# Mexico Says ¡Basta Ya! – On AMLO's resounding electoral victory

Tuesday 10 July 2018, by [ROBINSON Andy](#) (Date first published: 6 July 2018).

**Sunday's election was, above all, a vote to punish the established parties, in a country where corruption has enriched a tiny elite and left half the population in poverty.**

*Mexico City*

**Questions abound** as to what exactly Andrés Manuel López Obrador will do after last Sunday's resounding electoral victory in Mexico. During the campaign, he had studiously avoided pledges that might have damaged his chances by triggering comparisons with the beleaguered South American left or by upsetting financial markets. Many sympathizers criticized AMLO, as the president-elect is commonly known, for fudging his policy commitments and for evading the key issues in debates on violence, economic development, and foreign policy. Others complained that his decision to apply "justice but not vengeance" to members of the corrupt presidency of Enrique Peña Nieto would perpetuate the culture of impunity that has eroded confidence in the law in Mexico. But one thing is certain: AMLO's electoral formula worked like a dream. There are lessons here. And not just for Latin America.

AMLO not only romped to a historic victory, taking 54 percent of the vote, but he also led his party, the newly created Movement for National Regeneration (MORENA), to overall majority in the Mexican Congress, though in the Senate they may rely on their electoral allies. This is unprecedented support, which comes at a time when the political elite is scorned. A record turnout of 63 percent appears to have driven the AMLO vote, which was a mass rejection of the status quo. That status quo is characterized by an economic policy dangerously dependent on the United States, mass emigration, controversial privatizations, and stagnant wages, producing the worst economic growth in Latin America in the past 30 years. In a country where corruption has enriched a political and business elite, leaving the bottom half of the population trapped in poverty while violence corrodes Mexico's heroically resistant popular cultural and social ties, the prevailing mood is best summed up by the Spanish phrase *¡Basta ya!* (Enough is enough!)

AMLO's insistent calls to end the *mafia del poder*—in which two parties have alternated power, together with their corporate allies, since the end of the Institutional Revolutionary Party's 70-year-long monopoly in 2000—struck a chord at different levels of society. A Sunday stroll through Parque Mexico in the chic district of La Condesa in Mexico City showed support for AMLO ranging from a 20-year-old street sweeper who earned less than $150 a month to young hipsters buying bonbons at nearly a dollar a bite in a chocolate boutique next to the park.

Yet this cascade of support has gained momentum almost in spite of AMLO's personal ratings. These are strong among MORENA activists, of course, but generally not as strong among the population at large. This election has been, above all, a vote of punishment for the established parties, the Institutional Revolutionary Party (PRI) and the National Action Party (PAN). The MORENA landslide has nearly wiped out the PRI, which now has only 11 percent of Congress and risks extinction. PAN

has hung on to around 20 percent of the vote and holds key state governorships, such as Jalisco (Guadalajara). But there is no widespread personality cult or revolutionary fervor behind the AMLO-MORENA landslide. A caustic refrain heard throughout Mexico and repeated by an ice-cream seller in the Parque Mexico is the following: *Los demás nos chingaron, le vamos a dar la oportunidad a AMLO para chingarnos tambien.* (The others have fucked us over; let's give AMLO a chance to fuck us over too.)

**The ambiguity of AMLO's campaign** has left yawning gaps between, on the one hand, his commitment to halt privatization and corporate-driven structural reforms, which López Obrador made in his 2017 book La Salida (now translated into English by OR Books, in combination with his other book of last year, *¡Oye Trump!*, as *A New Hope for Mexico: Saying No to Corruption, Violence, and Trump's Wall* [1]), and, on the other, statements by his more pragmatic advisers. Alfonso Romo, for example, the Monterrey-based millionaire, placated investors in the oil sector, such as Chevron, ExxonMobil, and BHP, by guaranteeing that López Obrador would not restore the monopoly enjoyed by state oil company Pemex before Peña Nieto's liberalization laws.

