Executive Summary

Considering Mexico’s experience with military and corporatist autocratic rule, the country has made significant progress over the last two decades with regard to electoral competition and its overall regulatory environment, including market-oriented reforms. Economic and political elites, as well as an increasing share of the middle-class, are technically well qualified, and have gained knowledge on how best to organize the country’s political, economic and social frameworks. Mexican policymakers at both the national and regional levels are well trained, internationally experienced and often equipped with high-level qualifications from Western universities. Mexico’s tertiary education system is increasingly competitive internationally as are several major firms, including an increasing number in the manufacturing sector.

At the same time, Mexico suffers from structural problems that are uncommon among other OECD countries. These challenges mainly relate to the extremely unequal distribution of social benefits and services among the population, such as security and social opportunities. The resulting cleavages between geographic regions, rural and urban areas, and social classes are among the most pressing barriers to further socioeconomic progress. In addition, uneven state capacity, both geographically and across policy sectors, often undermines the effective and coherent implementation of policies.

In comparison to most other OECD countries, Mexico’s GDP growth over the last decade was rather slow, the socioeconomic situation was marked by considerable inflation, the lowest tax-to-GDP ratio of any OECD country, and persistently high levels of poverty and inequality. The renegotiation of NAFTA constituted the main challenge in 2018 given the country’s dependence on U.S. markets. Doubts were reduced following the trilateral agreement reached between Mexico, the United States and Canada (USMCA) in the fall of 2018. In addition to USMCA, Mexico renewed the free trade agreement with the European Union.

Despite these positive signs, the microeconomic picture is less positive. There is a lack of competition in key domestic sectors, while the labor force remains low-skilled, and the economy is heavily export-oriented and tied completely to the U.S. economy.
Internationally, Mexico has been oriented toward multilateral arrangements, in economic and political terms, and is committed to the SDGs and the Paris Agreement, and cooperation with international financial institutions. However, Mexico lacks the capacity and influence to promote its own global governance initiatives.

Within the last generation, Mexico has made significant progress with regard to strengthening political competition and ensuring macroeconomic stability. These major achievements were accompanied by an increase in educational attainment among economic and political elites as well as segments of the middle and lower classes. However, the benefits of economic and social modernization have been unevenly distributed, and high disparities between regions and social groups remain. In this context, the pace of economic development has been too slow in recent years. In addition, Mexico has experienced a serious deterioration in domestic security due to failures in the rule of law, including systemic violence and corruption. The outgoing government failed to address these challenges.

Early in its tenure, President Peña Nieto’s government had considerable success in collaborating with other parties in Congress to introduce major reforms in the energy, education and telecommunications sectors, which had long been on the political agenda. Moreover, the administration declared its commitment to improving transparency and combating corruption. However, nearing the end of Nieto’s term in office, the results of these ambitious reform projects are sobering. On the one hand, major reform proposals hit significant roadblocks during the implementation phase and the adoption of required secondary legislation has stalled. On the other hand, the government has handled major societal crises poorly, such as the forced disappearance and likely murder of 43 student. Its feckless response to several high-level corruption scandals has called into question the government’s commitment to transparency and accountability. While the beginning of Peña Nieto’s term in 2012 had been hailed as “Mexico’s moment,” widespread public dissatisfaction over slow economic growth, chronic poverty and inequality, rampant corruption scandals, and rising violent crime led to historically low approval ratings for the president, and increasing distrust in political parties and the government. The elections on 1 July 2018 led to considerable changes in the political landscape. The PRI candidate for the presidential elections, José Antonio Meade, achieved only a distant third place, the candidate of the unusual left-right PRD-PAN alliance, Ricardo Anaya, was also defeated. The clear winner was Andrés Manuel López Obrador of MORENA with 53% of the popular vote, leaving Peña Nieto a “lame duck” for the last months of his presidential term. The election outcome represents a clear rejection of the
status quo. For the last quarter century, this status quo has maintained the country’s centrist vision of politics and openness to globalization, which many Mexicans feel has not served them.

Citation:

Key Challenges

The elections on 1 July 2018 led to considerable changes in the political landscape. The PRI candidate for the presidential elections, José Antonio Meade, achieved only a distant third place, while the candidate of the unusual left-right PRD-PAN alliance, Ricardo Anaya, was also defeated. The clear winner was Andrés Manuel López Obrador (nicknamed AMLO) of MORENA with 53% of the popular vote. The new president holds a majority in the Senate and the Chamber of Deputies, the first unified majority government since democratization. Though this majority is several votes shy of the supermajority needed to pass constitutional reforms.

AMLO has promised to reverse the previous government’s educational reforms and improve the socioeconomic situation. AMLO will likely increase infrastructure and social spending in order to reduce poverty and inequality, and expand access to education. On the other hand, AMLO promised during his presidential campaign to respect the central bank’s autonomy, reduce the deficit, not to raise taxes and remain fiscally prudent. While AMLO’s socioeconomic agenda appears to be a situation of attempting “to square the circle,” increased government spending could be mitigated by curbing corruption.

The main challenge for AMLO’s administration will be the deteriorating security situation. Human Rights Watch warned of the “human rights catastrophe” that the new president will inherit. In 2018, the number of homicides increased to the highest level since the state began keeping systematic records on crime and violence. More than 25,000 homicides were reported in 2017, while more than 16,000 were reported in the first six months of 2018, bringing the total number of reported homicides to more than 240,000 since the so-called war on drugs began. In addition, by mid-2018, more than 37,000 people were recorded as having “disappeared,” with more than 2,000 people having disappeared in the first half of 2018. Violence and organized
crime substantially restrict press freedoms and political rights. Mexico is one of the most deadly countries in the world, surpassed only by Iraq and Syria, with regard to the number of journalists murdered. Additionally, 133 candidates were killed during the 2018 elections, most of these murders are presumed to have been carried out by organized criminal gangs.

The disappearance of 43 Ayotzinapa teaching college students is indicative and remains unresolved. Although international commissions accused the local and regional security apparatus of being complicit, the Peña Nieto administration denied any accusations and refused to cooperate. The incoming president, Andrés Manuel López Obrador, has promised to establish a truth commission.

Another problem in the realm of security is the military. Since 2006, the military has taken on a prominent role in combating organized crime and drug-trafficking organizations, and currently operates in 27 out of Mexico’s 32 states. The Mexican military forces are notorious for violating human rights and the courts do not provide adequate protection to victims. A new law on internal security, passed in December 2017, legalized military involvement in domestic law enforcement, but lacked any effective counterbalancing provision for transparency, accountability or civilian oversight.

The rule of law continues to be characterized by an ineffective judicial system. Violence and crime, corruption and impunity undermine the rule of law. In corruption-related crimes impunity reaches 98% and in homicides impunity reaches 97%.

Corruption is widespread in Mexican politics, the judiciary and the police, and anti-corruption efforts have so far failed. At the same time that corruption scandals roiled the political arena, efforts to implement the National Anti-Corruption System (SNA), which had been signed into law by President Nieto in 2016, floundered. Neither the special anti-corruption prosecutor nor the judges for the specialized administrative tribunal have been appointed. At the subnational level, not even half of Mexico’s states have approved the required secondary legislation to implement the SNA. In Transparency International’s Corruption Perception Index, Mexico ranked 135 out of 175 countries in 2017, a significant deterioration since 2012. In the context of rampant corruption, impunity and the weak rule of law, the security crisis in Mexico is the incoming administration’s toughest challenge.

Additionally, there are serious problems related to migrants entering Mexico from Central America, with most seeking entry to the United States. However,
these migrants stress not only Mexican politics but especially Mexico’s relationship with the United States.

The new AMLO administration will have to face several inordinate challenges simultaneously, of which violence and corruption are top. Mexico, a country whose GDP is among the top 20 in the world, is affected by issues that normally plague the poorest countries of the world that have been devastated by wars.

Party Polarization

At the time of this writing, Mexico has seven recognized political parties. Registration barriers for new parties are high. On the national level, three party blocs have dominated politics in recent years. The main political parties are the right-of-center National Action Party (PAN), the centrist Institutional Revolutionary Party, and the left-wing Party of the Democratic Revolution (PRD) and National Regeneration Movement (MORENA). In addition, several smaller or regionally affiliated parties play a modest role, such as the Labor Party (PT) and Mexican Green Ecological Party (PVEM).

Although there are substantial ideological differences between the parties (especially on economic issues), cooperation, alliances and coalitions are not uncommon, especially after PRI lost its hegemonic position following democratization.

For example, the “Pact for Mexico” was initiated by President Peña Nieto (PRI) after he assumed office in 2012. PAN and PRD supported his reform-agenda, and signed the pact in December 2012, which was later also signed by PVEM.

For the 2018 elections, PAN and PRD presented a joint candidate, Ricardo Anaya. MORENA formed an alliance with PT and the right-wing evangelical Social Encounter Party (PES), “Juntos Haremos Histora” (“Together we will make History”). PRI and its presidential candidate José Antonio Meade formed a coalition with PVEM and the New Alliance Party (PANAL). These alliances show the possibilities of inter-party cooperation, cross-cutting ideological differences.

Following the 2018 elections, the incoming president, Andrés Manuel López Obrador, holds a majority in the Senate and the Chamber of Deputies, the first
unified majority government since democratization in 2000. Though this majority remains several votes shy of the supermajority needed to pass constitutional reforms.

Whether the left-right alliance of PRD and PAN will last is doubtful. The three dominant party blocs are MORENA on the left, PAN on the right and PRI in the center. A centrist PRI could play a pivotal role as a coalition partner between the left and the right in future negotiations. (Score: 6)

Citation:
Policy Performance

I. Economic Policies

Economy

Economic and financial stability in the last decade represents a real achievement given the frequency and depth of macroeconomic crises in the 1980s and 1990s. The Finance Ministry and the central bank (Banco de México) benefit from a considerable wealth of technical expertise with many Mexican officials having internationally recognized qualifications in economics. However, there are persistent uncertainties regarding Mexico’s high rate of inflation, which was the second highest in the OECD in 2017 and 2018. This is due to the combined effects of exchange rate fluctuations, and the increased price of gasoline due to the phasing out of gasoline subsidies and the subsequent liberalization of prices in 2016.

Mexico has the OECD’s lowest tax-to-GDP ratio. For decades, the country’s low fiscal capacity was mitigated by oil revenues. The 2014 tax reform aimed to reduce the country’s dependency on oil revenues by cutting expenditures and raising non-oil revenues. The public debt anticipated in the reform, however, assumed an ambitious GDP growth rate, which did not materialize. Furthermore, the government assumed that an increase in oil prices would compensate for any revenues not collected. While this was a reasonable assumption at the time of the reform, it did not accomplish the goal of increasing fiscal autonomy from oil revenue. Nevertheless, the dept-to-GDP ratio decreased slowly from 56.76% in 2016 to 53.82% of GDP in 2018.

In comparison with most of the other OECD countries, Mexico’s GDP growth over the last decade has been rather slow. This situation – and national and international organizations’ downward revision of economic growth forecasts – was due to the fall in international oil prices and the increasing uncertainty over Mexico’s future of economic relations with the United States. In particular, the renegotiation of the North American Free Trade Agreement
(NAFTA) added major doubts to this difficult situation. These doubts were finally addressed when Mexico reached a trilateral agreement with the United States and Canada in the summer and fall of 2018. Although the member states have stated that the agreement hasn’t been signed yet, it seems likely that a new USMCA (United States, Mexico and Canada Agreement) will replace NAFTA.

In addition to the USMCA, Mexico renewed the free trade agreement with the European Union in 2018. This agreement guarantees, with a few exceptions, the free circulation of goods and services between Mexico and the European Union.

Despite ongoing reforms geared toward boosting productivity, the microeconomic picture is less positive. There is a lack of competition in key domestic economic sectors. Mexico remains a low-skilled, export-oriented economy tied to the U.S. market. The uneven distribution of income is among the worst in the OECD. Despite sound macroeconomic reforms, inequality was not reduced in 2018. High levels of corruption and violence are also severe impediments to inclusive economic development. Though the travel and tourism sectors, which account for 7.4% of the GDP, are growing, despite the high rate of violence in some parts of the country.

