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GRUPO ATALAYA

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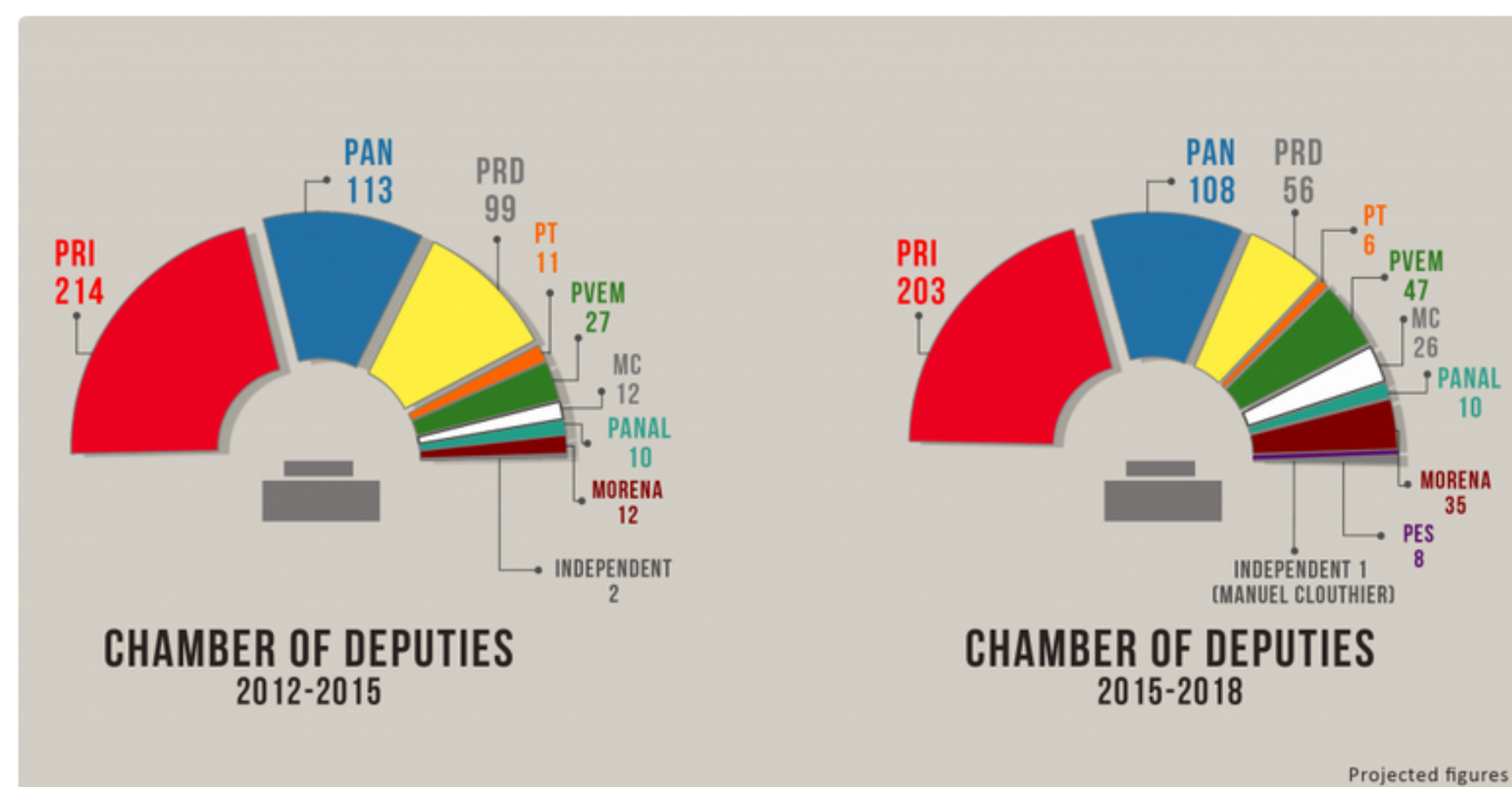
The 2015 Federal Elections: What happened and what has changed?

On 7 June 2015, just under 40 million Mexicans headed to the polls to vote in the mid-term elections. In addition to renewing the **Chamber of Deputies** (the lower house of congress), Mexico's 31 states and one Federal District (Mexico City) chose their new local legislative congresses. Nine states and 993 municipalities chose their respective governors and mayors.

