroded since the eighties. The same holds for PRD, while the PAN has always been an elite rather than a mass party. A system that may hide its fragility behind its appearance, it has often been characterized as a "particracy."

The PRI regime was based on the organization of society through corporatist and clientelistic measures. Since the 1980s, when the PRI-constructed political system began to be weakened by liberalism and democratization, these organizations were in a certain sense emptied. Though they continued occupying the social space, they became increasingly less effective as social actors representing the interests of larger population groups. After 2000, this tendency deepened under the governments of the former opposition parties (PAN nationally and PRD in Mexico City), which – instead of stimulating autonomous social organizations – found ways of working with the formerly official organizations. The end result is a lack of popular interest organizations, which explains the increasing number of isolated actions organized by small informal groups.

Party system

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Interest groups

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Small- and medium-sized enterprises are weakly organized since their association, the Canacintra, ceased to be obligatory in the 1990s.

In addition to the many non-representative social organizations and isolated actions of small informal groups, there are a few large unions, such as the teachers union and the oil workers union, as well as several large employers' associations (e.g., COPARMEX and one representing the largest 50 entrepreneurs in the CCE). These formal organizations have significant leverage and can exert pressure on the government.
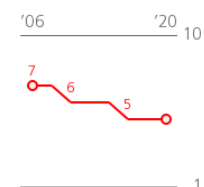
Prior to the presidential elections of 2006, the commitment to democracy was rapidly gaining ground in Mexico. According to Latinobarómetro, 59% of the population supported democracy in 2005. This proportion began to diminish following the very contested election, in part because of the contested results of that year's election and because subsequent democratically elected governments have done little to reduce corruption, violence and impunity, and implement economic policies that increase salaries and create jobs. According to this same source, support for democracy declined to a historic low in the last two years of Peña Nieto's presidency, reaching 38%. In regional comparison, Mexico is in the lower half of Latin American countries.

Approval of democracy

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In Mexico, the proportion of the population that states the country has an authoritarian government or has a democratic government is the same, which is among the highest in Latin America (38%), with Brazil, Honduras and Salvador (all societies also facing extreme violence). Nonetheless, the percentage of the population that would prefer an authoritarian government (11%) places Mexico in the lower half of Latin American countries. Approval of the government in the 2018 report is extremely low (16%).

According to Latinobarómetro 2018, trust in other institutions is also rather low, though largely average in comparison to the other Latin American countries surveyed. For example, the election authority polled 32% in Mexico (Latin American country average: 28%), parliament polled 22% (Latin American country average: 21%); the judiciary polled 23% (Latin American country average: 24%); political parties polled 11% (Latin American country average: 13%). The most trusted institutions in Mexico are churches with 57% (Latin American country average: 63%); the military with 50% (Latin American country average: 44%) and the media with 35%. Though trust in the police was rather low (19%)

According to Latinobarómetro 2018, interpersonal trust is rather low in Latin America (only 14% of respondents trust each other), although in Mexico it is higher than Latin American country average (15%). According to Latinobarómetro 2017, only 48% of Mexicans had confidence in democracy, a low for Latin America. Nonetheless, this figure has most probably changed with the election of AMLO, who has a rate of approval near 80%.

Qualitative comparative studies across the continent on precisely these questions found that in countries such as Brazil and Argentina there are large numbers of very active social organizations, while in Mexico these organizations are much weaker. Some data show, for example, that in Mexico there are 35,000 CSOs, in Brazil 200,000 and in Colombia 135,000. In Mexico, only 6% of the population has participated in a CSO. In Mexico, there are 27 CSOs per 100,000 inhabitants, in Chile 650, in Brazil 170, in Argentina 270 and in the United States 670.

II. Economic Transformation

6 | Level of Socioeconomic Development

Mexico continues to face considerable challenges reducing poverty and inequality. The country ranked 74th, with a score of 0.774, in the 2017 Human Development Index, three places ahead of Brazil (0.759) – both countries with "high human development" – but substantially behind Chile (0.843) and Argentina (0.825). Although many studies have indicated that most Latin American countries had been significantly reducing inequality and poverty, in Mexico this reduction has been less noteworthy. In this respect, while a 2014 World Bank report stated that Mexico had a Gini coefficient of 0.482, the World Bank recently reduced it to 0.458 for that same year and 0.434 for 2016. This data contradicts other sources (e.g., CEPAL), indicating a stagnation in Mexico's Gini coefficient around 0.500 for 15 years until 2016. The overall loss in HDI due to inequality is 21.3, which is lower than Brazil but higher than more equal countries like Argentina, Uruguay and Costa Rica.

Compared to other Latin American countries, Mexico has also been less successful in reducing poverty, although in absolute terms people living in poverty has increased from 52 million to around 55 million. According to the World Bank, Mexico has a significantly higher percentage of people living on less than $3 a day (11%) than Brazil (8.0%), Argentina (2.4%) and Chile (3.1%). The resilience of poverty and inequality in Mexico, after 30 years of increasing exports and expanding assistance policies, forces us to conclude that poverty and inequality are structurally entrenched, and that an economic model based solely on exports is incapable of solving the country's poverty and inequality challenges.

Social capital

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Question
Score

Socioeconomic
barriers

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Finally, in terms of gender equality, Mexico fares better than similar countries in Latin America. The 2015 Gender Inequality Index score for Mexico (0.343) is above the world average (0.508), but higher than in Uruguay (0.270) and Chile (0.320). In addition, the inclusion of women in the labor force (37.2%), Mexico ranks among the lowest worldwide, excluding Islamic countries. Nonetheless, this may be a result of how employment is measured in Mexico, where there is a gray zone of sub-employment that not only affects this index, but all employment metrics.

Economic indicators		2015	2016	2017	2018
GDP	$ M	1170564.6	1077827.9	1158071.0	1223808.9
GDP growth	%	3.3	2.9	2.1	2.0
Inflation (CPI)	%	2.7	2.8	6.0	4.9
Unemployment	%	4.3	3.9	3.4	3.3
Foreign direct investment	% of GDP	3.2	3.3	2.8	3.0
Export growth	%	8.4	3.7	3.9	5.7
Import growth	%	5.9	2.9	6.2	6.2
Current account balance	$ M	-30682.0	-24299.9	-19558.2	-21642.7
Public debt	% of GDP	52.8	56.8	54.1	53.6
External debt	$ M	426905.1	422601.4	441576.6	452991.2
Total debt service	$ M	54148.4	79068.1	65628.0	58387.7
Net lending/borrowing	% of GDP	-3.2	-1.7	-0.9	-
Tax revenue	% of GDP	12.8	13.5	13.0	-
Government consumption	% of GDP	12.3	12.0	11.7	11.6
Public education spending	% of GDP	5.2	4.9	-	-
Public health spending	% of GDP	3	2.9	-	-
R&D expenditure	% of GDP	0.5	0.5	-	-
Military expenditure	% of GDP	0.7	0.6	0.5	0.5

