

Neoliberalism vs. Keynesianism in Mexico: Populist Lopez Obrador Moves Up in Polls

Keynesian Impulses Give Way to Appeals to Business

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Global Research, May 23, 2012

[Socialist Project](#) 23 May 2012

Region: [Latin America & Caribbean](#)

Theme: [History](#)

Mexico's voters face an increasingly murky choice in the rapidly approaching July 1 national election between three conservative, pro-business candidates and a populist candidate who until recently offered [Keynesian](#) solutions to the country's endemic problems of inadequate economic growth, huge economic and social disparities, and a political establishment dominated by and in the service of a handful of oligopolies. All of the candidates promise to address Mexico's greatest problem, creating enough jobs for its citizens, three of them principally by freeing business from government, and one of them through greater government intervention. While all of the candidates support the capitalist system, [Andrés Manuel López Obrador](#) has spoken most directly to the needs of the country's small businessmen, the working-class, farmers and the poor. For the last few months, however, he has striven to garner more support from business by adopting a more conservative economic program virtually indistinguishable from the others.



López Obrador, the former mayor of Mexico City and the candidate who almost won the last presidential election in 2006, had at the beginning of the current race been running behind the two other leading contenders for the Mexican presidency. Now he has moved up into a tie for second place with an estimated 26 per cent of the projected vote. Tied with him in second place, also with 26 per cent of the vote, is Josefina Vázquez Mota, former cabinet minister in the government of President [Felipe Calderón](#) and standard bearer of the National Action Party (PAN). Enrique Peña Nieto, former governor of the State of Mexico and candidate of the Institutional Revolutionary Party (PRI) leads with 45 per cent. Also in the race, Gabriel Quadri de la Torre, of the New Alliance Party (PANAL), a party created by the Mexican Teachers Union (el SNTE), trails far behind with only about 1 per cent of the vote.

Neoliberalism vs. Keynesianism

López Obrador, a populist who until very recently espoused Keynesian positions, is running against three pro-business candidates with neoliberal programs, that is, conservative programs aiming to promote business. While PRI candidate Peña Nieto talks more than the other two pro-business candidates about a state with a sense of social responsibility, he, the PAN candidate Vázquez Mota, and the PANAL candidate Quadri de la Torre all argue that Mexico's problems will be solved by completing the economic reform carried out over the last twenty years in order to create a free market in which capitalism can flourish. In particular, these three candidates would all privatize the Mexican oil industry and the electric power industry, and while the PAN attacks Peña Nieto for having blocked labour law

'reform,' all of these conservative candidates are committed to restricting and weakening the power of the labour unions. The labour law 'reform' would among other things make it easier to fire workers, harder to organize unions or to change unions, and harder to strike.

Quadri, the candidate of the Mexican Teachers Union's political party, has adopted a surprisingly hardline, pro-business platform – or perhaps not so surprising given the checkered political history of the woman who gives him his marching orders, [Elba Esther Gordillo](#) head of the Teachers Union. Over the past few years she bounced back and forth between the PRI and PAN until she seemed to wear out her welcome with both parties, even though her million-member union represents a huge army of potential door-knockers. Vázquez Mota, the first woman candidate of one of the major parties, has descended in the polls, presumably because of her association with the current Calderón administration which has overseen the persistent economic crisis and the slaughter of 50,000 in the drug war, and will probably continue downward. In the next few weeks then, it is likely that this will be a contest between Enrique Peña Nieto of the Institutional Revolutionary (Party), the governor of the State of Mexico best remembered for his heavy-handed [repression of the Atenco protestors](#) a few years ago, and López Obrador. The key issue in Mexico, as in the United States and Europe these days, will be the economy.

López Obrador Abandons his Keynesian Program

While best known as mayor of Mexico City for his public works programs and his support for old-age pensions, it now seems that López Obrador's candidate Keynesian impulses have been inhibited by his appeal to big business. Even in his days as mayor he worked closely with Mexico's richest businessman, [Carlos Slim Helu](#), on the renovation of the city's historic center and the accompanying gentrification. Still, what distinguished him in Mexican politics was his populist rhetoric, his mass following among the poor, and his advocacy of government intervention in the economy. Among all the candidates, he is still the only one who opposes the privatization of the oil and energy industries and stands against the proposed labour law 'reform.'

