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TEQUILA EFFECT: ROLE OF THE REGULATORY STATE, THE GUARANTEE OF HUMAN RIGHTS AND ECONOMIC GLOBALIZATION

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INTRODUCTION

International Law is in constant transformation, as it expands its research objects and incorporates new elements, and can be related to economic globalization and the Regulatory State, since States need International Law to interact with other nations and to establish treaties, such as the International Human Rights Treaties and the Economic Blocs. Thus, as quoted by Professor Antônio Márcio da Cunha Guimarães ". this branch of Law, whether called International or Interstate, is that which deals with relations between States and their citizens, and which, through consequences, will influence and reach men who live in society" (GUIMARÃES, Antônio. International Treaties. p. 19.) Therefore, this Scientific Initiation will deal with the role of the regulatory State, the guarantee of Human Rights and economic globalization with a focus on a of the biggest economic crises in the world, which was called the Tequila Effect.

Thus, the Tequila Effect was an economic crisis that began in Mexico from 1994 to the end of 1995. It is considered one of the worst economic crises in Mexico. This crisis is called the Tequila Effect, as it triggered serious repercussions throughout the world, especially in emerging countries.

In this context, the crisis was characterized by the debt of the Mexican State, with a scenario of high inflation and economic recession. However, the Mexican regulatory state, in an attempt to not deplete its reserves, attempted to fluctuate the exchange rate, which caused the Mexican peso to devalue by 40% against the US dollar. Thus, Mexico's GDP fell by 6.6%, causing enormous unemployment that reached 25% of the active population, causing Mexico to have two and a half million people crossing the threshold of "extreme poverty".

Furthermore, the Tequila Effect also showed that the financial market is dependent, that is, there is an interconnection between markets, as the Mexican crisis triggered a type of subsequent contagion in Argentina, Russia, Asia and Brazil. Therefore, the crisis revealed that liberalized markets are interconnected, mainly among "emerging markets".

Therefore, the purpose of this project is to relate the economy of a nation, in this case Mexico, in particular, with social development, economic globalization and the role of the State as a regulator to guarantee Human Rights. Since the Tequila Effect ended up triggering a series of social problems in Mexico, one of the objectives of this research is to analyze and relate the social consequences of this crisis to the role of the Welfare State. In addition to relating the State's economic policies in terms of the world economy, that is, in terms of a globalized world, and, mainly, in the repercussions that the crisis had in Brazil (Plano Real).

Furthermore, I point out that this Scientific Initiation seeks to develop the process of state control over the economy and how this is interconnected with the guarantee of Human Rights and globalization. Therefore, my expectation is to examine and relate the role of the Regulatory State of Mexico in the economy and national protection, as well as to analyze the policies of the Mexican State to guarantee the Human Rights of its own population and to examine the repercussion of the Tequila Effect in the world, since which triggered a domino effect in emerging countries, mainly in Brazil, and thus once again analyze and discuss economic globalization.

Therefore, I analyze the Mexican State as a regulator of its economy and understand the economic policies that were taken in relation to socioeconomic well-being and how this affected Mexican society. In addition to studying the mechanisms used by the regulatory State to guarantee Human Rights in the crisis that led two and a half million people to cross the threshold of "extreme poverty". It is important to highlight that globalization and liberalism are extremely important for the analysis of this project, as they are directly linked to International Law and the contemporary economic world. Therefore, this research aims to investigate the 1994-95 crisis that was systematic throughout the world in order to analyze economic globalization and its repercussions, with emphasis on Brazil.

TEQUILA EFFECT

BACKGROUND TO THE CRISIS

The expression "Tequila Effect" arose with the peso crisis that occurred in Mexico in 1994 until the end of 1995, being one of the worst economic crises in the country. It is important to highlight why it was called that way, as it was an adversity that triggered serious repercussions in the world, especially in emerging countries, such as Brazil itself. However, it is important to mention the antecedents of this crisis so that its causes can be better understood.

Thus, before the crisis called the Tequila Effect, there were two crises, one in 1976 and another in 1982. The 1976 financial crisis was marked by the increase in inflation due to the expansion of the money supply, which stimulated private demand and accommodated growing public deficits, therefore, there was wear and tear, such as in the current account, external debt and capital flight. Agriculture stagnated, income distribution worsened and unemployment increased, thus social inequality in the emerging country grew.

