

## MEXICO ELECTIONS: MEET THE CANDIDATES

31 January 2018

### SOVEREIGN RESEARCH

#### Our previous notes on the Mexico elections

Mexico Elections: The Socialist Maverick, the Young Turk, The Technocrat, and The Bronco, 24 Jan 2018

Frontier Themes: Looking to 2018 and beyond, 21 Dec 2017  
(contains section on Mexico elections)

Mexico: Continuity at the Central Bank, 29 Nov 2017

Mexico Elections 2018: The race starts now, 28 Nov 2017

#### MORENA's Platform website:

<http://www.morena.si/lineamientos>

### Andrés Manuel López Obrador (AMLO): MORENA's candidate

- Back on 20 November 2016, Andrés Manuel López Obrador (aka AMLO) made public his campaign platform known as: **“Basic Guidelines for the Alternative National Project 2018-24”** as part of his “pre-campaign” for the presidential election of 1 July 2018.
- **AMLO's “Alternative Project”** consists of fifty points (see annex at the end of the report, also available at <http://www.MORENA.si/lineamientos>), as presented on the MORENA Party (Movimiento de Regeneración Nacional or National Regeneration Movement) documents. Below we give our views on the potential implications, should his policies be implemented in the event of an AMLO victory this summer.
- **To his credit**, AMLO has left no stone unturned and has left no topic out: from free education up to university level, to paying wages to young people that neither study nor work, to building refineries, high-speed trains and a wide array of infrastructure projects, to protecting the environment.
- **To his detriment**, the platform is filled with generalisations and there is no detail on how he would fund his ambitious agenda (other than by cutting discretionary spending and lowering the salaries of high-level public officials). Reading through his platform, our view is that most of his proposals are unrealistic and unachievable, but that does not mean to say they will not be popular.
- **Contradictions**: His platform is also filled with contradictions. For example, on one hand he states his projects will need the participation of the private sector, while on the other hand he demonises “wealth that has been obtained through influence and/or corruption” without giving specific examples.
- **AMLO could prompt a shift away from Mexican assets**: We are of the view that once investors have the opportunity to go through his platform (it was first drafted back in 2016, but over the intervening period we think that if anything it has become more radical), there could be a negative shift in sentiment away from investing in Mexican assets and, as we said in our previous reports on the topic, the markets are likely to move in tandem with the polls if they continue to show AMLO leading.
- **All asset classes at risk**: If this is the case, we expect a gradual correction in both the equity and fixed income markets, a gradual depreciation of the peso, and a gradual flight of capital, both in terms of portfolio investments, foreign direct investment, and even domestic savings from locals.

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- As stated before, many of the points made in his project are generalisations. And those points that do include hard numbers have been deemed unviable by most local analysts and local press. We explain why and give our point of view in this report.
- The platform is presented as a Party document and not as AMLO's personal platform, because until the parties officially nominate their respective candidates, any kind of personal promotions (other than events for party members) are considered by law "anticipated campaign acts" and are forbidden. However, it is clear that these points are exclusive to him as he presents them in the first person.
- The other two leading candidates: Jose Antonio Meade from the incumbent Institutional Revolutionary Party (PRI) and the Green Party (PVEM) and Ricardo Anaya from the Citizens Front (comprised mainly by the National Action Party (PAN) and Citizens Movement of Movimiento Ciudadano), have not made public their parties' or coalition's platform as of yet. This is to avoid any legal action that could be initiated by the National Electoral Tribunal.
- Having said that, both Dr Meade and Dr Anaya have also made general statements during their events with party members. But they have done so in a way that avoids personal statements and without using the first person, in contrast to AMLO.
- This will be AMLO's third attempt for the presidency, having failed at the last two elections. First, he lost narrowly to Felipe Calderón from the PAN in 2006, and then in 2012 he lost by a wider margin to the current president Enrique Peña Nieto from the PRI.
- Should AMLO actually win the election on 1 July 2018, we expect a severe deterioration in the markets (equity, fixed income, foreign exchange) and the economy (consumer confidence, economic growth, investment, continuity of structural reforms, public debt stock, and major macro variables).

## MORENA's policy platform

### Basic Guidelines for the Alternative National Project 2018-24

We believe that a glimpse into AMLO's platform will give investors an idea of his ideology, his desire to move Mexico to the hard-left, and will allow investors to draw their own conclusions regarding the possible ramifications for both sovereign and corporate credit.

The platform of his party, first launched in November of 2016, reads like a laundry list of good intentions with no topic left out: free education from elementary school to university level, providing wages to young people that neither study nor work, infrastructure projects including high-speed trains, new ports and refineries, the modernisation of Mexico's highways network, the re-allocation of the new Mexico City airport, and many other promises and generalisations. However, there is little or no detail on how these would be funded or achieved.

