



Who is Claudia Sheinbaum? Will her Mexican Populism Succeed?

Populist movements and parties have become major political players worldwide, and their influence is particularly pronounced in Latin America. Scholars have explored the economic impact of enduring left-populist policies, consistently finding economic and social costs. For example, [Kevin Grier](#) found that real per-capita GDP fell 20% on average, while [Sebastian Edwards](#) points out that in most instances, populist policies resulted in runaway inflation.

In Mexico, the National Regeneration Movement (Morena) is a left-wing populist party that has held presidential power since 2018 and recently won the 2024 presidential elections. Morena was created in 2012 by Andres Manuel Lopez Obrador (AMLO) as a civil association and social movement. In the most recent report by [V-Dem's Populism Index](#) (0 not populist to 1 most populist), Morena scored 0.98, significantly ahead of the Labor Party's 0.655, underscoring Morena's strong populist orientation. In less than a decade, Morena has achieved political hegemony. Today, Morena controls the presidency and the governorships in twenty-four states and secured [majority in both houses of Congress](#).

Claudia Sheinbaum, the president-elect of Mexico under Morena, who will take office on October 1, 2024, made history as the first woman of Jewish heritage to be elected to lead the country in its 200-year history. Being raised by two scientists, Sheinbaum comes from a different background than the average politician. She earned an undergraduate degree in physics in 1989 and a Ph.D.

in energy engineering from the National Autonomous University of Mexico in 1995. Sheinbaum has also authored several academic papers and two books on energy, the environment, and sustainable development.

Sheinbaum's first foray into politics began in 2000 when AMLO, from the Party of the Democratic Revolution, appointed her as Secretary of the Environment during his tenure as mayor of Mexico City. In 2015, Sheinbaum faced her first political challenge when she became the mayor of Tlalpan, the largest borough in Mexico City. During this time, she faced intense criticism after an earthquake destroyed a private school in Tlalpan, resulting in the deaths of nineteen children. Four months after the tragedy, Sheinbaum resigned from her borough mayor position to launch her victorious campaign in 2018 as the Head of Government of Mexico City.

Sheinbaum's [100 Steps for Transformation](#) program builds on AMLO's political legacy. This program offers economic, political, and constitutional reforms that oppose the so-called "neoliberal economic orthodoxy" of AMLO's predecessors. Her economic reforms entail heavy-handed government intervention, including consolidating social programs, achieving energy and food sovereignty, and promoting a more egalitarian wealth distribution. While some of her ideas are laudable, such as respecting central bank independence and pursuing fiscal discipline, her methods for achieving these objectives are questionable.

Egalitarianism is partly achieved through regional development in impoverished areas. Her strategy is to leverage the nearshoring of companies from Asia to the US-Mexico border. To relocate supply chains, Sheinbaum needs to attract foreign investment, but her approach needs to be recalibrated, as it will increase labor costs and undermine property rights. Sheinbaum would require investors to comply with additional distortionary labor regulations as well as costly environmental standards. These policies are inefficient on several grounds: first, because Mexico is a labor-intensive country, high labor costs could erode its comparative advantage. Second, Sheinbaum's support for [Lázaro Cárdenas' 1938 expropriation policies](#) lowers her credibility. In conjunction with these issues, there is also the delicate matter of security. Drug cartels in Mexico wield significant power, and the current administration's policy of "[hugs, not bullets](#)" reflects a non-confrontational stance towards the cartels.

Sheinbaum's proposed political and constitutional reforms further undermine her credibility. The project to comprehensively overhaul the National Electoral Institute (INE) is concerning, as it involves its absorption into the executive branch and weakens checks and balances. Venezuela's latest elections are a cautionary tale of what will likely occur when electoral bodies lose their independence. To ensure fair and transparent elections, INE should remain independent. A more efficient INE's budget does not require its absorption by the executive branch.

Out of all constitutional reforms, the most concerning is the weakening of the judicial branch on the grounds that it is too corrupt. The critical elements of this reform include (i) electing Supreme Court justices and other key judicial officials by popular vote, (ii) reducing the number of justices from 11 to 9, and (iii) abolishing certain courtrooms. Norma Lucía Piña Hernández, President of the Supreme Court, has urged Sheinbaum and AMLO to **reconsider the judicial reform**, cautioning that popular elections might favor those who are merely adept at political maneuvering rather than those truly qualified to serve on the Supreme Court. Ironically, this reform risks begetting more corruption by leaving these key positions vulnerable to powerful interest groups. At midnight on August 19, 2024, thousands of **Federal Judicial Branch workers** commenced a nationwide and indefinite strike to protest what they see as an existential threat to judicial independence.

