

Old Money and New Questions in AMLO's Mexico

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*It's been nearly a year since the "leftist firebrand" **Andrés Manuel López Obrador** (AMLO) took office as Mexican president, promising to end official corruption and state-linked violence, redistribute wealth to the poor and promote Indigenous rights. Shortly into his term, AMLO famously declared that neoliberalism is "dead" in his country—a four-decade-old elite consensus appeared in real danger from the newly elected National Regeneration Movement Party (MORENA) government.*

But a series of economic policy choices since then—not least of them the quick Mexican ratification of the Canada-U.S.-Mexico Agreement (CUSMA), or "New NAFTA"—have some of AMLO's supporters wondering whose side he is on. The president's attempts to satisfy the country's oligarchs on one hand, and labour and Indigenous groups on the other, appears to have moved MORENA to the political centre rather than moving the country out of its disastrous neoliberal quagmire.

As an economic nationalist, López Obrador has long opposed NAFTA and threatened to discard it if elected. So it came as a surprise to many of his supporters that Mexico was the first country to ratify CUSMA, on June 19, only seven months into his presidency. Neither Canada nor the U.S. had ratified the "New NAFTA" when this issue of the Monitor went to print. The Canadian federal elections and the start of impeachment hearings against President Trump make it even less clear when that might happen.

"This fast-tracking is wrong and a mistake," says **Eladio Abundiz**, national coordinator of the Authentic Labour Front (FAT in Spanish), a progressive and independent Mexican union, and one of the founding organizations in the Mexican Network of Action Against Free Trade (RMALC). "We do not understand why Lopez Obrador ratified this agreement right away without consultation with labour unions and other affected sectors such as farmers, and without bargaining for better conditions."

Abundiz was in Canada at the end of September for a speaking tour organized by the United Steelworkers (USW), Common Frontiers, the International Centre for Workers Solidarity (CISO) in Montreal, and the Public Service Alliance of Canada (PSAC). In an interview with him after his Toronto presentation, Abundiz tells me he supports the president, "and we brought him to power and also he was always opposed to NAFTA. We asked the Mexican senate to hold hearings on CUSMA so that we could present some of our concerns about its impacts on labour. But there were no hearings."

Those concerns, from the FAT and others in Mexico, include problems with the new deal's labour chapter and its provisions on the environment. "The agreement allows mining and

other companies to destroy the country's environment without penalty," he says. Many resource firms operating in Mexico are based in Canada. But Abundiz is particularly worried about the auto bargain reached in CUSMA, which he calls a "disaster" for Mexico's auto sector.

Under the rules of origin in the "New NAFTA," which must be met by automakers in order for cars and car parts to cross borders tariff-free, by 2023, 40-45% of all auto parts must be produced in factories that pay at least US\$16/hour. According to Abundiz, this will mean a greater share of vehicles will be produced in the United States or Canada, where the wage condition is already met, than in Mexico, where the average auto wage is currently just over \$3/hour.

"This \$16 an hour wage rule does not make any sense," he says, "because the only reason car companies come to Mexico is to take advantage of the low wages."

CUSMA does contain a clause that appears to be a victory for Mexican workers. The agreement requires that Mexico:

"Provide in its labour laws the right of workers to engage in concerted activities for collective bargaining or protection and to organize, form, and join the union of their choice, and prohibit, in its labour laws, employer domination or interference in union activities, discrimination, or coercion against workers for union activity or support, and refusal to bargain collectively with the duly recognized union."

Implementation of this clause would mean that non-democratic, state-sanctioned "company" unions, which organize 75% of the unionized workforce, can no longer exist.

However, CUSMA provides no effective enforcement mechanism to ensure this labour reform holds. Mexican company unions are already taking action to halt its implementation, while U.S. Democrats are pushing the Trump administration to strengthen the clause.

"Four hundred and thirty legal cases have been lodged against the Mexican government by the corrupt corporatist unions to stop the implementation of the labour reforms contained in CUSMA," Abundiz explains. "Given this, the United Autoworkers (UAW) in the U.S. is very concerned that the Mexican government does not have enough money to implement the labour reform. You can imagine the Mexican state having to fight 430 [expensive] cases in the courts."

López Obrador's rush to ratify CUSMA and his disinterest in the concerns of Mexican labour unions can be explained by his closeness to the notoriously corrupt Mexican corporate oligarchy that he periodically rails against. The president's powerful chief-of-staff, **Alfonso Romo**, is a case-in-point.