At the end of this note we translate each of the fifty points that comprise his party's platform. You will notice that in many instances he writes in the first person, suggesting that it is more his personal project than a formal party platform.

Nevertheless, what matters is how the implementation of this platform might impact capital markets, both equity and fixed income. We believe the impact would be very negative as some of the main points that he is running on have to do with the reversal and repudiation of the structural reforms that Mexico has undertaken in the past five years, including labour, education, energy, and telecommunications reform.

We believe that a victory by AMLO would immediately create economic and financial chaos with capital flight, devaluation of the peso, and a hard stop on foreign and domestic investment. For that reason, and because of the characteristics of his platform, which aims to move the country to the hard-left of the political spectrum, we believe that as investors begin to look at his discourse and understand his goals, the markets will start moving in tandem with the polls, particularly if these continue to show him in the lead.

### Andrés Manuel López Obrador

Andrés Manuel López Obrador (AMLO) was born in Macuspana in the State of Tabasco, Mexico, on 13 November 1953. He studied Political Science at Mexico's National Autonomous University (UNAM), taking 14 years to obtain his degree with a G.P.A. of 3.09 (or 7.72 in a scale of 10.0).

He began his political career with the PRI, joining in 1976 and leaving in 1988 to join the Frente Democrático Nacional (National Democratic Front or FDN), the precursor of the Partido de la Revolución Democrática (Party of the Democratic Revolution, or PRD), a party formed by leftists dissenting from the PRI and headed at the time by Cuauhtémoc Cárdenas.

After running unsuccessfully for Governor of his home state of Tabasco in 1994, he became Chairman of the PRD from 1996 to 1999. In 2000 he ran (and won) as Mayor of Mexico City with 38.3% of the vote, subsequently leaving the post in 2005 to run for president for the first time, losing to the PAN's Felipe Calderón in 2006. AMLO ran again for president in 2012 and lost again, this time to the PRI's candidate (and current president) Enrique Peña Nieto.

In his turbulent political career AMLO has been as much an activist as a politician and we believe his previous actions give a glimpse of what to expect in future. We present some of the main events below.

### A history of protest and agitation

AMLO has been the protagonist of many controversies and activist actions such as public demonstrations, protesting and challenging the elections he has lost. He has also been the main dissenting political voice against the last two administrations, calling both illegitimate and the result of electoral fraud.

Some of the actions that have marked his political activism are:

- Challenging the gubernatorial election of the State of Tabasco in 1994, which he lost, accusing the victor of fraud and organising marches and demonstrations against the new government that lasted several weeks.
- Blocking Pemex facilities and oil wells in 1996, as part of a stand to “defend the rights of the indigenous people that were affected” by these facilities.
- Ignoring a federal court order during his tenure as mayor of Mexico City, in a legal confrontation that ended in the Office of the Attorney General asking Congress to strip AMLO from the immunity that he enjoyed while being mayor in order for him to be tried in court. Although there were large demonstrations against the process, Congress nevertheless voted in favour of stripping his immunity. However, after a few days and as demonstrations continued, President Vicente Fox announced that the proceedings would not continue and that AMLO would not be indicted after all.
- In 2006, after losing the presidential election to Felipe Calderón, AMLO appealed the results of the election at the Federal Electoral Tribunal (which ruled against him), mobilised tens of thousands of people, and took over one of the main streets in Mexico City. Businesses operating along the street estimated losses as a result of the blockade amounted to cUS\$35 million, and asked the government of Mexico City to compensate them by giving them a tax amnesty for that year.
- Also, as a response to the ruling by the Electoral Tribunal, he declared himself “legitimate president” and held an “alternative inauguration” ceremony in Mexico City main plaza (the zócalo), nominating an alternative, parallel, shadow government that would oppose almost every measure in Congress that was presented by any party different from his own.
- Between 2006 and 2012, ie throughout the whole Calderón administration, AMLO held “alternative” events such as the traditional celebration of Mexico’s independence in the zócalo (which is always led by the president in turn), took over toll booths on several of the main highways in the country in protest at the election results, led rallies outside of Congress to impede the president from delivering his State of the Union Address, and engaged in many more similar actions that AMLO defined as “peaceful civil resistance”.
- In 2008, in protest at the energy reform discussions that were underway in Congress, he and his followers chained shut both Houses of Congress so that nobody could enter, so as to avoid the approval of the laws that would change Pemex’s legal framework (and would jump-start the process of implementing energy reform).

The above are examples of the way that AMLO has reacted to adverse electoral results, but are also testament to the social pull he holds over tens of thousands of people that follow him.

His style is abrasive, and his campaigning strategy has mostly been marked by attacking his opponents on a personal basis.

He coined the term “the mafia in power” to describe both the past administrations and a group of corporations and media outlets that he has identified as being “pawns of the system”. He has singled out certain corporations to attack them for thriving “due to influence and corruption” and/or labelling them as monopolies (even though they aren’t), which is one of the main reasons why investors should pay close attention to his discourse when deciding where to invest, in case he wins this time around.