Thus, in 1982, the Mexican State's alternative to trying to protect its economy and the Human Rights of its population was to ask for help from the IMF (International Monetary Fund). However, in the only attempt they saw as a means of saving their State, it ended up getting into debt with international banks through medium-term loans. The Mexican government was unable to pay its debts, nor the interest accrued, consequently, bankers increased credits, which caused a drop-in profit. Therefore, in 1985 there was a reduction in oil revenue, a drop-in reserves and a collapse in the peso, along with interest payments on the country's external debt, which stood at US$98 billion. The country's economic situation was deteriorating.

Therefore, as the emerging country in question was unable to fulfill its commitments, the State's economy declined and created an increasing dependence on the United States of America, which resulted in the creation of NAFTA (North American Free Trade Agreement), an economic bloc treated under international laws, that is, an international treaty created in 1989, but made official in 1994, when the so-called Tequila Effect crisis began.

In view of this, between 1988 and 1993 the government developed a rigid fiscal and monetary economic policy, which led to inflation below 10% between 1992 and 1993. Thus, the Mexican State initiated reform programs based on economic openness and competition international, went through a privatization process and a nominal exchange rate anchor program, that is, the currency became stable in relation to the dollar.

Between 1989 and 1993, the appreciation of the Mexican economy was between 20 and 30%, investors were optimistic about the scenario, exports increased significantly, doubling their value in dollars between 1988 and 1994 and imports tripled in the same period. However, this revolution in Mexico's banking system triggered widespread privatization and the buyers were, in most cases, individuals linked to business groups, with no banking experience.

Bank investors were mostly in the public sector in 1989, however, in 1994 these investors were only 5%. Furthermore, there was the elimination of bank reserves, which facilitated the expansion of credit, but limited the expansion of the currency. This way, a banking crisis would not be complicated.

Consequently, there was a large inflow of capital into the country, which ended up making it difficult for internal liquidity to be maintained. There was also a large interest rate and bonds began to be issued, which led to an increase in foreign participation. As a result, the Mexican State was recovering from its debts, due to numerous economic reforms.

Therefore, in search of a better living condition, its population focused on the economy to achieve this objective, since economic development has a direct correlation with human rights, as already expressed in the article "Reflections on economic development and its correlation with Human Rights" by Prof. Dr. Antônio Márcio da Cunha Guimarães and Arianna Stagni Guimarães: *"with economic development, wealth is produced and obtained, and with this, the State now holds the resources necessary to implement actions aimed at the effective protection of its citizens."*

ECONOMIC IMPACT ESSAYS:

What started the crisis called the Tequila Effect, which occurred in 1994 in Mexico, was the State's debt, together with a scenario of high inflation and economic recession. However, the Mexican regulatory state, in an attempt to not deplete its capital reserves, tried to implement exchange rate fluctuation, that is, the value of the peso is determined according to the supply and demand of imported and exported products, so the exchange rate varies constantly, therefore, the more economic agents are willing to purchase products, the higher the value of the currency and vice versa.

However, this attempt was negative, as the Mexican peso depreciated by 40% against the US dollar and its GDP (Gross Domestic Product) fell by 6.6%. Causing unemployment, which reached 25% of the active population, which led Mexico to reach two and a half million people crossing the threshold of "extreme poverty". Thus, during the years of the crisis the current account deficit was growing and with the country's external debts it was also necessary to reduce the external deficit.

Given the large exchange rate deficit in the current account, the high exchange rate stock prone to volatility and the exchange rate delay were decisive for the vulnerability of the Mexican State that began in December 1994. Furthermore, the deterioration of the financial system's portfolio, together with the boom credit and the widespread issuance of government papers expressed in dollars (Tesobonus) with short maturities and which were mostly acquired by foreigners further aggravated the country's economic and social situation. Other extremely important factors, which worsened the crisis, were the series of shocks witnessed during 1994, associated with the uprising in Chiapas, the assassination of the main presidential candidate and the electoral process.

