

The AMLO Era: Why Mexico's 2018 Election Matters

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Newly elected Mexico's President Andres Manuel Lopez Obrador (C), running for 'Juntos haremos historia' party, cheers his supporters at the Zocalo Square after winning general elections, in Mexico City, on July 1, 2018. (Photo: PEDRO PARDO / AFP)

I attended Mexican president elect Andres Manuel Lopez Obrador's (AMLO) victory speech in Mexico's City's Zocalo plaza on July 1. Over the last six years I've seen the promise and potential of current President Enrique Peña Nieto and his team of technocratic advisors fizzle and fade. While working on a book about Modern Mexico I spent weeks living in and researching the economic reality in places such as Chiapas, Oaxaca, [Michoacan](#), Jalisco, and [Baja California](#). I have spent the last six years analyzing and studying Mexico's economy and writing reports for a number of different magazines, think-tanks, consultancies and foundations. Any [initial optimism](#) I had about the reforms to Mexico's inflexible and monopoly controlled telecom and energy sector was slowly but surely suffocated by concerns about Peña Nieto's government and the Institutional Revolutionary Party (PRI) he represents and their total failure to [clamp down on corruption](#) or [control crime](#).

This year Mexico is on track to [record more murders](#) than in any other year in its history. I've seen firsthand the human toll this violence has had in places such

as [Ecatepec](#) and [Michoacan](#). Peña Nieto and the PRI also failed to kickstart a new era of rapid and robust economic growth. What the PRI did do, however, was cynically tolerate (and mostly likely actually encourage) nauseating levels of corruption. So, what we have is a dynamic in which many people in the country struggled with problems relating to security in their neighborhoods and were deeply disappointed by Mexico's economic growth and frustrated by a labor market that is mostly composed of unstable, short-term, or low-paying jobs. At the same time they watched six years of scandals as PRI politicians, including [Peña Nieto](#) and many of his [closest advisors](#), were accused of corruption, and appeared to be living like millionaires while the bulk of the population suffered. AMLO's landslide victory on July 1 in which [he won over 53% of all votes](#), more than 30% more than his closest rival, is a clear sign that people in Mexico are ready for a real change. What I saw in the Zocalo on July 1 was euphoria. Tens of thousands of people who felt like they have been left out and ignored not just by Peña Nieto's government but probably for the last two decades or more, who came to celebrate the start of a new era.

During the 21st century we have seen a major transformation in Mexico's economy. [AT&T](#) has come in to challenge Mexican [billionaire Carlos Slim](#)'s telecom empire and compete against his company America Movil. We've also seen new investment in solar and wind energy, by companies such as [Kyocera](#) and [Acciona](#), complementing the energy industry that was long dominated by Mexican parastatal monopoly Pemex. [Boeing](#), [Ford](#), and [HP](#) have all invested in high-tech manufacturing in Mexico. Some cities such as Guadalajara, Mexico City, Monterrey and Tijuana are [just starting to form small sub-sectors](#) of high-value added clusters where companies and workers do research and development and salaries are higher. But, the profits of the 21st century Modern Mexico have not been widely dispersed.

On July 2, I joined a panel discussion on [CGTN America](#) to talk about the election and its significance. During the program [I explained](#), "AMLO's landslide victory really does a lot to expose the myth-making and marketing behind the idea of 'Modern Mexico.' During the NAFTA era we've seen this idea that Mexico has fundamentally transformed from being a closed economy to being a modern, globalized society...but at the same time Mexico embraces its indigenous cultures and its history and its shared past."

"AMLO's election goes to show that that myth maybe doesn't stand up to reality. Rhetoric is finally catching up with the reality that we see on the ground," [I added](#).

Nearly 60% of Mexico's labor force works in the informal economy. Around half of the country's population lives in poverty. Mexico's business chambers and politicians brag that their country is able to effectively compete against China in manufacturing. That competitive edge, however, is [mostly derived from brutally low labor costs rather than innovation or technical superiority](#).