In a [recent article](#) in the Mexico City daily *El Universal*, he described his program, in the traditional language of Mexican nationalism, as a tripartite development model, bringing together the state, the private sector, and the social sector. He wants in particular to support 'national industry,' to develop the backward South of the country, to build more gasoline refineries in order to escape dependence on foreign energy corporations, and to improve agriculture. He opposes monopolies and puts forward an ideal of 'free competition.' His specific platform planks for improving the economy and creating jobs, however, are strikingly conservative:

- To respect the autonomy of the Banco de México, the country's central bank.
- To maintain macroeconomic policies aimed at keeping down inflation.
- To reduce the current government budget by 15 per cent by lowering salaries of high level officials and reducing waste.
- To take on no further government debt.
- To create no new taxes.

López Obrador's economic program is entirely utopian, hoping to find enough money for social programs and economic expansion simply by cutting the fat, taking away the politicians' perks, enforcing the tax laws, and ending corruption. The plan to cut government by 15 per cent through these measures is either incredibly naïve or simply a disguised

austerity program. The idea that there will be no new taxes, that is, no taxes on Mexico's billionaires, their corporations, and their profits means that the country's enormous economic inequalities will continue, and condemns tens of millions to continued poverty.

At times it seems that López Obrador has two faces and each one spouts a different economic plan, a populist and Keynesian plan for his base of working people and a conservative, pro-business plan for the media and the business community. The problem is that such duplicity only makes him appear unreliable to the elites and unfaithful to the people, and both are too smart to be fooled.

How, one wonders, can this be what is left of the Mexican Left? Why is there no socialism in Mexico? After all, there once was . . . wasn't there?

The Legacy of a One-Party State

The candidates and parties on the ballot in this election all have their roots in the Mexican Revolution of 1910-1940 and the state that it created. The [Mexican Revolution of 1910](#) was fundamentally a revolt of peasants and workers against their conditions, but after the defeat of their movement led by Francisco "Pancho" Villa and Emiliano Zapata, it was the modernizing bourgeoisie led by Venustiano Carranza which founded the modern Mexican state. Following a political crisis and the assassination in 1928 of former president Alvaro Obregón, President Plutarco Elías Calles transformed the country's revolutionary [caudillos](#) and political leaders into the Mexican Nationalist Party (PRN), founding the one-party state.

The failure of Carranza, Obregón and Calles to solve the country's social questions led eventually to a populist movement in the 1930s led by President Lázaro Cárdenas who finally distributed land to the peasants, recognized the labour unions, and nationalized the foreign oil companies. At the same time, Cárdenas completed the construction of the all-encompassing one-party state by incorporating peasants, workers, public employees and other popular sectors into the ruling party.

Cárdenas changed the name of the party to the Party of the Mexican Revolution and adopted the slogan "For a Socialist Mexico." The Mexican state that emerged from the thirty year revolutionary process was, however, a capitalist state with a mixed economy and predicated upon tariff barriers to protect the national market. During the following decades, the ruling party - now called the Institutional Revolutionary Party (PRI) - created a welfare state that provided education and health care and subsidized food, fuel and housing costs for low income people. The PRI's authoritarian, capitalist, welfare state began to run into problems in the 1960s and 1970s, just like the rest of the capitalist world. In Mexico, the crisis took the form of a national debt that multiplied astronomically. While its booming petroleum industry allowed it to continue to expand into the early 1980s, by 1985 the old system failed when Mexico could no longer pay its foreign debt.

The Rise of the PRI Technocrats

The breakdown of the old system which had lasted for two generations, from 1940 to 1980, led to a division within the PRI over economic policy. A new group emerged as the leadership of the party, the technocrats, as they were called, led by Miguel de la Madrid. The new leaders, educated at Ivy League schools in the United States, and under pressure from the United States and from international financial institutions such as the International Monetary Fund (IMF) and the World Bank, abandoned Mexico's nationalist model. Embracing

the '[Washington Consensus](#)' as it was known, they aimed to liberalize Mexico's economy and to bring the country into the world market.

When the technocrats took over the PRI, Cuauhtémoc Cárdenas, son of the former president Lázaro Cárdenas, created the Democratic Current on the basis of the party's old nationalist and social democratic political ideals. Cárdenas ran for president in 1988, but the election was almost surely stolen, and [Carlos Salinas](#) assumed the Eagle Throne. Under his presidency (1988-1994) Mexico sold off 1,000 state-owned industries and enterprises, permitted the sale of the collective land owned by peasant communities, and opened up the country to foreign investment. Salinas also ended the model of universal social security coverage, turning instead to a more limited program targeted at the most needy. Finally, Salinas negotiated with Canadian prime minister Brian Mulroney and with U.S. presidents George H.W. Bush and Bill Clinton, the North American Free Trade Agreement (NAFTA).

