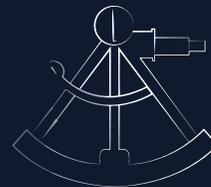


MEXICO POST-COVID19

MAY 6th, 2020

THE INSTITUTE

FOR STRATEGY AND DEVELOPMENT RESEARCH



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INTRODUCTION

This document integrates the vision of the Institute for Strategy and Development Research (ISDR) about possible scenarios for Mexico after the health crisis of 2020. It is still early to grasp with certainty all the effects of the pandemic in the country. However, preliminary changes in political, economic, and security variables are worth exploring.

STRATEGIC CONTEXT

The sanitary emergency caused by a previously unknown virus has amassed attention and public debate since March, obscuring discussion and analysis of other equally relevant issues for Mexico: growing violence carried out by individuals and organized groups; poor economic performance since 2019; large scale migration from Central America to the United States, with sociopolitical pressure mounting on Chiapas, and other places on the Northern and Southern borders. These aspects lie below the surface of national public life but have a strong influence along with different manifestations across various regions in Mexico.

STRATEGIC CONCEPT

In the aftermath of the health crisis, political, economic, and social tendencies, will regain the priority they deserve in the public agenda. Moreover, the influence of decisions made during the emergency will accelerate or alter the course of some of these trends. Two central aspects of the situation are deemed especially critical:

1. Radicalization of Political Positions
2. Shattering of National Security (by Internal and External Threats)

For each of these, the ISDR prepared brief considerations in the form of scenarios.

1 RADICALIZATION OF POLITICAL POSITIONS



By the second half of 2021, and with growing intensity at the beginning of 2021, political rhetoric is polarized between two antagonistic and excluding visions. One perceives the State as the primary entity in the nation, where the government plays a preponderant role as the ultimate decision-maker and generator of wealth. The opposite view places individual citizens in the center of public life and perceives the State as responsible for guaranteeing freedom and security. This perspective ponders politics, not as an end in itself, but as a necessary democratic tool for processing demands and reaching agreements. Here, the government is a prominent participant, but neither the master nor the only one.

These visions lead to easily identifiable groups in the contemporary political landscape. The current federal government is guided by a State-centered one, supporting large worker-and-peasant unions, regional economic institutions in traditional sectors, and a broad base of the population that felt sidelined for decades in the public discourse. At the opposite end, some members of the private sector, civil society organizations, and a social cluster of mainly urban and middle-to-high income citizens support the citizen-centric model (more liberal, in the original sense of the word).

Both positions could come into more significant conflict as the period for national elections in 2021 approaches. Political institutions will be put to the test when trying to process or even reconcile them. In some regions of the country, political violence could also break out.

2 SHATTERING OF NATIONAL SECURITY



National Security is an indispensable condition for the survival of the Nation-State. Internal factors (such as maintaining constitutional order), and external aspects (sovereignty and national defense) influence it. Evident and expanding hostilities will appear on both fronts.

RISKS AND THREATS TO THE INTERNAL ORDER



The economic crisis could escalate already high levels of criminal activity. New displays of violence could collapse the State's ability to confront them, especially in regions where organized crime, poverty, and the absence of efficient public institutions converge. Particularly relevant is an arc of sociopolitical instability formed by the geographical disposition of the

states of Veracruz (in the Gulf of Mexico), Guanajuato, Puebla, Querétaro, State of Mexico, Tlaxcala, (all in the central part of the country), and Michocán, and Jalisco (both in the Pacific Coast).

In these places, the mobilization of rural and semi-rural populations by organized crime groups, to block roads and other critical infrastructure, is a growing possibility.



Authorities will have to focus on the federal highways that link the cities of Orizaba and Oaxaca to Puebla, as well as Mexico City and the rest of the Bajío Region to Querétaro. States in the north, like Tamaulipas and Baja California, with criminal activity deeply intertwined with trafficking illegal substances to the US, will feel the effects of a more policed border and the difficulty of organized crime groups to obtain Chinese chemical precursors for producing synthetic drugs.

Distribution of narcotics could expand using the Caribbean Sea and the Pacific Ocean. Patrolling these routes will demand more financial and material resources from the Mexican Navy. Substantial budget cuts beginning in December of 2018 have strained this institution.

EXTERNAL RISKS AND THREATS



The US Elections in November 2020 will put Mexico in a vulnerable position. The fight over control of the White House will keep altering the cornerstones on which the relationship between both countries rests. Mexico, if needed by the American political parties, could be treated as a bargaining chip. The threats about the imposition of trade tariffs or closing borders

will undoubtedly return once the US elections draw near.

The implications of recent agreements between Mr. López's government and Mr. Trump's Administration on Mexican sovereignty remain hazy. Additionally, it is not clear how Mexico will have to repay the support given by the White House during the negotiation of production cuts and oil prices with OPEP in April of 2020.

Migration from Central American countries destined for the US has created instability in Mexico and the region. This phenomenon is of an external socio-organizational nature and could grow as the economic crisis unfolds in places like El Salvador or Honduras, countries already facing internal turmoil.

To the north, Mexico will have to deal with increasing uncertainty stemming from a competitive electoral process. To the south, the country faces the double challenge of responding to a surge in migration while honoring international humanitarian compromises.

CONCLUSION

The health emergency is a prominent challenge for Mexico; however, previously unheard-of situations in the domains of politics, economics, and security is on the horizon.

Internally, the country seems headed to clashes between two opposing visions. The divergence began during the 1980s when the old political system started to crumble. The looming economic crisis and harshness in political rhetoric will only exacerbate the collision.

Concerning external matters, it will not be easy to navigate an uncertain, and at times aggressive, global scenario. The US will reframe its position on the world stage and concentrate on its immediate geographical settings after isolationist and anti-establishment policies. Mexico, in an asymmetrical relationship with Washington, will need accurate and assertive responses to erratic White House decisions.

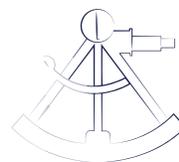
The economic integration of Mexico and Central America, through industrial investment and development plans, will have to wait for better times.

The scenarios look dire, not only for Mexico. Under these conditions, successful countries will be those that articulate the many elements of national power towards clear and feasible objectives. This articulation will only be possible through democratic leadership -by citizens, and the public sector- willing to listen and cooperate.

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