Bear in mind that the Chiapas Revolt was a rebellion on January 1, 1994 in the Mexican state of Chiapas, led by the Zapatista International Liberation Army, lasting 12 days and having international repercussions due to its demands for justice and defense of the rights of indigenous peoples and populations with few socioeconomic resources. In fact, it is important to highlight that this military action coincided with the entry into force of NAFTA signed by Mexico, the United States

and Canada. This way, the lack of international reserves, causing the devaluation of the peso, during the first days of Ernesto Zedillo's presidency, contributed to the crisis.

In this context, it is noteworthy that the

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international treaty NAFTA, in force in 1994, between the United States, Canada and Mexico, with the intention of reducing economic and customs barriers between these countries, was planned to be an instrument of integration of the economy of these countries.

During this time, the exchange rate adjusted strongly and gained ground, thus the investment rate recovered, but less than the capital inflow. Therefore, these external funds reinforced the consumption of the national population. However, the increase in consumption was not generated by the government, as it was trying to eliminate the deficit from the previous crisis, already mentioned. As a result, spending was mainly from the private sector, financed by private contributions from abroad.

Therefore, Mexican domestic savings fell significantly, as well as the percentage of GDP (Gross Domestic Product), since the national savings rate fell by four points between 1990 and 1994. The national savings rate according to Luiz Antonio Barbagallo, economist at ABAC, is "national savings, calculated on GDP, is the sum of savings of individuals and legal entities, added to government savings, which is the Union budget", in other words, the amount of money that the Mexican people savings was low, so the country did not have capital for investments and loans.

THE ROLE OF THE REGULATORY STATE, THE MEXICAN CONSTITUTION AND THE UNIVERSAL DECLARATION OF HUMAN RIGHTS:

The State was a term used for the first time by Nicolau Machiavelli in his work "The Prince", published in 1532. Thus, a comprehensive definition would be "an institution organized politically, socially and legally, which occupies a defined territory and, in most Sometimes, its highest law is the written Constitution. It is directed by a sovereign government recognized internally and externally, being responsible for organization and social control, as it has a legitimate monopoly on the use of force and coercion" (p. 57, General Theory of the State and Political Science).

In view of this, the Regulatory State has the state role of developing standards, with the aim of repressing the abuse of economic power by interfering in the private sector, regulating prices, among others. It acts directly in the economic sphere, being responsible for the functioning of the prevention body, through norms that prohibit, oblige or allow for the purpose of social harmony.

In this context, the State, within the scope of Law, acts in the interest of the community through its norms. That is, the Rule of Law is emanated by the power of the people. The people are all people with a legal/political link with the State. Bear in mind that state regulation constitutes the State's legitimacy to protect and develop the common good and the fair application of the rules imposed so that abuses of power are avoided. The Democratic Regulatory State of Law is the effective power of fundamental rights established to protect life, peace and social security, which is normatively ordered by Law. Thus, through the President of the Executive, the Mexican State acted as a regulator of the economic crisis.

The crisis of 1994 to 1995 – Tequila Effect – had a turbulent political period. Carlos Salinas, a Mexican economist and politician from the Institutional Revolutionary Party (PRI), was the president of Mexico from 1988 to 1994. He deepened neoliberal economic policies with mass privatization of state-owned companies and placed Mexico in the economic bloc, NAFTA. However, this president was unable to deal with the country's social inequality, which was increasing. In view of this,

In January 1994, the Zapatista Movement

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was created, which defended autonomous and democratic management of the territory, which led to political violence and economic uncertainty. Thus, a month after Salinas left, Mexico entered one of the worst economic crises.

Succeeding Salinas, Ernesto Zedillo, from the same party as his predecessor, was elected president of Mexico. When he became president, the Tequila Effect began, caused by Mexico's lack of international reserves. Thus, on December 20, 1994, the Mexican financial market fell 23% on the Stock Exchange after the resumption of actions announced by the Zapatistas in the state of Chiapas. However, it is noteworthy that, in the Chiapas Revolt, the Zapatistas managed to shake the local financial market, terrorize foreign investors, affect operations on Latin American stock exchanges and attract international attention without firing a single shot.

