

# Sheinbaum continues AMLO's legacy: subordinating Mexico to US clash with China

Andrea Lobo  
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Mexico's newly inaugurated President Claudia Sheinbaum has given the green light for her administration to implement what the right-wing daily *El Financiero* describes approvingly as "The strategy: substituting for the Chinese."

Having vowed to build a "second floor" to the policies of her nominally "leftist" predecessor and mentor, Andrés Manuel López Obrador (AMLO), Sheinbaum is moving full-steam ahead in furthering the most consequential transformation under López Obrador's six-year term: subordinating Mexican society to the US imperialist confrontation against China.

In only her second week in office, Sheinbaum has ordered her ministers, all recycled from the AMLO administration, to wage a coordinated campaign directed at making assurances to the US ruling class.

Economy secretary Marcelo Ebrard, who served as AMLO's foreign secretary, told *Bloomberg* on Tuesday that the government will first make clear it is open for business: "We need to be very close to the CEOs of the companies. We need to really put on the table the informational content for the decisions that they are going to take. We need some sort of trust and friendly approach."

Then, he added: "We are importing a lot of things from China and also Vietnam, and there is no reason for that... We need common-sense decisions about the competition with China, to not have disordered tariff policies between Mexico, Canada and the United States."

Deputy trade secretary Luis Rosendo Gutiérrez then offered an interview to *The Wall Street Journal* Tuesday to report on informal discussions with executives on replacing goods and components imported from China, including about two dozen US firms in the automotive, semiconductor and aerospace industries.

The former economy secretary and now chief of civil service, Raquel Buenrostro Sanchez spoke earlier with *El Economista* and explained that the government's main concern on investments consists of paused projects from Ford and General Motors as a result of "Trump's announcements that electric cars with Chinese content would not be allowed in.". In response, she vowed to police "firms that register some Chinese investments as Mexican."

Moreover, Buenrostro explained, the administration had determined that "tax incentives should be introduced in order to attract investments," which means tax cuts for corporations.

Such incentives have led to recent announcements of new facilities by Amazon, Tesla and Foxconn, which is building the largest factory of AI "superchips" in the planet for Nvidia in Mexico.

It is worth noting that Sheinbaum kept on finance secretary Rogelio Ramírez de la O, who first raised the need to substitute imports from China.

Executives involved in Sheinbaum's *Wplan* told the *Journal* that Mexico currently lacks the necessary skill base, supply networks and resources to replace most high-tech and high-value components produced in Asia.

The same day these concerns were published, Sheinbaum met with Francisco Cervantes, the chairman of the main employer group in Mexico, the Consejo Coordinador Empresarial, to announce steps on how to "trigger the infrastructure to facilitate the relocation phenomenon, better known as nearshoring."

The president subsequently announced a summit on October 15 with US and Mexican businesspeople that will present "the favorable investment conditions in Mexico."

Workers must reject all the populist demagoguery about defending workers, "sovereignty," and world peace coming from the ruling Morena party and its apologists. It was López Obrador who set the stage for a historic subordination of Mexico to the efforts by the US ruling class to recolonize the world and secure its hegemony, above all through world war. At the center of this strategy lies the maintenance of widespread poverty and the suppression of any resistance from the working class and poor.

## An initial balance of AMLO's term

The Mexican ruling class carried out fraud to rob López Obrador of victory in the 2006 and 2012 elections, but brought him to power in 2018, having decided that the time had come to use his "leftist" and "anti-establishment" credentials to implement policies that the traditional ruling class parties would have been unable to impose. In the words of *Forbes* magazine, he offered a "window of opportunity."

Mexico was facing a spiraling crisis of bourgeois rule, with repeated waves of mass demonstrations and strikes against social austerity, gas price hikes and the repressive violence of the police and military.

According to Gallup polls, just 29 percent of Mexicans said they had faith in the national government when he took office. This number jumped to 61 percent last year.

AMLO accomplished the previously unthinkable policy of enshrining in the Constitution the domestic deployment of the hated military, while more than doubling its budget and giving it more political power and impunity than ever before.

Above all, the Mexican ruling class hoped for the lucrative opportunity, based on its geographic position, of consolidating its place in the North American economic platform employed by US and

Canadian imperialism to wage economic and military war against geopolitical rivals in Europe and Asia. This implied providing the cheap labor and natural resources to make it profitable to shift production outside of Asia and closer to home, or “nearshoring.”

AMLO’s first big project was the creation of the largest free trade zone in the world, stretching across the entire US-Mexico border. There, he slashed the value-added tax from 16 to 8 percent and the corporate income tax from 30 to 20 percent, which was specifically to compete with Trump’s tax cuts.