Citation:
https://www.americasquarterly.org/content/amlo-update-why-hes-happy-about-nafta

Labor Markets

The crucial challenge for Mexico’s labor economy is the division of the labor market into formal and informal sectors. The informal sector consists of companies and individuals that are not legally registered for taxation and national insurance, and that largely escape both the advantages and disadvantages of legal regulation. According to government estimations, this segment of the workforce accounts for 57% of the economically active population. By OECD standards, the size of the informal sector is very large. Moreover, Mexico is the only OECD country without a national system of unemployment insurance. Many small companies inhabit a twilight world in which they have both lawful and extra-legal features. Informality is also heterogeneous across regions, with the southern regions of the country generally performing worse. As of last year, there were no significant changes in the overall divisions between formal and informal sector employment: six in 10 workers are employed informally in Mexico.
According to the OECD, the unemployment rate in the second quarter of 2018 was 3.3%, signaling a recovery from the financial and global economic crisis of 2008. However, employed people as a share of the population is still below pre-crisis levels of 2007, and unemployment rates are significantly higher among youth and elders.

A 2012 labor reform attempted to increase market flexibility and reduce hiring costs. Although eventually watered down with regard to union transparency, supporters of the law claim that it has the potential to increase productivity, boost employment and improve competitiveness. In recent years, unemployment has declined even amidst a challenging international environment and the situation is projected to continue to improve in 2019. The new law reforms Mexico’s labor regulations and allows employers to offer workers part-time work, hourly wages and gives them the freedom to engage in outsourcing. The left-wing Party of the Democratic Revolution opposed the bill, but was not able to block it. It deplores the ease with which employers can now hire and fire workers, outsource jobs, side-step giving workers health benefits and hire part-time workers for a fraction of the pay they would otherwise receive. On the other hand, the new law contains provisions to outlaw gender-based discrimination. By lifting the ban on part-time employment, it will be easier for some, including single parents and students, to find work. Until recently, Mexican labor law was based exclusively on Article 123 of the constitution, as well as the 1931 labor law. The Mexican labor system was organized on principles that were fundamentally corporatist for insiders and exclusionary for the rest.

Public expectations are high regarding incoming president López Obrador’s announcement of a new program to combat youth unemployment. The program, called “Young people building the future,” aims to include 2.6 million people between 18 and 29 years who are not in education or work. The cost of the program is forecasted to cost MXN 110 billion, which will be invested in scholarships.
Taxes

Tax policy, tax reform and the insufficiency of tax collection have been on the political agenda in Mexico for at least the past 50 years. During this long period there has been little progress either in collecting more tax revenue or making the tax system more equitable. While some may argue that the low level of taxation has been helpful for Mexico’s international competitiveness, increasing taxation is necessary for improving public good provision by the Mexican government.

While some taxes are collected at the state and municipal levels, the most important tax collector is the federal government. A new tax-reform law was passed under President Peña Nieto and took effect on 1 January 2014. While well-targeted and effective within its limited scope, the reform was rather modest given the challenges that Mexico faces. The government expected the new law to increase the national government’s tax revenues by around 2.5% of GDP. According to a new OECD study, the reform did indeed increase tax collection by 3% in 2015 and 2016, thus contributing to a reduction in the borrowing requirements of the public sector.

Nonetheless, according to observers, Mexican tax collection remains between six and eight percentage points of GDP short of where it should be given the country’s current level of development. Tax evasion and tax avoidance in the formal sector is one cause, as is the large size of the informal sector, which is notoriously tax resistant. Most Mexicans distrust their government and do not believe that money paid in taxation will be spent wisely. Additionally, the market-reforming economists who have run Mexico over the past 30 years have not prioritized raising revenue, putting more emphasis on controlling government spending in order to decrease the size of government. Many also assert that as an oil-exporting country, Mexico should earn a significant amount of public revenue by taxing oil income. However, Mexico’s exportable oil surplus has declined due to falling production, a collapse in global oil prices and an increase in domestic oil consumption. Overall, further efforts are needed to better coordinate income tax collection with social security, improve the use of property taxes and broaden the overall tax base.

Over the last year, the Peña Nieto administration made several efforts to simplify the extremely complex tax regime, which the incoming president, López Obrador, has promised to continue. Obrador has announced that taxpayers would need to submit just one annual tax statement and that a lottery system would be used to determine who will be audited.
Budgetary Policy
Score: 6

Given the country’s history of severe macroeconomic imbalances until the 1990s, fiscal stability has been a very strong policy priority for the past several administrations. Just as Germany would do anything to avoid a repetition of the hyperinflation of the 1920s, Mexico badly wants to avoid repetition of its debt crisis of 1982 or the “Tequila Crisis” of 1994. Southern Europe’s recent financial difficulties have also been a cautionary tale to the Nieto administration of the dangers of fiscal profligacy. Consensus among the major political actors is significant on this matter. In fact, all the major parties in Mexico support policies of fiscal stability. In 2008, Mexico accepted a domestic recession as the necessary price to pay for avoiding inflation.

However, Mexico’s fiscal stability continues to be under threat as a result of the collapse in global oil prices through 2014 and 2015. Although most oil production is consumed domestically, oil exports are a significant source of public revenue given the state-owned structure of Mexico’s oil industry. The recent fall of oil prices have motivated tax changes and the reduction of energy subsidies. This has been partially relieved with financial instruments that guarantee a minimum price. This strategy was applied over the last two years and there are no signs that it will be discontinued in 2019 by the new government. The minimum crude oil price has increased considerably from $46 per barrel last year to $63 per barrel this year.

One key shortcoming of the current administration is the lack of consistency between planning and implementation. In 2015, the government announced a spending cut but actual spending increased 5% in real terms. There are few reasons to believe that spending cuts for the coming years will be implemented: according to Mexican researchers, public spending has increased more than 4% every year in real terms since 2012. Even when the goal has been to maintain a primary surplus at the beginning of the year, the trend is reversed by the end of the same year. That is, spending surpasses revenues even before interest payments.

Government debt has increased more than 10% during the Peña Nieto administration. Moreover, not all debt is clearly accounted for: there are items
classified as “non-oil revenues,” non-tax revenues, and “returns” (aprovechamientos), ambiguous categories that include worker pensions and Pemex assets. These spending patterns along with growth deceleration have increased the value of sovereign debt as a share of GDP. Rating agencies lowered Mexico’s sovereign credit outlook from stable to negative in 2016, which will further increase the country’s interest payments. In 2018, Mexico paid more toward debt interest payments than toward capital.

A second key shortcoming of Mexican budgetary policy is the opacity surrounding spending decisions. More than half of spending increases have gone to subsidies and transfers, surpassing the amount approved by Congress by more than 10%. Of this increase, around 40% was spent in programs without monitoring, audits or impact evaluations. This opacity allows for the political use of resources, which may partly explain state-level variations on per-capita spending that seem to be associated with changes in the party holding the executive office. Opacity in public spending was partially addressed in 2016 with the creation of the National Anticorruption System, a set of laws that constrains federal and local authorities to prosecute and punish acts of corruption. In 2017, the Ley General de Responsabilidades Administrativas (General Law of Administrative Responsibilities) was published, and it increases sanctions and oversight on private actors that participate in public biddings. However, it remains to be seen if public officials will adequately enforce this law in the coming years, especially as next year’s election campaigns will further reduce the transparency around public budget allocations.

The next undersecretary of expenditures of the Ministry of Finance and Public Credit (SHCP), Gerardo Esquivel, has stated that the budget for 2019 will be responsible and promised that the country’s fiscal stability will be maintained. Analysts see this as the government trying to boost confidence in the economy, as investors are an important factor in GDP growth.
Research, Innovation and Infrastructure

Overall, national spending on research and development (R&D) continues to be very low in comparison with other OECD countries and is inadequate for an economy the size of Mexico. Over recent years, public spending remained stable but the more important private sector spending on R&D has been very low and is the lowest of any OECD country. The private spending is dominated by large companies in a small number of sectors. A very large number of “micro” firms have little or no institutionalized access to state R&D spending, while large and efficient firms undertake their own R&D spending. There is growing awareness of this problem within Mexico itself, but it still ranks below most OECD member countries on indices relating to R&D. The OECD has stated that R&D spending in Mexico is quantitatively and qualitatively inadequate. According to official data, 1.2 million Mexicans with university and postgraduate degrees lived abroad in 2015. It is to be expected that this number has since increased even further. Mexico has by far the lowest number of researchers per 1,000 employees of any OECD country.

In 2018, Mexico was ranked 54 out of 190 countries on the World Bank’s Ease of Doing Business index, featuring low performance in components such as paying taxes, registering property, getting credit and having access to electricity. These conditions play against the attractiveness to create and fund startups in the new economy.

The 2016 election of Donald Trump and his anti-immigration policies motivated speculation about increased opportunities in Mexico for starting innovative businesses in the IT sector, offering the economic and political environment to attract startups and human capital. Though the number of venture capital institutions and other organizations have generally increased (especially in Guadalajara and Monterrey), most of the country has yet to see the potential benefits of IT investments.

Despite the poor situation of the R&D sector, the outgoing government made little efforts in improving it. The incoming president, López Obrador, has at least addressed the topic. Though Obrador only promised not to reduce public spending on R&D, which is not very encouraging.

Regarding infrastructure, the most significant development over the last year was the cessation of the construction of the Mexico City airport. In a non-binding referendum in October 2018, a majority voted against a continuation of the airport. Subsequently, the incoming president indicated that he will comply with this result, although he hasn’t suggested an alternative that would solve the infrastructure challenge.
Global Financial System

Given its experience with severe financial crises, Mexican governments over the last two decades have been keen to improve the regulation of the domestic financial sector. As a consequence, domestic financial regulation improved substantially, though it remains far from optimal. Mexican governments have also embraced an international effort to halt financial flows related to illegal drug production and trafficking. As part of its anti-drug smuggling policies, for example, money laundering has become more difficult. Yet as the prevalence of destabilizing domestic drug-related conflicts shows, the government is far from achieving its internal goals related to drug production and money laundering.

Despite government efforts, dealing with major financial inflows from illegal drug-related activities remains a major challenge in Mexico. On the positive side, the performance of Mexican banks (e.g., regarding the percentage of non-performing loans or banks’ risk-weighted assets) is currently in the midfield of the OECD average, according to IMF statistics. There may indeed be a danger of going too far the other way, since the lending policies of the country’s largest financial institutions have sometimes been criticized as being too conservative, constraining domestic economic growth.

The government has also more actively participated in international trade negotiations in an attempt to diversify the Mexican economy and reduce its dependence on the United States. While the government has had some success in this respect, the Mexican economy remains heavily dependent on its northern neighbor. Following doubts regarding the continued existence of the North American free trade area (which have subsequently been dispelled with the new announcement of a revised free trade agreement between Mexico, the United States and Canada), this situation will not change in the foreseeable future.

Despite initial doubts about market confidence in the newly elected President López Obrador, the financial markets responded well to his election. Analysts attribute this to his promise to increase public investments in the industrial sector and to adhere to a strict austerity regime. Whether his government will
be capable of managing a stable financial system and providing a more active public investment policy remains to be seen however.

Citation:
http://www.anterior.banxico.org.mx/sistema-financiero/indexEn.html

II. Social Policies

Education

Mexico’s education system is relatively weak despite significant public investment in the sector. According to the 2017 OECD’s Overview of the Education System, education spending in Mexico in 2014 (last year with available data) was 5.4% of the country’s GDP. While this is slightly over the OECD’s average of 5.2%, it is below other Latin American countries like Argentina, Chile and Colombia. Moreover, the per student expenditure of Mexico (,611 in 2015) is the lowest of all OECD countries. This can explain to a great extent why student performance is lower than in most other OECD countries, including Chile (the other Latin American OECD member). Also, there are strong regional differences in education and some states (e.g., Guerrero) are continuously failing to cope with national minimum standards in education at the primary and secondary levels.

The problem, therefore, appears to be related to resource allocation rather than funding per se. Too much is spent on salaries in contrast to capital spending and an excessive share of the budget is spent in an unaccounted for fashion. Aiming to mitigate the strong political influence of the teachers’ union on the Education Ministry, the outgoing Pena Neto government’s recent reforms aimed at facilitating a meritocracy in the teaching profession. However, the reform still lags behind expectations. It created a national organization that would implement periodic evaluations on teacher performances. This was definitely a step in the right direction as it renders teachers and the union accountable for the quality of their teaching. It has also faced severe criticism in several areas. The most relevant is related to evaluation instruments that fail to account for the obstacles faced by teachers in the most rural and deprived areas of the country. Furthermore, investigations revealed that the Education Ministry spent a lot more money on communications than on teacher’s training, which undermined the credibility of the reforms.
Some critics argue that the reform’s goal is to undermine teachers’ unions across the country and increase the centralized control of education. On the other hand, some criticism has been addressed towards the remaining power of the teachers’ union to control the allocation of positions among teachers. Until she was jailed on corruption charges, teachers’ union leader Elba Esther Gordillo was considered politically untouchable as she controlled many votes. However, she was recently released to continue her sentence in home confinement. The same day she was released, the PRI formalized a coalition with Panal (New Alliance Party), which was close to Gordillo and the SNTE union. In August 2018, she was absolved of the corruption charges.