In fact, twenty-four hours before the peso's fall, the president proposed the creation of a commission of negotiators made up of seven parliamentarians from the government and the opposition, while at the same time, he tried to extinguish the International Intermediation Commission (Conai), which was the only mechanism recognized by both parties as a negotiation instance. This way, the Zapatistas spoke out, declaring that "the government cannot be a judge and party to the conflict". Thus, the Vice Minister of the Government, Beatriz Paredes, went to Chiapas and guaranteed that Conai would act as a neutral and impartial organization in the conflict.

Thus, Ernesto Zedillo's first days as president of Mexico were marked by the resumption of actions following the Chiapas Revolt and the withdrawal of investors from the country's financial markets. As well as the murders of the then PRI candidate, Luis Donaldo Colosio, and the general secretary of the same party, José Ruiz Massieu.

This way, to overcome the crisis, the Mexican government suppressed the exchange rate fluctuation band, that is, the market would fix the dollar-peso rate, froze goods and services for 60 days, preventing inflation rates from rising and resorted to support credit from the United States of America and Canada, its NAFTA (North American Free Trade Agreement) partners.

The model based on broad economic opening and the constant flow of capital from abroad, by former president Salinas, opened up the invasion of imported products which, consequently, led to the collapse of local industry, increasing unemployment.

It is noteworthy that after President Salinas' electoral fraud, the government-maintained control of the electoral process and had sovereignty over the legality and validity of the results, that is, the Judiciary was weakened. However, under President Zedillo (1994-2000), through a constitutional reform, he strengthened the Judiciary, reestablishing the balance of powers in the State.

Therefore, the State was regulated, during this period, by the president and his party colleagues, since the PRI party had broad sovereign power over all spheres of power, which was only changed at the end of President Zedillo's term. Therefore, Zedillo's government was marked by neoliberal and unsocial policies, which led to the revolt of the people who were starving, consequently causing the Mexican Stock Exchange to fall by 40%. Therefore, it is possible to relate the people's social crisis to the economy, since they are directly interconnected. It is permissible to ensure that the Mexican State contained all power in the Executive by not executing the tripartition of powers, which leads to enormous governmental insecurity and, consequently, legal insecurity, since the Judiciary did not have its power due to the lack of harmony and balance of powers.

It is extremely important to highlight that the Mexican government was the first to promulgate the basis of social rights. The Constitution of Mexico established the recognition of the restarts and principles of the Mexican Revolution that began in 1910. The Mexican Constitution was promulgated on 01/31/1917, and came into force on 05/01/1917.

The Mexican Constitution of 1917 introduced second-dimension rights, that is, social rights, being the first Constitution to do so. Social rights are all fundamental rights and basic guarantees that all individuals have. Therefore, he seeks to resolve situations of inequality in society.

It must be noted that article 27 of the Mexican Constitution deals with the Mexican agrarian issue, the nation's ownership of land and water, the possibility of expropriation of land for public utility, through compensation, the protection of small property (art. 27, XV) and the social function of property. Furthermore, in the article 123 of the same, the rights of workers were foreseen, affirmed by some scholars as the inaugurator of the Constitutional Labor Law. In view of this, it is possible to relate the system of rights that combines the classic rights of freedom and acceptance of the demands of the working classes.

In fact, social rights were and are provided for in the Universal Declaration of Human Rights in 1948, subsequent to the Mexican Constitution. Drafted by representatives of different legal and cultural backgrounds from all regions of the world, the Declaration was proclaimed by the United Nations General Assembly in Paris on December 10, 1948, through General Assembly Resolution 217 A (III) as a common standard to be achieved by all peoples and nations. It establishes, for the first time, the universal protection of human rights.

The UDHR, together with the International Covenant on Civil and Political Rights, its two Optional Protocols and the International Covenant on Economic, Social and Cultural Rights and its Optional Protocol, form the so-called International Bill of Human Rights.

After this major event, a series of international human rights treaties and other instruments adopted expanded the body of international human rights law. They include the Convention on the Prevention and Punishment of the Crime of Genocide (1948), the International Convention on the Elimination of All Forms of Racial Discrimination (1965), the Convention on the Elimination of All Forms of Discrimination against Women (1979), the Convention on the Rights of the Child (1989) and the Convention on the Rights of Persons with Disabilities (2006), among others.