Were Trump to return to power and fulfill his promise of lowering corporate taxes further, Sheinbaum has already made clear she would respond with new tax incentives.

In 2020, López Obrador, Trump and Canadian Prime Minister Justin Trudeau signed a new trade accord, the USMCA, which increases the percentage of car components that must be produced within North America and prohibits signing trade agreements with “non-market” economies, targeting China. Last year, ceding to US demands, Mexico imposed tariffs impacting around 90 percent of Chinese exports to Mexico and gave permission to the US Treasury Department to monitor Chinese investments in Mexico.

For the first time, under AMLO, Mexico surpassed China and Canada and consolidated its position as the leading US trade partner. This year, 15.7 percent of all products imported into the US come from Mexico, compared to 5 percent in 1988.

The new trade deal also compelled Mexico to implement a labor reform ordering all trade unions to put their contracts to a vote among workers. With AMLO’s blessing, the reform became a means of channeling a growing rebellion against the corrupt, gangster-ridden union bureaucracy of the Confederation of Mexican Workers (CTM) behind new unions aligned with the government and sponsored by the US State Department working with the AFL-CIO’s anti-communist bureaucracy. At most workplaces, however, the old unions have simply used fraud and coercion to validate their presence.

The continued popularity of the ruling Morena party is mainly a result of its implementation of limited assistance programs for the elderly and students, an increase in the minimum wage, and—last but not least—the tireless promotion of illusions in AMLO by the pseudo-left in Mexico and internationally.

Among his greatest cheerleaders has been *Jacobin*, a publication associated with the Democratic Socialists of America (DSA), which openly campaigned for Sheinbaum. Edwin Ackerman, a frequent contributor, recently celebrated Morena’s efforts “to relegitimize the state as a social actor and to reignite class politics.” He adds:

In sum, the return to class politics extends beyond Mexico’s polarized national discourse. It is also reflected in the stark political realignment underway. After six years of policies benefiting workers and the poor, Morena seems poised to continue its efforts at installing a reformed, post-neoliberal regime.

Only the most treacherous political forces would claim that Morena represents working class politics while celebrating the strengthening of the capitalist state, whose role is to subjugate workers to the bourgeoisie and imperialism. In order to do this, Ackerman gives an entirely one-sided balance of AMLO’s social policies.

Under his administration, the share of the population living below

the official poverty line dropped from 43.9 percent to 36.3 percent in 2022. This was mainly the result of an increase in the monthly minimum wage from an extremely low starting point of 2,650 pesos per month to 7,468 (US\$390), and limited social assistance programs. But this is only part of the story.

The average wage in the formal sector merely grew 14 percent in six years from 6,907 pesos to 7,878 pesos (US\$407) per month, and to 4,680 (US\$242) in the informal sector, which is not covered by the minimum wage. Informality did not budge and continues to affect over half of the workforce.

In other words, the average pay in the formal sector remains extremely low, at just US\$2 per hour.

During his term, five million employed workers fell below the poverty line if measured by the basket of staple food and non-food goods and services, with the percentage growing from 65 to 68 percent since AMLO took power. Extreme poverty also increased.

Amid the ongoing COVID-19 pandemic, López Obrador implemented an austerity regime in the healthcare system, including mass layoffs. This resulted in an increase of those without access to healthcare from 20.1 million in 2018 to 50.4 million in 2022.

For the poor, the criminal response to the pandemic was probably AMLO’s most impactful policy. A recent report by an Independent Research Commission found that between 2020 and 2023, there were 808,619 excess deaths.

In public education, over six years, spending per student remained stagnant, which led to a massive fall in reading comprehension, math and science test results, and merely a one-year increase in schooling from nine to ten years for working age adults.

The vote by 36 million people for Sheinbaum and the supermajorities won by the ruling coalition in Congress have sent shivers up the spines of the ruling class. The vote reflected explosive popular expectations of major social improvements, even as imperialism demands greater incentives, above all cheap wages and social austerity. The result will be a growing reliance on open repression and the use of the armed forces to contain the class struggle and maintain supply chain security.

In other words, the Sheinbaum administration will be marked by a massive intensification of the class struggle.

The most urgent task is to build a political leadership that will help the working class break with all illusions in capitalist politics and instead turn to unite the coming class battles across the border and internationally. These must be consciously directed at halting imperialist war and the genocide in Gaza in their tracks, by overthrowing the capitalist system that produces war, poverty and inequality. This means the building of sections of the International Committee of the Fourth International in Mexico, Latin America and beyond.



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