There is evidence of the union collecting salaries for nonexistent teachers. One of the provisions of the reform requires the National Statistics Institute to ascertain how many teachers are actually employed by the Mexican state. Another creates a National Institute for Education Evaluation, which will take on the functions of an inspectorate – tasks for which the union was previously responsible. Mexico’s new president, Andrés Manuel López Obrador (AMLO), promised during his campaign that he would replace the current reform proposal with his own and increase public education spending. The newly elected president is undoing the controversial education reforms launched by his predecessor, which sparked violent protests by teachers. AMLO has proposed a new plan that would scrap teacher evaluations and make public education free.

Private education is generally of much higher quality in Mexico. At every level, privately educated students typically outperform students enrolled in public schools. The private-education sector accounts for 1.4% of GDP in comparison to the state’s 5.4%, much of this being spent at the secondary or university level.

While the overall scenario is not positive, there have been improvements worth mentioning in the past couple of years, including an increase in the percentage of students pursuing STEM degrees, an increase in the share of four-year-olds enrolled in preschool education and slight but steady increases in teachers’ wages.

Citation:
Social Inclusion

Mexico is a socially hierarchical society along a number of dimensions: educational, racial and financial. While democratization has somewhat reduced the most flagrant social divisions, Mexican governments have not been capable or willing to bring substantial change. Moreover, the Mexican state is too weak to carry out major social reforms and there is strong resistance against wealth redistribution. Among OECD countries Mexico has one of the highest income concentration indexes, with a Gini coefficient of 0.43 in 2016 (according to the World Bank).

Nevertheless, there is some evidence that public policy has improved the distribution of income in Mexico during the last decade. The Gini coefficient has come down slightly. In addition, social and political processes have become more open.

A government policy to address extreme poverty and the lack of adequate sources of food has been effective since 2012, called the Cruzada Nacional Contra el Hambre with its Food Support Program. The policy was intended to reach more than seven million people and has been praised for its effectiveness. It created a database of beneficiaries who were not receiving cash transfers through other government agencies. Nonetheless, in an official report from 2018, CONEVAL noted that the number of poor people had increased from 49.5 million in 2008 to 53.4 million in 2016. The organization has warned that the total of 6,491 social programs – which are carried out by national, regional and local administrations – should be critically reviewed. Poverty is highly concentrated among indigenous and rural populations, indicating another layer of inequality in Mexico. For this reason, there are generally strong regional inequalities in terms of the extent of poverty.

Against this background, it is expected the new government of AMLO will focus on improving social inclusion, a central promise of the new president.

Citation:
https://data.oecd.org/inequality/income-inequality.htm

Health

Overall, public spending on health care is comparatively high but the quality of health care varies widely across Mexico, with different regions showing broad variation in the quality and variety of services available. Some U.S. citizens come to Mexico as health tourists, taking advantage of cheaper health care.
care south of the border. Private, self-financed health care is largely limited to middle-class and upper-class Mexicans, who encompass roughly 15% of the total population, but receive about one-third of all hospital beds. Around one-third of the population (most of whom work in the formal sector) can access health care through state-run occupational and contributory insurance schemes such as the Mexican Social Security Institute (Instituto Mexicano del Seguro Social, IMSS) and the State Employees’ Social Security and Social Services Institute (Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado, ISSSTE). These are based on automatic contributions for workers in the formal sector and, in practice, work reasonably well, although with some variation across different parts of the country. The system has been decentralized to the states. In 2016, a National Agreement Toward Health Service Universalization was signed, which aims to ensure portability across providers.

Public health issues are aggravated by the lack of access to quality health services. Though most Mexicans are affiliated with the different sources of health care providers, including public and private, there are still issues of quality that negatively affect public health. For example, with some 13 million Mexicans suffering from diabetes, the country has one of the highest rates of diabetes among all OECD countries. The lack of sufficient health care and infrastructure means that diabetes patients suffer from several complications.

The government has been attempting to make health care more affordable and extend it to more people outside the formal sector. In order to extend the insurance principle, in 2003 the government has set up the so-called Popular Insurance (Seguro Popular) program, which is open to contributors on a voluntary basis, with means-tested contributions from citizens supplemented by substantial government subsidies in order to encourage membership. According to experts, the program was widely successful. By 2017, the percentage of uninsured people had decreased from 50% to 21.5%. However, there are still substantial problems in terms of funding and serious transparency deficiencies persist. During the presidential election campaign, reform of the health system was not a major issue. The newly elected president made rather vague suggestions, although his general position is to make the health system more inclusive.

Citation:
http://www.who.int/bulletin/volumes/95/6/17-020617/en/
Families

As in most other areas of Mexican social policy, social divisions are pronounced in the area of family policy. On the one hand, educated and urban Mexicans are broadly supportive of women’s rights, as is the political class. Recent political reforms require registered political parties to have a quota of women included as a part of their election slates. In addition, educated women are increasingly participating in the labor market and quite a large number of professionals are women. However, women are strongly underrepresented in top business positions. Less than 10% of seats on boards are held by women, a low level compared to other OECD countries, providing a strong argument in favor of at least temporary gender quotas.

With regard to the poorer segments of the population, gender equality is progressing even slower. Poorer Mexicans tend to have larger families and face fewer opportunities for women in the labor market. Also, old-fashioned “macho” and conservative Catholic attitudes from the past make it harder for lower-class women to progress. Moreover, lower-class women are more active in family businesses and in the informal economy, where incomes tend to be lower, and where it is hard for them to access state benefits. The main problems facing working class women have to do with dysfunctions in public services including health, education and transportation. There is a huge demand for expanding early child care and preschool coverage and extending the length of paternity and maternity leaves. In 2014, Congress approved a bill reforming the Federal Law of State Workers, giving state employees a five-day paternity leave. While this reform aimed to promote gender equality, it has not been welcomed by Mexican feminist organizations, as it is far from the number of days currently afforded for maternity leave (60 days). Moreover, paternity leave policies are more an exception than a rule in Mexico and still regarded as unnecessary by most businesses and organizations. This reinforces a gender bias in child rearing and discrimination of women in the workplace.

In the early 2000s, SEDESOL created a program aimed at early childhood development that provide child care for children of men and women in poverty five days a week. Though the program is not universal, there is some evidence that it provides advantages to enrolled children, even if the extent of child care in comparison to OECD countries is quite low. This has become the closest to a child care policy for families without a formal job or a formal enrollment in one of the different social protection systems in Mexico providing child care services. Overall, the government needs to improve the enforcement of constitutional provisions against gender discrimination.
According to official records, more than 60% of women 15 years and older have experienced some type of violence in their lifetime. On average, seven women were killed in Mexico every day between 2013 and 2015. This is almost twice the average seen between 2001 and 2006. The problem is concentrated in a few regional states. The exceptionally high number of disappeared women in the northern state of Chihuahua and the central state of Estado de Mexico, many of whom are presumed to have been murdered, has led to the international use of the term “femicide” to describe this form of disappearance. Many of these disappeared women were likely the victims of sex crimes, but many more have been victims of family honor killings.

Citation:
http://www.animalpolitico.com/2014/03/permiso-de-paternidad-en-mexico-unas-mini-vacaciones-pagadas-de-5-dias/
https://ac.els-cdn.com/S1665114616301617/1-s2.0-S1665114616301617-main.pdf?_tid=bc22bb40-e2cf-11e7-aa06-00000aab0f27&acdnat=1513476933_1b3cb11d76a482e57d9c4f638c22328

Pensions

Mexico is slowly shifting from a pensions system based on contributions and corporate identity to one that is more universalistic in character, operated by government-approved financial agencies called Afores. Some Mexican states have in recent years introduced noncontributory old-age pensions based on universal eligibility. A pension reform plan is now underway to introduce a universal old-age pension for Mexicans over the age of 65. Mexico is in a relatively advantageous position to introduce reform in that its birth rate peaked in the 1970s, which has led to a reduction in children’s demands on the public sector. At the other end of the demographic balance, Mexico still has a relatively low proportion of old people. As a result, Mexico’s dependent population is fairly small, indicating that a window for reform will open up in the coming years. As this comparatively privileged position will eventually change for the worse, the pressure to reform soon will increase. Conscious of this dynamic, Mexican governments have been continuously attempting to reform the pension system to increase coverage and quality. Due to a political blockade in the Senate such previous efforts have so far not been rewarded.

While improving, the current system is not robust enough to cope with the growing population of elderly people. Historically, Mexico’s pensions policy has been based on the principle of contributions, which has not provided any, let alone an adequate, safety net for the elderly poor. However, some parts of Mexico, notably the capital district, now have a limited old-age pension
system based on a universal entitlement.

One of the key problems with the current pension system in Mexico is its low coverage: in 2016, only 27% of the working age population had a pension account, a rate below that of countries like Chile, Costa Rica and Uruguay. Moreover, increasing mandatory contributions is not a viable solution in the Mexican context, as it would further incentivize informal employment. An increase in mandatory contribution would have to be accompanied by more comprehensive measures that account for the complexity of the Mexican labor market and the government’s fiscal capacity. The new finance minister, Carlos Urzua, announced a reform of the pension system that will be introduced during the new government’s six-year term. Urzua discussed the low employer and employee pension contributions that lag far behind other OECD countries in terms of the percentage of total wages.

Citation:

Integration

Mexican integration policy remains weak to nonexistent. The dominant cultural narrative in Mexico tends to assume that migration means emigration. Mexico was and remains a major source of emigration, but has not effectively addressed problems related to immigration that have been steadily increasing during the last 15 to 20 years. There are serious problems related to migrants entering Mexico from Central America, with most seeking entry to the United States and a minority wanting to stay in Mexico. Few are able to acquire formal documentation. In their desperation, such people are often preyed upon by criminals or even recruited into local drug gangs. Homicide rates are also high among this group. The Mexican authorities mostly do not welcome this kind of immigration and do their best to discourage it. However, there is no effective integration, transit or migration policy to deal with these issues. Mexican authorities also downplay the incidence of criminal attacks on Central American immigrants, although the international media has cast a spotlight on this population’s predicament.

International media also covered the situation of a caravan of immigrants that travelled from Honduras, in late 2018, and attempted to pass through Mexico to the U.S. border. Since the U.S. government is pursuing a very strict immigration regime under President Trump, there is a risk that illegal camps
of migrants will form at the Mexico-U.S. border, which could grow rapidly. This could provoke strong negative reaction in the population.

Additionally, since 2016 a wave of Haitian immigrants increased pressure on northern cities to guarantee their safety while they waited to cross the border to the U.S. In 2017, many of those immigrants remained in Mexico as the U.S. stopped granting them immigration hearings. About 3,000 of them stayed in Mexico’s northern cities, supported by non-governmental organizations that maintain shelters. These organizations have also advocated for the respect of human rights and for the government to follow due process. However, this has not changed the securitized perspective the federal government holds on the issue. Most of the Haitians were deported back to Haiti.

More efforts are also needed in the integration of young “returnees:” young Mexican nationals or children of Mexican nationals who come to Mexico after living in the United States, either voluntarily or through deportation. This issue becomes particularly relevant as the Trump administration decided to terminate DACA. Many of these students are not fluent in Spanish and have problems integrating into Mexican schools since they have studied under a different school system utilizing different teaching and evaluation methodologies. The Mexican education system is not ready to provide sufficient resources to improve these students’ language skills and their sense of belonging. As the Trump administration tightens migration policies, Mexico can expect an increase in young returnees. It must be ready to successfully integrate them in the education system through specialized programs and resources.


Safe Living

Mexico has been among the most dangerous countries in the world and there have been no substantial improvement in recent years. The main reason for this high homicide rate is that Mexico has become a major center for the transit of illegal drugs to the United States. In brutal competition with one another, Mexico’s criminal gangs or cartels, have carried out horrific acts and killed thousands. Moreover, violence has become increasingly intertwined with local, regional and national politics. From a regional perspective, Mexico has only a slightly lower homicide rate than Honduras and Venezuela.

