

# Bases and Fundamentals of Obradorism in Mexico

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## ABSTRACT

Obradorismo is a progressive approach to government that seeks to reduce inequality and combat corruption. It arose in Mexico with President Andrés Manuel López Obrador and bases its foundations on the moral economy and ethics of public administration. It is based on honesty and the correct actions of public servants. Contrary to neoliberalism, the obradorismo focuses on the efficient administration of the public treasury in favor of the people. Obradorismo highlights the customs and traditions of Mexico, takes up the importance of history and its values of the culture of the original peoples. Currently, Obradorismo presents itself as the current of progressive and democratic social thought in America.

**Keywords:** Neoliberalism, Obradorism, Moral economy, Corruption, Ethics

## INTRODUCTION

The leaders of all nations have focused on discussing the way out of the COVID-19 health crisis. The Economic Commission for Latin America and the Caribbean (ECLAC) together with other organizations has been monitoring the health crisis that has resulted in a political, economic and social crisis of different orders. The figures in the reports show that this crisis has been the worst in the last hundred and twenty years, not only in its depth in terms of the fall in World GDP, but also in its impact and scope. This has not been the case with other previous crises, the COVID-19 crisis has become generalized in all the countries of the world, affecting low-income countries with greater force.

The health crisis slowed down the economic dynamics to a greater extent in the tertiary and secondary sectors, but not so for the primary sector, which has been essential to have enough food for the long period of confinement that humanity has had. In some parts of the world the health crisis also brought with it a food crisis. Despite facing a latent fear of contagion, many people could not protect themselves and left in search of a job that would provide enough income to make their condition sustainable, many of them died. The deficiencies of the public health sector came to light, highlighting

the shortcomings in personnel, supplies and infrastructure to care for the infected population.

From wave to wave, the numbers of deaths from COVID continue to accumulate, variants of the virus continue to appear and there is a part of the world population that is not yet vaccinated (mainly from the African continent). Some nations considered democratic have opted for a curfew and repression to control the concentration of populations that do not observe the minimum health security measures. Economic and social inequality deepened even more, nouveaux riches were added to the Forbes list and the very rich maintained or increased their wealth. The story was not the same for the world's poor, they became more numerous, the strip of extreme poverty widened, the poor became poorer.

Added to the loss of employment and the drop in gross domestic product were trade restrictions, the cessation of national and international flights, world trade and tourism collapsed, affecting families that depend on the economic spillover from this activity. The cessation of trade had an impact on the logistics of supplying inputs and on the value chain of the main industries. The production of non-essential goods was reduced and the cultural industry and luxury goods or services were affected. With the prohibition of mass gatherings for fear of contagion, the performing arts, cinema, theater, museums, zoos, archaeological zones, protected green areas and world heritage sites closed their doors to the public, giving way to an extensive use of technological platforms, applications and social networks for communication that did not involve human contact.

Currently there is a hoarding of vaccines and the poorest countries are being left out, generating greater tension and conflict. Few are the media that talk about it, on the contrary, a large part of them release false news and infuse people with greater uncertainty. For the most part, newspapers, news, radio shows, etc., have sided with power and Big Pharma. The editorial line is very clear, keep quiet when the government aligns itself with the system and hit the governments that do not accept the offer of the pharmaceutical oligopoly, instilling fear to generate greater social demand for the vaccine and exacerbate cases of contagion and death (profit with the misfortune of the people).

In the absence of credible media, the participation of alternative media and the use of social networks on different platforms has become exponential. In the same way, not all nations have expressed their selfishness in its maximum splendor, others have reaffirmed their humanitarian character. In Latin America, Cuba was one of the nations that helped other countries the most in the COVID-19 pandemic crisis, not only with specialist personnel in the field but also with internists and nurses. Entire communities of Cuban health personnel traveled to different countries of the world to provide solidarity support. Without a doubt, Cuba will be remembered once again not only for its humanitarian initiative but for being one of the first nations to develop a vaccine, despite the pharmaceutical oligopoly of the main powers of the world.