While AMLO states in his book that the July 1 elections should be considered a "plebiscite" on his proposal to roll back Peña Nieto's energy reforms, the commitment was diluted on the campaign trail to an audit of existing deals with multinationals to check for corruption. At a press conference in the National Palace on the Zócalo Square on Tuesday after meeting Peña Nieto, AMLO announced a "radical change to end injustice and privilege," insisting, "We will not betray you." Committees of experts will be formed to assess whether the recent energy deals with multinationals are transparent and how to proceed once he assumes the presidency in December. Energy will be a crucial test for the new government. On the one hand, it is a hugely symbolic issue for the Mexican left. Lázaro Cárdenas, one of AMLO's role models, nationalized the oil industry in the 1930s, and no president before Peña Nieto had dared to open it up to Big Oil in the United States. At the same time, AMLO knows that ratings agencies and investors will respond aggressively to any attempt to roll back the reform. Moody's analyst Jaime Reusche remarked in an interview before the elections that he was confident no major obstacles would be placed before the energy reform because "they would need a majority in Congress and this seems unlikely." Now that AMLO has won that majority, market nerves will be jingling, though government insiders say the most likely outcome is full respect for existing contracts, but a slower liberalization plan going forward. And even if liberalization does go ahead under the new president, "it's very unlikely AMLO will privatize Pemex, whereas the other candidates would," said Luis Miguel González, editor of *El Economista*, before the elections.

Surprisingly, the MORENA supporters I talked to among those who rallied in their thousands in the city center on election night accepted the more cautious approach. "The first thing is to look inside the contracts; he'll have to go bit by bit, because scrapping the reform and blocking private investment is extremely risky. He has to avoid creating instability and capital flight," said Carlos Guerrero, a 26-year-old activist who was waving a MORENA flag at a gathering outside the Hilton Hotel, where AMLO gave his first victory speech. It was a curiously gradualist approach for a 26-year-old who had just joined the chant of "murderer!" in reference to outgoing President Peña Nieto. *"¡Si se pudo!"* (Yes we could!) shouted the crowd, as they strolled past street musicians playing the bolero *"No llores más"* (No more tears).

When news broke that the peso had appreciated, people cheered, as if the foreign-exchange markets were allies in the fourth great social transformation that AMLO hopes to effect in Mexico (the first three being independence, in 1821; the liberal reform era, 1855–61; and the revolution, 1910). The Mexican bankers who had predicted that an AMLO landslide would lower uncertainty and be bullish in the short run for markets were quoted admiringly by MORENA supporters. Down we strode past the Alameda and the monument to Benito Juárez, AMLO's liberal inspiration, often cited to ward off

headlines that have branded him as a "fiery leftist" (*The New York Times* first tried "fiery" and then switched to "atypical" in its election-night coverage). A historian down from San Luis Potosí to celebrate the victory warned, "This is not a left moment but a democratic moment." Three young women at the entrance to the Zócalo held placards pleading, "Do Not Forget Us When You Are President."

This was hardly the revolutionary vanguard. Yet much will depend on the ability of MORENA—a movement that has grown from 500,000 to 2.5 million in only four years—to press for the transformation that AMLO promised in his campaign against pragmatists such as Romo. Again, the program outlined before the electoral censor diluted the campaign's message is clearly a break with past policies. Last year, when I spoke to Gerardo Esquivel, economic adviser to the AMLO cabinet, he stated unequivocally: "Structural reforms, liberalization, and globalization is a mistaken path. The alternative of Andrés Manuel is to shift the paradigm toward the strengthening of the internal market, building workers' purchasing power, fighting inequality, and ramping up public investment." At the same time, AMLO's advisers recommend a move away from the use of Mexico as a maquila-style platform for multinational exporters, which has kept wages low. This new developmentalist agenda is possible "with or without NAFTA," said Esquivel last year. Yet the first engagement with markets was timid, to say the least. Esquivel and AMLO's probable nominee for finance minister, Carlos Urzúa, held a teleconference with investors on Monday after the results came out to make clear that when AMLO talks about the "mafia of power," he does not mean them. Fiscal discipline will be a priority, and the Bank of Mexico will remain independent. Esquivel has said there is ample fiscal space for a public-investment program, thanks to the savings resulting from anti-corruption measures.

The caution is understandable. After the festive events of the early morning, AMLO supporters woke to find that, after the Wall Street opening, the peso had fallen 1.5 percent and the stock market was down. This comes at a delicate time for Latin American economies, as the US Federal Reserve prepares for monetary tightening and the dollar strengthens, creating risks of capital flight in countries like Mexico. It was such a background, after Fed chairman Paul Volcker's anti-inflation shock therapy of the early 1980s, that ended Mexico's old developmentalist period, which AMLO now contrasts favorably with the neoliberal era that followed it.