"If there's been a boom in the NAFTA-era most people in most parts of the country aren't feeling it, they aren't seeing it. What they are seeing in their neighborhoods

are a scarcity of well-paying jobs, security problems, and every day in the news they see countless scandals of political corruption," [I said](#). For years Mexican business leaders have talked about the "Mexico paradox," the idea that Mexico somehow melds a seemingly untenable mix of first world and third world realities, of investment and economic development and terrifying lawlessness and organized crime activity. This combination has proven to be unsustainable.

"AMLO's election is simply a sign that people have had enough. They are fed up. They are ready for a change even if they are not quite sure what that change will look like," [I added](#).

[Eric Olson](#), the deputy director of the Latin America program at the [Woodrow Wilson Center](#), a Washington D.C. based think-tank [explained](#), "If the only response of the elite is to call Andres Manuel a demagogue and not learn the lessons then I think they themselves will be extinct before the next election comes around. They have to start learning from their own mistakes."

Most credible, neutral political analysts aren't terribly worried about AMLO. Some members of Mexico's elite professional class, however, fear that AMLO may try to follow the example of Venezuela's Hugo Chavez and deride him as a policy dunce, a populist or a demagogue. I think that [this type of criticism](#) is largely unwarranted. Mexico has made a lot of progress in some areas over the last few decades but needs to do more to create a more inclusive strategy for economic development and also take serious steps to clamp down on corruption. AMLO's election isn't an accident, it's the result of popular frustrations with the fundamental characteristics of Mexico's economy and society.

During the CGTN debate [I explained](#), "I would say that inequality is one of the top three defining characteristics of Modern Mexico. It's going to be one of the biggest issues during AMLO's *sexenio* and to be honest probably afterwards. In the last twenty years per capita income in Mexico has basically been flat in real terms while the wealthiest families in the country have seen their income [increase fivefold](#)."

"The degree of concentration of wealth in Mexico is really hard to understand for people looking at it from the U.S. That being said, the solution to inequality is hard to find. One of the easiest ways is to promote robust economic growth and to solidify and create a real middle class. In most cities in Mexico, in most states in Mexico, most people earn only a few thousand dollars a year. The idea that there's a middle class in states like Jalisco or Baja California is largely a myth," [I added](#).

The facts need to be clearly stated. The fundamental economic dynamic in Mexico is troubling. The state of Jalisco, is usually considered to be one of Modern Mexico's great success stories. It's home to a booming [tequila industry](#), a solid agricultural export economy, and its capital, Guadalajara, boasts a quality of life similar to Miami, Boston, or any other globalized, mid-size city. Guadalajara's economy is based around manufacturing, however, and the boom in high-priced condos and sleek gourmet restaurants belies an economic model that is based on low-wages. There

are only [23,862 people](#) in the entire state of Jalisco who earn salaries over \$12,220 (dollars) a year. That small elite group wouldn't even fill half the seats in Guadalajara's Chivas stadium where the state's top soccer team plays. On the other hand there are 2.7 million people in Jalisco, just under three quarters of the state's economically active population, who earn between \$1,222 and \$6,110 a year. The same dynamic exists in [Baja California](#) and [elsewhere around the country](#). The success of that small group on the top is built up around a structure that has forced the bulk of the work force to accept jobs that pay less than five dollars a day and salaries haven't increased for decades.

In states such as Jalisco and Baja California, "it's really only a few thousand families that are earning over ten thousand dollars a year and in the country as a whole the wealthiest ten percent earns over about forty thousand dollars a year. It's hard to look at that dynamic and say there's a real middle class," [I explained](#).

There are still a lot of questions about what AMLO's policy platform is actually going to look like. He's pulled together an unwieldy coalition of supporters who want change but who might disagree on what that change should look like. On a more practical level AMLO will have to design policies and build and strengthen institutions if he wants to reduce crime, stamp out corruption, improve access to education, and kickstart a new era of transformational economic development.

[Tony Payan](#), a fellow for Mexico Studies at Rice University's Baker Institute, [explained](#), "It's true that he was not very clear exactly how he was to carry out his program. He will have some important challenges [with] what to do about corruption, what to do about security, how to re-distribute wealth and income in the country. Those are important challenges."

"AMLO faces a lot of challenges. He's promised a lot and he's going to have to turn that rhetoric into pragmatic policies and we're still waiting to see what that's going to look like," [I argued](#).