To solve the problem, Mexican governments have been actively fighting the drug mafia with military and security forces. However, the so-called war on
drugs has actually contributed to an increase in the murder rate. Mexico has improved the bureaucratic efficiency of some of its crime-fighting operations, but there are still huge problems. These problems include a lack of bureaucratic cooperation, rampant corruption within the security apparatus, the immense scale of criminal activity in Mexico and the infiltration of law enforcement agencies by organized crime. The National Security Commission has argued that the low wages paid to the security forces is one reason for this situation. Thus, one can say that internal security policy does not effectively protect citizens. This explains the proliferation of self-defense groups throughout the country and a lack of trust in the authorities, which are – especially at the local level – frequently infiltrated by organized crime.

More worrying still, the judicial system is not designed to convict powerful and wealthy criminals. It is too difficult to convict criminal suspects in Mexico who can afford wealthy lawyers. Additionally, Mexico has suffered several public scandals which have further damaged public confidence in the authorities. These scandals include prison escapes by high-profile criminals and unexplained massacres in rural areas. In at least part of its territory, Mexico is a failed state.

During the election campaign, the incoming government promised to gradually reduce the militarization of the fight against the drug cartels. Nevertheless, in November 2018 López Obrador announced a plan to create a new national guard which would also rely on military support. The new authority will have a body of 50,000 people headed by the military. In the election campaign, López Obrador spoke above all about solving the problem by tackling the social challenges confronting citizens. However, this approach would only address one root cause of the problem. The militarization of the conflict is a central problem.

Citation:
http://secretariadoejecutivo.gob.mx/docs/pdfs/cifras%20de%20homicidio%20doloso%20secuestro%20etc/H DSECETR5_062017.pdf
https://www.excelsior.com.mx/nacional/2018/02/05/1218312
https://es.insightcrime.org/noticias/analisis/3-preguntas-complejas-sobre-la-politica-de-seguridad-de- mexico-en-el-gobierno-de-lopez-obrador/
https://www.americasquarterly.org/content/amlo-update-sticking-military

Global Inequalities

Regarding free trade, Mexico is supportive of open trade agreements and actively seeks good relations with any country that might counterbalance its heavy economic dependence on the United States. Mexico has also been active in financing international development, providing modest levels of foreign aid and investing in triangular cooperation. Moreover, foreign policy continues to
embrace the topic of south-south-cooperation and supports regional
development projects. The Mexican government has also been a supporter of
the U.N. Global Goals (Sustainable Development Goals) and Agenda 2030,
launched in 2015.

However, Mexico could do more to promote and advance social inclusion
beyond its borders. The treatment of Central American immigrants needs to be
greatly improved. Diplomatic relations between Mexico and its southern
neighbors are very good, but there is room for improvement in trade treaties in
the region and Mexico could lead efforts to increase the economic integration
and global competitiveness of Latin America. An excessive dependence on
trade with the United States has prevented Mexico from looking south.

However, apart from free trade and good relations with the southern
neighbors, international relations and Mexico’s actions in multilateral
organizations do not play a major role in Mexican politics. For that the internal
problems of the country are too urgent.

https://www.proceso.com.mx/518235/mexico-ante-la-situacion-internacional-de-2018

III. Environmental Policies

Environment

Mexico is a signatory of the Paris Agreement and has shown every sign of
taking environment policy seriously. However, it continues to face several
very serious environmental challenges. The provision of clean water to
Mexico City, air pollution in the capital and other major cities, deforestation
and erosion in rural Mexico are some of the most pressing problems. While a
marked decrease in population growth is relieving some environmental
pressure, policies aiming to conserve the environment and reduce pollution
should remain a top priority for ensuring sustainable development. While
environmental policy has become more sophisticated, particularly in Mexico
City and other major cities, the enforcement of environmental standards and
regulations is often lacking. It is worth noting the substantial variation between
government levels and across issues; the federal government is much more
capable, with better and more efficient regulations and monitoring. This is not
the case at the local level, where funds, human capital, and administrative
resources are scarce; in particular, in the most ecologically rich but poorest
regions of the country. In terms of environmental issues, Mexico has very
strong air quality regulations and made significant progress over the last two
decades. In contrast, norms regulating water consumption and pollution are far less advanced.

From a comparative perspective, the government’s recent economic reforms were more diluted and slower to pass than its environment legislation, but implementation of policies and regulations remains a major challenge. Many companies do not comply with existing regulations and the high degree of informality in the economy is further aggravating the challenge of non-compliance. Despite an increasing awareness of environmental challenges among the broader population, particularly among the young, public pressure and support for environmental NGOs remains weak when compared to many other OECD countries. Business interest groups are much more powerful than their environmental counterparts. It is worthwhile noting that the Mexican Green Party is not as “green” as its name might imply in other countries; environmental interests are still weakly nested in the major political parties. This became particularly clear when the Biodiversity Act was passed in April 2018, largely promoted by the Green Party. Due to some vague formulations of the law, environmentalists feared it would make it easier for companies to carry out mining and fracking. However, the legislation was not passed.

In addition to liberalizing energy prices for gasoline and natural gas, the energy reform of 2013, established provisions for an increasing participation of renewables in the energy mix in Mexico. Private power generators are now able to sell electricity, but the new regulations also provide incentives for the use of renewables and the reduction greenhouse gas emissions by constraining the biggest consumers to get a proportion of their power from clean energy sources. The reform was fully implemented in 2018. It is considered to have been quite successful so far, since the framework of the electricity sector and especially the sector of renewable energy has become more stable and competitive.

Citation:
https://www.wilsoncenter.org/sites/default/files/mexico_renewable_energy_future_0.pdf

Global Environmental Protection

On the one hand, Mexico is interested in raising its international profile as a promoter of multilateralism by supporting the Kyoto Protocol and other multilateral environmental agreements. On the other hand, Mexico’s own economy still relies to a significant extent on the export of oil and gas, so that important legal initiatives (e.g., climate-change law) face serious implementation problems.
Mexico relishes having an international profile that shows independence from the United States. International environmental protection contributes to such a profile. Mexico is a leading international actor on environmental policy within the region, even if its domestic policies are inconsistent: Mexico is still the second-biggest emitter of greenhouse gases in Latin America. Firewood remains the primary fuel used by poor Mexican families. Moreover, the importance of the oil industry for the Mexican economy creates substantial barriers to credible domestic action even as it seeks to position itself as a pioneer in international environmental protection.

Mexican authorities and the public are at least much more aware of environmental issues and their resulting problems than they were a generation ago. The country’s climate-change law went into effect in October 2012, drawing international praise. There is an underfunded Climate Change Fund, created to finance adaptation and greenhouse-gas emissions-reduction initiatives. Its operating rules have apparently been completed, but have not yet been published. Additional challenges associated with implementing the law relate to the creation of a national climate-change information system, the effective reduction of greenhouse gases, and producing assessments of adaptation and mitigation measures. Mexico is also one of the main recipients of clean development mechanisms in Latin America. It has advocated for the continuation of this development and environmental cooperation mechanism in several environmental policy forums.

Overall, Mexico was one of the first countries in the world to pass a specific law on climate change. The law set an obligatory target of reducing national greenhouse-gas emissions by 30% by 2020. The country also has a National Climate Change Strategy, which is intended to guide policymaking over the next 40 years. However, only about half of the Mexican states had drawn up a state plan on climate change, just seven had passed their own laws and only 11 had begun measuring their CO2 emissions. Thus, on the one hand, Mexico has been very active in the preparation of the U.N. Global Goals (Sustainable Development Goals) agenda, reflecting the country’s traditional multilateral approach to foreign policymaking. Mexico has been an active participant in climate-change talks involving international organizations. During the most recent COP23 meeting in 2017, it was praised for its innovative policies on gathering data about electricity consumption in central Mexico. However, this proactive approach to environmental policymaking at the international level is not matched by a commitment to domestic environmental policymaking.

https://climateactiontracker.org/countries/mexico/
Quality of Democracy

Electoral Processes

The electoral process is supervised by an autonomous agency, the Instituto Nacional Electoral (INE), following a constitutional reform in 2014 and the creation in 1990 of the Instituto Federal Electoral. INE is responsible for the registration of parties, candidates and voters, and for administering elections. While in principle the process for registering political parties is open and transparent, high registration requirements as well as a bureaucratic and lengthy registration process create a strong status quo bias. To meet the requirements for registering a new national political party, organizations must demonstrate a minimum of 3,000 members, representation in at least 20 of the 32 states, and a minimum of 300 members in at least 200 electoral districts. Historically, the high barriers for party formation have served to discourage new and small political groups from challenging the established parties.

Since 2015, independent candidates have been allowed to run for office in national elections but the requirements for participating are high. To appear on the ballot, independent presidential candidates must collect more than 850,000 signatures nationally and obtain the support of at least 1% of registered voters in 17 states. In the 2018 elections, 48 independent candidates announced their candidacy for the presidency, but only two, Margarita Zavala and Jaime Rodríguez Calderón, managed to fulfill the requirements. After Zavala withdrew in May 2018, Rodríguez Calderón was the only independent candidate left, receiving 5.23% of votes in the presidential elections.

Close linkages between some candidates and organized crime, especially at the subnational level, as well as violence and corruption continue to undermine the integrity of the political system and the electoral process.

Citation:
The electoral process in Mexico is subject to a comparatively high degree of regulation. During the transition to democracy during the 1990s, electoral laws were revised to ensure more equitable conditions for the main political parties.

Currently, all registered political parties are eligible for public financing, the volume of which corresponds to their electoral strength. There are restrictions on the amount of money parties are allowed to raise and spend. Media access during the official campaign period is regulated to ensure a measure of equality. Nevertheless, outside the tightly regulated political campaigns, news coverage is often heavily biased in favor of incumbents. Presidents as well as governors spend exorbitant sums on advertising and pro-government propaganda. Since news outlets rely on this income for their financial survival, they can often scarcely afford to criticize sitting administrations. The Peña Nieto administration has taken this long-standing practice to new levels. According to a report compiled by the think tank Fundar based on government data, his administration spent nearly $2 on advertising in the past five years, substantially more than any previous administrations.

Broadcasting networks and newspapers depend on that money, the big television networks Televisa and Azteca receive around 10% of their advertisement revenue from the federal government. A Supreme Court ruling in November 2017 demanded further regulation and limitation, but the new provisions are yet to be implemented.

In the 2018 campaign, the winner, Andrés Manuel López Obrador, was challenged by the mainstream media, although his use of social media and the support he received from activists successfully overcame this. The oligopolized market of traditional media has lost political weight.

Citation:

Mexico has had universal suffrage since 1953 and male suffrage since 1917. Legally, Mexico by and large conforms to the standards of electoral democracies, especially on the national level. The organization and administration of elections is managed professionally by the National Electoral Institute (INE). In recent years, INE oversight over state-level electoral institutions has increased. There is also a system of electoral courts, which are generally more professional and independent than the criminal courts. Citizens and party members can appeal to these courts if their political or electoral rights are violated.
Voters have to register through INE to receive a voter identification card. The same electoral register is used for federal and state or local elections. This may serve to discourage marginalized and less educated citizens from voting. A total of 89,978,701 people, approximately 72.7% of the Mexican population, applied for the required ID in 2018.

Mexicans living abroad (about 10% of the population) are allowed to vote for the president, but turnout is extremely low, in part due to the difficult registration process. More than 11 million Mexicans live abroad, but only 100,000 participated in the 2018 elections.

In general, Mexican elections are considered mostly free and fair. Complaints concern vote-buying and some minor problems, such as the theft of 34 ballot boxes by armed groups. Violence is a major problem. During the 2018 elections, 133 candidates were killed, most of the candidates are presumed to have been murdered by organized criminal gangs.

Citation:
Miranda, Fernando (28 de junio de 2018). «Acaban campañ as con récord en el nivel de violencias». El Universal.