Broadly speaking, **President Enrique Peña Nieto** emerged victorious yet not unscathed from the electoral contest.

Given the Chamber of Deputies is the first "gatekeeper" for any legislative initiative sent by the President, whatever result emerged from the polls was akin to a proxy vote of confidence in the president's administration.

The alliance between Mr. Peña Nieto's party, the **PRI** with the **PVEM (Green Party)** and the **PANAL** won 260 seats of 500, providing him with a majority in both houses of congress. This is a comfort no president in Mexico has been able to enjoy since 1997.



The balance of power in the Mexican Chamber of Deputies before and after June 7th mid-term elections. (credit: Grupo Atalaya)

Traditional parties united in decline

Despite emerging as the biggest winner in this election, the PRI won only 40.6% (203 seats). This number prolongs a decreasing trend since the mid-term elections 2009 (of 239 seats), slightly more than the 212 seats it won in the 2012 elections.

Mexico's Chamber of Deputies is chosen under a mixed-member proportional voting system. A look at the proportion of total votes here also shows further PRI decline. In these elections they won 29.1% of the vote, down from the 36% and 31% it won in 2009 and 2012 respectively. This is more than 10 percentage points below the **President's approval rating**.





President Enrique Peña Nieto casts his ballot with his wife Angélica Rivera on July 7 (credit: Presidencia de la Republica)

Peña Nieto and the PRI were not the only traditional party to experience such results. The right wing **PAN (Partido Acción Nacional)**, which government Mexico for two terms prior to Peña Nieto, held onto its position as second largest party in the Chamber of Deputies, but on June 7th, had its worst electoral result in 25 years. Its total number of seats decreased from 113 to 108, obtaining 20.8% of total votes, down from the 25.8% of votes in obtained in 2012.

Following this trend the **PRD (Partido de la Revolución Democrática)**, the largest and longest standing left wing party in Mexico, had a disastrous election. Its number of seats in the chamber of deputies nosedived from 99 seats to 56, as did its total share of votes, which decreased from 18.3% in 2012 to 10.8%.

This paper will explore some of the uniting themes behind all three of the main parties' decline in more detail. However, it is important to recognise that there are also specific factors corresponding to each party's fall in vote share. The PRI, for example, tends to perform strongly among those aged 56 and over, in which it has a support of 40%. Its weakest demographic is 18–25 year olds, in which it has a support of 21% according to a survey by **Parametría**. As Mexico rides the wave of a demographic boom, expected to last till 2030, younger voters are eating away at the PRI base. Despite this, the PRI continues to have the most formidable electoral machine in the country.

With the PAN, infighting between supporters of the party's current president, **Gustavo Madero**, and those of the former President of Mexico, **Felipe Calderon**, has weakened them. This came across to voters as the PAN having lost its sense of direction.

The left wing PRD has been in free-fall ever since it lost its much loved and much hated figure, two-time presidential candidate **Andres Manuel Lopez Obrador**, who went on to create his own party, Morena. Lopez Obrador took many of the PRD's most skilful lieutenants with him. These problems are compounded by the fact that Mayor of Mexico City, **Miguel Mancera**, has been at pains to constantly remind the press that he is not affiliated to the PRD, and that although he may consider a Presidential run at the 2018 elections, he does not think he will necessarily do so as the PRD candidate.

Both opposition parties also seem to have been unable to capitalize on their involvement in the **Pact for Mexico**, (the political agreement by which the three main parties ensured the approval of most the structural reforms put forward by President Peña Nieto). This is partly because the full effects of the reforms have not yet been felt.



Andres Manuel Lopez Obrador, leader of Morena, casts his ballot on 7 June. (credit: Cuartoscuro)

Lack of trust and a fragmented political landscape

A uniting theme to all three of the main parties' decline was summed up by recent comments made by **Luis Videgaray**, Secretary of Finance, who in **an interview with the Financial Times** declared that a crucial element to Mexico's governance is not just an ambitious reform agenda, but building trust and confidence between Mexican society and its government and political establishment. This uneasy relationship has been made harder since September 2014 following a series of high-profile corruption scandals and allegations which have affected all three main parties, as well as the recent escape of Joaquin Guzmán Loera "El Chapo", Mexico's most notorious drug lord, from a high-security prison.

Voters' disenchantment with mainstream parties is evident by the fact that whereas in 2009 and 2012 they won close to 80% that share fell to 61% in 2015.