The United Nations (UN) along with other international organizations demand a rethinking of the way we have handled things up to now. The

pandemic has established itself and it does not seem that the scenario will improve in the coming years. The estimates of the Maddison Project Database register figures of a fall in the annual growth rate of world GDP of -6.8% for the year 2020 and not all countries are going to recover from this hard blow. The World Bank (WB) forecasts that the economic recovery will have a “V” type curve for developed countries and advanced economies and a more “L” type curve for emerging countries, developing economies and low-income countries.

It is against this scenario that Obradorism presents itself as an alternative to the neoliberal approach. In the following sections, the bases and fundamentals of Obradorismo in Mexico are explained more clearly. Conclusions and recommendations are presented that could lead to better global governance and a greater strengthening of democracy in the world. Obradorism is placed as a priority in the attention to the poor and most disadvantaged, this taken to an international scale would allow healing the wounds that the neoliberal model has left with its trail of corruption and inequality. Obradorism is not an ideology, but a philosophy of life for those who intend to pursue a political career in the government, specifically for public servants who privilege in their actions the fight against corruption based on ethics and honesty.

## **FACTS OF THE OBRADORISM**

The specific facts with evidence for the case of Mexico are indicated below:

Eight specific facts are exposed and a comparison is made between the fundamental premises of the neoliberal approach in economic matters compared to the Obradorismo proposal that is based on what the president of Mexico, Mr. Andrés Manuel López Obrador, recognizes as Moral Economy and the New Ethics in Public Administration. Hard data is offered on each event that gives empirical support, obeying the maxim of the current government: “Deeds not words.”

### **Fact # 1**

Fact #1. [The Neoliberal approach says that...] The way out of the economic crisis in developing countries requires foreign aid through loans from the International Monetary Fund (IMF). [The Obradorismo says that...]. Developing countries do not require foreign debt but improvements in their finances, better managing their resources and collecting taxes from large corporations. [Evidence #1] The IMF offered loans to developing countries as “support” to get out of the health crisis. Many countries incurred debt with this organization, on this occasion Mexico was the exception. He rejected the offer of the IMF and chose to fight corruption and abolish the laws that allowed large companies to evade their responsibility and fall into tax fraud, an average citizen paid taxes while large companies did not pay. With this collection, the government was able to have sufficient resources to avoid falling into a fiscal deficit, it now has healthy finances and was one of the first countries to ensure with pharmaceutical companies the purchase in advance (without debt or credit) of all vaccines for its population. There has been no lack of

vaccines and at no time has the vaccination campaign been interrupted in the first and second doses, even Mexico, so far, has donated nearly five million vaccines to low-income countries.

**Fact # 2**

Fact #2. [The Neoliberal approach says that...] The increase in wages generates inflation. [The Obradorismo says that ...] The minimum wage can be increased without incurring inflation, thus improving people's purchasing power and with it their standard of living. [Evidence #2] In the last four decades, purchasing power in Mexico fell by just over seventy percent. Historically, in Mexico, from 2019 to 2021 the minimum wage has increased by 16, 20 and 15 percent respectively. This improvement in people's purchasing power has not been accompanied to date by an increase in inflation; on the contrary, families can access a greater quantity of goods and services, thus satisfying their basic consumption needs.

**Fact # 3**

Fact #3. [The Neoliberal approach says that...] Health as merchandise. [The Obradorismo says that ...] Health as a fundamental right for all. [Evidence #3] In Mexico, access to medicines and health care was not universal. Currently, any person, whether or not they are entitled, has access to a quality medical service. The supply of medicines was under the control of distribution and marketing companies that put up legal barriers to the trade of medicines in Mexico, they had co-opted the health agencies and only these were in charge of comparing the medicines to pharmaceutical companies abroad and sell them to the government as intermediaries for more than one hundred billion pesos a year, at an overpriced, poor quality and with no guarantee that they will reach the final consumer. This criminal cell that pretended to be a business class fed on the public treasury of the health sector for many years, today it was dismantled and the Mexican government enters an auction in the international market and the UN is in charge of supplying the drug in time and form and respecting the best quality and price. Today, the goal is the logistics of drug distribution throughout the country, even reaching the most remote rural and marginalized areas.

