THE NEW MEXICAN GOVERNMENT AND ITS PROSPECTS

A Colloquium Co-Hosted by the George Washington University Center for Latin American Issues and the U.S. Army War College Strategic Studies Institute

Thursday, September 27, 2012
The George Washington University
Washington, DC

Discussants:
Dr. George Grayson: Class of 1938 Professor, Department of Government, College of William and Mary
Steve Johnson: Director, Americas Program, Center for Strategic & International Studies
Dr. Jeffrey Weldon: The Chairman, Instituto Tecnológico Autónomo de México (ITAM)

Commentator:
Dr. James Ferrer, Jr.: Director, GW Center for Latin American Issues

Moderator:
Dr. Max Manwaring: Professor of Military Strategy, Strategies Studies Institute, US Army War College

SYNOPSIS

On July 2, 2012, the Institutional Revolutionary Party (Partido Revolucionario Institucional or PRI) was elected to power after 12 years of political opposition. The new administration, led by President-elect Enrique Peña Nieto, faces several challenges: forging alliances with opposing political parties, improving the country’s poor economic conditions and high unemployment rates, and eliminating the powerful drug cartels and criminal organizations that threaten the safety and security of the population. In this colloquium, “The New Mexican Government and its Prospects,” panelists discussed Peña
Nieto and the PRI’s strategies for reducing drug-related violence, potential changes in Mexico’s foreign policy, and the new administration’s potential for achieving reform.

The colloquium, which took place at the George Washington University School of Business, began with a welcome address by Dr. James Ferrer, Director of the School’s Center for Latin American Issues. After a brief introduction by Dr. Manwaring, Professor of Military Strategy at the US Army War College Strategic Studies Institute, Dr. George Grayson gave an overview of one of the biggest hurdles that Mexico faces—the increasing power of the drug cartels.

Dr. Grayson began his presentation, “Drugs and Thugs,” with a brief description of the political players who create barriers to reform: Elba Esther Gordillo, the head of the Teachers’ Union, and Joaquin Hernandez Galicia, who heads the Oil Workers’ Union. Dr. Grayson did not state that these individuals are directly connected to the drug cartels (though he guesses that the Oil Workers’ Union is), but that they are part of a group of at least 20 senior leaders who are able to prevent reform.

Next, Dr. Grayson began his discussion of the history of the drug cartels with a summary of cartel activities in the 1970s and 80s. He stated that in those years, there were a series of rules for the organizations: the capos would pay their bribes on time, they would respect authorities and leave civilians alone, they would honor the territories, or “plazas,” of other capos, and they would not sell drugs to children or in Mexico. If any of the cartels did not follow these “rules of the game,” the PRI and the Federal Judicial Police would punish the organizations and put constraints on their activities.

Grayson stated that the majority of the cartels originated in Sinaloa, and were led by Miguel Angel Felix Gallardo, the “boss of the bosses.” After his imprisonment, many capos separated from the cartel and created their own organizations, such as the Sinaloa, Arrellano Felix, and Gulf cartels. Dr. Grayson presented an interesting trend in this discussion: when a single cartel dominates a city or state, the violence associated with drug activities tends to diminish. He used the case of Ciudad Juarez as an example, and
stated that when “El Chapo” Guzman and the Sinaloa cartel gained control of the city, violence decreased. Similarly, when the Gulf cartel controlled Tamaulipas, there seemed to be little violence. The organization’s leader, Osiel Cardenas Guillen, formed a team of bodyguards whose backgrounds were in the military. In 2003, after Osiel’s capture, the Zetas broke off from the Gulf cartel, and began their dominance in Monterrey and Guadalajara.

After his discussion of the history of the cartels, Dr. Grayson presented on a series of events in Mexico that have affected the cartels’ activities:

1. **The creation of NAFTA:** NAFTA moved Mexico into an era of economic development, and it increased trade across North American borders. However, the increase in the movement of goods and services was not always legal.

2. **The change in drug routes:** In the 80’s and 90’s, the U.S was able to interdict the Colombian cocaine route through Florida. The Colombian cartels created new drug routes through Central America, transforming Mexico into a ‘superhighway’ for smuggling drugs to the U.S.

3. **Electoral Reform:** When the PRI lost power in 2000, President Vicente Fox believed there was a need for a change in the police force. He believed that the way to control the cartels was through the local authorities, not federal police forces. Once local law enforcement was on their own, Grayson states, they were vulnerable to being bribed and threatened. Police were corrupt and susceptible to cartel influence, creating greater cartel influence in cities across Mexico.