In this context, the Mexican regulatory State enjoyed the first Constitution in which it guaranteed Human Rights, it was the pioneer State to regulate and guarantee the social rights of its population. However, due to a lack of economic understanding for the good of the population, the crisis triggered serious social repercussions, such as unemployment. Due to what happened in the State of Mexico, the direct link between the economic development of countries and the guarantee of Human Rights is clear.

ECONOMIC GLOBALIZATION

A GLOBALIZATION

In the world, the fact that any individual can come into contact at any time and in any place with another is a reference point for the emergence of globalization. The effects are noticeable in all states around the world, which, consequently, seek to grow their national economies through international trade. It is undeniable that the more open the capital of an underdeveloped country is to foreigners, the more dependent its economy will be, which could generate the possibility of its economic development being conditioned by monetary fluctuations, changes in interest rates, loan costs and, mainly, will depend on an internal economy that depends on the "moods" of the international market. This was precisely what happened in Mexico during the Tequila Effect crisis, explained in the previous chapter.

It must be noted that economic globalization is the economic and social process that establishes integration between countries and people around the world. It is through it that companies, countries and institutions carry out financial, cultural and commercial exchanges. Globalization is a phenomenon that deepened after the fall of the Berlin Wall in 1989, as it was at this moment that the division that prevailed in the world between capitalist and socialist states ceased to exist. As a result, there was an increase in the flow of goods and financial transactions. Within this context, several associations between countries emerged, such as NAFTA, because by joining together in economic blocs, countries achieve greater strength in trade relations.

Bauman states that: "Globalization represents a series of processes seen as self-propagating, spontaneous, erratic, with no one sitting at the control table and with no one doing the planning, left to themselves to take charge of the overall results. We must say, with some exaggeration, that the term globalization represents the disorderly nature of the processes that occur above the "coordinated foundation" territory administered by the "highest level" of institutionalization of power, that is, the sovereign states."

Thus, in the 20th century the universal idea of the rule of law was established as being liberal and democratic, however, internal politics is not restricted only to specific issues in each society and morality, since along with globalization the space to discuss Issues such as euthanasia, abortion, animal rights, the environment, among others, have become global issues. An indisputable example is the UN (United Nations), as expressed in Chapter IX of the UN Charter, in the title International and Social Economic Cooperation – article 55:

"In order to create conditions of stability and well-being, necessary for peaceful and friendly relations between Nations, based on respect for the principle of equal rights and self-determination of peoples, the United Nations will favor:

The. higher standards of living, effective work and conditions for economic and social progress and development; B. the solution of international economic, social, health and related problems; international cooperation, of a cultural and educational nature; It is w. universal and effective respect for race, sex, language or religion."

This way, the Tequila Effect was a crisis in an underdeveloped country, at the beginning of globalization, which triggered a series of repercussions in other countries, such as Brazil itself. It is undeniable that the globalization phenomenon was the factor that established one of the biggest global crises.

MEXICO AND THE WORLD

Mexico faced an exorbitant number of shocks during 1994, already mentioned in chapter 1 of this scientific work, the crisis was sown with the massive inflow of capital, most of it short-term, which quickly increased the potential supply of GDP and became became increasingly intensive in tradables, which promoted a imbalance that would inevitably have to be reversed. Consequently, the crisis of 94-05 ended up affecting Latin American and Asian countries and Russia.

Below is the image of the real exchange rate indices (1987-90 = 100) for Latin American countries:

	1983-86	1987-90	1991	1992	1993	1994	1995
Argentina	78,5	100,0	67,3	62,6	60,1	63,3	70,3
Brazil	117,2	100,0	93,2	100,5	90,8	73,1	55,5
Chile	68,8	100,0	100,1	96,6	97,9	97,8	93,6
Colombia	65,1	100,0	112,1	99,3	96,6	83,0	83,1
Mexico	96,0	100,0	81,3	74,8	71,2	73,1	108,0
Peru	136,4	100,0	54,0	53,2	54,8	55,7	56,3
Latin America							
Considerated	97,4	100,0	87,1	86,0	81,1	74,8	76,4
Simple	85,8	100,0	96,4	95,0	93,7	92,1	94,7

Source: C E P A L.

The Mexican State's BIP fell 6.6% and the negative effects in Latin America were notable. The GDP variation reached close to zero, the investment rate reduced and the unemployment rate rose for countries such as Argentina, Ecuador, Panama, Uruguay and Venezuela.