These election results have given way to a three-tiered system among the country's political parties. The top echelon is occupied by the PRI and the PAN. The PRD is slipping from the first into the second tier, which includes Morena and the **PVEM** (Partido Verde Ecologista de México), which individually account for close to 10% of votes each.

Morena emerged as clear winners in this election. Founded in 2014 it draws much of its political muscle from Lopez Obrador, who continues to single-handedly command the loyalty of millions of voters through a mix of populist rhetoric and a well kept image of personal frugality. Morena, now not only has 35 congressmen in the chamber of deputies but, more importantly, displaced the PRD as the most important force in the Federal District's legislative assembly as well as winning many of its most important boroughs, giving it control over the budget destined for more than 2 million people.

The PVEM is unlike most political parties in Mexico, it has thrived not through nurturing a political base of followers, but on carefully crafted marketing campaigns. As the former head of Mexico's electoral institute and political analyst **Luis Carlos Ugalde** points out, the party tailors its narrative based around findings from focus groups, which have allowed it to unearth specific and on some occasions out-of-left-field causes that pull people into voting booths. Moreover, its slim bureaucracy enables it to spend heavily on advertising campaigns that at times seem ubiquitous. The third factor behind its success is that, although no political party in Mexico is innocent of bending (or breaking) electoral laws, none are quite as skilful in exploiting its loopholes as the PVEM.

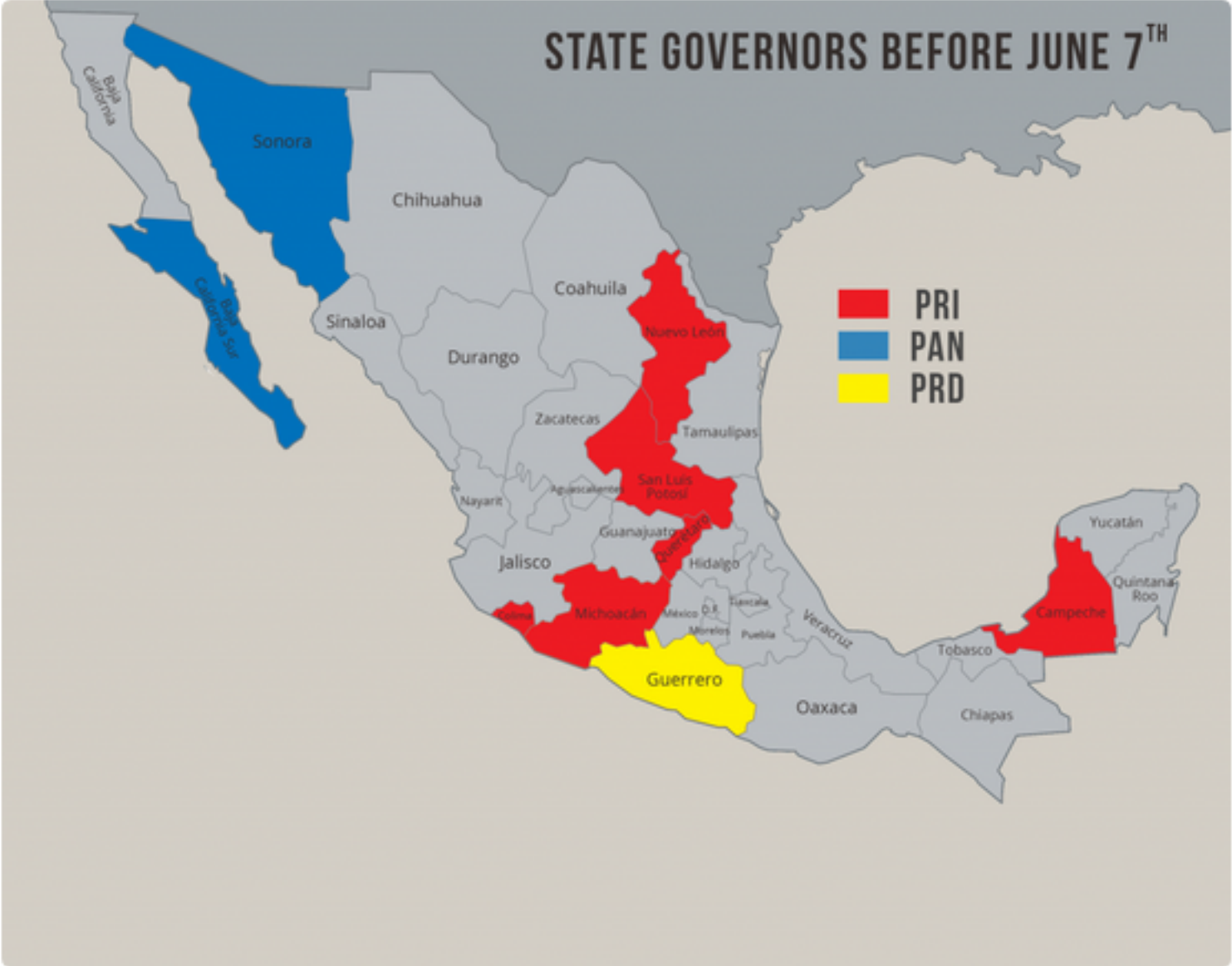
Trailing behind the PRD, Morena and the PVEM there is a handful of smaller parties that command little over three per cent of the national vote each (the legal threshold for any political party to keep its official status).