Dr. Grayson predicts that the Peña Nieto administration will adopt a new strategy to combat cartel activities. He states that the President-Elect will emphasize “less on the broad sword, and more on the scalpel.” According to Grayson, Peña Nieto will bring in outside forces such as General Naranjo Trujillo from Colombia, to lead the fight against the cartels. This has created some problems within Mexico’s hyper-nationalistic military, but Peña Nieto believes that an outsiders approach will be the key difference.
In Dr. Grayson’s concluding remarks, he predicted that Mexico will not be able to overcome the cartels in the near future. He stated that even if the drug trade and weapons dealings are stopped, there still remains the violent infrastructure of the cartels that have developed other skills of violence and trafficking. Only time will tell if Peña Nieto’s policies, and the political willingness, will put a dent in the overwhelming influence of the drug cartels in Mexico.

Reflecting his perspective as the Deputy Assistant Secretary of Defense for Western Hemisphere Affairs and current Director of the Americas Program at the Center for Strategic and International Studies, Mr. Steve Johnson presented on the potential transformation of Mexico’s foreign policy. Johnson described Mexico’s foreign policy as a slow and steady road to making progress over time. Mexico has grown from one-party, isolationist state to becoming open to trade, questioning previous assumptions, and being more active in regional and international diplomacy. Mexico has transformed its international policies and has come a long way from the decades of PRI-rule, rigged democracies, and closed militaries.

Mr. Johnson began his presentation with a discussion of Mexico’s past and the evolution of its role into a global player. Decades of PRI rule had Mexico focused on itself and foreign contact was restricted. In the 1990s, those isolationist policies began to erode, and NAFTA was established. Trade between the NAFTA signatories—Mexico, the U.S., and Canada—has more than quadrupled from 297 billion in 1993 to 1.6 trillion in 2009. It also led to more collaboration between the U.S and Mexico during the ‘Peso Debt Crisis’ of the mid-90s. The Clinton administration assisted Mexico with a 50 billion dollar loan and the peso stabilized. Within a year, the Mexican economy recuperated and by 1997, Mexico had paid off its debt to the United States. In the following years, Mexico continued to be focused on foreign policy and moved more broadly towards the rest of the world.
Johnson discussed Mexico’s evolving policy in the 90s, providing examples of challenges and attempts at reform: in the early 2000s, Mexico proposed the free movement of labor between itself and the United States. After 9/11, the U.S., feeling more security-conscious, prevented such movement to occur. Mexico then distanced itself from the U.S., opposing its invasion of Afghanistan and Iraq. However, during Hurricane Katrina, Mexico sent approximately 200 troops to New Orleans to assist the region. Today, Mexican officials attend American institutions of higher education and hold high responsibility positions within the Mexican government.

Mr. Johnson also comments on Mexico’s trade development and evolution. He compared Mexico’s and the U.S.’s trade partnerships: the U.S. has only 17 FTAs, and Mexico has negotiated accords with 40 countries since 1994. During Felipe Calderón’s presidency, Mexico agreed to the Pacific Alliance with Colombia and Peru with the hopes of strengthening their respective GDPs. With this alliance, these nations have become some of the fastest growing economies. Calderon also instigated a special relationship with the European Union, and also founded the Mexican Agency for Cooperation for Development. Today, they look towards Asia and there are talks of entering the Trans-Pacific Partnership. In Johnson’s opinion, if completed, this could become the world’s biggest trading block.

Mr. Johnson commented that Mexico has also taken a more active role in foreign security. The U.S. and Mexico have worked together since the 2008 Mérida initiative against transnational drug trafficking and violent crimes. Since 1940, Mexico has also held a rotating seat on the Security Council at the United Nations.

In regard to the United States, Mexico has evolved from a prickly neighbor to a trade partner and collaborator on issues that challenge the region, leading in regional and local politics. Mr. Johnson concludes by acknowledging the progress that Mexico has made to revolutionize their foreign policy and notes that they will continue a steady pace of change. Johnson predicts that Peña Nieto will not abandon this trajectory, reverse its position on trade, or distance itself from the United States. He also predicted various
political players who could assume the role as Secretary of External Relations. Overall, he states, the prospects are dim for a completely new foreign policy, but are good for the one that continues to develop.

Reflecting his perspective as the head of the Department of Political Science at the Instituto Tecnológico Autónomo de México (ITAM), Dr. Jeffrey Weldon, described the Peña Nieto administration’s potential to pass reform, given the challenges of Mexico’s divided government. Dr. Weldon began his presentation with a discussion of the Mexican Congress and the difficulty of achieving the majority within the Chambers of Deputies and the Senate.

