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SURVEY: MEXICO

The man from whom miracles hang

Oct 26th 2000
From The Economist print edition

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Mexico's new president promises change. Can he deliver it?

"CAMBIO": change. Vicente Fox made that word the centre of his election campaign, along with another, the powerful and flexible "jya", which can mean "now" or "already" or "it's time" or "enough!" In the end, 42.7% of voters decided that, indeed, enough was enough and it was time for a change; and that Mr Fox was the man to bring it about. But a change to what?



Miracle man?

A lot of Mexicans have already had a taste of life without the PRI. Governors from other parties rule, or are about to, in 13 states: seven for Mr Fox's PAN, four (including Mexico city) for the left-wing PRD or PRD coalitions with minor parties, and two for a broad multi-party alliance. Their experience shows that a sudden change is too much to hope for.

For example, many have tried to fight corruption and crime by cleaning out their police, giving officers better training and paying them more. This does not always work, for the reasons outlined in the previous section. Ricardo Monreal, PRD governor of the northern-central state of Zacatecas, used to tell the story of how he slashed crime in his state by trebling or quadrupling the pay of police and judges and saying to them: "There won't be a witch-hunt, but the protection rackets must stop." It seemed to work for a while, but it did not remove the incentives for corruption, and now the governor is discreetly asking for help.

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For an idea of what change might mean under Mr Fox, a good place to look is Guanajuato, his home state and the one he governed before stepping down to run for president. The PAN had already been in charge for four years when he took over in 1995, but only two years after taking office Mr Fox began gradually to start his long, slow run-up to the presidential campaign.

On the plus side, crime in 1999 was 26% down on 1995. The police have become more professional, according to Luis Miguel Rionda at the University of Guanajuato. Unemployment has fallen from over 7% to around 2%, though that partly reflects a nationwide fall since 1995. Mr Fox was an energetic promotor of Guanajuato abroad and attracted investment and jobs to its central industrial corridor.

On either side of that corridor, however, lie depressed rural communities. The differences in wealth and development between the centre and the edges of the state rival the divide between north and south Mexico. Guanajuato is close to the top of the list of Mexican states supplying migrants to the United States. Mr Fox spent two years in power before presenting his social-policy proposals, and even members of the state's government agree that the poor have yet to see any real improvement.

But the staff at the state's regional development office exude an almost messianic zeal for the way that Guanajuato is tackling poverty. There are so many committees and working groups to involve the state's citizens that nobody can keep track. "The important thing we're building here is the qualitative," says Carlos Foulkes, director of a department concerned with poverty. The aim, he explains, is to end the centrally controlled paternalism of the PRI and let proposals come from the bottom up.

If there is one thing that distinguishes the new president of Mexico from his predecessors, it is certainly the qualitative. He is a businessman, a former boss of Coca-Cola in Mexico, who talks of total quality management and performance indicators—for government. He is a rancher who, perched atop his horse, bears an uncanny resemblance (on which he plays shamelessly) to a moustachioed Marlboro Man. He is a capitalist par excellence, passionate about the use of microcredit schemes to help the poor set up small businesses, and a fan of free trade, but describes himself as "centre-left", a believer in limited government intervention to help backward parts of the economy develop.

Caudillo in a new guise?

He is, say some, a *caudillo*, a strong-arm ruler with dictatorial instincts in the best Latin American tradition. During the election campaign, his worst moment was a televised argument between the three main candidates in which he came out looking as stubborn as a mule. Yet he is a great self-publicist, who then worked his stubbornness into the campaign as a selling point. He

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has for many years been a member of the PAN, a conservative, Catholic, business-oriented party. But he is not a traditional party man, and became its presidential candidate by starting his own personal campaign so far ahead that nobody could stop him. He is also a pragmatist, who had people of various political stripes in his cabinet in Guanajuato and attracted an equally diverse bunch to his campaign bandwagon, and then to the "transition team" for the period before the swearing-in on December 1st.

That team has thrown out many hints of what may be to come. There will be a new security and justice ministry to restructure crime-fighting. The states will have more autonomy. Mr Fox has talked of turning the NAFTA countries into a common market, an idea received with scepticism further north. A tax reform is on the agenda. So is a restructuring of Pemex, to let the oil firm operate as an independent company—albeit one still owned by the state, a commitment Mr Fox had to make to silence howls of fury over rumours that he might privatise it.