Given this fragmented landscape, the name of the game in Mexican politics for now will most likely be what Mexican analysts designate as *alianzocracia*, the formation of alliances and coalitions in order to gain a competitive edge. In fact its implementation (and lack thereof) has already proven to be crucial in this year's election given that without it the PRI would not have secured a majority and that the fracture at the heart of Mexico's left-wing politics stems from an unwillingness to unite the PRD and Morena, particularly from Andres Manuel Lopez Obrador, who's not known for recanting easily.

Despite this fragmentation, this majority will allow Peña Nieto to further implement his highly ambitious structural reforms passed during the first half of his presidency which among other things aim to open Mexico's energy sector to private investment, increase competition in telecoms, revamp the education system and enable access to credit for more Mexicans.

Local elections: Personalities over parties?

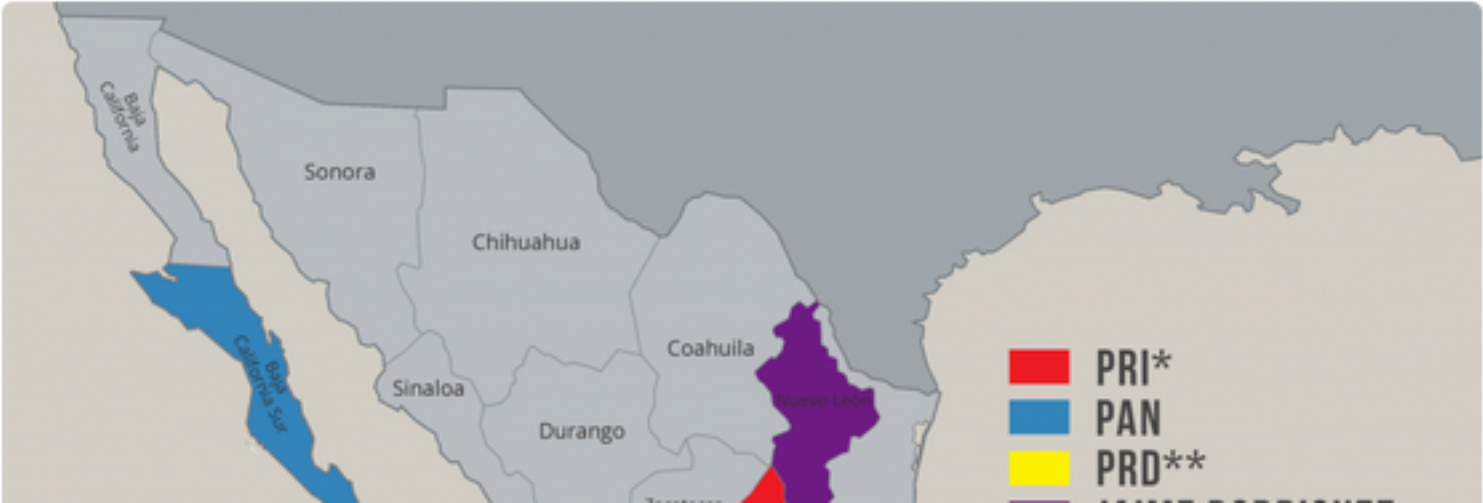
The Local elections in the country presented dynamics that were in many ways opposite to those in the Federal elections.