Since 1997, Mexico’s government has been divided, and perhaps the only way for Peña Nieto to reach a majority is to form alliances with opposition politicians. Weldon gives the examples of Presidents Fox and Calderon, who did not reach the majority in their terms. This practice will likely not change under President Peña Nieto.

Dr. Weldon explained that the last PRI president lost his majority in the deputies, and both Fox and Calderon could not obtain majorities during their presidencies. Despite the polls at the time, the PAN did not win majorities in both chambers; meanwhile, the PRI also fell short. In fact, in every election since 2000, the PRI has run in combination with the Verdes (Green Party), and in 2003 ended up with a 48.3% majority. In addition, the PRI and the Verdes enjoyed a 47.4% majority. In the most recent legislature, however, the PRI had fewer deputies than they had in 2000 when Fox won the presidency. Weldon stated that the PRI currently has 48.2% of the seats, better than what both Fox and Calderon had.

Dr. Weldon then discussed the issue of the administration’s ability to pass reform. He provided the example of PANAL, the Teachers’ Union, which has 2.0% of the seats. In order to pass education reform, the PRI will have to rule with PANAL, who will charge a very high price each time they vote, issue by issue. This cost, Weldon predicts, could result in the end of educational reform, and end the administration’s efforts to evaluate
teachers. Therefore, Peña Nieto will work with a one seat majority or he will depend on a PRI-PAN alliance, as recent administrations have.

Weldon then began a discussion of legislatures under Mexico’s divided government, providing charts of the past five legislatures and the history of parties voting together on issues. The PRI-PAN majority has voted together in the first three legislatures. In the most recent two, they voted together 95% of the time; the remaining 5% of cases were the result of procedural and political issues. Weldon then presented a chart of the formation and ideology of Congress based on its history of voting, using the W-Nominate program. This program sorts and analyzes all votes from the left to right and north to south of the political spectrum. The first chart showed President Zedillo’s 57th legislature, which shows the PRI as the party on the right. Weldon states that debates and voting records after 1998 show that the PRI has consistently been a right-wing party. However, when Vicente Fox came into power, the PRI moved to the center, and PAN found itself on the right with the Verdes. The Verdes eventually allied with the PRI during the 2003 election. The PAN then remained on the right through the subsequent legislatures of Fox and Calderon.

Dr. Weldon then asked, why are the parties changing? He notes that the reason is the Mexican Hacienda (the treasury). It seems that whichever party is in power must support Hacienda, which remains far to the right. Weldon explained that Hacienda maintains the same officials during any administration, so generally, the policies stay the same. Although the PRI has moved along the political spectrum, Weldon predicts that the PRI will move to the right alongside Hacienda.

Dr. Weldon then discussed the parties’ discipline and the ability of the party to get its members to support the policies of their party leadership. In the last years of Zedillo, the PRI enjoyed a discipline of 99.6%, continuing a trend that many thought was a distinct characteristic of the party. The PAN, on the other hand, had under 90% discipline during the Fox administration, and between 88% and 99% through Calderon’s presidency.
Weldon predicts that returning to a discipline of 99% is very important to the PRI, because it will demonstrate how many votes the PRI can actually obtain.

In regards to the Senate, the PAN enjoyed a dominant coalition in the first half of the Calderon administration. The PRI changed its strategies, and tried to work with the President to pass reform. At first, this allowed motions to be passed for Calderon and for the PRI, but eventually the PRI was blocked by the Chamber of Deputies. Discipline remains high for both the PAN and the PRI in the Senate, and many PRIistas move back and forth between chambers to ensure that this trend continues. Weldon predicts that discipline will remain at about 90% during Peña Nieto’s administration.

Although Peña Nieto and his administration is interested in strengthening the legislative and executive branches, and passing labor, energy and tax reform, Weldon predicts that there will be no major reforms. Peña Nieto is interested in restructuring PEMEX, but because the PRI is divided on this matter, it will likely not be approved by the Supreme Court. Weldon also predicts that his tax reforms will be unsuccessful. In conclusion, the PRI will likely return to the right to continue working with Hacienda. Peña Nieto will also have to work with the PAN, because PAN is pivotal in both chambers. He predicts that there will be high discipline from the PRI, with 90% of bills approved. However, he also notes that the Peña Nieto’s main opposition will be from within his own party, since some PRIistas will not vote with their president against the left. This administration, Weldon states, will face continued problems in getting reforms passed, and Peña Nieto will need to enforce discipline on the PRI and modify reforms.