

- Afin d'améliorer la surveillance et le système d'avertissement rapide préconisé par le G-7 et le FMI, il faudrait adopter une approche politico-économique de l'analyse des marchés naissants.
- Le Canada devrait chercher à projeter ses valeurs à l'étranger, à savoir le respect des droits de la personne, la démocratie et la primauté du droit, en améliorant les moyens *indirects* d'appuyer la consolidation de la réforme au Mexique.
- Le Canada devrait chercher à susciter les occasions de multiplier les contacts personnels entre les représentants des deux pays.

Executive Summary

In contrast to the prevalent economically-oriented analyses of the Mexican peso crisis and its aftermath, this Paper offers a political economy interpretation of Mexico's current situation. It was against the backdrop of persistent political shocks that the genesis of the crisis occurred. The juxtaposition of political turbulence and growing economic vulnerability eroded investor confidence in Mexico and set the ground for the dramatic events of December 1994 and early 1995.

While the role of conjunctural political factors is examined, the political events of 1994 were symptomatic of a deeper, more systemic transition in Mexico's post-revolutionary political order. The Paper thus concentrates on important changes to the country's institutional cornerstones and political rules of the game. Until the foundations of a new order are laid -- a new social consensus -- Mexico will continue to be prone to episodes of political turbulence and the resultant repercussions of financial market instability. The analysis underscores the need for Mexico to get its politics right in order for it to progress economically. A new *modus vivendi* must be agreed upon and institutionalized among Mexico's elites, social classes and interest groups in order for the country to redefine itself successfully. In this regard, new accommodations are occurring, but much work remains, requiring persistence and patience.

The Paper considers the direction of current political change in Mexico. While a revolutionary outcome is unlikely, there are both evolutionary and devolutionary tendencies in the country's transition process. At the same time, important continuities with the past -- such as a strong presidency -- have a stabilizing effect on Mexico's path forward.