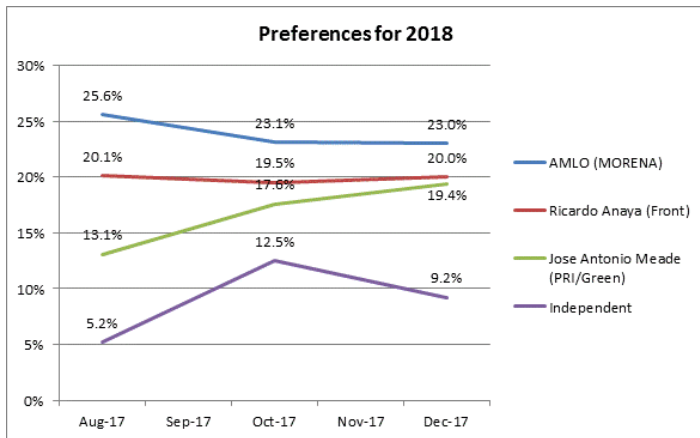
One of his greatest attributes is that he can communicate with the masses like no other politician in Mexico since former president Vicente Fox, by using colloquial language and promising solutions to the issues that stir the deepest emotions among the electorate. Although we consider many of his proposed solutions to be unviable, his popularity persists.

So, has the tiger changed his stripes?

Some say that AMLO has moderated some of his stances, but when we look at the platform that he designed for his party in November 2016 (please refer to the Appendix at the end of this note) and when we see the way he is conducting himself during these early stages of his “pre-campaign”, we have to disagree.

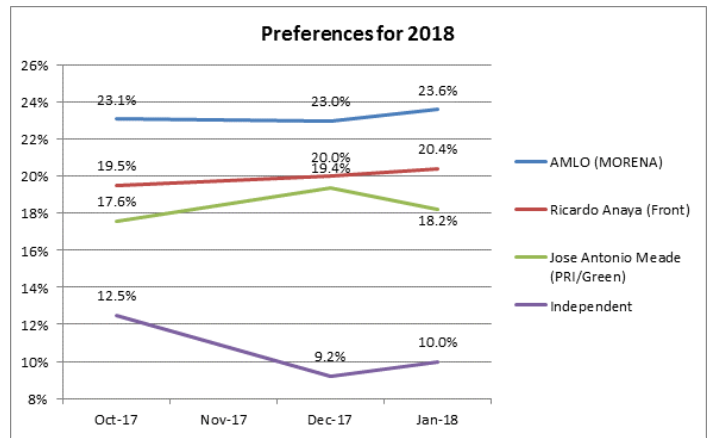
His proposals are, in our view, a collection of mostly unviable, unaffordable and likely unachievable good intentions. But his lead in the polls seems to embolden him, making his discourse more populist and in some instances (such as when he proposes to revert or cancel the structural reforms) radical.

**Figure 1: December 2017 poll**



Source: Consulta Mitofsky. <http://www.consulta.mx>

**Figure 2: January 2018 poll**

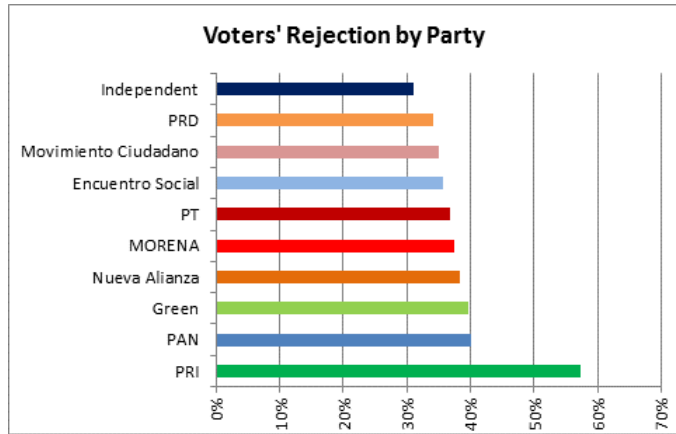


Source: Consulta Mitofsky. <http://www.consulta.mx>

As seen above, AMLO not only continues to lead the polls, but has extended his lead. In contrast, Jose Antonio Meade from the PRI has seen his support fall slightly, while Ricardo Anaya from the Citizens’ Front remains at roughly the same level as the previous month.