Party Financing
Score: 4

Mexico’s elections are highly regulated by the state. This reflects a history of electoral fraud and rigged elections which resulted in distrust between parties and a desire to formalize rules. The National Electoral Institute (INE) is in charge of monitoring party compliance with electoral rules and regulations. It is also responsible for administering and auditing the public funding of parties. By international comparison, public funding of political parties in Mexico is extremely generous. Political parties are mostly financed by the state and there are restrictions on the amount of fundraising permitted. INE also coordinates campaign advertisements for parties. Electoral expenditures have been similarly controlled. INE can and does impose significant sanctions on political parties if they fail to comply with funding rules. However, oversight is incomplete and INE audits have revealed illegal undisclosed funding to parties.

In 2018, registered parties received more than MXN 2 billion for campaigning and more than MXN 4 billion for permanent activities, a total of more than MXN 6.5 billion. PRI received more than MXN 1.6 billion, PAN more than MXN 1.2 billion, PRD a bit less than MXN 800 million, MORENA a bit more than MXN 600 million. The campaign 2018 was the most expensive in Mexican history.
While INE’s bureaucracy is by and large efficient and impartial, the weak rule of law and ineffective criminal courts undermine the integrity of elections. According to media reports concerning illegal campaign financing, for every peso spent legally, an estimated MXN 15 was spent illegally. Funds are often misused for vote-buying. Shortly after the elections, INE fined MORENA MXN 197 million for misusing a solidarity fund for victims of the 2017 earthquake. Almost MXN 65 million were spent without records. Morena’s main rivals, PRI and PAN, were also fined, although their fines were not as high. As previous examples of party financing scandals have shown (e.g., PRI MONEXGATE 2000, PAN AMIGOS DE FOX 2000 and PEMEXGATE 2012), illegal campaign financing had been proven and sanctioned years later, but without any effect on elections or campaigns.

Citation:
https://www.bbc.co.uk/news/world-latin-america-44884993

There are no provisions for legally binding referenda or popular initiatives at the federal level in Mexico. Attempts by the opposition to subject government initiatives to some kind of direct vote have failed because there is no constitutional provision for this. Citizens are therefore more likely to influence public policy through demonstrations or legal action than through popular decision-making.

In October 2018, an NGO organized a referendum on a planned airport near Mexico City, scheduled to be the third largest in the world. About one million Mexicans participated, a majority of almost 70% rejected the new airport. A novelty in Mexico, it was not legally binding. The new president, Andrés Manuel López Obrador, has promised to introduce new direct and popular decision-making mechanisms.

Access to Information

Officially, freedom of expression is protected and the media is independent from the government. Through extensive spending on advertisement, the government exerts influence over the tone and type of coverage by news outlets. Broadcasting networks and newspapers depend on government advertising spending, the big television networks Televisa and Azteca receive around 10% of their advertisement revenue from the federal government. Newspapers depend as well on government spending on advertising. While it is difficult to know the true extent of biased coverage, there is concrete evidence that investigative stories about collusion and corruption are suppressed, and journalists and outlets pay a high price for publishing such pieces. Moreover, critical journalists have been tracked using surveillance...
technology, such as the “Pegasus” spyware, sold to and used by the Mexican government.

While media freedom is not severely restricted by the government, substantial restrictions exist on what news outlets can cover without fear of reprisal. Topics such as corruption or collusion between organized crime and public officials are particularly dangerous territory. According to data from the Committee to Protect Journalists, Mexico is one of the most deadly places for journalists, surpassed only by Iraq and Syria, with regard to the number of journalists murdered. In 2017, more than 500 journalists have been attacked and 12 journalists were killed. In 2018, eight journalists were killed between January and October. Journalists are routinely harassed and kidnapped. Since 2000, 138 journalists have been killed, 24 have disappeared. These dangers particularly affect journalists working for subnational news outlets as well as those who report critically on corruption and linkages between politicians and organized crime. The federal government fails to act decisively to protect journalists. When journalists are murdered, there is broad impunity for their killers. Thus, even though press freedom is codified in national laws, in practice there are substantial restrictions on press freedom. Mexico ranked 147 out of 180 countries in the Press Freedom Index 2018.

Citation:

The Mexican media is much more diversified and politically pluralist than it was a generation ago, but ownership is still highly concentrated. Despite Peña Nieto’s telecommunication reform, broadcasting continues to be characterized by oligopolistic ownership. In this area, very little has changed thus far and changes appear unlikely in the near future given the government’s close ties to the broadcasting company Televisa. Lack of government support has left regulators, like the Federal Telecommunications Institute (IFT), essentially toothless.

Mexicans take full advantage of internet-based media, which have grown in both size and significance and offer a wide spectrum of information. In the 2018 elections, the left-wing candidate, Andrés Manuel López Obrador, used social media as an alternative to mainstream media. The development of online media has done much to enhance pluralism through bypassing traditional, highly oligopolized media structures. On the other hand, however, internet-based media have also created new challenges. There are challenges regarding the journalistic quality of small and highly diverse media outlets. Moreover, there is evidence of news websites being hacked, and spyware being used against journalists and activists. Moreover, broadband access and
cellphone coverage are highly unequal, with rural and marginalized citizens unable to take advantage of these new sources of information. This is unlikely to change in the near future.

Citation:

Mexico’s freedom of information act became law in 2002. The law was the first in Latin America to impose obligations on the state to publicly share information and increase the level of political transparency. Mexico’s freedom of information act has proved to be a considerable success in increasing publicly available information. Scholars, journalists and bureaucrats have all made use of its provisions and a lot of new information has come to light. Despite the progressive spirit of the law, however, the extent to which it is obeyed and enforced varies considerably. Powerful public and private actors can delay and obscure access to information, despite formal transparency laws. As is often the case in Mexico, there is a gap between theory and practice. The government response to the disappearance of a group of students in Ayotzinapa in the state of Guerrero, and the frustrated efforts by an international committee to investigate the role federal and local authorities and security forces played in their disappearance, is a case in point. The incoming president, Andrés Manuel López Obrador, has promised a truth committee to shed light on the event.

Civil Rights and Political Liberties

In principle, Mexico guarantees most civil rights via its legal and constitutional systems. Nevertheless, access to the court system and protection against violations are both highly unequal. Overall, the rule of law is weak, and there is widespread impunity the rule, which undermines the effectiveness of formally guaranteed rights.

The tension between formal rights and effective guarantees plays out especially forcefully in the field of security. Since 2006, the military has taken on a more prominent role in combating organized crime and drug-trafficking organizations. During the current administration the number of states in which the military operates has increased from six to 27 (out of Mexico’s 32 states).

However, the Mexican military and other security forces are notorious for violating human rights, and the courts do not provide adequate protection to citizens victimized by the military or police. Since the beginning of the drug war in 2006, Mexico’s Human Rights Commission has received more than 10,000 complaints of abuse by the military, more than 2,000 of which
occurred under the Peña Nieto administration. Federal prosecutors have opened more than 9,000 investigations, without a single conviction. An anti-torture law, passed in April 2017, is yet to be implemented. In December 2017, a new law on internal security was passed, legalizing military involvement in domestic law enforcement. The law lacks any effective provision for transparency, accountability or civilian oversight. In 2017, in response to public pressure, Mexico adopted a new law against forced disappearances. This law, which promises more resources for the issue and a national registry of missing people, has also not been implemented so far. By mid-2018, more than 37,000 people are reported to have disappeared, more than 2,000 people disappeared in the first half of 2018 alone.

The security situation has deteriorated markedly in 2017 and 2018 as the number of homicides, which had declined during the first years of the current administration, has increased to the highest level ever recorded since the state began keeping systematic records on crime and violence. More than 25,000 homicides were reported in 2017, while more than 16,000 were reported in the first six months of 2018. A total of more than 240,000 killings have been reported since the beginning of the so-called war on drugs. Against the background of escalating violence, it has generally been impossible to effectively hold the security forces to account for abuses. The disappearance of 43 Ayotzinapa teaching college students is indicative and remains unresolved. Although international commissions accused the local and regional security apparatus, the Peña Nieto administration denied any accusations and refused to cooperate. The incoming president, Andrés Manuel López Obrador, has promised a truth commission. Human Rights Watch has spoken of the “human rights catastrophe” that the new president will inherit.

Citation:
https://www.hrw.org/americas/mexico

Political liberties are guaranteed by law, and public debate and electoral competition are meaningful. If political rights are violated, citizens have access to electoral courts which are generally professional and effective.

In many parts of the country, high levels of criminal violence undermine democracy. Public officials, especially at the local level, are kidnapped, harassed and even murdered with impunity. In 2018, 133 candidates and politicians have been killed. Journalists and activists are also targeted and, since 2000, 138 journalists have been killed and 24 disappeared.

While the lack of credible and capable legal investigations in such cases makes it impossible to know the true extent of the problem, there is considerable
evidence that authorities are not merely inept. Rather, they are sometimes complicit in violating citizens’ political liberties. The justice system has proven to be particularly ineffective in prosecuting powerful rights violators. There are 14 current or former governors suspected of corruption, money laundering and links to organized crime currently under investigation, but impunity for corruption-related crimes is 98% and high-level politicians are rarely sentenced or impeached.

Hence, Latinobarometro polls indicate that satisfaction with democracy in Mexico has fallen from 41% in 2006 to 18% in 2017, while support for democracy has fallen from 54% in 2006 to 38% in 2017.

Citation:

While there is a societal norm against overt racial discrimination, there is a significant correlation between race and class. Light-skinned Mexicans are over-represented among the wealthy and powerful. Data from the Latin American Public Opinion Project shows that they have significantly higher educational attainment and more material wealth. Social discrimination varies by region and setting. In urban centers, there is growing awareness around issues of gender and sexuality. The local constitution adopted by the Mexico City constituent assembly includes a number of liberal and progressive provisions. Nevertheless, more traditional gender roles and the political and social marginalization of women continue to be the norm, particularly in rural and less affluent areas.

Worth mentioning are gender quotas for parties and elections, included in the 2014 constitutional reform. Women now hold 49% of seats in the Senate and 49.2% of seats in the Chamber of Deputies. Additionally, five women ran as candidates for mayor of Mexico City and Claudia Sheinbaum (MORENA) became the first woman to govern the city.

The courts are increasingly assertive in taking up cases of gender equality, and LGBT and transgender rights. The Supreme Court ruled in October 2017 in favor of a transgender person against the state of Veracruz after the state had refused to change the person’s name and gender on their birth certificate. Another court ruling found in favor of same-sex marriage. In 2015, Supreme Court recognized same-sex marriage, but only 15 states including Mexico City have so far followed this ruling. However, while there is more awareness of gender discrimination, attention to indigenous rights and other forms of social stigmatization is more limited.
Moreover, as is often the case in Mexico, there is a considerable gap between formal rights, and their effective guarantee and enforcement. However, it is expected that the new AMLO government will invest more in the issue of non-discrimination.

Citation:

Rule of Law

The rule of law continues to be characterized by an ineffective judicial system. Violence and crime, corruption and impunity undermine the rule of law. In corruption-related crimes impunity reaches 98% and in homicides 97%. The adoption of a National Anti-Corruption System in July 2016 was seen by many observers as a major formal step toward improving the rule of law. The objective of the new system is to improve the coordination of anti-corruption efforts between all governmental bodies (on the federal, state and municipal levels), but implementation of the reform has been undermined by a lack of political will. More than two years after approval, key positions remain vacant, such as the special anti-corruption prosecutor.

Beyond the problem of corruption, the rule of law in Mexico has been seriously hampered by the increasing violence associated with the war on drugs. Criminal courts lack transparency, which further undermines trust and confidence in the judicial system. Overall, the system is particularly ineffective when it comes to prosecuting powerful individuals, such as former public officials. In this context, and also due to the security crisis, existing legal regulations often do not effectively constrain government and administration. This dramatic situation is not expected to change quickly under the new government.

The Supreme Court, having for years acted as a servant of the executive, has become substantially more independent since the transition to democracy in the 1990s. Court decisions are less independent at the lower level, particularly at the state and local level. At the local level, corruption and lack of training for court officials are other shortcomings. These problems are of particular concern because the vast majority of crimes fall under the purview of local authorities. There is widespread impunity and effective prosecution is the exception, rather than the rule.
Mexico is in the process of reforming the justice system from a paper-based inquisitorial system to a U.S.-style adversarial system with oral trials. Implementation of the new system will most likely take a generation since it involves the retraining of law enforcement and officers of the court. So far, law enforcement has often relied on forced confessions, rather than physical evidence, to ensure the conviction of suspects. To make the new system work, the investigative and evidence-gathering capacity of the police will have to be significantly strengthened.