In this context, the contagion effect of the crisis corroborated the idea of globalization, as it is clear that Mexico affected these countries, as the effects were similar. "Contagion" occurs when an economy, especially in a crisis worsened by an economic plan, brings the feeling that it will occur in other countries. For example, in Brazil the real crisis began.

Given that the Salinas government's tying of the Mexican peso to the dollar stimulated imports, producing a colossal deficit in the balance of payments and bankrupting a large part of Mexican industry. Depending on external capital, the Mexican government began issuing public bonds linked to the dollar, which further compromised foreign exchange reserves. With its "contaminating" effect, it produced a widespread devaluation of bonds from emerging countries, especially Latin America.

Argentina needed a loan from the IMF, and Brazil raised interest rates to a stratospheric 38.7% in the year to attract and maintain volatile capital. At that time, the country was experiencing a situation similar to that which had already foundered in Mexico, with the institution of the exchange rate anchor that equated the real to the dollar.

However, briefly, it is important to mention the Asian crisis, which occurred in the second half of 1997 to 1998, that is, shortly after the Mexican crisis. There was a huge devaluation of Asian currencies with falls in bonds and investments. Consequently, the economy of Asian countries suffered a major destabilization, with an increase in unemployment, a reduction in growth, and the closure of companies and banks. This is similar to what happened in the Latin American country, as a set of measures were taken to open the economy to the outside world, favoring the inflow of capital, being one of the main factors that caused the financial turmoil that began in 1997.

In fact, the importance of the Russian crisis, which occurred a year after the Asian crisis, mentioned in the paragraph above, is undeniable. The Russian economy was in a transition process before the fall of the Berlin Wall, leading to hyperinflation and public deficit. Large Russian banks failed and thus began difficulties in the banking system. The interest rate was raised by up to 200% per year. The Russian state was broken. In the period from 1998 to 1999, Russian GDP was in high recession, only starting to improve in 2001, favored by the oil market, however, its economy is still recovering, mainly due to public debt.

Therefore, it is irrefutable that the Mexican State contributed to the crises occurring in the countries and regions mentioned. Economic globalization is proof that one country can affect others, that is, the "contagion effect".

BRAZIL AND THE REAL PLAN

Mexico's economic crisis affected several underdeveloped countries, including Brazil. As elucidated in previous chapters, the State that initiated the crisis called the "Tequila Effect" had adopted extremely neoliberal reforms. Furthermore, the crisis had political and economic motivations, due to the deficit in the balance of payments, financial speculation and capital flight.

Thus, throughout 1994, Mexico's international reserves fell from US$29 billion to almost zero, in a huge capital flight. In December, President Ernesto Zedillo's government decided to devalue the peso by more than 50%, triggering a huge crisis, which caused a drop of 5.7% in Mexico's GDP in 1995 and had repercussions, mainly, on emerging countries. This occurred less than six months after the launch of the Real Plan, on July 1, 1994. With aid from the USA (US$50 billion) and the IMF, the crisis was restricted to Latin America. But the country paid dearly, with record unemployment and recession.

In relation to Brazil, in 1993 inflation reached the highest recorded in its history, exceeding 2,000% in twelve months. The Brazilian State raised interest rates to a stratospheric 38.7% in the year to attract and maintain volatile capital. At that time, the country was experiencing a situation similar to that which had already foundered in Mexico, with the institution of the exchange rate anchor that equated the real to the dollar. At that time, President Itamar summoned Fernando Henrique Cardoso, or as he is known, FHC, to form the Ministry of Finance.

In the same year, the Cruzeiro Real (CR$) came into circulation, with the purpose of guaranteeing some economic stability. From this, the plan that would result in the current national currency was planned, with FHC being one of the driving forces behind the endeavor.

It is important to highlight that the plan was divided into three phases, Fiscal Adjustment, Deindexation and Nominal Anchor. The first phase of the "Real Plan" was the immediate action program (PAI), which aimed to reduce public spending and increase public revenue. Subsequently, phase two began, the creation of real currency. Finally, the third stage officially took place in 1994, marking the transition from Cruzeiro Real to Real.