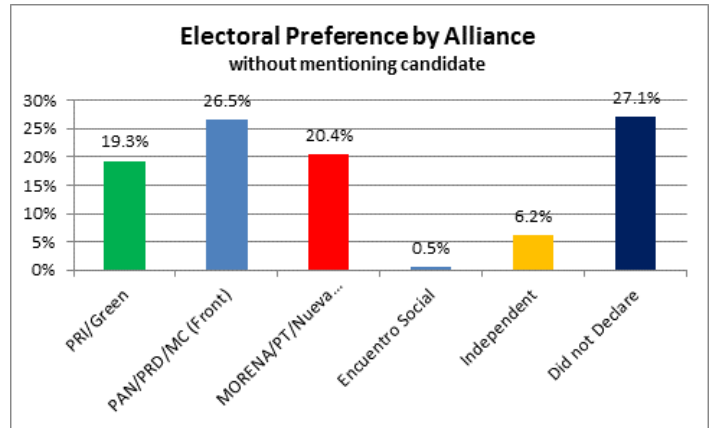
Some local news reports say that there is concern among the PRI leaders that Dr Meade is not making progress and is gradually fading in terms of voters' preferences. We believe this is the direct result of the negative perception that many Mexicans have of the PRI and the current administration (which has been plagued by instances of corruption) and it will be very difficult for Dr Meade to shake this off.

**Figure 3: Voters' rejection by party**



Source: Consulta Mitofsky. <http://www.consulta.mx>

**Figure 4: Voters' preference by coalition**



Source: Consulta Mitofsky. <http://www.consulta.mx>

We will be discussing the other candidates in future reports. For the time being, although MORENA is second in terms of preference by coalition, AMLO as a candidate continues to extend his lead (although we believe he may be reaching his ceiling).

### Conclusions

We acknowledge that it is early to draw definitive conclusions, as official campaigns have not yet started (in fact, the parties' conventions are still to take place). However, we believe it is important and relevant to begin assessing the main candidates, which is what we attempt to offer you in this document.

Our three main conclusions at this point in time are:

1. Looking at the MORENA platform, we believe that a victory by AMLO in July would have immediate negative effects on both equity and the fixed income markets, with devaluations, capital flight, securities sell-offs, and the spectre of a severe downturn in the Mexican economy.
2. As more investors begin to understand the essence of MORENA, they will start paying greater attention to the polls and will act accordingly, by either seeking protection (if the current trends hold) or by buying assets (that could rally with a MORENA loss as many of the populist risks dissipate).
3. We believe it is important, if only as an exercise, for investors to read through the whole platform in order to form their own opinion about AMLO's proposals, their viability, and the potential consequences of their implementation for Mexico's economic, social, domestic and foreign policy.

## Appendix

### MORENA's "Basic Guidelines for the Alternative National Project 2018-24"

In this section we translate, as best as we can, each of the points in Andrés Manuel López Obrador's (AMLO) basic guidelines, which has been publicised as the MORENA party's political platform. The original text is available at <http://morena.si/lineamientos> :

Here are the 50 points:

- *One: No change will be achieved if the Branches of Government and the political institutions continue to be at the service of just a few. I reiterate my essential notion that the State is being held hostage by a minority and that this minority is the principal cause for the national disaster. In our country, there is an apparent, simulated, and false Republic. There are constitutional powers, but in reality, these are confiscated by a group. This is why the first thing we have to do is to democratically recover the State and transform it into a promoter of political, economic, and social development for the country.*
- *Two: I say this again: not everyone who has money is evil, we are not against those who, with tenacity and effort, invest, generate employment, obtain licit profits, and have a compromise with the development of Mexico. We are against those who amass great fortunes from night to day, supported on illegality, the use of influence, and under the shadows of public power. We are against ill-gotten wealth, against the corruption that has destroyed everything and that is the main cause of the social and economic inequality.*
- *Three: The new democratic government will guarantee the freedoms and each individual will be able to apply himself or herself to the activity that is most satisfying and convenient. But, obviously, we will all have to abide to the new legality and clear rules; it will be possible to do business, but there will not be influence, corruption, or impunity; the budget will really be public; the poor will have preference; the natural resources will be taken care of; the wealth of the nation and the fruits of the labour of Mexicans will be distributed with justice; and never again will it be allowed that the privileges of the few are based on the oppression, the insecurity and the misery of millions of Mexicans.*
- *Four: Being specific, I present the position that we will take with respect to the so-called structural reforms (labour, education, fiscal, energy, among others). To begin with, I confess that I am inclined to revert them. I have enough reasons to sustain that they don't benefit the people, but on the contrary, they harm the people. However, we will not respond to an imposition with another imposition. This is why the people will be consulted to see if the reforms stay or are cancelled, and the majority will be respected.*
- *Five: I express, in the same way, our determination to maintain a measured position in matters of international affairs, without undertaking positions of protagonism. The foreign policy that we propose is based on a good domestic policy, in serious and cautious diplomacy, based on the principle of auto-determination of nations, on non-intervention, on a peaceful resolution to controversies, on the opposition to threats or use of force in international affairs, in judicial equality among the states, in international cooperation for the development, the fight for peace, the defence of human rights, and the conservation of the environment.*  
*Specifically, we commit to pay particular attention to our Southern border, with the aim of avoiding the mistreatment of central American immigrants and guarantee the respect of their human rights.*  
*By the same token, we will maintain friendly and respectful relationships with those countries from South America and the Caribbean. It is to Mexico's advantage to get even closer, and not only in economic terms, to countries in Africa, Europe, Asia, and Oceania. This plural relationship with the people and the nations in the world will offer us the opportunity to diversify our external policy, in commerce, as in the pursuit of an international order, fairer and more just, built between everybody and in a way such that globalisation does not mean hegemony.*
- *Six: We will establish a relationship with the government of the United States based on mutual respect and benefits. For obvious reasons, we have to apply a good*