The PAN in Power

The Institutional Revolutionary Party, now led by the technocrats, continued to run the country until [Vicente Fox](#), the businessman candidate of the National Action Party (PAN), won the presidential election in 2000. Fox received votes from many on the right and on the left who wanted to end the one-party state, but there was a striking continuity between the PRI technocrats and Fox's PAN. The Mexican government not only continued its pro-business policies, but also reached a modus vivendi with the PRI's labour unions, allowing them to continue to dominate the country's workers movement so long as they carried on with their support for the government's economic policies as they had done under the one-party state.

Felipe Calderón (2006-12) continued the PANista's economic counter-revolution while carrying out a war on two fronts. On the one hand, he [virtually destroyed the Mexican Electrical Workers](#) (SME) union which continues to fight for its life, and battled the Mexican Miners Union, and on the other hand he mobilized 40,000 troops and tens of thousands of Federal police in a frontal assault on the drug cartels, a war that has taken 50,000 lives, left 10,000 missing, and caused thousands of others to flee their homes.

López Obrador - The Struggle Continued

2006 saw a bitter election battle fraught with charges of violations of election law and fraud in which the incumbent president Felipe Calderón defeated Andrés Manuel López Obrador. López Obrador and his multitudes of followers filled the plazas and boulevards of Mexico City to protest the fraud, paralyzing the center of the city for days, but ultimately Calderón took office. López Obrador, however, refused to recognize the official decision of the election authorities and in a ceremony in the national plaza proclaimed himself the "legitimate president of Mexico." He then spent six years traveling throughout the country and building organizations of his supporters in every state and virtually every significant city, town or village in the country. A few months ago he brought those followers together into his own organization, the Movement for National Renovation (MORENA), so that he did not have to rely upon the fractious and corrupt [Party of the Democratic Revolution](#) (PRD).

A Country Without a Socialist Alternative

López Obrador then is the candidate of the left, but not a socialist candidate. While at one time far left socialist and communist parties appeared on the ballot in Mexico, those alternatives are no longer an option to Mexican voters. During the 1970s, Mexican Communists and other leftists created political parties that gradually gathered an increasing

percentage of the vote, eventually amounting to about 15 per cent in national elections. While the Unified Socialist Party of Mexico (PSUM), the former Communist Party, got most of the vote, the Trotskyist Revolutionary Workers Party did well when it ran the first woman, Rosario Ibarra de Piedra, for President in 1982. Within a few years, however, all of that was gone.

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When Cuauhtémoc Cárdenas left the PRI and founded the PRD in 1989, most Mexican leftist organizations of all stripes – pro-Soviet Communists, Maoists, Guevarists, Trotskyists and revolutionary nationalists – dissolved and joined the new organization. Other small leftist parties gradually lost their electoral support and finally their ballot status. The PRD subsequently evolved into a traditional electoral party, riddled with the factions of its founders, and corrupted by its involvement in the Mexican political system. Today López Obrador is the candidate of the PRD and two other political parties, the Workers Party (PT) of Maoist origin, and the Citizens Movement (formerly the Convergence Party) with its roots in the PRI. He relies in large measure on MORENA to carry out his campaign.

During the 2006 election, López Obrador, with his radical populist rhetoric and his mass following among working people, was branded by the corporate media as the Hugo Chávez of Mexico, and portrayed as a violent revolutionary who would bring havoc and chaos to the country. Burned by that experience, during this campaign he has moderated his rhetoric, reached out to the business class, and sought to placate the corporate commentators. Finally he jettisoned his Keynesian economic program, replacing it with the shibboleths of the global corporate elite.

What's Left of the Left

Mexico actually still has a left made up of small Marxist parties, social movements, and radical labour union activists. Many of them, however, also signed on early to support López Obrador, believing that his political program and his social base of workers and peasants disillusioned with the establishment represented the best hope for the left. One wonders what they think now as their candidate wends his way to the right promising to reduce the federal budget, to take on no new debt, and not to raise taxes. Some [outside left observers](#) continue to be optimistic, but it is hard to see the basis for this. The rightward drift of López Obrador, carrying along his socialist supporters, represents a serious problem for the Mexican left. The problem will be even greater if he loses, which is likely unless things change rapidly in the next month and a half. •

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