"There was corruption in those years, but the economy grew at 6 or 7 percent and there was little violence," says José Agustín Ortiz Pinchetti, a former minster in López Obrador's mayoral administration in Mexico City (2000–05). Pinchetti at 80, has just published a biography of López Obrador called "AMLO: With His Feet on the Ground." In an interview, Pinchetti portrayed the new president as "basically a liberal who admires Roosevelt and believes in reestablishing high economic growth, radical redistribution of wealth, industrialization, and reduction in the power of the monopolies." Then he added, "Basically, he wants everyone to be a winner."

The formula "everyone's a winner" worked for Lula in Brazil 15 years ago, when emerging-market fund managers praised the industrial policy at Brazil's state oil company, Petrobras, and anti-poverty programs as long-term buys. Esquivel's alternative agenda for Mexico could likewise find support even among the business community, at least in those areas of the economy that have managed to increase productivity in manufacturing and understand the structural problems resulting from a race to the bottom in wages. In Monterrey, for example, while the prospect of an AMLO government clearly troubles business leaders and elite economists at the Monterrey Institute of Technology and Higher Education, commonly known as Tec, some suggested areas of common purpose, such as stemming real-estate speculation, which has turned the city skyline into a jungle of half-built buildings and cranes, and stemming the hollowing out of the most advanced industrial economy in Mexico.

"One of the big problems is the cost of credit—it's easier to get credit to build a block of apartments than a motor-parts plant. We need an industrial-development bank," said Manuel Montoya, director of the Automotive Cluster of Nuevo León, a trade group, in Monterrey. That should be encouraging to AMLO, because development banks are more likely to feature in an AMLO economic plan than they were in Peña Nieto's. The same is true in rural areas, which have lost most of their inhabitants to migration to the cities and to the United States because of government neglect and grain imports from the United States after NAFTA. AMLO defends greater state intervention in the countryside as part of his strategy to guarantee food security and fight the poverty and violence prevalent in the vacuum left by rural decline.

"We need investment to create employment and bring up food production; emptying the countryside is giving labor to organized crime," said Paco Chapa, a rancher in Nuevo León state who supplies potatoes to Frito-Lay (PepsiCo). "Mexico needs industrial policy, and finally López Obrador is putting that on the table," says Gabriel Cavazos at Tec; he believes AMLO will maintain NAFTA if the United States lets him. "Trump is the populist and the protectionist; not AMLO," he says. The appointment of Jesús Seade, a former World Bank principal economist and senior adviser at the IMF, as negotiator for the NAFTA talks also points to continuity. López Obrador proposed in a tweet a cross-border strategy to boost development and employment in Mexico and so reduce migration to the United States. It's a sensible idea, which Secretary of State Mike Pompeo seems unlikely to endorse during his meeting with AMLO and Peña Nieto next month in Mexico, the first test of how US-Mexican cooperation on NAFTA, immigration, and security will develop once an AMLO government is in place.

**Such is the uncertainty surrounding AMLO's immediate plans** for government that perhaps the first lesson to be drawn from this election is how to design a successful campaign. The AMLO-MORENA strategy cleverly avoided unnecessary confrontation or superfluous ideology. It was focused on combating corruption and wasteful spending, astutely working these issues—popular with the electorate but usually exploited in political debates by right-wingers—into an underlying left program opposed to privatization and deregulation for corporate profit. AMLO even won the argument on law and order by bravely defending transitional justice and an amnesty for those caught up in the drug business instead of continued militarization of the fight against organized crime. It was a joy to see him reply to questions on his crime policy during successive TV debates, in which his rivals simply listed a catalogue of policing measures. "The cause of violent crime is poverty and the lack of employment for young people," AMLO insisted in every TV debate, even after he was accused of "criminalizing poverty."

López Obrador has cornered other conservative hot-button issues. He has successfully debunked the idea that privatization and liberalization, dominant in Mexico for some three decades, is the best way to fight corruption, which was indeed common in the bloated old clientelist Latin American state. This is the standard argument employed by anti-corruption economists at the Washington institutions such as the Inter-American Development Bank (IDB), who argue that so-called public-private partnerships can cleanse corrupt Latin American bureaucracies.