*neighbour policy. In recent times, cooperation has been dominated by security issues, without paying attention to the causes of the problems with violence and the growing migration of Mexicans to the United States.*

*This is why we consider that this is the time to propose a shift in the bilateral relationship. We must persuade the authorities of our Northern neighbour that for the good of both nations, it is more efficient and more humane to apply a policy of cooperation for development, than to prioritise, as is the case currently, military and police cooperation. Job creation in Mexico is the alternative. The economic and social problems are not solved by coercion. It is not with military assistance, intelligence work, helicopters and weapons, that the problems of insecurity and violence will be solved in our country. Neither will the flow of immigrants stop with walls, raids, deportations, or the militarisation of the border. Mexicans that migrate to make a living in the United States do so out of need, not because they want to. They risk everything to get a job and mitigate their hunger and their poverty. Making a living is a fundamental human right. Under any circumstance, here, or there, our government will protect our migrant compatriots.*

- *Seven: There will be real rule of law. The autonomy and independence of the Executive, Legislative and Judicial powers will be a reality. We will launch a new federalism to define with clarity the rules of cooperation between the federal government, the states, and the government of Mexico City.*
- *Eight: The new government will guarantee the right of dissent and to freely manifest ideas and we will always be respectful of religious beliefs. We are in favour of dialogue, of tolerance, of diversity, and of respect of human rights.*
- *Nine: A real democracy will be established: Never again an imposition. Public funds will no longer be used to buy votes and loyalties; political advertisements in the media will not be biased or demagogic; there will be no more cheating or fraud; the electoral authorities will have absolute independence to proceed with a strict following of the Constitution and the law. In sum, nothing and nobody will be above the sovereign will of the people.*
- *Ten: Under Mexico's crisis, honesty is our saving grace. We will make this virtue a way of life and a way to govern. Our proposal is to end corruption, not just reduce it, but to eradicate it completely. This way there will not be a need to increase taxes nor to continue growing the national debt, which, by the way, is levered more than ever at levels that are not even known. When Felipe Calderón came to power, the public debt was 1.7 trillion pesos and he grew it to 5.2 trillion pesos, up more than 200%; Peña grew it to 9.2 trillion pesos; just to pay interest next year, 600 billion pesos will be used from the public budget.*
- *Eleven: I express categorically that when our movement triumphs there will be no impunity. The special protections to the president and high-level public servants will be eliminated. An amendment to Article 108 of the Constitution will be proposed in order to be able to judge the president in turn for corruption crimes. The example of honesty will emanate from the government and there will be an efficient anti-corruption system with the participation of the people.*
- *Twelve: The President of the Republic will submit himself to the principle of revocation of his duties. After two years in office, a public consultation will be undertaken so that the people decide if the president continues or not. The people are sovereign and just as they can grant a mandate, they can revoke it. The people put him in office and the people can take him out of office.*
- *Thirteen: Along with the fight against corruption, we will apply a policy of republican austerity; the people will bear a lesser cost to sustain the government; that is, current expenditure will be reduced. The salaries of high public servants will be reduced. The millionaire pensions given to former presidents will be cancelled, there will be no private medical care nor special savings accounts, the government's fleet of aircraft and helicopters will be sold. In a few words, those privileges will end.*
- *Fourteen: The next president will earn half of what the current president makes and will not enjoy any other benefit; he will not travel in private planes or helicopters, but rather, in commercial flights and by highways. The President's Protection Body will cease being part of the Executive branch and will become part of the national Defence Ministry.*



- *Fifteen: Macroeconomic equilibriums will be maintained, the autonomy of the Central bank will be respected and foreign and domestic private investment will be promoted. Our proposal consists in applying a policy of zero indebtedness and low inflation, coupled with a growth strategy to promote the creation of jobs and the wellbeing of the people. Development does not only depend on an efficient monetary policy, controlling inflation, and fiscal discipline, it is also indispensable to generate economic growth to improve the quality of life and the jobs of the people.*
- *Sixteen: I am convinced that as much as eradicating corruption will signify a peaceful social revolution, the republican austerity will become an example of rectitude, morality, and the main source to fund development. According to our calculations, we can save, by combating corruption and applying the austerity plan, around 500 billion pesos.*
- *Seventeen: The convergence of public and private investment will be undertaken, fundamentally, through regional development strategies. The different regions in the country have been analysed and defined for a long time and, with a focus on sustainable development, integrated projects will be drafted to take advantage of natural resources, technology, and public and private investments, always with the active participation of the social fabric and of the economic agents of the different regions.*

