

Krugman: When Will Mexican Economy Miracle Appear?



Mexico City, March 30 (teleSUR-RHC) U.S. academic Paul Krugman has hit out the Mexican economy, forecasting a gloomy outlook for the near future.

In a speech to the Mexican National Chamber of Industry, the Nobel Prize for Economics winner warned that no financial “miracle” was coming to save the country.

“When will this Mexican miracle appear? The people are already tired of waiting. We’re not talking about a terrible economic performance but that was not what was expected. I doubt that a miracle will be produced,” Krugman told the conference on Friday.

According to Krugman, Mexicans are hoping that Mexico becomes a country like South Korea, but “this will not happen” with the small growth of 2.1 percent that the North American nation experienced at the end of 2014.

And although Mexico has suffered from external influences, like the plummet in oil prices and the devaluation of the peso to the dollar, Krugman explained that it has the tools to survive these setbacks.

“Mexico is much less vulnerable to the price of oil compared to the past. It is now a country with a more diverse export sector, orientated more to manufacture than to an oil economy,” he said, before

acknowledging that “the main attraction of Mexico is that it is close to the United States.”

Krugman ultimately criticized the free market in Mexico. “We've had 20 years of liberalization of the market and clearly it can be seen that it is not enough,” he said.

At the end of 2014, U.S. rating agency Standard and Poors said that corruption and violence in Mexico are major challenges that could affect the country's economic panorama. “The disappearance and death of 43 students in the city of Iguala, Guerrero, in September 2014 highlights the important challenges that Mexico has to control violence related with drugs trafficking,” said the agency.

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