**Fact # 4**

Fact #4. [The Neoliberal approach says that...] Energy as a commodity. [The Obradorismo says that ...] Energy as a strategic resource of national sovereignty. [Evidence #4] Spanish companies like IBERDROLA marketed electricity and hydrocarbons in Mexico, privatizing the national company PEMEX and dismantling the state company CFE (Federal Electricity Commission) to make way for their renewable energies, this under the pretext of using more "clean" energy and providing greater protection to the environment. IBERDROLA acquired PEMEX's bids for drilling and only used them for speculation in the financial market without making any investment; On the other hand, they wanted to impose wind and solar energy over hydraulic energy that generates electricity, which is the most abundant in Mexico, in addition to

being the cheapest and cleanest. Finally, the oil union leader who had been in power for decades was retired, in a sovereign way Mexico bought Shell all the shares of the Deer Park refinery (Texas, United States) and is building one in two months in Tabasco. Mexico is outlined for the year 2023 with energy independence and self-sufficiency in the production of gasoline. It is currently rehabilitating its dams and the energy reform that allows CFE to have fifty-one percent of the electricity market while leaving the rest to the private sector is about to be approved.

### **Fact # 5**

Fact #5. [The Neoliberal approach says that...] Labor flexibility improves productivity and wages. [The Obradorismo says that ...] Workers require better working conditions to contribute more to the product. [Evidence #5] The companies chose to outsource the economy and apply labor flexibility to the extreme, they used outsourcing to disclaim their responsibility as an employer and leave the employer's fiscal and labor responsibility to third parties. Under this scheme, the workers did not become part of the company's payroll directly, but of a placement company that offered them temporary contracts, low wages and not in all cases the benefits dictated by the Federal Labor Law (LFT). Competitiveness based on labor productivity was not sustainable since it was based on job insecurity. Currently, in Mexico outsourcing has been eliminated and this type of hiring has only been left for very specific activities, there are no longer these massive layoffs at the beginning of the year known as the "January slope", employers are obliged to employ under its payroll to its workers and provide them with legal benefits, generating seniority and labor rights such as access to housing and a decent retirement savings fund with payment of fair installments.

### **Fact # 6**

Fact #6. [The Neoliberal approach says that...] Public Private Partnerships or PPPs favor investment, fixed capital and thus the infrastructure required for economic growth. [The Obradorismo says that ...] The government can make investments and use the technical services of the private sector without corruption and in accordance with the law and employ the people as a labor force. [Evidence # 6] In Mexico, PPPs were used as associations that favored acts of corruption. On the part of the government, those who made contracts, made them to the detriment of the public treasury, accepted abusive prices and contracts, many of them for more than twenty years in which the government promised to pay for the work without, at the end of the term, work will pass into the hands of the government but of the private sector; On the other hand, the businessman took advantage of these associations to benefit from development banking, obtaining loans by direct assignment and investing as little as possible out of his pocket, he was practically an intermediary of public funds to pass them off as private investment funds that were returned to him. In the end, with everything and taxes, the businessman did not risk anything in the least and took out large sums of money on works, most of the time unfinished and of very poor quality, these same ones had in a second market,

the maintenance business of these works that were again highly expensive. Today, the government does not use PPPs, it invests only with public funds and without debt, of course it makes use of private services, but without colluding with them in long-term contracts to the detriment of the State. There is greater transparency of public finances in government works and a more efficient management of resources, this is how with the help of the people roads have been built (through the Tequio), highways, bridges and the five most emblematic works of this government (Maya Train, Felipe Angeles International Airport, Dos Bocas Refinery, Mexico-Toluca intercity train, Interoceanic Corridor-Isthmus of Tehuantepec).

### **Fact # 7**

Fact #7. [The Neoliberal approach says that...]. Minimize the State and give greater freedom to the market. [The Obradorismo says that ...] Social welfare is an imperative of the State and the market needs to be regulated so as not to allow injustices of those who have more economic and political power over those who have less. [Evidence #7] The Mexican state has been strengthened with more effective and efficient institutions. Republican austerity has been taken as a principle, which means greater savings in the government (Example. – 1. The presidential staff, which consisted of eight thousand elements that were at the service of the security of the president of the republic in previous governments, was eliminated. Example - 2. The millionaire pensions that were held for former presidents were removed). These savings have been used to provide more economic resources for social programs for the most unprotected (older adults, students from poor families, mothers with children with disabilities, etc.), as well as to finance the megaprojects that are generating employment, greater infrastructure and the strengthening of the internal market. Currently, the market is regulated so that in the case of oligopolistic markets they do not affect the welfare of the people, such is the case of the control of gas prices. For this last case, the government established a maximum price in the rates and at the same time entered to compete in the gas market by creating a state company called Gas Bienestar, this has lowered prices and improved the family economy.