*Here I mention that a priority for the new government will be the development of the South East of the country, that has suffered for centuries the paradox of being the region with the most natural resources (oil, gas, water, biodiversity, cultural patrimony, touristic potential), but with a population that lives in poverty because of an inadequate distribution of the national income.*

- *Eighteen: In the programmatic area we will act with the highest political realism. No improvisation of misleading the people; there will be clarity in the proposals, well-defined strategies, well-defined short, medium, and long-term priorities. The government must promote hope, but without falling into false promises, because it would lose moral authority and would end up tangled in its own demagoguery.*
- *Nineteen: The countryside will be rescued because of its social, environmental, and cultural importance, and food self-sufficiency will be achieved. National producers will be supported with subsidies and credits to reach food sovereignty and stop buying from abroad what we consume.*

*With this, people will remain in their communities and rural employment will be generated, helping to curb immigration. Also, let's not forget that in the countryside not only food and environmental resources are produced, but in addition, a healthy lifestyle is developed, with moral and spiritual values. Returning to the countryside represents the strengthening of a cultural identity among the highest in terms of human quality.*

- *Twenty: We will preserve the great biological and cultural diversity in Mexico. We will promote agro-ecological practices that increase productivity without harming nature. The introduction and use of transgenic seeds will not be allowed. We will take care of our reserve of biotic resources. There will be respect and support to traditional and innovative economic practices traditional to indigenous people and peasants.*
- *Twenty One: One million hectares of fruit and wood trees will be planted in the South-South East of the country, both in order to generate employment and for ecological restoration effects.*
- *Twenty Two: We will promote fishing activities to improve the living conditions of the coastal and riverside communities in the country, and in this way we will make high quality protein available to the people, at low costs.*
- *Twenty Three: The energy sector will be the lever for national development. Refineries will be built, the extraction of gas will be promoted, and the electric industry will be strengthened, all of this so as to stop buying gasoline and other fuels from abroad and to reduce the costs of inputs to benefit the country's corporations.*

- *Twenty Four: We reiterate our commitment to lower the price of gasoline, diesel, gas, and electricity to benefit consumers, transportation enterprises, and small and medium-sized entrepreneurs.*
- *Twenty Five: The Federal Electricity Commission's hydroelectric and other plants will operate at full capacity in order to reduce the purchases, at extremely high prices, from foreign firms that receive, because of influence and corruption, a subsidy of more than 20 billion pesos per year from the public budget.*
- *Twenty Six: The degradation of the territory will stop. No project, economic, productive, commercial, or touristic, will be built in detriment of the environment, that is, the pollution of soil, water, and air will be avoided, and the flora and fauna will be protected.*
- *Twenty Seven: We will spearhead scientific and technological research. Mexican engineering will be promoted as an independence mechanism, particularly in everything that relates to the energy sector and on research of alternative, renewable, and clean energy.*
- *Twenty Eight: The construction industry will be strengthened, implementing a broad program to supply the country with infrastructure, those works and services that are indispensable to achieve, at the same time, the fast reactivation of the economy and job creation.*
- *Twenty Nine: The existing network of highways will be modernised and new roads will be built with an intense use of labour. There will be a priority to pave with concrete 362 dust roads across municipal areas in the states of Guerrero, Veracruz, Puebla, and Oaxaca. With this, we will achieve the triple aim to make these indispensable public works, create new jobs, and reactivate the economy in communities, towns, counties, and poor and marginalised regions.*
- *Thirty: We will implement a broad programme of betterment, expansion, and construction of housing, with the objective of undertaking one million actions per year and generating 500 thousand jobs.*
- *Thirty One: Two new runways will be built in the military airport of Santa Lucía to solve the problem of the issue at the Mexico City airport, replacing the current project that, aside from being extremely costly and opaque, is of doubtful technical viability.*
- *Thirty Two: An economic and commercial corridor will be created in the Tehuantepec isthmus. This project implies taking advantage of this strategic band of the national territory to join the Pacific and Atlantic oceans, and with this, facilitate the transportation of goods between the countries in Asia and the East coast of the United States. This will be a 300 kilometre corridor, where a railway will be built for the transportation of containers, the exiting highway will be expanded, the ports of Salina Cruz and Coatzacoalcos will be rehabilitated, oil, gas, water, wind and electricity of the region will be used, and assembly plants will be built for the production of manufactured goods. All of this territorial band will be converted into a free trade zone.*
- *Thirty Three: As is obvious, this project will be undertaken without jeopardising our sovereignty, and will be promoted with the participation of the public, private, and social sectors. In this case, as with every other project, the environmental impact will be taken into account and the rights of the population and land owners will be taken into account as well. In fact, they will be consulted and incorporated as a substantive part of this project. Specifically, the land owners of the territory that will form part of this corridor will be invited to participate as shareholders of the company created for this purpose. The construction of these works and the factories that will be installed along the way, will generate an important number of jobs and will avoid that the youth from the region continue to emigrate looking for work.*
- *Thirty Four: There will be high-speed trains connecting Mexico City to the border with the United States, as well as a cultural tourist railway along the Maya Route Cancún-Tulum-Calakmul-Palenque.*
- *Thirty Five: A state policy will be implemented for the development of small and medium enterprises. These will have cheap energy and credit; they will be protected against exaggerated input prices, high taxes, and red tape. Let's not*

