THE CHALLENGE OF BUILDING PRESIDENTIAL APPROVAL IN MEXICO: THE CASE OF EPN

March, 2014

PRESENTED AT LSE’S MEXICO’S WEEK
THE PUZZLES

• Why did Peña Not Enjoy a Honeymoon?

• Why Calderón Did Start with a Higher Approval Level if He Won by a Slight Margin and Among an Ugly Post-Electoral Conflict?

• Why Peña Is Losing Popular Support?
Presidential Approval (% “Approve”). Quarterly data
Source: Consulta Mitofsky
Presidential Approval – Felipe Calderón and Enrique Peña
Source: Buendía & Laredo

DK/NA not shown
Presidential Approval - Enrique Peña Nieto
Sources: BGC, Buendía & Laredo, Consulta, GEA-ISA, Ipsos Bimsa, Parametría and Reforma
Poll of Polls – Enrique Peña
Dynamic Bayesian Measurement Model (Kalman Filter) estimated via Markov Chain Monte Carlo (Gibbs Sampler).

- Dynamic Bayesian Measurement Model (Kalman Filter) estimated via Markov Chain Monte Carlo.
  - Pooling polls to increase precision
  - Estimating and adjusting for House Effects (question wording, response categories, etc.)
  - Tracking the trends and fluctuations through a dynamic model (aka random walk)

Poll of Polls – Enrique Peña Nieto
Dynamic Bayesian Measurement Model (Kalman Filter) estimated via Markov Chain Monte Carlo (Gibbs Sampler).
THE CHALLENGE OF REFORMING

• Reforming Is a Tricky Business

1) The Benefits of Reform Are in the Future but Its Costs Are Felt from the Very Beginning

2) Costs of Reform Are Usually Concentrated among a Few but its Benefits are Dispersed among Many
THE CHALLENGE OF REFORMING

• Take for Instance Education Reform: Teachers are paying the costs of reform but the benefits of reform are still to be seen. How many years until we see any benefit?

• Further, who the beneficiaries of Education Reform will Be: students, their parents? Will They Mobilize to Support Reform?

• When Will People Notice that Reforms Are Being Successful?
THE CHALLENGE OF REFORMING

• Public Support for Reforms Will Depend on Expectations

The real challenge is to build those expectations (NAFTA)

Will Mexicans think in inter-temporal terms, that is, will accept the pain of reform now in exchange for a brighter future?

THE SHORT ANSWER IS NO
In your opinion, what is ___ thing Enrique Peña Nieto has done as President so far? Open-Ended Question

[% of responses on matters related to Structural Reforms]

Source: Buendía & Laredo

The worst thing...

The best thing...

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<th>Education Reform</th>
<th>Energy Reform</th>
<th>Fiscal Reform</th>
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In your opinion, what is the worst thing Enrique Peña Nieto has done as President so far?
Source: Buendía & Laredo
In your opinion, what is the **best** thing Enrique Peña Nieto has done as President so far?

Source: Buendía & Laredo
In your opinion, what is the best thing Enrique Peña Nieto has done as President so far? ¿And the worst?

Source: Buendía & Laredo
Imprisonment of Elba Esther Gordillo and the Pact for Mexico
[% of responses related to both issues]
Source: Buendía & Laredo

In your opinion, what is the **best** thing Enrique Peña Nieto has done as President so far?
WHAT WENT WRONG?

1) You build expectations by denouncing the Statu Quo.

- People will perceive the future as a better alternative if the present is really bad.
- EPN has achieved many reforms but he does not present himself as a reformer.
- He is not an outsider but rather works “within the system”.
WHAT WENT WRONG?

• Take energy reform: even if people are really unhappy with Pemex’s and CFE`s efficiency the official narrative has not emphasized it. Rather than rejecting the statu quo the official narrative initially embraced Lazaro Cárdenas!

• NO POSITIVE EXPECTATIONS FOR REFORM WERE BUILT
Indicators of the Consumer Confidence Index (December 2012-February 2014)
Source: INEGI (Census Bureau)
WHAT WENT WRONG?