Overall, the courts do a poor job of enforcing compliance with the law, especially when confronted with powerful or wealthy individuals. Improving the rule of law is a crucial challenge for the new government in the context of an ongoing security crisis.

Citation:

Mexican Supreme Court justices are nominated by the executive and approved by a two-thirds majority of Congress. Judicial appointments thus require a cross-party consensus since no party currently enjoys a two-thirds majority or is likely to have one in the near future. The system of federal electoral courts is generally respected and more independent and professional than the criminal courts. The situation is worse in lower courts, as judges are implicated in corruption or clientelist networks.

In the case of the national anti-corruption system (SNA) a lack of cross-party consensus has led to stalemate and delayed implementation. The lack of agreement among major parties in Congress has created a situation where none of the 13 judges for the Specialized Administrative Justice Tribunal (TFJA) have been appointed. The TFJA was created to hear government corruption cases.

Citation:

Corruption is widespread in Mexican politics, the judiciary and the police. Anti-corruption efforts so far have failed. After pleading guilty in September 2018, 14 former governors accused of corruption – including the former governor of Veracruz, Javier Duarte – have been sentenced to nine years in prison, a small sign of hope. Most of these governors had been close allies of President Peña Nieto and were the public faces of his effort to re-launch the
PRI in order to give the party a new start after its decades-long association with corruption and bribery. Beyond the governors, the former director of the state-owned oil company Pemex, another close Nieto ally, has also been accused of corruption in the fallout of the scandal surrounding the Brazilian engineering firm Odebrecht. The Odebrecht scandal has rattled several Latin American countries, and now also engulfs high-placed public officials in Mexico. Although Odebrecht admitted bribing Pemex with $10.5 million, Mexican prosecutors refused to cooperate with Brazil authorities, delaying any clarification. These high-profile cases revealed the inability of the Mexican justice system to effectively deal with corruption, especially if the perpetrators are politically well connected.

At the same time that corruption scandals roiled the political arena, efforts to implement the National Anti-Corruption System (SNA), which had been signed into law by President Nieto in 2016, floundered. Neither the special anti-corruption prosecutor nor the judges for the specialized administrative tribunal have been appointed. At the subnational level, not even half of Mexico’s states have approved the required secondary legislation to implement the SNA. According to a May 2017 study by Corparmex, the Mexican confederation of business owners, corruption costs Mexico around 10% of its GDP. In Transparency International’s Corruption Perception Index, Mexico ranked 135 out of 175 countries in 2017, a significantly deterioration in the country’s ranking compared to 2012.

The main positive development with regard to corruption is sustained pressure from civil society for more transparency and accountability, but in general there is little hope for quick change.

Citation:
Governance

I. Executive Capacity

Strategic Capacity

The Mexican president is required by law to produce a strategic plan in his first year in office. At a lower level, there are quite a few planning units within the Mexican government, though they do not all have decisive input in the policymaking process. Longer-term, Mexico has committed itself to the Sustainable Development Goals (SDGs) and created a specialized technical committee involving 25 federal agencies, which will collect the statistical information required to monitor progress.

Strategic planning was most prominent in the 1960s, 70s and 80s; in the latter decade no fewer than three former planning ministers moved up to the presidency of Mexico. In more general terms, a “passion for planning” stems from the origins of the Institutional Revolutionary Party regime and its corporatist structures within a mixed economy. Mainly as a consequence of market-oriented reforms, the role of planning entities has declined since the late 1980s. This was partly the result of Mexico becoming an export-oriented economy, but also because planning itself was a failure during this period, with Mexico too bound to international economic trends to successfully implement planning decisions.

Planning has seen a resurgence in popularity in recent years. The major challenge to planning in Mexico, and Latin America more generally, consists in creating sufficiently tight links between the agencies responsible for planning, the implementing agencies and powerful interest groups. The implementation of several highly significant recent reforms have put Mexico’s planning skills to the test. This includes the implementation of anti-corruption laws and reforms in the social sector, education reform as well as in energy and telecommunications.
The current Mexican president has faced historically low approval ratings in the final year of his term. Combined with the challenge of the incoming presidency, this has made the president a “lame duck.” Additionally, the incoming president has announced that he will repeal several reforms, such as the education reform. This will limit the chance of successfully implementing strategic plans at the beginning of the new president’s term. It remains to be seen, however, to what extent the new government will be able to plan and implement a coherent sustainability strategy with strong priorities.

In the Mexican political system, barriers between the government and scholars are comparatively low. It is quite common for a cabinet to include recruits from academia, and there are also substantial informal contacts between academics and high-level public officials. By the same token, former government officials often teach at universities. The Mexican government is keen to strengthen relationships with technical experts, including economists and international relations professionals, particularly those who hold higher qualifications from outside Mexico and have worked for international organizations or U.S. think tanks. Furthermore, the government receives policy advice from international organizations, such as the World Bank and the Inter-American Development Bank. Moreover, applied research has played an increasing role throughout the last two decades in the scientifically grounded evaluation of social programs.

However, the procedures by which academic advice is sought are often not formalized, a fact that leads not only to a frequent lack of transparency on relations between academia and politics, but also to policy advice being often obtained on an ad hoc basis. Regarding the role of intellectuals in society, in general, they are held in high esteem.

Despite pressure from civil society on a number of issues, such as corruption, impunity and insecurity, consultations with civil society actors often fail to achieve concrete results. A lack of political will, rather than a lack of discussion or input from societal actors, has often stalled progress. While the Peña Nieto administration initially adopted a clear reform-oriented strategy and included policy experts on various levels, this verve has completely faded away. Additionally, the president’s commitment to transparency is limited.

**Interministerial Coordination**

The presidential office offers positions of high prestige in Mexico. It is involved with the legislative process to a decisive degree. Due to the absence of a high-level career civil service, both the cabinet and the presidential office
are staffed with presidential appointments. The independence of figures within the executive is thus questionable since everyone of influence in the presidential office is a political appointee. It is relevant to note that the majority of legislative proposals introduced by the executive failed in post-1997 Mexico – a successful proposal submitted as part the “Pact for Mexico” during the early years of the Peña Nieto administration notwithstanding. Political roadblocks rather than any lack of policy expertise are responsible for these problems.

Given Mexico’s presidential system, cabinet ministers are respectful of and even deferential to the presidential office. Moreover, cabinet ministers dismissed by the president after disagreements rarely find a way back into high-level politics, which promotes loyalty to the president and presidential staff. Accordingly, senior figures in the presidential office are very powerful, because they determine access to the president and can influence ministerial careers. President Peña Nieto has built his cabinet around two super-ministries and ministers, the finance minister and the minister of interior, and good personal relations with the president are important for cabinet members.

Mexico is unusual, because the constitution does not recognize the cabinet as a collective body. Instead, Mexico has four sub cabinets, respectively dealing with economic, social, political and security matters. As a result, Mexico in practice has a system of cabinet committees each of them normally chaired by the president. The full cabinet never or hardly ever meets. Mexico’s cabinet, as a collective, matters less than in most countries. The cabinet is not a supreme executive body as it is in, say, Britain. For one thing, there are a number of heads of executive agencies, with cabinet rank, who are not directly subject to a minister. There is a trend of governments to increase this process, partially out of the logic of depoliticizing and cementing programmatic decisions and views in social and economic policy fields. Under the current administration, cabinet reshuffles have frequently taken place, often in response to unpopular policy outcomes or political pressure. The central political figure has been and is the president.

Traditionally, there was little real distinction in Mexico between civil servants and politicians, though the relationship between them has significantly varied over time. The upper administration overly consists of presidential appointments, with only a limited number of career bureaucrats. Two exceptions are the Ministry of Finance and the Ministry of Foreign Affairs, where bureaucratic expertise has always played a major role. The reason for this is the importance of being a competent actor in multilateral arenas given the dominance of the United States and the experience of macroeconomic turmoil due to continuous political interference in economics. Traditionally, the political system has been weighed toward presidential appointments. The cabinet today is much more heterogeneous, however, with some figures personally close to the president and others more independent. The
politicization of the cabinet, which has increased under the three recent administrations, is constraining its ability to coordinate policy proposals given the centrifugal tendencies. On the other hand, the previously mentioned independent agencies are often characterized by higher levels of bureaucratic professionalism. Moreover, socioeconomic modernization has, albeit slowly, changed the administrative landscape, with technical expertise increasing in many sectors (e.g., social sectors) and the number of policy experts with an administrative background increasing in the upper administration; It is too soon to say, whether this trend will continue during the current administration of AMLO.

A number of informal mechanisms for coordinating policy exist, and given the lack of “formal” coordination capabilities within the Mexican administration, informal coordination often functions as a substitute. This is normal in a presidential system where only a few cabinet secretaries have independent political bases. Ministers retain their positions, for the most part, at the will of the president. It is important to note, however, that some cabinet secretaries are more equal than others. The Finance Ministry, and Ministry of the Interior and Police have assumed hegemonic roles under President Peña Nieto. The finance secretary, José Antonio Meade, resigned in November 2017 to run for the presidency as candidate of the incumbent PRI, but lost. Moreover, toward the end of a presidential term, the congruence of formal and informal coordination mechanisms tends to diminish, as has been the case in 2018.

The Mexican government has adopted a National Digital Strategy and established a Change Management Plan in order to guide agencies in the development of projects. In July 2018, Mexico launched an online platform to track progress toward achieving the 2030 Agenda for Sustainable Development. However, as often in Mexico, implementation of digitalization is falling behind schedule, especially on the subnational level. This reflects the heterogeneity of digitalization within the broader Mexican society.

Citation:

Evidence-based Instruments

Regulatory impact assessment (RIA) was introduced in Mexico in 1997. In 2000, RIA was implemented broadly through reform of the Federal Administrative Procedure Law. Thus, RIA in Mexico is established by law, and not by presidential or prime ministerial degree as in some other OECD countries.
In May 2018, the new General Law of Better Regulation was issued. A government agency, the Federal Commission for Regulatory Improvement (Comisión Federal de Mejora Regulatoria, COFEMER), is responsible for performing impact assessments on new proposals if they generate compliance costs. With the new law, COFEMER’s mandate was broadened and the agency renamed the Comisión Nacional de Mejora Regulatoria (CONAMER). CONAMER assesses existing regulations. The law requires Mexico’s 32 states to adopt RIAs for subnational regulatory projects and there are efforts to expand this further. Overall, RIA could be strengthened by involving stakeholders early on in the process.

Beyond RIA, evidence-based evaluations of several Mexican public policies in the social sector have gained international recognition and have had significant spillover effects to the international evaluation community. This is especially true for social policies, where rigorous impact assessments based on experimental and quasi-experimental analyses of education, health, and nutrition programs (Programa de Educación, Salud y Alimentación, PROGRESA) can be perceived as an international showcase on how to evaluate large-scale social programs. In this area, the National Council for the Evaluation of Social Development Policy (CONEVAL) is responsible for carrying out rigorous impact evaluations in large social-sector programs. CONEVAL is an autonomous and independent agency created by the 2007 General Law on Social Development (Ley General de Desarrollo Social).

Citation:

RIA was introduced in Mexico in 1997 and its usage has spread from the federal government to some state governments. It has established itself as a legitimate part of the policymaking process. The relevant government agency, CONAMER (and its predecessor, COFEMER), is responsible to an interdepartmental committee that ultimately reports to the Ministry of Economy. CONAMER does not have a veto on new proposals, but it must be consulted and can express an opinion. Its position vis-à-vis the ministries was strengthened by the new law on regulation in 2018. It can prevent new regulations from coming into force until the consultation process is complete. CONAMER has also been active in negotiating the streamlining of procedures with individual Mexican states. This is significant, as much regulation is generated at subnational levels. After a quiet start, COFEMER/CONAMER has played a significant role in Mexico’s pro-competitive policy. Its annual reports are publicly available and provide critical assessments on regulatory projects.
So far, RIAs have often highlighted international benchmarking to reinforce their investigations. As one example, in a recent development, the Mexican government signaled its intention to become a world leader in sustainable tourism. Here, sustainability relates to energy efficiency, improved environmental performance and the protection of cultural heritage. The government partnered with the private firm EC3 Global to support the adoption of their trademark EarthCheck science and solutions for tourism operators and companies committed to sustainable practices and to align their performance with global benchmarks, endorsed by the World Tourism Organization. EarthCheck is an internationally recognized environmental management and certification program with more than 1,300 members in 70 countries. The program improves the operational performance of member organizations and reduces costs. However, like in most other OECD countries, RIAs in Mexico have up to now not fully embraced a multidimensional sustainability perspective as is foreseen by the Agenda 2030 for Sustainable Development. This is a particular challenge against the backdrop of the United Nation’s Global Goals (Sustainable Development Goals), which were supported by Mexico and require a multidimensional perspective – including social, economic and ecological dimensions – in public policymaking. However, Mexican government elites appear much more likely to be aware of the SDGs than government elites in other OECD countries, which might lead to an improvement in the coming years.