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Market competition has been formally established in Mexico since the government opened the economy, privatized state enterprises and deregulated the economy in the 1980s. The signing of NAFTA in 1994 helped reinforce Mexico's open economy and market orientation. However, several distortions (e.g., informality) contribute to an uneven market economy.
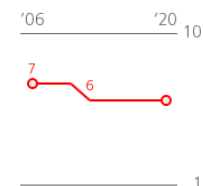
The World Bank's Doing Business 2019 report ranks Mexico 94 out of 190 economies concerning starting a business. Starting a business takes eight days (average 11 days) and costs 16.2% of income per capita, which are both below average, but requires eight procedures, which is a bit higher than average. A study of the World Bank from 2018 shows that market access and market entry barriers differ from state to state considerably, with the report recommending enabling greater competition in transportation, retail and agriculture both at the national and local level.

The reforms of the Peña Nieto government, which opened the energy sector to private capital and reformed the telecommunications sector, aimed at further deregulation. In addition, the government does not control prices nor the entry or exit of foreign currency; both are defined by the market. Nonetheless, Mexico's economy is strongly oligopolistic. For example, four years after the reforms, the situation of the energy and telecommunications sectors has barely changed. In many sectors, including telecommunications, cement, electronic media, and retail (e.g., Walmart), there is little or no competition. Small- and medium-sized companies in Mexico encounter many administrative difficulties in opening and functioning because of administrative procedures, corruption and, increasingly, violence. In addition, these kinds of enterprises have no access to financial support, as private banks, which are 90% foreign-owned, do not lend to enterprises, but to consumers. Finally, the informal sector is very large, comprising between 50% and 60% of the economy, depending on the calculation.

In some sectors, there is some preoccupation with the question of market freedom under the presidency of AMLO. The cancellation of the new Mexico City airport and criticism of the energy reform of Peña's administration has raised some questions in this respect.

Market organization

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Mexico's economy is characterized by a solid competition policy framework, and the Comisión Federal de Competencia Económica (COFECE) enforces competition law effectively. In international comparison, COFECE has been recognized for its success in promoting pro-competition reforms. Since 2013, the far-reaching agenda of the Pact for Mexico (Pacto por México) set in motion constitutional changes, which have overhauled the telecommunications sector regulatory framework to boost competition and opened the energy sector to private investment, among other key reforms. However, implementation and oversight remain a constant problem.
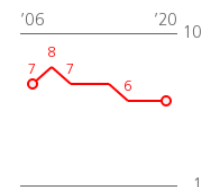
Like in most issues dealing with the rule of law, although the legal framework exists, application of legislation is deficient. Nonetheless, the Mexican government has made significant strides in improving the legal framework concerning competition, but it is still deficient compared to other developed and some developing countries. Although the Federal Competition Commission is tasked with regulating monopolies and trusts, this agency has little power compared to its counterparts in other countries, such as the United States. Regulatory actions take too long and the sanctions are too weak to be dissuasive. As a result, the agencies are generally unable to induce behavior changes in the very large companies they are supposed to regulate.

Nonetheless, things are changing slowly. For example, in the highly concentrated telecommunications sector, in March 2018, the regulatory agency of the telecommunications sector (IFT) ordered Telmex to split, creating two enterprises, due to its dominant position in the sector. Although this has not yet happened, it is supposed to be underway. More recently, in December 2018, Telmex was fined for more than MXN 2 billion, which it has contested.

Mexico is one of the most open economies in the world. It is certainly one of the most open countries in Latin America, ranking 49th in the Doing Business Index for 2018 (Chile 55th, Peru 58th and Colombia 59th). The simple average MFN applied tariff was 6.9% in 2017. Mexico began opening its economy with its entry to the General Agreement on Tariffs and Trade (GATT) in 1986. It subsequently signed NAFTA with the United States and Canada, further liberalizing foreign trade. The country has free trade agreements with more than 48 countries around the world (including the European Union, Chile and Japan). Most trade is done without tariffs; in 2008, the last few restrictions on trade were eliminated when the import of maize and beans was liberalized. There are no restrictions on capital inflows or exit; in fact, NAFTA rules prohibit any such restrictions. The protectionist tendencies of U.S. President Trump obliged a renegotiation of NAFTA, which showed that the Mexican part was the most liberal of the three partners. The government of AMLO participated in the negotiations without any push toward protectionism because it was interested in maintaining the treaty. Nonetheless, once in government, the new administration may well impose some protectionist measures.
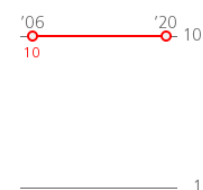
Competition policy

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Liberalization of
foreign trade

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After the financial crisis of 1994 that led to the collapse of the Mexican banking system, banks changed hands and were bought by foreign institutions. Today, the main banks are foreign-owned and represent nearly 90% of the private banking system. There are two significant problems with the banking system. First, there is a low level of financial integration in the Mexican population, with 63% of the population using informal savings systems and 70% informal credits. On the other hand, the commercial banking sector is highly concentrated and is able to charge very high interest rates and commissions to individuals, which makes banking a good business in Mexico compared to the banks' home countries. An equally significant problem is that there is very little credit for small- and medium-sized enterprises, credit is concentrated on consumers through credit cards, home and automobile loans, and investments in government bonds.

On the positive side, according to the IMF, the Mexican banking system appears to be quite stable and mostly follows international standards. The Mexican central bank is one of the country's most efficient economic institutions, although one could criticize its exclusive concentration on inflation rather than on growth. Mexico's regulations today generally conform to international standards and are often even more demanding in terms of risk management, internal controls, and capital adequacy. According to the IMF, the Mexican banking system is resilient and has performed adequately to solvency tests. Stability can be measured by the assets-to-capital ratio, which was 10.4% in 2017, and the low level of non-performing loans, 2.1% in 2017.

8 | Monetary and fiscal stability

Control of inflation and exchange rate stability continue to be threatened since the election of Trump to the presidency of the United States. In particular, exchange rate stability has resisted the election of a leftist president in mid-2018. Vis-a-vis 2010, the real effective exchange rate index remained more or less stable, but dropped to 79.9 in 2016 and 81.8 in 2017. Inflation has been kept largely under control over the last decade, with annual rates between 3.5% and 5.3%. Though inflation increased to 6% in 2017 due to an increase in gas and electricity prices and the devaluation of the Mexican peso, it dipped below 5% in 2018.