Nine states voted for their new governors. The PRI came out as the largest victor, with five states, the PAN won two, the PRD in one and another state going to an independent candidate.

Despite leading opinion polls positioning the PRI as the leading party in the federal elections, for state governors, polls were too close to call in at least eight states on the eve of election day.

Although the final results gave way to clear winners in a handful of states, the way the elections played out were a testament not only to Mexico's increasingly competitive democracy, but a bellwether of the uncertainty that will very likely characterise Mexico's future elections.





If the voting in the federal elections was representative of sentiment at a national level and by a motivation to either punish or reward a given party, the local elections in contrast had a much more personal dynamic.

In elections for Mexican Chamber of Deputies, voters tend to ignore the personalities of candidates. Many struggle to see the impact of the work legislators carry out in their local area. On the other hand, in the nine states that had gubernatorial elections, voters had names and faces they could point to, both looking backwards (i.e. outgoing governors) and looking forwards, (their successors). In many respects these local elections were more about the most popular candidate as opposed to the more popular party.

A prime example of this point is the case of **Jaime Rodriguez "El Bronco"**, who ran as an independent candidate for the governorship of the state of Nuevo Leon and ousted his former party, the PRI, from the governor's office. Rodriguez' experience as a local politician, charisma and support from the state's industrial elite played a critical role in his victory. However, he would've had a much formidable, perhaps insurmountable, challenge had it not been for the overwhelming accusations of corruption made in the press regarding his predecessor, **Rodrigo Medina** – who has not been charged.

Although the case of Nuevo Leon is somewhat of an outlier, it represents something of a pattern that could be seen in many other governorship contests in 2015 – alleged corruption regarding a state's governor allowing a rival party to displace the incumbent, and an independent candidate prevailing over political parties.

In another northern state, Sonora, the PAN governor, **Guillermo Padres**, was replaced by the PRI's outgoing senator **Claudia Pavlovic**. Padres has been repeatedly accused in the press of having funnelled public funds for his own gain, including using state money to build a dam on one of his private ranches – although he has not been officially charged.

It's important to keep in mind that Pavlovic's win is particularly relevant not only because the PRI snatched back a state from a rival party, but because she is a close ally of **Manlio Fabio Beltrones**. Beltrones is a seasoned politician and prominent member of the PRI who is seen to be, if not a rival, than at least not a member of President Peña Nieto's team. Mr. Beltrones, who's current term as a member of the Chamber of Deputies is coming to an end, is widely rumoured to become President of the PRI, which could bolster his ambitions to contend in the 2018 presidential elections.

The troubled state of Guerrero on Mexico's Pacific coast was another win for the PRI, after revelations that a local mayor and member of the PRD was directly involved in the disappearance of 43 students at the hands of organized groups. Despite a tight race in the polls, it came to no surprise that the PRI managed to win back the state. Guerrero is one of the poorest and most violent states in the country, and following the arrest of various relatives of Angel Aguirre, the former governor, on charges of graft and corruption, it's clear its troubles are likely to endure beyond the incoming governor **Hector Flores Astudillo's** term.

Whereas Guerrero represents all that Mexico wants to leave behind, Queretaro represents in many ways what Mexico aims to become: an economy built around increasingly sophisticated manufacturing growing at "China-like" speed. The state will now have a governor from the PAN, replacing the PRI.

One of the only states to see a one-sided election was Campeche, of the states that will be at the crux of the energy reform. The state has never had a governor that isn't a member of the PRI and this will continue to be the case for the next six years, under **Governor Alejandro Moreno**, a young politician that is backed by many prominent figures in his party.

In many respects these local elections were more about the most popular candidate as opposed to the more popular party.

One party that was quick to detect that voters would be swayed by the right candidate as opposed to the right party was the small left-wing party of **Movimiento Ciudadano (MC)**. In the state of Jalisco, one of the richest and most populated in the country, MC put forward candidates that had little baggage and relation to the political establishment. The strategy turned out to be a clear success. The MC displaced the PRI and the PAN, who traditionally fare better in the state, and secured important positions, such as the mayor of Guadalajara, the state capital, and will become the largest force in the state's local congress, who's governor, Aristóteles Sandoval, is a member of the PRI.

It should be noted that 12 states will vote for their new governors in 2016:





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- The new wave of independent politicians
- Pending issues for the second half of Peña Nieto's term
- A divided Left
- Presidential contenders for 2018
- The INE and its first elections

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