Overall, Mexican policies are supposed to subject to ex post evaluation and, at least at the national level, a comparatively strong culture of ex post evaluation has grown over the last two decades. This phenomenon is rooted in two different ideological streams. On the one hand, the traditional planning euphoria from a left-leaning, corporatist system has embraced the idea of ex post evaluation as an integral part of a well-mastered policy cycle. On the other hand, market liberal reforms and the influence of international finance organizations have introduced forms of new public management, with rigorous ex post evaluation seen as a crucial way to guarantee the efficiency and effectiveness of public policies.

Since 2012, mandatory guidelines require the use of ex post evaluations. As a consequence, Mexico has established one of the most developed evaluation policies in the field of social policy, which is executed by a constitutionally anchored evaluation agency, Coneval (National Council for the Evaluation of Social Development Policy). Created in 2014, Coneval is established as an autonomous constitutional organization with a very high level of technical and management autonomy. Its task is to coordinate and manage the ex post evaluation of national social policies, and it does so with a very high level of sophistication. It is consists of the head of the Ministry of Social Development,
six well-known academics chosen by the National Social Development Commission and an Executive Secretary who is in charge of the council. In the international realm, CONEVAL has been an institutional innovation in poverty measurement and the evaluation of social public policies. So far, the independent provision of scientifically based evaluations has had a substantial impact on technically improving social policy programs in Mexico.

Coneval represents a substantial move forward in the evaluation of social policies. However, other policy fields are subjected to far less scientific ex post evaluations and, at the subnational level, much more remains to be done. However, the ongoing presence of many organizations of international development cooperation in Mexico is favorable for an evaluation friendly environment.

**Societal Consultation**

While originally perceived as a great communicator, President Peña Nieto’s approval rating were constantly below 20% during his last year in office. The security crisis, violence, high-level corruption scandals and the societal crisis after the disappearance of 43 students in Guerrero have underlined the public’s discontent. In this critical situation, the government has taken a more hierarchical position regarding consultation with societal actors than its predecessors. The president’s approach tends to be to negotiate at the highest level of politics (i.e., with party leaders) and with union leaders (i.e., the very controversial education reform) and to rely on those involved to employ sufficient weight to enable reforms and other policy decisions to proceed. Thus, he undertakes intensive consultations with the leaders of Mexico’s political parties and unions, but social actors and NGOs are less involved. This is in line with the Institutional Revolutionary Party’s tradition of corporatism and clientelism, where participation has flowed mainly through corporatist and clientelist party channels rather than through independent civil society organizations. In late October 2018, one month before taking office, President-elect Andrés Manuel Lopez Obrador stated that the fate of a controversial new airport in the country’s capital will be decided by voters in a popular consultation.

Some participatory involvement occurs at the local and state level, in the form of experiments with participatory budgeting, roundtables with stakeholder consultation and so on. While these types of consultation processes are not as strong as in other Latin American countries, they have become more common in Mexico.

Policy Communication

Communication performances under recent administrations have been mixed. Former President Fox had remarkable public-relations talent, but not much grasp of policy detail. Under former President Calderón, there was marked enhancement in the general quality of official communication, but Calderón had less feel for the news media. Even though outgoing President Peña Nieto was an effective campaigner, his administration generally failed to communicate the importance and implications of its far-reaching reform projects to the public, resulting in eroding public support and low approval ratings. For example, the government’s statements regarding the disappearance of 43 Ayotzinapa teaching college students was a disaster. It is expected that the communication skills of the new AMLO administration will improve.

Citation:

Implementation

The government’s ability to implement policy is geographically and functionally uneven. While there are an increasing number of islands of technical expertise and competence, overall policy implementation is still severely hampered by several factors. The most significant of these have been the following four challenges: (a) the state’s lack of financial resources due to insufficient taxation capacity, (b) the organizational weakness of subnational governments and the decentralized agencies overseen by federal ministries, (c) high levels of corruption, crime and impunity, and (d) the ineffective rule of law.

The central government has been able to find the necessary financial resources for prestige projects and highly visible policy priorities. Overall, however, the state remains unable to provide basic public goods, including education, public health and security, across the territory. Mexico is a federal country, and the quality of governance by state and municipal governments varies enormously. Some municipalities are professionally organized, but others lack basic capacities to provide those public goods that fall within their local responsibility.

While the president initially embarked on several major ambitious reform projects, all of these initiatives remain underfunded and most have stalled during the implementation phase. Confronted by the new government of the
incoming President Andrés Manuel López Obrador and with historically low approval ratings, President Nieto has become a “lame duck.”

Citation:

Whatever problems there may be with the Mexican system, it does deal effectively with the so-called agency problem, except during the end of the presidential term, when the lame duck phenomenon occurs. In contrast, at least during the first two-thirds of a presidential administration, cabinet secretaries mostly have a strong incentive to avoid incurring presidential displeasure. This is less true at the very end of the presidential term, when the cabinet becomes more politicized and some political figures may jump ship to serve the new administration. Usually the government acts as a lame duck during its last months in office, and not much is expected of it. This is exactly what has happened in 2018, especially after the dramatic loss of PRI and the governmental takeover of MORENA on 1 December 2018.

The presidential office can choose who it monitors and how. There are two caveats to this statement, however. First, Mexico is a federal system, and there are thus strong limits to the central government’s power as many competencies fall, at least partially, to the states or even the local level. Second, independent agencies headed by individuals of cabinet rank have taken on an expanding role during the last two decades. Yet where the central authority has power, it uses it. Ministerial turnover is in general relatively high for a presidential system and President Peña Nieto has reshuffled his cabinet several times. However, while sanctioning ministers is a sign of the president’s power, it does not necessarily reflect the output of a systematic monitoring process. In many instances, inadequate implementation is due to structural problems of capacity or a lack of political will, rather than insufficient monitoring. Personnel changes at the attorney general’s office (PGR) and the public function secretariat (SFP) in the context of continuing revelations about the administration’s inadequate response to corruption are cases in point. Replacing high-profile officials, without addressing underlying structural problems, is often a quick attempt to demonstrate political capacity, it is unlikely to produce better results.

Citation:
The process of monitoring tends to work better at the national level than at the subnational level, where the general process of accountability is more heterogeneously developed. Monitoring is considerable at particular times and places, but limited otherwise. Moreover, monitoring is selective due to uneven state capacity, which hampers greater coverage. Essentially, the commitment to monitoring depends on political constellations. Ministries can scrutinize bureaucratic agencies if they want to, but there are good reasons why they do not always do so. Decentralized agencies often try to exercise autonomy by going over the top of the governing secretariat and contacting the president directly. Pemex, the state-owned petroleum company, is notorious for such attempts, although it does not always succeed. In addition, ministers or the cabinet have mostly been unable to effectively monitor the military and the police, and attempts to increase oversight – especially with regard to human rights violations – has been politically difficult in the context of an ongoing security crisis. This has not changed during the last year of the outgoing president and will be one of the biggest coordination challenges for AMLO.

Mexico has three levels of government – central, state and municipal. In Mexican federalism, state governments are politically and economically more powerful than municipalities. The state governors’ association is a powerful lobby group that bargains effectively with the central government. In general terms, Mexico’s intergovernmental transfer system must reduce vertical imbalances and discretionary federal transfers. The latter are distributed from the center across states with political, rather than policy goals in mind and constitute a substantial share of government spending. Moreover, Mexican states need to increase their own revenues in order to become less dependent on central government transfers.

Due to government austerity, underfunded mandates and insufficient resources are a challenge for the successful completion of many government tasks and undermine the realization of the principle of subsidiarity in Mexico’s fiscal federalism.

The Mexican constitution gives subnational entities, in particular states, considerable opportunity to influence policy. However, fiscal federalism in Mexico still relies heavily on transfers and thus gives the central government considerable leverage over states. The economic heterogeneity of states is so substantial that there is a need for a solidarity-oriented transfer system. In other words, fiscal federalism in Mexico cannot rely on the principle of market-based federalism with its focus on competition among subnational entities.

The current system is not in equilibrium between solidarity and market-based federalism. The federal government formally has substantial leverage over
states, the federal government has generally refrained from reining in the illiberal practices of local elites. Considerable administrative capacity deficits and illiberal political practices therefore persist at the subnational level, while at the same time these illiberal practices vary strongly between regions and subnational entities. Thus, while political processes in several states fall short of democratic practices, in other states the situation is much better. The complicity of the federal government is illustrated by its failure to intervene even in cases where governors systematically embezzled funds to the point of financially ruining their states, such as Veracruz. In the case of Mexico, federalism is therefore undermined not only by an overbearing center but also by a lack of accountability and oversight of subnational officials.

Citation:

Insufficient funding, corruption and inefficiency inhibit the effective implementation of nationwide public policy standards in many sectors. Currently, this is playing out particularly visibly in the education sector, where not a single government entity seems to know how many teachers there are in the public schools, let alone how effectively they teach. Part of a recent education reform requires the statistical agency INEGI to conduct a census of the education sector. The discrepancy in the number of teachers in official data provided by the Ministry of Education and those encountered by census-takers when they visited schools is significant. In several states, INEGI’s work was disrupted by unions, especially the CNTE, which sought to prevent census-takers from entering schools. Overall, the education reform has increased pressure for accountability and transparency but the country still has a long way to go before all schools and teachers meet national standards. So far, even trying to collect the data that would enable the monitoring of standards has been challenging. While education reform has focused mostly on schools, higher education also suffers from a lack of uniformity and insufficient monitoring of standards.

Citation:
Latin American Regional Report: Mexico & Nafta (November 2017) “Solving higher education conundrum key to 2018 election success?.”

Insufficient funding, corruption and inefficiency inhibit effective regulation in many sectors. Additionally, fragmented responsibilities due to deficiencies in the federal Mexican system are prevalent. Vested interests often manage to block reforms or policy implementation. While this is a cross-sector phenomenon, it has been particularly visible in the education sector, where an ambitious reform was initiated by President Peña Nieto, but protests by and resistance from teachers and unions prevented the reforms implementation.
The new president, Andrés Manuel López Obrador, has announced that he will end the educational reform process.

**Adaptability**

The Mexican governing elite have traditionally been very interested in adopting international standards and had a high degree of contact with international organizations and policy institutes. The major motivation for this is that multilateralism has always provided a strategic avenue for counterbalancing the country’s dependence on its northern neighbor. Moreover, many members of the policy elite have studied and/or worked abroad, mostly in English-speaking countries and sometimes in those international organizations that promote international norms. Mexico’s presidential system, with its directing authority at the center of the administration, also allows the country to make swift changes. However, while adaptability of the Mexican government is comparatively high in formal terms, implementation of new approaches and policies is much weaker, particularly when it involves subnational entities, heavily unionized sectors or counters economic interests in society. In this regard, one of the most challenging tasks for the Mexican government is currently to transfer the ambitious U.N. Global Goals (Sustainable Development Goals) agenda into domestic policies, adapting them to national priorities. While formulating action plans and monitoring strategies at the national level faces little or no capacity barriers, the implementation and mainstreaming of policies at the local and regional level will be the major challenge. In addition, while Mexico has signaled commitment to human rights in international arenas, within the country the protection of human rights and respect for the rule of law remain low.