On the campaign trail Mr Fox promised 7% annual growth in GDP, but that has already been softened into a longer-term target; the central bank has given warning that this year's growth, expected to be around 7%, is unsustainable, and that the economy risks overheating. So far, there is little clue as to how Mr Fox plans to bring about real and deep change, and it may be months before the new administration presents a coherent and detailed programme.

Whatever he comes up with, the new president will have two big things on his side. First, obviously, he is not from the PRI. Any incoming PRI president has always been beholden to the clamouring multitude of interest groups and allies whose support had got him elected. Mr Fox has fewer such commitments. Second, no president in 30 years has taken over Mexico in such healthy macroeconomic condition. Even if the past three presidents had had the will, the ideas or the political freedom of movement to make Mexico a fairer place, they were too busy staving off total collapse to do it. Mr Fox thus has a great deal of both political and economic freedom.

Double-edged machete

But the same freedoms also raise their own obstacles. The grand irony of the PRI's all-powerful rulers is that the Mexican president is constitutionally pretty weak compared with his colleagues elsewhere in Latin America. In an emergency he cannot rule by decree; he cannot veto Congress; if Congress rejects the budget, he cannot carry on with an automatic interim budget while the impasse is cleared. When the PRI was in control, these checks and balances existed purely for show, but the more power it has lost, the more they have started to function as they were meant to. With a non-PRI president in office, that process will be complete.

And the checks and balances will be many. His party, the PAN, is in the minority in both houses of Congress—in the Senate it has fewer seats than the PRI—so Mr Fox will need, and will have to negotiate, PRI or PRD support for each and every law he wants passed. The PAN itself is split. Most of it supports Mr Fox, but some members still resent him as a rude, loud-mouthed and ideologically dubious *arriviste*. He may be forced to make concessions to them.

Of the old system, the 19 PRI state governors are a force to be reckoned with, the strongest force the PRI has left. Those with *cacique* leanings who are trying to maintain their own fiefs will be especially recalcitrant. And Mr Fox may also face opposition, or at least heavy foot-dragging, from the many unions, peasant groups and other popular organisations still loyal to the PRI.

Much, though, depends on whether the party can stay whole after its defeat. A complex internal struggle has broken out. On one side are the modernising “technocrats” who have recently dominated the federal government and who backed the PRI’s candidate, Francisco Labastida; on the other, the “dinosaurs”, among them some of the state governors, who blame the technocrats and their free-market policies for the repeated economic crises—and, therefore, for the PRI’s downfall. How it will end is anybody’s guess, but it is hard to see how an organisation that defined itself by its grip on power can transform itself into a modern, ideologically-oriented political party without losing members.

Last but not least, Mr Fox has to consider the people of Mexico. Many who voted for him were not PAN supporters, but chose him for his message of change. One of his slogans was “The change that suits you”, which left it up to the voters to decide what change suited them, and to hope that Mr Fox was offering it. His changes will have to suit enough people to maintain his popularity and, if he can, increase the PAN’s presence in Congress in the 2003 mid-term elections.

Yet the really important changes, the ones that will modernise Mexico’s institutions, reduce its inequalities and social problems, and neutralise its pervasive corruption, will take a long time to bring about. They may scarcely show up before Mr Fox comes to the end of his term. Disappointments are inevitable. “*Le colgaron muchos milagros,*” say Spanish-speakers of someone who has failed to live up to expectations: “They hung many miracles from him.” Mexico’s voters have hung almost as many miracles on Mr Fox as they hang on Mexico’s patron saint, the Virgin of Guadalupe. And, unlike the virgin, the president is no longer the sacred and untouchable figure that he was in the PRI’s heyday.

To succeed, therefore, he must balance populist quick fixes with the deep reforms that the country needs. Mexico has some shining jewels, but also many rough diamonds. Mr Fox can just polish the jewels, or he can cut the rough diamonds so that they, too, sparkle. That will be much harder—but Mexico will be the

richer for it.

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