forget that small and medium enterprises, industries, farms, and enterprises dedicated to services and commerce provide 90% of existing jobs.

- *Thirty Six: Tourism will be promoted. Mexico possesses several archaeological zones, important colonial cities, beaches, exceptional flora and fauna. Tourism services have a high multiplying effect on employment and income for the labour force.*
- *Thirty Seven: There will also be a free trade zone established along the border with the United States. Among other measures, VAT will be reduced, and income tax and customs will be broadened to 20 kilometres inside of the territorial dividing line.*
- *Thirty Eight: Salaries will rise as a principle of justice and to promote domestic consumption and markets. I believe that it is economically, socially, and morally imperative to increase the depreciated minimum wage and I am sure that we will achieve consensus between the labour and entrepreneurial representatives in the country. But, persuasion and negotiation aside, I sustain that it is possible, starting now, to commit that by the start of 2019 the salaries of public workers should improve. These increases will include teachers, nurses, doctors, the police, soldiers, and other public servants. Additionally, it is feasible to add to the federal government employees at least three more percentage points in the form of benefits like end-of-the-year coupons for food, clothing, and others that will be given in money and not in species.*
- *Thirty Nine: Young people will have the guaranteed right to study and work. From the last election I insisted on the need to avoid the abandonment of youth. A trademark of the neo-liberal or neo-porfirista period has been, precisely, the marginalisation and disparagement of youth. The lack of effective rights for the new generations has produced frustration, hate, and resentment that fuel the violence that we suffer.*

*This will be something similar to what President Roosevelt did in the United States during the Great Depression, creating the conditions to make the right to work a reality for everybody. Our program will be called "Youth for the Future"; we will go home by home, contacting young people to encourage them to study and work.*

*In the short-run, 2.6 million youngsters will be attended; those who currently cannot exercise their rights that have been excluded, and that have had their future cancelled.*

*The program has three main objectives: integrating the youth to labour or academic activities to provide them with the tools to seek a better life; get them away from unemployment and from the path of anti-social conducts; and accelerate the preparation of a great reserve of young people for the productive activities in anticipation of higher economic growth in the near future.*

*Of all the young people that will be able to participate in the programme, we propose the formation of two groups: on one hand, we foresee that the close to 300,000 youngsters that have been rejected from public universities and that are still able to study will benefit from an emerging educational project; the other group, comprised of 2.3 million youngsters that have sought employment without finding it, will be employed in activities that will be both productive and formative.*

*For the first group, we are talking about 300,000 students that will receive a support or scholarship of 2,290 pesos each month, or 27,500 pesos each year. The budget for this will be 8.25 billion pesos and will be nationwide.*

*For the second group, there will be jobs offered. Those 2.3 million youngsters across the country will be part of a census aimed at determining their location in an employment programme as apprentices in small, medium, and large enterprises in both the public and the private sectors. The income for each youngster will be equivalent to 1.5 times the minimum wage. The expenditure for this concept will be 94.695 billion pesos per year. In general, guaranteeing study and work to every young person will imply an investment, not an expense, of 103 billion pesos per year.*

*There are many positive economic and social effects that this proposal will generate. In general terms, unemployment will drop and the number of matriculated students will rise. With better qualifications for work, both production and productivity will rise, creating a favourable environment for future economic*

*activity. By having these youngsters occupied (in the workforce or in school) they will be lured away from antisocial activities, the social fabric will strengthen, as will the sense of belonging to a community, and the values of cooperation, respect, and responsibility.*

- *Forty: There will be universal coverage in telecommunications. It is a fact that due to prevailing personal and group interests, the country has not been able to advance in matters related to telecommunications. For example, the Internet, symbol of modernity in today's world, in Mexico is not only slow and expensive, but also limited and with bad coverage. It is common to see people in the countryside and the cities climbing hills or going to specific places to reach the desired signal. To face such a shortcoming, the State must intervene with determination, because the national progress is at stake. Communications are essential for development. As a consequence, we will commit to connect the country with wide band Internet and to use, with this purpose in mind, the Federal Electricity Commission's infrastructure. The electric networks will serve to bring fiber optics to the most remote regions and communities in the country.*