The main question facing the country is whether this situation of low inflation can be preserved given the devaluation of the Mexican peso over the last year and the impact of tackling gasoline theft, which the government of AMLO has launched, on inflation. Nonetheless, while both the governments of Peña Nieto and AMLO have wanted to maintain exchange rate stability, this situation is, in many respects, out of the control of the domestic market.

The government of Peña Nieto reduced public spending, and the central bank increased its interest rates and sold part of its reserves in order to control currency

Banking system

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Monetary stability

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devaluation and inflation. This effort has been successful given the level of inflation and value of the Mexican peso over the last year. The new government seems to be following the same policies in order to maintain fiscal and macroeconomic stability.

The central bank is independent since the reforms of President Salinas (1988–1994) and it has been very important for controlling inflation. Critics objected that it did not care enough about job creation, but it is constitutionally obliged to only deal with exchange rate stability and inflation, contrary to central banks in the United States and Europe. Although the new president, López Obrador, has declared his wish that the central bank takes into account employment creation, the bank has stated that it will not change its mission, which is defined by its internal laws. Nonetheless, a supporter of López Obrador, Gerardo Esquivel, has been elected to the central bank's board. Gerardo Esquivel may push López Obrador's position in internal central bank discussions, although he remains in a clear minority.
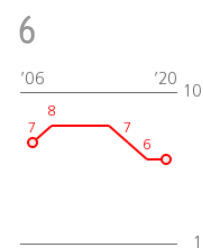
Mexico has followed a totally orthodox fiscal policy since the 1990s. Nonetheless, the foreign debt of the country has greatly increased over the last few years, as it has in most countries across the world.

Fiscal stability

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Mexico has a structural current account deficit, which has been around $20,000 million a year since 2012. Nevertheless, the external debt is now more controlled than under the presidency of Calderón, when it doubled from $170 billion to $349 billion. Under Peña's presidency, it went up to $422 billion, then decreased from 2014 to 2016, before increasing again to $455 billion in 2017. Mexico's foreign debt is among the highest in the developing world. However, it does not represent a very high share of GDP (40.5% in 2017). Total debt service has increased considerably over time, reaching $79 billion in 2016, before decreasing to $62 billion in 2017, although Mexico has considerable reserves ($170 billion in 2017).

On the other hand, public debt has risen slightly since 2010, reaching 58.4% of GDP in 2016 and 53.3% in 2017. Debt is growing despite government austerity and a moderate government consumption of 12% of GDP (slightly over the global average of 9%). According to CEPAL, the primary fiscal balance was 0.2% of GDP in 2016, 1.2% in 2017 and 0.6% in 2018. However, during the second half of 2018, an election year, the primary fiscal balance incurred a 2.9% deficit.

There is some concern about how the government of AMLO will finance his welfare policies and infrastructure projects. Nonetheless, the budget he presented is equilibrated and austere, absolutely orthodox. In addition, he has said that his government will not increase public debt, increase taxes or incur a budget deficit. He argues that the fight against corruption will be enough to expand government resources.

9 | Private Property

Property rights are, in general, well defined for multinational companies as well as for large and medium-sized Mexican companies. No serious political force proposes any form of nationalization.

Nonetheless, the situation of small businesses is not the same. There are significant problems in defining the property of individuals and small businesses at the micro level, linked to the inefficiency and corruption of the administrative and the judicial system. Many very small and micro businesses function informally – do not register the firm, pay taxes or register their workers – and are thus vulnerable (e.g., to trade unions, tax collectors and police).

Violence and the ever-increasing power of criminal groups in some states (e.g., Guerrero, Michoacán, Veracruz and Colima), and especially in northern cities and regions, will pose a real threat to all companies. Criminal organizations demand ransom in exchange for "protection." In addition, these criminal organizations are stopping trucks and stealing merchandise as well as hijacking workers, technicians in mines, agricultural concerns, and oil fields.

In Mexico, private enterprises are largely given a free hand; there are few regulations limiting or guiding sectoral investments, though there are numerous bureaucratic obstacles to start and run an enterprise. Although it takes eight days, well under the average of 21 days, there are other regulations that many micro and small-sized enterprises cannot cope with. Consequently, many small businesses operate informally.

Privatization was largely completed in the 1990s. The last major sectors that remain in state hands, oil and electricity, have been allowed access to private capital (national and foreign) since 2012.

Nevertheless, the fact that Mexico's economy is strongly dominated by oligopolies is the largest obstacle to the functioning of enterprises, especially the small- and medium-sized, which must pay high prices for services such as telephone, internet and credits (when these services are available).

It is also true that the informal sector constitutes unfair competition for established enterprises, again especially for the small- and medium-sized companies that do pay taxes, somewhat better salaries, and give social security benefits to their workers.

The new government of López Obrador does not seem to question private enterprise, it is even possible that, on the contrary, it will increase support for micro, small and medium-sized enterprises by way of subsidies and facilitating formalization. Nonetheless, there is some preoccupation in the private sector due to the cancellation of the new Mexico City airport and the criticism of AMLO's energy sector reform.

Property rights

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Private enterprise
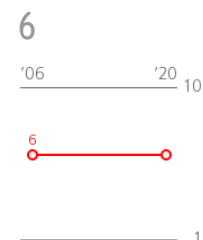
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10 | Welfare Regime

The Mexican pension system has never covered more than 30% of the population, as it includes only workers in the formal sector of the economy. The government reformed the private sector pension program (the IMSS) in 1995 and the public-sector program in 2007, transforming both into a system based on individual capitalization. This reform does not appear to have improved the system as more individuals will be left with a lower pension when they retire due to the fact that they will not be able to contribute to the pension scheme throughout their entire productive life. There is a non-contributory pension scheme, which has allocated about $30 a month for people over 65. This scheme was modified in the first month of the current administration's term, pensions will now be allocated to people over 68 years but at double the amount, around $60 a month.

In addition, there is a vast conditional cash transfer system, Prospera, which allocates around $30 a month to around six million families, equivalent to 1.3% of GDP. It has contributed to reducing extreme poverty, although it has been criticized for its inability to reach the "working poor." It has also been accused of being used politically for clientelistic purposes in some states.

The Mexican public health care insurance system is seriously deficient. It is segmented into three systems: one for public functionaries, another for private business employees and a third for the rest of the population. It is under-financed compared to other Latin American countries, spending only 3.3% of GDP. Workers in the informal economy are covered by the rather deficient non-contributory public system operated by the Ministry of Health. The Seguro Popular program, launched in 2005 and designed to incorporate this population, lacks financial resources. In addition, it does not cover all illnesses, but rather a list of some of the most important illnesses affecting the Mexican population. All of this results in extremely high out-of-pocket expenses (about 50%) compared to countries such as Brazil and Argentina (30%).