A millionaire business tycoon from the affluent northern city of Monterrey, Romo is the former head of VECTOR Casa de Bolsa, the largest fund management company in Latin

America. In July, AMLO's treasury secretary, Carlos Urzúa, resigned in spectacular fashion, sending a letter to the president in which he complained that Romo, "a man of the extreme right" who "came to admire Augusto Pinochet" had more control over the country's finances than he did.

Romo's power was increased again, significantly, in February 2019 when the president appointed him head of a new Council for Investment Promotion, Employment and Economic Growth. The purpose of the council is to stimulate economic growth through the convergence of the private, public and social sectors working together.

"This council is a key conjuncture of forces, a crucial point of union between the private sector and López Obrador's cabinet," explains **James Cypher**, professor of economics at the Autonomous University of Zacatecas in central Mexico. "Romo comes from old Monterrey money...and the Monterrey capitalists have been pushing a very right-wing ideology since [the 19th century]." Romo is a strong believer in private enterprise and has said he wants to make Mexico "a paradise for investment."

"López Obrador thinks that he can find the way to unify opposites — business and labour," Cypher continues. "Much of his intellectual framework comes from Lázaro Cárdenas, Mexico's President from 1934 to 1940. Cardenas was able to walk that fine line when he often had Mexican business in his pocket and he often was opposed to Mexican business, but he got results."

Cardenas is known for nationalizing Mexico's oil industry and implementing agrarian reform, for example.

While López Obrador also hopes to prioritize a state-run expansion of the oil sector, it's his emphasis on corporate investment that worries **Isabel Altamirano-Jiménez**, Canada Research Chair in Comparative Indigenous Feminist Studies at the University of Alberta and a member of the Indigenous Zapotec Nation from the Tehuantepec Isthmus in Oaxaca, Mexico.

"López Obrador came to power with a lot of hope that things were going to change for the better and he had a lot of public support. But a lot of people in Mexico now feel that they have been let down by him as his many progressive promises have been postponed," she tells me. "The most important segment that feels alienated in this sense is the Indigenous population. He made a lot of promises to improve conditions for native communities, but so far the policies he has been pushing involve more corporate development on Indigenous lands."

For Altamirano-Jiménez, the president has failed especially to restrain mining companies whose activities have harmed many Indigenous communities in Mexico.

"López Obrador promised that the laws around mining activities would be revised in order to force mining companies to respect Indigenous rights and protect the environment, but that has not happened. Instead he is pushing for corporate investment, particularly in southern Mexico where most of the Indigenous population lives. We see López Obrador's contradictory stance,

which advocates on the one hand respect for Indigenous rights and on the other hand pushes for corporate development, with talk about making some areas free investment zones with no official regulation.”

The Mexican president’s “signature infrastructure project” is the Maya Train, a proposed 1,500-kilometre rail connection through Mexico’s Mayan heartland in the Yucatan Peninsula, to bring tourists to Indigenous villages. Construction on the route has already started despite the absence of an environmental assessment — Lopez Obrador claims Mother Earth granted him permission — and is scheduled to conclude by the end of AMLO’s six-year term.

“This train is going to cross several southern states and disturb important protected areas and Indigenous communities,” says Altamirano-Jiménez. The route will go through the only unspoiled ancient forests on the Yucatan Peninsula and put at risk endangered species such as the black howler monkey. “The project is being put forward without consultation with native communities. The people have been left out and for López Obrador’s government, it is business as usual.”

In spite of his apparent drift toward the political centre, it would be premature to pass judgment on López Obrador this early into his government’s term. Altamirano-Jiménez notes the president took office “with a set of political and economic conditions already defined, including CUSMA. So even if he wanted to implement some of his promises, it would not be that simple to do so.”

Ratifying the “New NAFTA” negotiated by his neoliberal predecessor had one benefit of allowing the Morena government to move on to other priorities. AMLO inherited an economy that has been ravaged by 40 years of corrupt and violent right-wing rule; no president could be expected to reverse the damage in six years. But according to Cypher, the president’s balancing act—between supporting business and workers—is unlikely to bear fruit.

“No leader has been able to reconcile the opposed interests of workers and capitalists as López Obrador is trying to do,” he tells me, adding it is easy to imagine a scenario where the president goes in one direction and the oligarchs split the other way. “The situation in Mexico is very volatile.”

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