The Mexican government is increasingly confident of its role in the broader world. Mexico has traditionally been supportive of international initiatives, in the hope of reducing the bilateralism imposed by Mexico’s close and asymmetrical relationship with the United States. Mexico continues to play an active role in the United Nations, OECD and other intergovernmental organizations. It also remains an enthusiastic participant in multilateral organizations, including international financial organizations such as the World Bank, the Organization of American States (OAS) and the Inter-American Development Bank. Numerous policy and organizational recommendations made by international bodies have been adopted in the Mexican policymaking process. Thus, it has a supportive role in many international attempts oriented toward the provision of global public goods. Whether this engagement in international affairs is sufficient to shape international efforts is questionable given the country’s reduced level of international leverage in economic and security affairs. However, within its capacities, Mexico has contributed to strengthening multilateralism.
Organizational Reform

Historically, Mexico has often found ways of dealing with the so-called agency problem in policy implementation, which explains why institutional arrangements need constant monitoring. Traditionally this agency problem was dealt with by a high degree of corporatist authoritarianism, which came at a high cost for controlling agents. In today’s Mexico, democracy – even if sometimes insufficiently implemented – requires new models of overcoming this agency problem in an increasingly diversified and complex state structure. Particularly policymakers at the central level and in the more advanced states are becoming aware that effectively governing complexity requires different principles, including monitoring institutional governance arrangements. In July 2018, Mexico launched an online platform to track progress toward achieving the 2030 Agenda for Sustainable Development.

Yet, especially at the subnational level, pockets of authoritarianism, weak state capacity and widespread corruption result in uneven capacity for monitoring institutional arrangements and regulatory reforms. At the top of the political pyramid, the quality of self-monitoring still depends much on the personal engagement of the president. Mexican policymakers have tended to engage quite frequently in administrative reorganization, possibly to excess. President Peña Nieto has been an ambitious, and perhaps excessive, but largely unsuccessful reformer.


While Mexican policy elites are often receptive to new ideas and open to administrative reform, many of these reforms remain unimplemented and are abandoned before they can take root. This is especially true with regard to domestic security and law enforcement. Too often, the re-drawing of organizational diagrams has taken precedence over the implementation of desperately needed, but difficult structural reforms to strengthen the rule of law. Moreover, the most important challenge currently consists of improving the effectiveness of existing institutions.

The outgoing government of Enrique Pena Nieto, driven by strong reform pressures in the administrative, social and security sectors, has followed this general trend. The administration created the “Pact for Mexico,” which was signed by the heads of the main political parties very shortly after President Peña Nieto took office. His administration has fallen short when it comes to transparency and accountability for how reform decisions are made; and overall, implementation has fallen short.
II. Executive Accountability

Citizens’ Participatory Competence

Socioeconomically, Mexico is a very internally divided country, which translates into uneven policy knowledge across the population. Due in part to its poverty levels, Mexico has the lowest performing students in the OECD and up to a third of the population has little more than primary education. However, at the other end of the scale, literally millions of Mexicans attend universities, and hundreds of thousands of Mexicans have attended foreign universities. There is, therefore, a marked split between a highly educated Mexico, which is concerned with the finer details of politics and policy, and a less politically and intellectually sophisticated Mexico composed of people who are mostly trying to get by. While better educated Mexicans are well-informed, poor and less educated citizens lack knowledge and interest in politics.

In a recent survey by the National Bureau of Statistics (INEGI), 44.5% of respondents said that they were content with the quality of government services in 2017. In the latest National Survey on Political Culture (2012), 65% of respondents stated that they had little to no interest in politics, and 77% thought that government was an instrument of manipulation that benefits only politicians and wealthy people. More recent data is offered by the AmericasBarometer (2016/17): In Mexico, support for democracy fell from 70.2% in 2004 to 49.4% in 2017, while only 26.2% of Mexicans trusted the elections and only 13.8% of Mexicans trusted political parties. President Peña Nieto and his government will leave office with historically low approval ratings. Against the background of structural corruption problems and the continuing challenges regarding domestic security, it will be a challenging task for the new government to restore trust in Mexico.

Citation:
Mexico’s access to information law from 2003 guarantees the public’s right to request and receive information from the federal government. With the law, Mexico created the innovative Federal Institute for Access to Information (Instituto Federal de Acceso a la Información Pública – IFAI), which helps citizens to collect data and information.

Legislative Actors’ Resources

The Mexican presidential system, with its emphasis on the presidential government, and the electoral system have systematically weakened parliament and members of parliament. Members of Congress were until recently prohibited from running for re-election. This system was intended to bring legislators closer to civil society, but it had weakened the legislative role and increased the power of party bosses. The most senior members largely control Congress. They tend to control the careers of more junior congressional members because the effect of Mexico’s strong no re-election rule prevents members of Congress from using their constituency as a political base. In turn, members tended to lack resources and legislative scrutiny was often perfunctory. Similarly, members have had little incentive to take a deep interest in lawmaking, because their term as incumbents was so short. Moreover, good legislative performance often went unrewarded in local or national politics.

However, since 2018, local representatives, city council members and mayors will be able to run for re-election. Senators and federal representatives will have to wait until 2024 and 2021, respectively, to run for a consecutive term. An important caveat to this political reform is that candidates who want to run for a second term will have to be nominated by the same party that nominated them for their first term, or run independently if they did so the first time. Some critics claim that this incentivizes elected officials to prioritize party accountability over constituent accountability. Moreover, it further increases the administrative burden to INE. Re-election is a significant regulatory challenge for the electoral authorities, and the guidelines for the 2018 (regulation for Article 134) process are still not fully defined.

The constitution invests Congress with significant powers. However, until recently, the independence of Congress was undermined by legislation that blocked congressional members from being immediately re-elected. This ban made congressional members dependent on a few powerful leaders who controlled access to resources and increased traditional personalistic and clientelist party structures. For this political, rather than legal, reason congressional committees voted largely along party lines and legislative scrutiny was generally perfunctory. For example, congressional members are
legally entitled to request and scrutinize government documentation under the Freedom of Information Act. While the ban on being immediately re-elected has been abolished, it is too early to assess the effect of this change on legislative scrutiny.

Under Article 93 of the constitution, parliamentary committees have the right to summon ministers, which happens quite a lot in practice.

Regarding the resources of legislators to monitor the government, it is worth noting that – through legislative committees – they can (and frequently do) conduct hearings where they summon ministers as well as other public officials, who have an obligation to attend. It is often the case that hearings are held right after Annual Presidential Reports to go over evidence and documents supporting the president’s claims on their respective offices (similar to the State of the Union Address in the United States). While these resources are relevant and useful for monitoring, they very rarely have meaningful consequences for public officials (positive or negative).

Congressional committees frequently summon experts, including international ones, and often take their input seriously. Indeed, there is evidence that experts play a considerable role in the legislative process. This aspect of governance mostly works well, because it provides a source of independent scrutiny.

There are far more committees than members of the cabinet. This is negative from the point of view of effective monitoring. Yet there are more significant obstacles to the effectiveness of congressional committees than their official scope. The most notable limitation has been the one-term limit for legislators, which has now been changed. However, it is too early to assess the effect of this change.

Media

The quality of the media is mixed. The quality of some Mexico City newspapers and magazines is high, but the majority of the press, and particularly radio and TV focus mainly on entertainment. This is particularly troublesome as there is a high degree of media concentration, with only two national TV companies (Televisa and TV Azteca) controlling 94% of commercial TV frequencies. These companies have similar programming and political inclinations, and account for 76% of the political news content consumed by Mexicans. The Mexican NGO Centro Nacional de Comunicación Social claims that the concentration of media ownership in only a few hands undermines media pluralism. The close ties between the two major television companies and the government limits their capacity to
impartially inform the public. In 84% of the cases, the owners have familial or business relationships with well-known politicians. For example, the 2012 election created the “telebancada,” a prominent caucus of 20 congressmen who have worked directly or indirectly for one of the two TV companies.

On the supply side, the quality of journalism remains a challenge. Particularly on security-related issues, increasing violence against critical and investigative journalism often results in self-censorship.

At the same time, media diversity (online media) has strongly increased in the last decade and Mexicans do have access to high-quality offerings if they are interested. Moreover, information on Mexican politics is easily accessible from United States and Latin American media outlets due to technical progress. However, this diversity in content and quality will hardly have an impact on the majority of the population as only a very small minority of Mexicans use the internet and newspapers as their main sources of political information. The influence of manipulating news and social media – a topic of increasing relevance in many OECD countries – is as yet an understudied theme in Mexico, but probably will gain importance.

Citation:

**Parties and Interest Associations**

In terms of candidate selection, it is normal for the presidential candidate of each of the major parties to participate in some kind of primary election. The selection of candidates in all parties for the 2018 elections was unusual. The Institutional Revolutionary Party (PRI) selected José Antonio Meade, a former finance minister, who was not a party member. The Party of the Democratic Revolution (PRD) and the National Action Party (PAN) agreed to present a common candidate, Ricardo Anaya, following bitter internal debates because of the strange left-right-coalition. MORENA, a rather personalistic movement, selected former PRD-politician Andrés Manuel López Obrador.

Candidate nomination for other mandates vary from state to state and from municipality to municipality because of the federal system. PRI, the governing party, tends to be rather secretive, clientelist and hierarchical. Meanwhile, MORENA tends to be heavily reliant on the personality of its leader, AMLO. PAN is much more of a members’ party, with a degree of internal democracy, but an exclusionary attitude toward non-party members. The question of which party is in government is also crucial. Incumbent parties tend to be more internally authoritarian because of their greater patronage resources. In
In general, the PRI is probably the most controlled and authoritarian of the major parties.

In terms of candidates to both chambers of Congress, all parties are dominated by a leadership elite which makes all relevant decisions. They can operate in this exclusionary way because they are in control of the delegates’ votes. When the candidate lists are chosen, delegates will vote as their respective leaders indicate.

With regard to economic interest organizations, there is clear asymmetry. Trade unions are not sophisticated organizations in Mexico, while employers and business associations mostly are. However, these organizations tend to be dominated by a small group of empowered agents who guide most of their policy positions and decision-making processes. The collective interest of those supposedly represented by the association is seldom the one that prevails. A good example of this is the Employers Confederation of the Mexican (COPARMEX): it would be in their best interest to push for a tax consolidation (combined reporting) reform. However, because it is not in the interest of the most influential members of the organization (frequently owners of the largest companies in the country), this issue is almost completely out of the organization’s agenda.

Against the background of corporatist authoritarianism in 20th century Mexico, economic interest groups in democratic Mexico could draw on many associational experiences. Moreover, since the early 2000s, there has been a considerable increase in the quantity and the sophistication of non-economic interest groups in Mexican civil society. Many talented graduates have found positions in domestic and international NGOs, and work to influence policy in Mexico via advocacy-oriented strategies. Several tertiary-education institutes (e.g., ITAM, Colmex, CIDE) both teach and conduct public-policy research, and some are highly influential in the political sphere as think tanks and/or advocacy institutions, often through the personal linkages to the government and its administration. Furthermore, there has been an increase in the number of national and international advocacy NGOs that, depending on the sector and the government in place, are also relevant in the agenda-setting process. Moreover, many grassroots organizations founded in the last 10 years aim to influence local and regional policymaking. Finally, the degree of movement of personnel between NGOs, think tanks and government is high compared to other OECD countries. While the capacity of most of these organizations to
propose policy reforms in complex policy settings is rather restricted, it has been growing steadily and their role influencing public opinion is more relevant every year. Examples of these associations include IMCO, Mexico Evalua and Mexicanos Primero, which have been able to affect the policy agenda of the government in the last two years on issues related to transparency, accountability and development effectiveness.

Citation:

Independent Supervisory Bodies

The federal Superior Audit Office (ASF) was set up in 2001 to help the Chamber of Deputies, the lower house of the National Congress, and it has technical and managerial autonomy. In practice, the audit office shows a high degree of independence, but little sanctioning power. The audit office is accountable to parliament exclusively. Over the last decade, the audit office has become stronger in technical terms, but remains incapable of fully covering all relevant topics. A central problem remains impunity.

During its process of political liberalization, Mexico established an ombudsman’s office in 1992. The office is generally respected, and the ombudsman can, and sometimes does, criticize government policy. In 2007, the ombudsman publicly advised President Calderón not to use the army in counter-narcotics activities. Calderón nevertheless sent troops in, which provoked an ongoing discussion on the army’s domestic tasks. More recently, the limited de facto power of the institution has become visible particularly in the field of domestic security (e.g., drug crime, human rights abuses). In short, while Mexico has an independent and respected ombudsman’s office, it is not necessarily powerful, particularly against the backdrop of an unprecedented spread of violence in recent years.

Legislation on data protection in Mexico has been ineffective since 2010. The National Institute for Transparency, Access to Information and Personal Data Protection (INAI) is an autonomous constitutional body that oversees data protection. Implementation of data protection is limited, especially in remote areas, for poor and uneducated people, and where security issues are involved. Thus, while there is an adequate institutional framework and organizational setup, the reality of data protection, particularly at the lower levels of government, is sobering.
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