López Obrador has promised to expand the non-contributory pension system and the health care system, although he has no plans to modify the capitalization-based pension system, which has been operating under the last four governments. He has canceled Seguro Popular (something that has had negative consequences that remain hard to evaluate) and promised a universal public health care system.

Social safety nets

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Mexico has not achieved equal opportunity for all. The indigenous population is marginalized and discriminated against, as are women. Migrants that cross Mexico to enter the United Sates have to suffer all sorts of injustices and crimes from police and criminal bands in their journey.

The indigenous population, between 6% and 10% of the total population, remains marginalized. While the country's overall literacy rate is 94%, among the indigenous population it is only 67%; 26% of the indigenous population has no schooling and 27% have only attended a few years of primary school. Women have almost the same literacy and school attendance rates at all levels as men. The Prospera program has been instrumental in this respect, as it has provided scholarships for women in the poorest homes, mainly in the countryside, in order to facilitate their continuing education. This has seemingly worked well as female/male enrollment at the primary level is 100% and at the secondary level is 108%. At the tertiary level, where Prospera has no impact, the ratio becomes slightly negative toward women, 95%.

With respect to the employment of women, Mexico occupies the second-to-last place with respect to women's employment rates: only 36.5% of women are employed (Turkey is last with 32.2%). Although in the case of Mexico, this figure probably hides women working in informal jobs, helping their husbands or other family members in small businesses, or managing small food businesses outside their homes or on the street. However, this rather increases than reduces inequality between men and women. Feminicides are on the rise in many regions of Mexico, it is highest in the states of Mexico City and Veracruz. Across Mexico, there were 735 feminicides in 2017, and 730 between January and November 2018. According to U.N. data, six out of 10 Mexican women have been victims of an act of violence.

There is no hard data on migrants, although they are discriminated against, it is known that the journey from south to north Mexico is terrible for most of them, especially women, who are frequently raped.

11 | Economic Performance

According to data from the IMSS, the economy created more than three million jobs between 2012 and 2017, one of the highest rates since the end of the 1990s. This is a very important achievement, which does not reflect either in economic growth (average 2.5%) or in terms of growth per capita (average 1.1%; 0.8% in 2017). Thus, we may consider that the increase in employment is mainly in poorly paid jobs. Nonetheless, in comparison to the past 20 years, it has fared better, probably due to the significant economic growth in the United States over the same period. GDP per capita (PPP) has steadily, though moderately, increased since 2012, reaching $18,258 in 2017.

Equal opportunity

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Output strength

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Investment has been around 23% of GDP for the last 10 years, with foreign investment around 3% of GDP over the last five years. Tax revenue has also increased by around 3% to 4% of GDP. Nonetheless, the current account deficit is structural (in order to export, Mexico has to import even more) and public debt has been growing rapidly, although in 2017 in receded.

This relative stagnation is mainly a consequence of the government's main goal, which has been macroeconomic stability and the growth of exports, with very little emphasis on stimulating the internal market through investment or increasing domestic consumption. In fact, the government is set on suppressing salary increases (thereby repressing domestic consumption) in order to control inflation and make Mexico competitive for the companies that want to invest in Mexico's geographical proximity to and commercial relationship with the United States. Inflation had been kept under control for the last decade, with annual rates between 3.5% and 5.3%, before increasing to 6% in 2017 and declining again to under 5% in 2018. Although the value of the Mexican peso has dropped over the last couple of years, its devaluation has been equivalent to the devaluation of the Brazilian real and much less than the Argentinian peso, with all three currencies suffering from an increase in the interest rate by the U.S. Federal Reserve and boom in the U.S. stock exchange.

The government of AMLO expects a change toward more redistribution and the growth of the internal market. He has already raised the minimum wage by 15% (previous increases had been much lower, around 3%) and plans to invest large amounts in infrastructure. The value of the Mexican peso increased at the beginning of the administration of AMLO, but decreased again approaching the first 100 days of his government.

12 | Sustainability

The Mexican environmental legislation is quite advanced by international levels, though this is mainly on paper and in practice. The same can be said regarding its commitments to the Paris climate agreement, where the country committed itself to reducing its carbon emissions by half by 2050, taking as its base year 2000. Nonetheless, the country is very far behind on realizing its pledge.

Although the government of Peña Nieto declared ecology to be one of its key priorities and the UNESCO declared the Revillagigedo Archipelago Reserve as patrimony of the humanity, this is an exception in terms of environmental protection in Mexico.

In reality, most rivers and water sources are contaminated, and water is used in a very inefficient manner both for human consumption and irrigation (around 40% is wasted). In addition, water is hardly ever treated or recycled by the companies or city administrations. Deforestation is a serious ongoing problem in large parts of the

Environmental
policy

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country. The destruction of mangroves on the coasts (especially in Quintana Roo) in order to expand tourist areas is at its highest ever, all with the complicity of the Ministry of the Environment and against the resistance of a few ecological NGOs. Companies that pollute are rarely sanctioned. Those that are sanctioned because the problem they created is so huge and the social protests are so strong typically pay a ludicrously small amount in fines.

In the case of the Peña Nieto administration, the government's main reform of the energy sector allows for fracking, which is highly polluting. None of the major infrastructure projects of this administration (e.g., the new Mexico City airport in the former Lake Texcoco and the high-speed rail line to Toluca) have undergone an environmental impact assessment.

The government of AMLO canceled the construction of the airport, which has been described as an ecocide and prohibited fracking. Nonetheless, it plans to open a few refineries and to increase the extraction of oil. In addition, the construction of one of its most important projects, the Tern Maya, will have a very negative impact on the ecology of the Mayan peninsula. It has also reduced the budget of the Ministry of the Environment.

However, over the last few decades, public awareness of environmental problems has been growing, especially due to the action of environmental NGOs that exert pressure on governments, both at the federal and local level. This may in the future force the government to do more for the environment.

In terms of literacy rates (94.5) and enrollment ratios (near 100% in both primary and secondary), the situation of Mexico is not bad. However, education at the primary and secondary level is very deficient. In the U.N. Education Index, Mexico ranked 55 (out of 133 BTI countries considered) with a score of 0.678, on a similar level to Brazil and Colombia. According to the PISA tests, Mexico is in the lower third of countries tested for science, 77 points below the OCDE average and only eight points above the Latin American average. In mathematics, Mexico ranks on the same level, although it fares a little better, 72 points under the OCDE average and 17 points over the Latin American average. In reading, Mexico again ranks in the lower third, 70 points under the OCDE average and only six points over the Latin American average. More worrisome is the fact that the general performance of Mexican students has not improved since 2006.

