



Monarch News

Special Client Alert

Mexican Elections 2018



An Initial Assessment of the Mexican Elections

Yesterday, July 1, was perhaps the most consequential election in Mexican history. In addition to electing left-leaning Andres Manuel Lopez Obrador (AMLO) to the presidency, Mexicans filled over 3,000 positions (more than ever before) including the entire federal congress, nine governors, and hundreds of mayors. **Turnout was staggering at over 65%, suggesting that Mexicans can teach their neighbors to the north something about the importance of voting.** Furthermore, the election was hugely important in terms of conferring faith in democracy and the rule of law for all Mexicans, especially those not traditionally empowered. The Mexican National Electoral Institute conducted what appears to be a fair and transparent election, so much so that AMLO's three opponents conceded the race before INE had officially named him the winner – **further evidence that the young Mexican democracy is vibrant and well-entrenched.**

The new president-elect achieved a convincing and dominant win, with a coherent message and agenda, and with broad coattails in Congress. **AMLO has apparently carried every state but one** (with results not final at this writing), and his Morena party and its coalition partners (the leftist Workers Party [PT] and the socially conservative *Encuentro* party [PES]) **will hold a majority of seats in both houses of Congress** (though they will lack the 2/3 majority required to amend the constitution). His party also carried a majority of the nine gubernatorial races up for election this cycle and made substantial inroads at the municipal level throughout the country, including in traditional PRI strongholds. **AMLO has a clear mandate, and if he is able to govern credibly and fulfill his promise to root out corruption, it could be a true turning point for Mexico.**

Despite widespread and sometimes hysterical reporting characterizing AMLO as an anti-American populist along the lines of Venezuela's Hugo Chavez, he is far from that. **He is, at heart, a pragmatist**, who we believe seems to understand his unique opportunity to bring, as he says, a new "transformation" to Mexico. **Monarch Chairman, Ambassador James R. Jones, has a [thoughtful and insightful piece on AMLO in today's Washington Post](#), which gives further insight into the man and his approach to governing.** AMLO's pragmatism will be challenged, however, by the reality that he is a complex person with sometimes competing and divergent priorities, making him something of a "Mexican Paradox." **Monarch Senior Advisor Pamela Starr delves further into this complexity in her excellent [piece in today's New York Times](#).**

With respect to the U.S.-Mexico bilateral relationship, **we do don't expect an immediate deterioration in bilateral relations.** Indeed, President Trump was one of the first to send a congratulatory message (via tweet, predictably), and the two men had a reportedly cordial telephone conversation earlier today. Although AMLO will likely be far less tolerant of Trump's bullying and will be a far stronger adversary for Trump than Peña Nieto has been, he has emphasized the importance of mutual respect as the basis of the bilateral relationship. **Nor do we expect fundamental changes or alteration to the NAFTA negotiations, which have broken down primarily because of U.S., not Mexican, intransigence.** AMLO has said he will request that the current negotiating team also include members of his economic group, most of whom are



experienced and pragmatic economists that the international markets appear to be comfortable with, at least thus far. And in his telephone conversation with President Trump, AMLO has said he proposed a broader agreement that would include an emphasis on economic development.

AMLO will take office on December 1. The coming months will be a time of transition and some degree of uncertainty. Monarch will be closely monitoring the situation and will keep our clients fully apprised of developments. **To that end, we will also be launching a targeted [AMLO Transition Report](#), a subscription-based service that will closely track developments surrounding the transition of power in Mexico.** Look for more information on how to subscribe shortly.