### **Fact # 8**

Fact #8. [The Neoliberal approach says that...] Economic growth as a prelude to development and well-being. [The Obradorismo says that ...] There is no obsession with economic growth, favoring a more equitable distribution of resources and reducing inequalities. Corruption is fought seeking economic growth, but with social justice. [Evidence #8] For the year 2021, the IMF itself forecasts for Mexico a growth of six percent and a recovery of type “V”, there are also healthy finances and favorable indicators that give certainty to the macroeconomic stability of the country. The COVID-19 health crisis has not at any time led to budget cuts for mega projects or social programs, moreover, savings continue to be made in the Government, (comparatively, the Presidency of the Republic today operates with a sixth part of the budget allocated in past administrations), all of the above on the basis of an

honest government. So far, no act of corruption has been found against President López Obrador, the public administration of the federal government is handled with integrity and ethics. These actions have given Mexico greater citizen credibility and the moral quality to improve its image and diplomatic relations abroad in an environment of respect for its sovereignty.

## CONCLUSION

We suffer from serious inequality on a global level. Access to vaccines is a fundamental requirement for economic recovery due to the COVID-19 health crisis. This inequality is not sustainable and if this gap between the richest and the poorest continues to widen, it could generate global instability. The pandemic crisis is also a humanitarian crisis that has brought to light the different injustices that the most vulnerable countries continually suffer. Initiatives are required that prioritize the inclusion of the most disadvantaged and joint support and solidarity for low-income countries.

President Andrés Manuel López Obrador (AMLO) has argued that there can be no peace without justice. In Mexico there is macroeconomic stability, a stable exchange rate, better wages, no inflation, greater tax collection and healthy finances, productive public investment and infrastructure based on mega projects have been promoted, direct economic support has been implemented both older adults and poor people, thereby improving their consumption levels and thereby also boosting the domestic market. Despite the economic crisis, Mexico has favorable growth forecasts and the economic recovery of GDP has experienced a “V” shape. To date, the jobs lost due to the pandemic have been recovered and even overcome. The rapid economic recovery is also the result of a successful vaccination campaign that has prioritized the adult population and people with chronic degenerative diseases. The freedom and responsibility of citizens have been privileged over tax measures or curfews. In May of the year 2021, the consulting firm Morning Consulting places AMLO as the best evaluated leader, with broad approval from his people.

In the international sphere, in different first-level meetings, AMLO has suggested the signing of a productive integration agreement with a social dimension for the American continent and has expressed his interest in ending the United States blockade of Cuba. The president of Mexico has always highlighted the importance of eradicating poverty and inequality and combating corruption in all its dimensions, as it is one of the main evils of humanity. The President of Mexico supports respect for the sovereignty of the peoples and considers that there are currently excellent international conditions to carry out this fraternal integration between the sister nations of the continent. This proposal is based on a progressive point of view and seeks to strengthen the position of the region in the face of the commercial growth of Asia, avoiding a future confrontation between world powers, possibly between the United States and China.

In this document, the bases and foundations of Obradorismo and its clear distinction from the neoliberal approach have been clearly exposed. Evidence of these facts has been provided, taking the experience of Mexico as

a benchmark for an ethical and honest government model. This model is based on a life philosophy of the proper actions of public servants, of serving the people and not private interests, as well as managing the people's resources with integrity and transparency. Obradorismo places the government at the service of the people, this model can be carried out in other latitudes of the continent that also suffer from the neoliberal model (which represents the government at the service of large corporations) and that requires being discarded and looking towards the values and moral foundations found in original cultures and traditions. Finally, it should be noted that AMLO is essentially a humanist and, while presiding over the UN Security Council, proposed a World Plan for Fraternity and Welfare with the aim of guaranteeing the right to a dignified life for 700 million people who live with less than two dollars per day, this plan would seek to be financed by contributions from the world's richest people and companies, as well as from the G-20 member countries.

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