Nonetheless, the problem does not seem to be the budget. As a share of GDP (5.2%), Mexico's public expenditure in education is equivalent to that of other developing countries such as Brazil, China and India, but only amounts to a third of the more developed OECD countries' spending. Thus, neither resources nor salaries appear to be the core problem, as teachers' salaries in Mexico are not strikingly different from those in countries with a similar level of development. Educational problems instead appear to have political and social roots. The primary school system is captured by

Education policy / R&D

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the teachers' union, the largest union in Mexico and a remnant of the previous authoritarian regime.

Spending only 0.43% of GDP on R&D, Mexico definitely lags behind countries such as Brazil and China, which respectively spend 1.2% and 2% of GDP. This is the lowest level of R&D investment among the OECD countries, below Turkey, Poland and Slovakia, and is lower than many other countries of similar or even lower levels of development.

Governance

I. Level of Difficulty

Poverty, lack of human capital (i.e., education and health care) and inequality have been, and continue to be, the most serious structural constraints on Mexico's growth and productive investment. Extreme poverty reduced from 9.5% of the population in 2014 to 7.6% in 2016; poverty decreased from 46.2% of the population in 2014 to 43.6% in 2016; and the total number of poor, having increased prior to 2014, declined between 2014 and 2016, but only to the level in 2012. So, although there has been change, it has been very slow.

On the other hand, inequality has also reduced but very slowly. These two issues, plus the low quality of the jobs and the low level of salaries, are the primary constraints on the domestic market and the main reasons why so many people work in the informal economy or in illegal activities.

Other structural constraints include the lack of infrastructure, especially in the south of the country where the poorest sectors of the population live. Though the labor force's average educational level and competitiveness are quite high, at the middle level of engineering and administration functions, there is a lack of highly skilled personnel. This is very noticeable in certain states where the auto-industry has established itself, like Aguascalientes and León, although it very probably affects other regions as well. This is also an important constraint on the overall economy.

Perhaps the most important constraint on governance is widespread violence and ungovernability that have affected almost all Mexican states (except Yucatán, Campeche, Aguascalientes) where local police and politicians have been infiltrated by organized crime. Mexico is also vulnerable to natural disasters, above all earthquakes and hurricanes. The latter have become more and more destructive due to global warming and have hit vital tourist sites such as Cancun, Acapulco and Veracruz.

As is well known, the former PRI regime was based on state control of social organizations. Most traditional organizations are still led by old-guard figures and even those groups that have seen a change of leadership have maintained an authoritarian organizational culture. Clientelism is deeply imbedded in the political culture of citizens and organizations.

In the 1980s, and especially since the earthquake of 1985, the number of autonomous organizations has consistently grown. These organizations were very important for democratic transition as were the social base that led to the creation of the PRD,

Structural
constraints

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Civil society
traditions

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which was a coalition of social movements. Nonetheless, these movements within the PRD bureaucratized and implemented clientelistic practices reproduced the practices of the previous PRI regime.

On the other hand, although many Mexicans are formally members of organizations (e.g., unions and peasant associations), they do not actively participate due to the fact that these organizations are either very vertically organized or are merely façade organizations that have no collective life (e.g., the so-called protection unions, which are unknown to their members and exist only on paper).

This does not mean that there are no manifestations or protests. Protests occur every day across all parts of the country. Nonetheless, they act in an atomized fashion and have little influence on political society at large, as they have no relation with any political party.
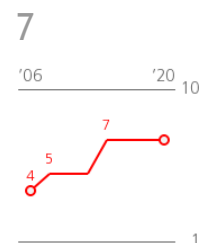
Finally, with the increased violence in Mexico, beginning with the presidency of Calderón, the situation for civil society activists and journalists has drastically worsened. In the maelstrom created by the "war on drugs" and the impunity that has characterized it, social activists and journalists have been killed. Analysts have the impression (though no proof) that many murders of social activists and journalists have been ordered by local governments or politicians in very violent regions under the cover of the existing violence.

There is an ongoing crisis of violence unrelated to political or social cleavages, but rather the result of the activities of criminal gangs that traffic drugs and people, steal gas, and extort "protection" money from enterprises.

Conflict intensity

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On the other hand, the fact that in recent years political representation has been found lacking and civil society organizations lack sufficient capacity to channel social discontent and demands, the expression of social discontent increasingly erupts into violence.

The last election, in which AMLO won the presidency, has further polarized society. While the followers of his party, Morena, have high expectations, his rivals appear very alienated. This is evident in social media commentary, which is increasingly critical of his measures. While in the past, the majority of the population was largely indifferent to politics, nowadays, public opinion is either very favorable to Lopez Obrador or totally against him. This is a new phenomenon in Mexico, although it has been very common in many other countries of Latin America. Nonetheless, it has in no way resulted in violent confrontation.

II. Governance Performance

14 | Steering Capability

The government of Peña Nieto began by setting very clear strategic structural reform priorities during the first two years of his administration. He managed to implement the "Pacto por México" in order to pass the government's priority energy and educational reforms. At that point, it seemed that, although the reforms were questioned for being too liberal, the government would successfully implement them. Nonetheless, for various reasons, corruption scandals and the tragic events of Ayotzinapa the government's plan was cut. For example, although the government went ahead with the fast train to Toluca, it canceled the equally important train to Queretaro. The government also proposed the creation of a military police force in order to withdraw the military from streets. Nonetheless, the so-called Gendarmería was never realized and the army continues to fight criminal groups, with countless human rights violations and without reducing violence. On the contrary, over the last year of the presidency, violence was as high as ever.
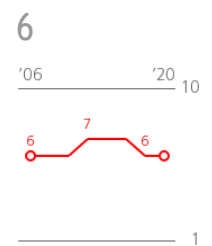
Taking into consideration the policies implemented under the Peña presidency, one can conclude that the Mexican government has very little strategic capacity. Most large infrastructure projects of the Peña presidency have either not been concluded or have been canceled by the current administration of AMLO, including the train to Toluca, the new Mexico City airport and the urban Guadalajara train. The creation of a new military police force was a total failure. Over the last 30 years, all of Pemex's gains due to the export of oil have been extracted by the government in order to finance its budget, while Pemex has been unable to invest or pay off its debts. Consequently, it has the highest debt of any oil company in the world and is practically bankrupt. Pemex now poses a huge problem for the current government.

