Mexican presidential candidate López Obrador reaches understanding with business magnates

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8 June 2018

From May to June the Morena party's presidential candidate Andrés Manuel López Obrador (AMLO) of the electoral coalition "Together We Will Make History" increased his lead over the National Action Party's Ricardo Anaya of the coalition "For Mexico to the Front" by six points to a 26-point margin, according to a poll published Wednesday by Bloomberg's Mexican media partner, *El Financiero* .

The poll has AMLO favored by 50 percent of decided voters, Anaya at 24 percent and José Antonio Meade of the ruling Institutional Revolutionary Party (PRI) at 22 percent.

Spain's *El Pais* this week also has AMLO at close to 50 percent, with a 25 percent lead over Anaya. Similarly, this week Bloomberg's Mexico "Poll Tracker," which amalgamates results from the pollsters that Bloomberg considers to have been most accurate in the 2006 and 2012 presidential elections, had AMLO at 51 percent, Anaya at 25.4 percent and Meade at 20.5 percent.

These sources and other prominent political analysts give López Obrador over a 90 percent chance of prevailing in the July 1 election. Barring massive fraud, or the intervention of other extraordinary events, he will win.

Given the increasing if not insurmountable likelihood of that victory, this week Mexico's wealthiest business magnates reached out to AMLO.

In May, López Obrador had indicted leading members of the Mexican Business Council (Consejo Mexicano de Negocios, CMN) on a number of counts. They had done business shielded by government power, they were "trafficking in influence," they had interfered with his prior two presidential campaigns and they were now conspiring with President Enrique Peña Nieto to have Antonio Meade step down as a candidate so that PAN's Ricardo Anaya could defeat AMLO.

The lions of business had indignantly rejected AMLO's charges in newspaper ads. But now they pulled in their claws, and the political lamb López Obrador reciprocated.

All seemed forgiven Tuesday when he met for three hours with CMN members, including Germán Larrea, the CEO of mining giant Grupo México, who recently warned his 50,000 employees against AMLO, and Alberto Baillères, head of the Grupo BAL conglomerate and Mexico's third richest man, who flat-out told his workers last month to vote for the candidate who had the best chance of defeating López Obrador.

Others who attended included Claudio González Guajardo, whom López Obrador accused of being behind the production of a "documentary" titled *Populism in Latin America* that likened AMLO to former Venezuela president Hugo Chávez and Fidel Castro, Carlos Slim, the richest man in Mexico, and billionaire Emilio Azcárraga, Chairman of the Board of Directors of Grupo Televisa, Latin America's largest broadcasting entity.

"There was a lot of respect, it was a very good meeting, with good results for the future of our country," the presidential candidate rhapsodized after the meeting. "Moreover, communication was very good, very good for relations between us," he added. "All the doubts were clarified, rough edges were smoothed … there was no confrontation, there were no claims of any kind." AMLO emphasized that he achieved a commitment to "work together," and that he will meet again with the CMN to jointly develop a plan of economic development for Mexico.

Juan Pablo Castañón, the president of the Business Coordinating Council (Consejo Coordinador Empresarial, CCE), who had been one of the recent voices most critical of López Obrador, agreed the meeting was without “moments of tension” and was marked by “respectful dialogue.”

In recent months one of the biggest dust-ups between top business leaders and AMLO had been over construction of Mexico City’s new $13 billion international airport, the largest Mexican construction project in history. In a heated exchange in April with Carlos Slim, who holds the largest share of airport construction contracts, López Obrador had depicted the project as a “symbol of waste and corruption” that he would not tolerate.

CCE’s Castañón said after Tuesday’s meeting that López Obrador’s posture now was that the airport project was “viable and convenient,” and that an understanding was reached in the meeting as to how to continue financing it.

AMLO and his advisers had for months tried to assure business leaders that he believes in the free market, would not nationalize industries, that he would keep his hands off the central bank, would let the Mexican currency float freely, would not raise government debt to promote social spending, and that he would not undo Mexico’s energy reform and privatization, as he had thundered he would do for a half decade.

After his rough patch in May with the business titans, AMLO’s message that he is not really an angry, radical-left populist seems to have gotten through to the ruling elite. Moreover, given that the population angrily rejects the state violence and corruption under the current PRI presidency, as well as that which prevailed under the preceding two PAN presidencies of Vicente Fox and Felipe Calderón, AMLO is emerging as the candidate best positioned to dampen down those fires.

Despite this rapprochement, tensions will remain high in Mexico’s ruling circles. The Mexican population likely will continue to suspect and reject the current setup. Any palliative effect of a López Obrador victory may prove short-lived.

Particularly explosive at the moment is the unraveling of the North American Free Trade Agreement (NAFTA), which has been a pillar of the economic program of the Mexican bourgeoisie, and the threat of trade war.

This week White House economic adviser Larry Kudlow said Donald Trump was “seriously considering” breaking up the ongoing joint negotiations with Canada and Mexico to restructure NAFTA in favor of parallel, bilateral negotiations.

Upwards of three-quarters of Mexico’s $400 billion in exports go to the US, of which about half are covered by NAFTA. It is estimated that if NAFTA ends, Mexico’s gross domestic product will lose four percentage points by 2022, and that a recession would be likely as early as next year.

Millions of Mexican jobs are tied directly or indirectly to NAFTA. Ending NAFTA could cause factories to close and move to other countries, like Ford did last year when it canceled plans to build a car plant in San Luis Potosí and built it instead in China.

In retaliation for tariffs announced by the American government last week on Mexican steel and aluminum exports, the Mexican government announced this week that it would impose reciprocal tariffs on a range of US imports, including cheese, whiskey, steel and pork. Such increases will be passed along to Mexican consumers, already barely getting by.

The Mexican peso fell to a 16-month low Tuesday, to over 20 to the dollar.