*This service will allow to support education, health, the arts, culture, and at the same time, nationwide access to the Internet will allow the guarantee that all Mexicans exercise their right to be connected. There will be free wireless signal in highways, plazas, schools, hospitals, and public buildings.*

- *Forty One: A state of wellbeing will be established. The pension for the elderly will be doubled across the country; at least 100,000 pesos per month will be granted, as it is in Mexico City, and will be for everybody, including the retired and pensioned workers from the ISSSTE and the IMSS. In the same way, everybody with a disability will receive this aid. Hunger will be fought and there will be a guaranteed right for the people to food.*
- *Forty Two: Everybody will be taken care of, everybody will be respected, but the poor and dispossessed will have preference. The historic debt that the nation has with its indigenous people and communities will start to be paid. The first in line will be the forgotten, the weak, and the humiliated.*
- *Forty Three: There will be an authentic education revolution aimed at improving the quality of teaching and to guarantee that nobody, for lack of space, teachers, or economic resources, is left without studies. We will launch a broad food program in schools (classrooms will also serve the purpose of dining halls); there will be scholarships and school supplies and uniforms will be free.*
- *Forty Four: All students in middle school will enjoy a monthly scholarship equivalent to half a minimum wage.*
- *Forty Five: No youngster will be rejected from public high schools and universities, that is, there will be a 100% level of admissions. Admissions tests will no longer be mandatory, as these have only served to justify the neoliberal and privatising policies that have excluded poor youngsters and that have turned education into a privilege, when it is a coveted right.*
- *Forty Six: A society like ours, sunk in sadness and subjected to constant fear of violence and insecurity, must undertake an enormous effort to recover the values and principles that gave our nation its reason and that are evident in the works that constitute our historic and cultural assets, as well as on the creative potential of thousands of men and women dedicated to the arts and culture in our communities, towns, and cities.*

*We will take care of the cultural assets in Mexico. We will stimulate artistic creativity from the basis of basic education and will provide support to musicians, artisans, painters, sculptors, film makers, and all those that engage in the creation and promotion of the arts and culture.*

- *Forty Seven: The right to healthcare will be guaranteed, as well as the right to free medicines. Even though on 3 February 1983, the Constitution established the right to healthcare, after more than three decades half of the population lacks access to social security.*

*It is a paradox that after officially recognizing the right to healthcare, public resources directed to this line item have decreased, in real terms, in a systemic way; that is, what was granted by law was eliminated in the budget. One of the*

*most painful manifestations of the social abandonment and inequality is the lack of equal access to medical services. In rural zones in states like Chiapas, Guerrero, or Oaxaca, mortality among young children can be four times bigger than that of states like Nuevo Leon or Mexico City.*

*We will change that bitter reality. What the Constitution states will cease being dead letter. The right to healthcare will become a reality and medicines, services in clinics, and public hospitals will be free, from the first stages of medical attention all the way up to specialized medicine.*

- *Forty Eight: We will promote the practice of sports, both at the recreational level and at the high performance level. Sports facilities will be built and changes in zoning will not be allowed for existing baseball fields, football fields, or any other space dedicated to the practice of sports.*
- *Forty Nine: The strategy to combat insecurity and violence will change completely. The fundamental axis in this matter will be the improvement in the quality of life and in work. There will be coordination among the different police corporations, perseverance, intelligence, full respect to legality and human rights; the cooperation between authorities and criminals will end.*
- *Fifty: Lastly, I reiterate: the decadence that we suffer has been the result of the lack of opportunities for work, study, and other basic needs, as well as of the loss of cultural, moral, and spiritual values. This is why our proposal to achieve Mexico's renaissance has as its aim to make progress a reality; with justice and at the same time, to promote a way of life based on love for the family, the neighbour, nature, the nation, and humanity.*

*Friends:*

*We have clear ideas, with a project to transform Mexico, with men and women of conviction, honest, and committed to a true change, but we must not forget the work of community organisation. We are facing a power mafia, whose components, as it is public and noticeable, do not want to stop stealing, have no bottom, and will only be defeated if we count with the active support of a broad majority.*

...

*We have to call unto all Mexicans to peacefully defeat the mafia in power. We must open the doors to women and men of good will to fight together. MORENA is patrimony of all Mexicans.*

...

*I am aware of my responsibility and will do everything I can to help that together, as we have been doing, achieve the renaissance of Mexico. It is a token of pride to belong to MORENA. It is a great joy to be part of this movement to build, here on earth, the kingdom of justice and fraternity.*

*Many thanks*

*Azcapotzalco, Mexico City, 20 November 2016.*

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Fixed income recommendations as at 31 December 2017:

Buy	71	Sell	22	Hold	59
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