The government's main projects have either been significantly delayed or canceled. Although the Peña government went ahead with two large infrastructure projects (the Toluca fast train and the new Mexico City airport) and sold oil reserves to private capital in public competitions, the initiatives have suffered significant delays and deficiencies.
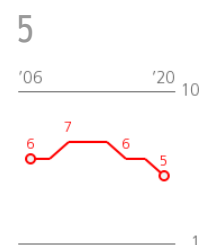
Two of the government's most important infrastructure projects experienced significant problems. In 2019, the Toluca train remains incomplete, while the new Mexico City airport suffered significant delays, with the result that it was canceled by the new government of AMLO. Some of the oil reserve sales were canceled due to a lack of competitors, while others have not resulted in significant investment as was expected. Finally, the educational reform, which was strongly contested by some

Question
Score

Prioritization
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Implementation
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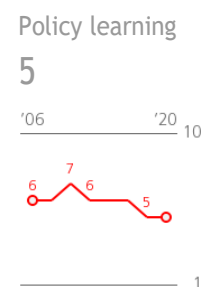'06   '20 10

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of the state federations of teachers, has been canceled by the new government of AMLO.

The main objective of the Peña Nieto government, reducing the level of insecurity in the country, has not been achieved. The government did not establish a police force that could permit sending soldiers back to their barracks, the creation of the Gendarmerie was in fact aborted. The new government is planning a Guardia Nacional, which is something that resembles in many respects the failed Peña government project. In addition, Mexico, a country rich in oil reserves, is suffering from the increase in the price of oil. This is due to a combination of the devaluation of the Mexican peso and the fact that more than half of the gasoline consumed in Mexico is imported.

The only reform that was, at least partly, successful was reform of the telecommunications sector. The government reduced the price of certain services, such as long-distance calls and internet connectivity. However, radio, television, cellular communication, and internet service remain concentrated in one or very few companies.

Mexico has always lacked a comprehensive, professional civil service. Although a civil service law was created during the administration of Vicente Fox (2000–2006), during the last two presidencies it was more or less dismantled or rendered ineffective. Most politicians taking government positions lack the training to understand the policies they have to implement and have little time to learn and innovate. As changes for political reasons are still very frequent, most high-ranking politicians are primarily worried about their careers, and thus seek to minimize risk. As most also hold posts for relatively short durations, they do not have time to learn. As a result, there is little flexibility and limited capacity for learning. Most functionaries are still more committed to their parties than to their office. The fact that in most official posts political connections matter more than knowledge and technical capacity means that there is little learning from past experience and from best practices at the international level.

Under the current government of López Obrador, things do not seem to be any better. In many ministries, people very close to the president have been nominated. In this case, this may be positive since AMLO has a very clear vision of the transformation that the country needs to undergone and needs all the support he can get, but at the time of writing, it is too soon to say if he will succeed.

Policy learning

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15 | Resource Efficiency

Mexico's administrative apparatus has certainly been modernized, although it still does not have an extensive, professional civil service. Democratization has imposed growing transparency requirements on government. Nonetheless, appointments are very often politically motivated, putting people in posts they are not prepared for. Transparency has increased the capacity of the press and civil society to watch over public functionaries, but the capacity (and will) of the government and judiciary to punish abuses has not considerably increased.

On the other hand, most of the country's problems have not been solved, because resources have been used ineffectively or because there has been blatant corruption. This has been especially evident in the case of most state governments. The results of state expenditure are very meager. Infrastructure has not been considerably improved. The state governments have indebted themselves enormously, wasting it on useless expenses and corruption. Some of the state governments (i.e., Coahuila, Veracruz and Chihuahua) incurred substantial debt and are practically bankrupt.
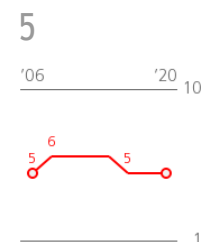
Nonetheless, recent governments have been quite effective in managing the main macroeconomic variables. They have been especially careful not to incur budget deficits and have kept inflation under control. However, state debt has exploded over the last two administrations. Furthermore, the debt incurred by Pemex, for example, represents a very heavy burden not only on the enterprise, but on the whole of the Mexican economy.

This situation is largely due to the inability of the Mexican government to collect taxes. Mexico is one of the countries subject to lower fiscal pressure in the developing world.
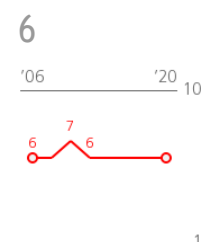
Government transparency has increased, as there exists an autonomous auditing institution (the general comptroller of the republic) that supervises fiscal spending. However, the general comptroller submits audit reports to the Mexican Congress after a delay of a year and a half, and there are no evident sanctions for the very frequent budget deviations. This is especially acute in the case of state and municipal governments, where auditing, if it exists, is totally ineffective.

Serious problems of policy coordination both between and within the various ministries have continued more or less as before. Mexico is a federal system in which states have significant autonomy, although resources are largely federally allocated. This situation has been exacerbated by democratization efforts, which have weakened the presidency and federal government, while empowering governors, leading to a feudalization of political power and decision-making.

Efficient use of assets

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Policy coordination

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Coordination between the federal government and states as well as between the federal and state governments, and local governments is very deficient in all aspects, but is especially worrisome when respect to security. Education and health care have been decentralized and, although they are supposed to be regulated at the federal level, they are very inefficient. In fact, corruption at the state and local level has increased enormously due to the lack of policy coordination and oversight.

On the other hand, there is no trust between the different police forces, as municipal and state police have been infiltrated by the drug cartels and are, therefore, rarely informed of operations led by federal police or the army. There is also no communication between the different federal police forces nor between them and the army; within the army, there is also distrust between, for example, the navy (marina) and the regular army.

This, in turn, has led to less coordination than when the PRI held power at all levels of government. President Peña Nieto had trouble coordinating his own ministries and with the states. The relationship between the states and local/municipal governments are at the mercy of the state governments. Given the top-down nature of most government policies, they are subject to resistance and inefficiencies in their implementation

The last election was won by the candidate perceived to be most likely to tackle corruption, AMLO. AMLO has since made the fight against corruption the government's main priority. Nothing that the Peña government did was effective in fighting corruption, Mexico's most fundamental problem. In fact, according to the new president, violence and poverty are both results of corruption.

Anti-corruption policy

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The increase in government transparency – achieved by governmental institutions such as the National Institute for Transparency, Access to Information and Personal Data Protection (INAI) and by non-governmental organizations – has increased public awareness of corruption, because there is more information concerning corruption in the public realm, although this has not solved the problem. The many cases of corruption involving governors and functionaries have not been solved, although some of them are being prosecuted.

The Peña Nieto administration was forced by civil society organizations and public opinion to adopt an anti-corruption law, which was passed in 2016 and looks good on paper. Nonetheless, as late as August 2018, after the presidential elections and once the long transition began and the government of Peña became a lame duck, the system's chief prosecutor and the 18 judges have still not been elected, two years after the law was passed. The law empowered the transparency institution, the INAI, and set up similar systems at the state level, which are intended to be overseen by citizen committees. Nonetheless, by mid-2018, most of these systems had still not been installed.