At the Summit of the Americas held in Lima in April, the US-written anti-corruption agenda urged regional governments to partner with US and European corporations in order to "inject transparency into public contracts." Peña Nieto gave a keynote speech at an IDB event attended by scores of US multinationals and held up Mexican public-private partnerships as an example. But AMLO has successfully argued to the Mexican electorate that in fact, partnering with both multinationals and national corporations, from Spanish builder OHL to the Mexican Grupo Higa, has created a breeding ground for the most outrageous corruption in projects from hospitals to prisons, motorways to airports. A hospital built under Peña Nieto's government in Mexico State before he became president cost $300 million to build due to profit-making by Group Higa. This was eight

times more costly than a similar hospital built in Mexico City under AMLO's government, which was financed directly by the state.

"The technocrats accused the old model of being corrupt and authoritarian, but they have outdone it," says Jenaro Villamil, an investigative journalist for the Mexican magazine Proceso and author of the new book Cleptocracia: El nuevo modelo de la corrupción. "This public-private financing model has been a qualitative leap for corruption in Mexico because it's presented as a way to save money," Villamil argues, "but actually it locks the state into long-term indebtedness to the private company."

López Obrador is committed to changing this model, and plans to increase infrastructure spending by 1 percent of GDP. But he will be under pressure from the financial markets and credit agencies to bring in private investment. Agencies like Fitch and Moody's, which called López Obrador "leftist and populist," have openly warned that abandoning the partnerships will endanger Mexico's debt rating, despite clear evidence that they are more expensive for the public sector in the long run than the old model of public investment. (In Britain, public-private partnerships have been shown to be far more costly to the state than direct funding; Labour Party leader Jeremy Corbyn, who has met AMLO on two occasions, has pledged to abandon the partnerships, and Mexico may provide lessons.) However things turn out, López Obrador at least has shown that elections can be won by openly using the word "corruption" to describe the latest financing model from the technocrats.

AMLO has also turned austerity into a virtue of the left. "Fighting corruption, we will save 500 trillion pesos [20 billion euros], and with an austere government we can finance our social programs," said the candidate in the third debate on television last week. The figures are questionable, but the argument won the debate. On several occasions during interviews in the street with working people in Monterrey and Mexico City, I was surprised by the responses I heard. "I'm voting AMLO because he wants austerity" was typical. The defense of austerity and rants against public overspending have tended to be conservative arguments. But AMLO has successfully fended off criticism of his plans to double old-age pensions and provide state-subsidized apprenticeships for young people by insisting at every meeting and in every TV debate that he, not the other candidates, is the austerity man.

"At a personal level, he is an ascetic," said Pinchetti. "His home is a simple condominium in Coyoacan," a desirable yet unpretentious district in Mexico City. At his Tuesday press conference in the National Palace, after meeting Peña Nieto, AMLO repeated his commitment to set a personal example by rejecting the sumptuous presidential home Los Pinos, the presidential Boeing 787, the helicopters and the federal body guards. This contrasts with Peña Nieto's reputation as an enjoyer of la dolce vita. The outgoing president's wife, a soap-opera star, caused a serious scandal when she acquired a $7 million luxury home from a company whose owner—who also owns Grupo Higa—benefited from hundreds of millions in state contracts when Peña Nieto was governor of Mexico State and after he became president.

"The first thing we are going to do is cut the salaries and pensions of high officials," said AMLO in a TV debate, recalling that former Mexican presidents are paid the most generous pensions in the world (about $10,000 per month). It is a symbolic issue—selling the presidential jet and cutting former presidents' pensions will not create space for an ambitious fiscal expansion in Mexico. But symbols are important in elections, and AMLO has beaten the right at its own game. "What's the first thing he should do?" I asked Rocio Rosas, a cleaning woman from the violent periphery of Mexico City who was marching to the Zócalo with her 20-year-old daughter. "Cut Enrique Peña Nieto's pension; he is an idler who has done nothing for Mexico," she replied. When asked whether her 2,000-peso wage ($100 a month) should be raised by AMLO, she seemed less urgent. "He will do that in time," she said. The radicalizing forces in today's politics—and not just in Mexico—may be more about rage against injustice rather than a desire for immediate personal gain.

**Andy Robinson**

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## P.S.

* THE NATION. JULY 6, 2018:
https://www.thenation.com/article/mexico-says-basta-ya/

* Andy RobinsonAndy Robinson is a reporter for the Barcelona daily La Vanguardia. Now on assignment in Latin America, he is the author of the book Un Reportero en la Montaña Mágica, on Davos and inequality.

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## Footnotes

[1] http://www.orbooks.com/catalog/new-hope-mexico/