• 2) A Tactical Mistake: to link the reform process to tax and price increases. People obviously don’t believe that gas and electricity prices will decrease in the future when the reforms have been accompanied by important price increases in this and other areas.

• People may be tolerant to price increases if they are told that the current situation is untenable (rejection of statu quo). But no one is doing that.
As you may know, late last year the Energy Reform was approved. Do you think that due to the changes to the law the price of ____ will increase or diminish?

Source: Buendía & Laredo

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<th>Diminish</th>
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<tr>
<td>Gasoline</td>
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<tr>
<td>Electrical Energy</td>
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<td>15</td>
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<tr>
<td>Gas</td>
<td>-73</td>
<td>14</td>
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Do you associate the ____ with something positive or negative? (% among who know each Reform)
Source: Buendía & Laredo

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<th>Positive</th>
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<td>40</td>
<td>-11</td>
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*Difference among “Positive” November 2013
WHAT WENT WRONG?

• Under the above conditions we should expect a traditional pattern to occur: when things get bad people will turn against the president. Deterioration of economic conditions will lead to loss of presidential support.

• THIS IS WHAT IT HAS HAPPENED. WE CAN EASILY EXPLAIN PEÑA’S LOSS OF SUPPORT WITH THE CONSUMER CONFIDENCE INDEX!
Net Approval Ratings (Poll of Polls) and Consumer Confidence Index
December 2012-February 2014

Net Approval Ratings

Consumer Confidence Index
Net Approval Ratings (Poll of Polls) and Consumer Confidence Index
December 2012-February 2014

\[ y = 2.34x - 208 \]
\[ R^2 = 0.85 \]
CALDERON’S PRESIDENCY
Net Approval Ratings (Poll of Polls) and Consumer Confidence Index
January 2007-November 2012

\[ y = 0.36x - 5.34 \]

\[ R^2 = 0.09 \]
Net Approval Ratings (Poll of Polls) and Consumer Confidence Index

Felipe Calderón (Jan 2007-Feb 2008)

$y = 1.2x - 86$

$R^2 = 0.39$

Enrique Peña (Jan 2013-Feb 2014)

$y = 2.3x - 208$

$R^2 = 0.85$
A TALE OF TWO NARRATIVES
CALDERÓN VS PEÑA

• Why Calderón’s approval was not as sensitive to economic conditions as Peña’s?

• 1) Peña did run on the basis of performance: efficacy. He wanted to be seen as someone who delivers. Indeed you can say this is a feature closely associated to many PRI campaigns/politicians (Zedillo: “él sí sabe cómo hacerlo”).

• 2) Peña’s message as President has emphasized structural reforms, that is, reforms designed to improve the performance of the economy. He emphasized structural reforms to avoid talking about security issues.
A TALE OF TWO NARRATIVES
CÁLDERÓN VS PEÑA

• 3) Calderón on the other hand did not emphasize the economy. And when the economy deteriorated he assigned blame elsewhere:

*International Economic Conditions, “la crisis que vino de fuera”*

*Congress as an obstacle to reforms to promote growth.*
People may be more receptive to this argument if it comes from a non-PRI politician as the PRI usually has had enough power to block constitutional reforms. It was Fox after all who said: “El presidente propone y el Congreso dispone”.
CALDERON AND PUBLIC SECURITY

• DID PUBLIC SECURITY INFLUENCE CALDERON’S PRESIDENTIAL APPROVAL?
Net Approval Ratings (Poll of Polls) and Public Security Perception Index

\[ R^2 = 0.1507 \]
A TALE OF TWO NARRATIVES
CALDERÓN VS PEÑA

• The big question then is why the deterioration of public security conditions did not greatly affect Calderón’s approval?
• 1) Calderon did forcefully reject the status quo: The country could not afford looking the other away.
• 2) People blamed the PRI regime for the statu quo on drugs.
• 3) People were patient. They were aware that it would take several years to see positive results.
• 4) Drug-related violence was framed in intertemporal terms: “si ves que hay polvo es porque estoy limpiando la casa”.
CONCLUSIONS

• **IT IS THE ECONOMY!**

• **IT IS THE NARRATIVE: THE MESSAGE MATTERS!**