16 | Consensus-Building

The most significant political and societal actors consider democracy important on principle and no relevant actor is fundamentally against the democratic regime. Nonetheless, there is a growing feeling among the public that democracy is faring badly and that the actors of the political system do not represent the interests of the people and are incapable of solving their crucial security and economic problems. This is why political parties, Congress and the president perform poorly in public opinion surveys. President Peña Nieto reached the lowest in recent Mexican history.
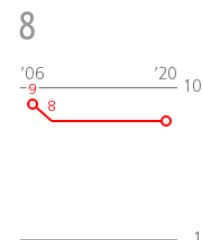
Nonetheless, the new government led by AMLO was elected with more than 50% of the votes cast, and the expectation he has raised is very high and has strengthened the faith in government, institutions and democracy. It is not clear how long this will last; it all depends on the success of the government in solving the most serious challenges facing the country: corruption and violence. The fact that the army, which so far has not signified a threat to democracy, is required to undertake ever more tasks may be a threat in the future.

As the Mexican economy has shown meager success in its capacity to grow, create jobs and improve the lives of most Mexicans, there has been rising criticism regarding the limits of the market economy. The election of López Obrador was also based on a criticism of the present model, which has not been able to end poverty and reduce inequality significantly. Although the current administration has not declared itself against the market, it does favor a more active role for the state in order to redistribute resources and improve the situation of the poorest Mexicans. The new president's position seems quite balanced, more similar to the governments of Uruguay or Costa Rica than the continent's more radical governments. Consequently, the current administration poses absolutely no threat to a market economy. In fact, the government, if it is effective, will be a deterrent to more radical political stances.
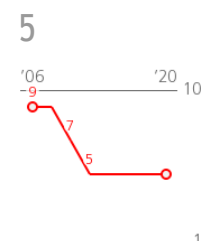
As there is a consensus among political actors on democracy as the "only game in town," one has to look for enemies of democracy outside of the political system. In fact, in Mexico there is no populist actor (left or right) that threatens democracy, such as Turkey's President Erdoğan, Hungary's Prime Minister Orbán or Brazil's President Bolsonaro.

Nonetheless, the major non-democratic actors are the drug cartels and organized crime, though they may prefer Mexico's weak democracy to a hardline autocracy. They have killed dozens of elected officials at the local level in many regions in Mexico, killed candidates during the last election, and have either killed or enabled other actors to kill social leaders and journalists. In some cases, they impeded local elections.

Consensus on goals

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Anti-democratic
actors

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The army has increasingly been assigned policy and even civilian tasks, something that may be worrisome if AMLO fails in his presidency and Mexican society fragments further.

The election of López Obrador on July 1, 2018, with 53% of the votes, represents a clear success for groups that feel they had lost from globalization, and the liberal and neoliberal economic models. This is proof that, despite all the faults of the Mexican political system and the anti-system tendency of Morena, the political system was able to channel conflict between societal groups. Nonetheless, in contrast with other countries where a more radical presidency has emerged from this conflict, AMLO has been quite moderate so far. He is neither a right-wing populist (e.g., Brazil's President Bolsonaro or U.S. President Trump) or a radical left-wing leader (e.g., Bolivian President Morales or former Venezuelan President Chávez) who feed on polarization. This means he does not divide one group against another. Nonetheless, one cannot ignore that, although the president does not feed his power and does not legitimize himself by building up conflict between groups, his election and his first measures as president have had a polarizing effect.

Civil society in Mexico is very weak. In the first place, the corporatist organizations that were the center of power of the PRI and are still in place are now mostly "empty shells." Many of the more independent organizations are clientelistic. Nonetheless, there are many active civil rights, environmental and transparency associations, which are very active and have had a significant impact on promoting corruption, transparency and environmental agendas. The Mexican leadership has only sporadically engaged with civil society and only takes the interests of a few civil society actors into account.
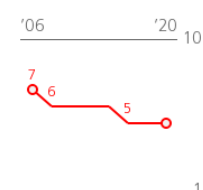
Although AMLO does not seem to have a very positive relation to these types of organizations, nonetheless, the fact that he will give more space to the emergence of independent organizations of all kinds (unions, peasants associations, civil society organizations) may facilitate a reawakening of civil society.

The issue of reconciliation was only posed during the first PAN government (2000–2006), with reference to the "dirty war" against the guerrillas in the 1960s and the 1970s and the repression of students in 1968 and 1971. No commission comparable to that created in South Africa, Argentina and Chile was created.

The victims of the "drug war" launched by Calderón and represented by the Movement of Victims of Violence (MPJD) led by the poet Javier Sicilia demanded and successfully persuaded Congress to pass a Law of Victims. Nonetheless, under the presidencies of Calderón and Peña Nieto, no progress was made. In addition, under Peña Nieto's presidency, the horrific disappearance of Ayotzinapa students was inadequately investigated, according to most social organizations. However, the government refused to reopen the case.
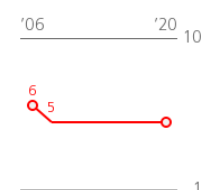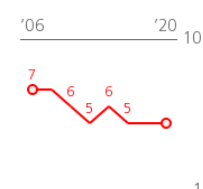
Cleavage / conflict management

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Civil society participation

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Reconciliation

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The new government of AMLO has reopened the investigation of the disappearance of Ayotzinapa students and has established a truth commission to resolve the case. Nonetheless, thousands of other cases of disappearances and murders remain unresolved and have not been addressed to the satisfaction of most victims, who believe they have been forgotten. In fact, they were very worried by López Obrador's slogan "forgiveness and forgetfulness" (Perdón y Olvido) and managed to change his saying to "no forgetfulness but forgiveness," with forgiveness following the resolution of a case. However, it is unlikely that a commission alone will achieve forgiveness in the case of the disappearance of Ayotzinapa students.

17 | International Cooperation

Mexico's development strategy emphasizes setting the best conditions for foreign investment through low salaries, low social protections, low taxes, and open borders for capital. This constitutes an economic model that has generated low growth and has been unable to substantially reduce poverty and inequality. AMLO has promised to modify the model in order to redress these problems.

Effective use of support
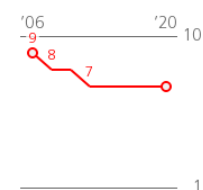
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Although Mexico shares many of the problems of poorer countries, it receives practically no foreign aid. According to OECD statistics, Mexico was the recipient of official development assistance (ODA) amounting to a net total of a mere $318 million in 2015, a small amount for a large country such as Mexico, but coherent with the fact that the country is a full-fledged member of the OECD. Some state governments have gained access to very targeted aid, such as to fight pollution, preserve nature, and protect plant and animal species.

