

URL: <https://stvp.stanford.edu/blog/videos/discretionary-power-in-entrepreneurial-societies>

Pedro Aspe, Former Secretary of Finance, Mexico and CEO of Protego, discusses two central conditions for an entrepreneurial society: 1) education and 2) reliable institutions. Aspe emphasizes the importance of removing discretionary power, in matters of trade and finance, from the hands of public officials in order to increase the reliability of an economic system. Aspe associates the remaining discretionary power on these matters with the existing economic struggles of Latin America.



Transcript

So the first thing I want to share with you is the force of education.. That's the most important thing in life because it's an asset that no one can take away from you; at least forever.. The second thing, I worked for the government, and I entered the government because I started criticizing the government about their discretionary powers especially on trade and finance.. Well, after writing these tough articles, I got hired.. I said, "I hope that I don't change my values." Well, 10 years later when I went to do the first comprehensive trade reform in the continent which was NAFTA.. As you know, the important thing with NAFTA was to have it at the constitutional level so that it could not be reversed because if not, nobody will pay attention to it because they will reverse it and reverse it.. So that discretionary power that for entrepreneurship means a lot because before NAFTA, the Minister of Foreign Trade could say you are the winner and he's a loser.. That's it.. That guy will go bankrupt and the other one will make a fortune.. Why? Because he has the discretionary power of putting licenses and tariffs without asking nobody..

That was the worse.. That's why if you ask me, "What has destroyed the economic base of Latin America for so many years?" The discretionary power of public officials especially on trade and finance.. So we got rid of that with NAFTA...