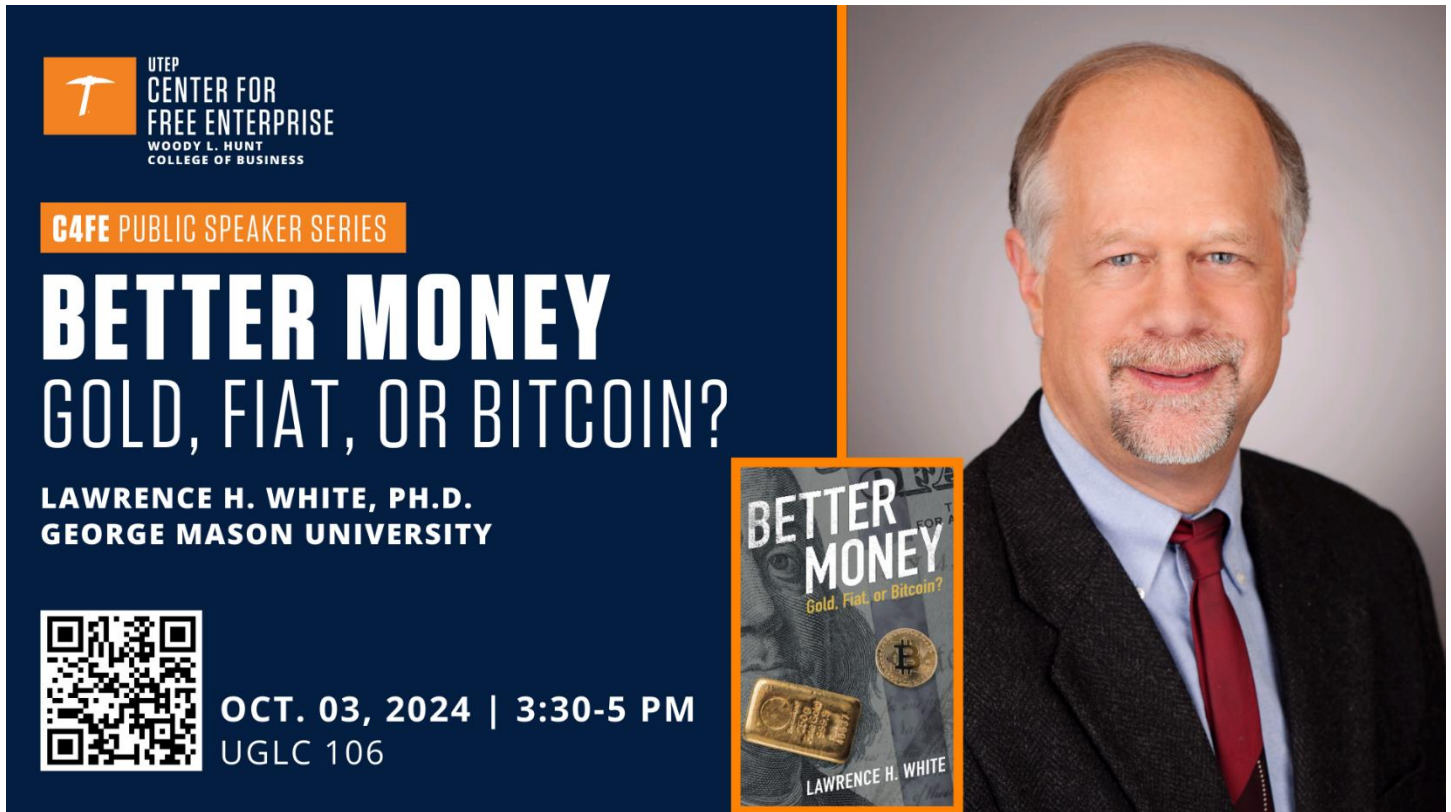
Mexico's election of a populist leader is worrying, given the repeated failures of populist regimes in Latin America. Incipient disturbances like the **sharp depreciation** of the Mexican Peso against the U.S. dollar and **Moody's** downgrade of Mexico's credit rating signal investor apprehension about the potential impact of Sheinbaum's policies on the Mexican economy. Time will tell if Sheinbaum intends to follow the doctrinaires of the Kirchners (Argentina), Evo Morales (Bolivia), Daniel Ortega (Nicaragua), and Nicolás Maduro (Venezuela) or if, once in office, she charts a more moderate course akin to Lula da Silva.

About the author



Luis M. Baez
Research Assistant
Center for Free Enterprise
lmbaez@miner.utep.edu

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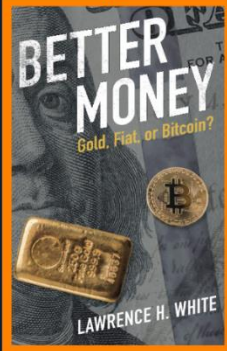
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Dr. Lawrence H. White is a Professor of Economics at George Mason University. He specializes in the theory and history of banking and money. He previously taught at New York University, the University of Georgia, and the University of Missouri - St. Louis. Professor White is the author of *The Clash of Economic Ideas* (2012), *The Theory of Monetary Institutions* (1999), *Free Banking in Britain* (2nd ed., 1995), and *Competition and Currency* (1989). In 2014 he received the Adam Smith Award of the Association for Private Enterprise Education. He has been a visiting research fellow at the American Institute for Economic Research, a visiting lecturer at the Swiss National Bank, and a visiting scholar at the Federal Reserve Bank of Atlanta. Professor White is a co-editor of *Econ Journal Watch* and a member of the board of associate editors of the *Review of Austrian Economics*.

He is a Distinguished Senior Fellow of the F. A. Hayek Program for Advanced Study in Philosophy, Politics and Economics of the Mercatus Center at George Mason University, and a senior scholar of the Cato Institute Center for Monetary and Financial Alternatives.