Mexico, in fact, gives development assistance to other Latin American countries, largely the Central American countries, amounting to $288 million in 2014. Mexico is also engaged in triangular cooperation with DAC, in which it is an observer, cooperating with Germany, Japan, Spain and Chile. It is a minor recipient of aid due to its level of development and its aid to third countries is low compared to Brazil. The present migration crisis with thousands of Central American migrants heading to the United States has highlighted the need for Mexico to have a more active aid policy toward its immediate southern neighbors.

In terms of human rights assistance, the case of the disappearance of Ayotzinapa students was a special case, in which the government of Mexico was obliged to accept external aid, which it then rejected. In other aspects, such as democracy and rule of law, Mexico has not received any aid due to the fact that most countries consider Mexico a democracy, despite substantial deficiencies in the rule of law. In fact, it has been Mexico that has helped other countries (especially the Central American countries and Haiti) in terms of organization and monitoring of elections on behalf of the INE.

In economic terms, Mexico is considered to be a reliable partner internationally. It has signed not only NAFTA with the United States and Canada, but many free trade agreements with other economic powers, including the European Union and Japan. It is a reliable member of the WTO and OECD, cooperating actively with these intergovernmental organizations. This has led many companies from these countries to invest in Mexico.

Nevertheless, at least until the Peña government, collaboration and credibility has been much less coherent in other aspects (e.g., human, labor and indigenous rights).
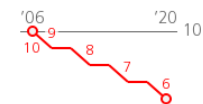
Regarding human rights, relations under the Peña government were catastrophic. Peña's administration clashed with the most important human rights commissions of the United Nations and Organization of American States. Reports from the Open Society Foundations (OSF), the United Nations and Inter-American Commission of Human Rights (IACHR) concluded that there is a human rights crisis in Mexico due to the militarization of the "war on drugs" launched by President Calderón and followed up by Peña. OSF concluded that Mexico needs international help and proposed "the creation of an accountability mechanism based inside the country, but composed of national and international staff that would have a mandate to independently investigate – and, when necessary, prosecute – atrocity crimes and high-level corruption." The OSF's declaration was rejected by the Mexican presidency. The Mexican presidency also openly conflicted with the IACHR and with the UNHRC rapporteur on torture. The first commission clashed with the Mexican government over the investigation of the disappearance of Ayotzinapa students. In 2015, the second commission issued a report concluding that the torture of detainees was generalized in Mexico. These statements strained relations between the Mexican government, and international human rights organizations and the United Nations. Nonetheless, as with countries that have even worse records of compliance with democratic and human rights standards (e.g., Russia, China and the Philippines), business continues as usual in Mexico.

López Obrador has adopted a different attitude toward human rights and has reopened the examination of what happened in Ayotzinapa and invited the human rights organizations that were expelled from Mexico to support the investigation.

On the other hand, AMLO's government has a more nationalistic posture, which has, for example, defined the neutrality of its government in the present situation in Venezuela. This position is widely criticized for its isolationism, but which is understandable given Mexico wants to distance itself from the United States and other right-wing governments in Latin America (e.g., in Brazil and Colombia). Nonetheless, the main explanation for why Mexico has not declared itself against Venezuela's President Maduro is U.S. intervention. AMLO would not want the United States to intervene in Mexico under any circumstances, so defends its position of absolute neutrality in respect to the internal affairs of other countries. In terms of credibility, this may hurt the current Mexican government vis-a-vis governments that

Credibility

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are already against the Maduro regime. European Union member states and more moderate Latin American countries are more likely to sympathize with Mexico's position.

Mexico has had a free trade agreement with the United States and Canada since 1994, which was re-negotiated in 2018 with the agreement of Mexico's new president, López Obrador. Mexico is and will likely continue to be considered a reliable partner. In contrast, although the country has friendly relations with its Central American neighbors, no integration efforts have been developed. Nonetheless, the new Mexican government of AMLO, facing a migration crisis since mid-2018, has been drafting a new migration policy.

Regional
cooperation
8

During the Peña presidency, there were tensions between Mexico and several other Central American governments (e.g., Guatemala and El Salvador) over Mexico's handling of the migration crisis, because many of the migrants that cross Mexico to enter the United States suffer serious abuse at the hands of Mexican police, migration authorities and criminal gangs. Migrants have been defenseless. Since AMLO took office, his presidency has adopted a radically different position concerning migrants, with migrants allowed to stay in Mexico if they do not cross over to the United States. Within a few months, Mexico became an example of a good neighbor. Mexico has also agreed to host Central American migrants while their U.S. asylum applications are processed.

Under the last three presidencies at least, there has been covert and overt cooperation with the United States in the "war on drugs." Mexico receives information from the United States on drug cartels and extradites gang lords, the most notable gang lord being "El Chapo," the leader of the Sinaloa Cartel.

Strategic Outlook

The election of López Obrador, the first left-wing president since Mexico's democratic transition, may mean a very significant change in many respects. AMLO is very ambitious, he has indicated his desire to transform the country. First, AMLO stated that his government's key priority is to fight corruption. Second, AMLO intends to reorient efforts toward reducing poverty and inequality. He claims that both of these objectives will reduce violence.

One of his first measures has been to cancel the airport at the lake of Texcoco, which was controversial due to its potential ecological impact and for the corruption that surrounded the project. But the main fight during the first month of his presidency has been to stop the theft of gas, which has escalated enormously under the presidency of Peña Nieto, and which involves senior people in Pemex and criminal gangs. This fight has encountered many challenges, especially due to the fact that in order to prevent theft, gas pipelines have had to be intermittently closed and gas availability has not been constant over the last month. Although the government is determined to continue with its fight, it may take longer than initially thought and may be even more complex due to the many actors involved, including the populations that live near the pipelines.

The government has advanced more rapidly and faced less resistance in respect to its social goals. AMLO has doubled the non-contributory pension for the people over 68 years old. He has launched a scholarship for young people not in education or work to increase the number of apprentices in companies, which are seen by the government to be more likely to offer young people stable employment.

There are, nevertheless, projects that have been contested from the start and may be difficult to implement. The Mayan train, the new refineries and the new airport he plans to build in Santa Lucía may encounter widespread resistance from social, ecological and indigenous groups (especially the Mayan train).Given that the AMLO government will be less inclined to suppress opposition, the government may prove to be more vulnerable to this resistance.

Finally, the continued use of the military for public security, through the Guardia Nacional, may further increase the power of the military, rather than reduce it as AMLO pledged in his campaign, and as the ONG's of victims of violence and others have demanded.

One of the more structural problems faced by AMLO is the fact that although he won significant electoral support, he is not supported by strong social organizations. Without such a support, he may find it difficult to realize the transformation of the country he has promised.