

# Mexico economy

[Science](#), [Social Science](#)



**Monopolies Threaten Mexico`s Economic Growth. Summary:** Though Mexico`s economy is packed with potential to grow enormously as a result of bilateral deals and trade agreements, it still hobbles due to domestic monopolies and cartels. Currently, monopolies markets are crippling the economy coupled with insecurity.

**Development:** The growth of the economy has been in an ascending trend. Although the country successfully overcame the 2008 financial crisis, the emergence of monopolies and cartels are threatening to take Mexico back to the dark days. For instance, Mr Slim, a businessman, owns 70% of the cellular market and 80% of landlines. He has not only monopolised the telecom market, but also fended off competition from potential investors. Additionally, the banking industry is equally uncompetitive. The presence of two major banks that control almost half of the economy means 95% of account owners have no option, but to subscribe to their services. As a result, forcing competition in the banking sector is still not easy. However, recently the Mexican authorities implemented new competition laws to create room for entry of new investors. Though a positive move, the locals and investors still do not fancy their chances of rivalling the big players.

**Analysis:** The monopoly markets in Mexico are the primary reason for stagnated economic growth in the country. They reduce chances of entry of investors due the stringent laws and economies of scale they enjoy. This situation is aided by cases violence in the borders facilitated by drug cartels. These situations drive away potential investors. The lasting solution is to open the economy and let both local and foreign competition force existing firms to adapt to the changes. Free economy will lead to a projected growth

rate of 2. 5 percent in domestic production.

Source:

The Economist. " Mexico's Economy: Making the Desert Bloom". The Economist. N. P., 14 August. 2011. Web. 20 Mar. 2015. <http://www.economist.com/node/21526899>

Works Cited

The Economist. " Mexico's Economy: Making the Desert Bloom" The Economist. N. P., 14 August. 2011. Web. 20 Mar. 2015. < <http://www.economist.com/node/21526899>>