On June 30, 1994, the Provisional Measure that implemented the Real was published. The entire program was based on exchange rate and monetary policies. The first served as a way of controlling the means of payments, such as the balance of trade, capital and services. Exchange rate policy was responsible for regulating the country's trade relations in relation to other countries around the world.

In this context, the Real Plan assured the victory of President Fernando Henrique Cardoso in the 1994 presidential elections, at

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which time the crisis arising from Mexico had already taken hold in Brazilian territory.

The Real Plan made significant distributive achievements possible. This was important, especially in a society with levels of social inequality as high as Brazil. This way, the role of the State in combating social problems, especially inequality, was important, as by balancing the country's economy, it generated greater purchasing power for the population, which is a demonstration of the improvement in the living conditions of Brazilians. and greater circulation of capital. Which again, refers to the direct link between wealth and human rights.

However, the Real Plan generated some negative repercussions on the nation. The drop in inflation generated high consumption, resulting in Brazil having a high propensity to consume like in the United States of America, therefore supply did not correspond to consumption. Thus, to ensure demand, Brazil created a restrictive monetary policy, the high interest rate caused problems with public debt. The real was valued for a long time, making exports expensive, reducing competitiveness and imports became cheaper. A large part of the imports were industrial machinery.

In this context, the government decided to increase trade openness and tariffs were reduced. The trade deficit generated a current account deficit. As a result, a national banking crisis occurred in 1995, which led to companies defaulting, but there was an opening that attracted foreign banks, directing Brazil to depend on short-term capital.

Due to this banking crisis, at the beginning of President Fernando Henrique Cardoso's first term, Proer (Program to Stimulate the Restructuring and Strengthening of the National Financial System) was established, with the aim of lending resources to private banks in difficulty, resulting in the end of new inflation and the gains for the financial institutions that were helped by the program. However, a few months after implementing the program, the banks failed, putting the newly achieved stability at risk.

That said, "After successfully overcoming the 1994 Mexican crisis, the 1997 Asian crisis increased the pressure on capital flows, to which the government responded with a significant increase in interest rates. The Russian crisis, in turn, began a crescendo [sic] of speculative pressure on the Brazilian exchange rate regime [..], measurable by the significant loss of reserves in the second half of 1998, culminating in the speculative attack of January 1999, which forced the replacement of the current exchange rate regime with the floating exchange rate model" (HERMANN and STUDART, 2001, p. 413).

Thus, the Russian crisis in 1998, which was originally triggered by Mexico, caused the economy to suffer from speculative attacks, leaving it without external credit and decreed a moratorium on external debt. Consequently, the ruble lost 33% of its value and GDP (Gross Domestic Product) fell by 5.3%. What generated the speculative crisis in Brazil. Demonstrating once again how the consequences of the crisis spread.

Therefore, the 1994-95 Mexican crisis had catastrophic effects around the globe, including in Brazil, affecting directly and indirectly through crises in other countries that had repercussions on the Brazilian economy. The Real Plan is being implemented.

MEXICO X BRAZIL

THE IMPORTANCE OF THE ECONOMIC BLOCK, INTERNATIONAL LAW AND THE GUARANTEE OF HUMAN RIGHTS

Humanity is constantly evolving and this is how societies emerged, they interacted and traded themselves, especially for the survival of the species. Thus, as States evolved, States

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emerged, which according to Norberto Bobbio:

> *"It is in fact a diffuse opinion, carefully supported by historians, jurists and political writers, that with Machiavelli not only begins the fortune of a word but the reflection on a reality unknown to ancient writers, of which the new word is an indicator, so much so that it would be It is appropriate to speak of "State" only about political formations born from the crisis of medieval society, and not about previous orders. In other words, the term "State" must be used with caution for political organizations existing before that legal system that was in fact called "State" for the first time: the new name would be nothing more than the sign of a new thing".*

In this context, International or Interstate Law, in the words of Professor Antônio Márcio da Cunha Guimarães "is that which deals with relations between States and their citizens, and which, as a consequence, will influence and affect the men who live in this society "(International Treaties, p.19). In this context, International Law is the legal branch responsible for studying and grouping all the norms created by a society, through its representatives, whose purpose is to assist and improve external relations and good coexistence between countries.

This way, international treaties are always celebrated according to what is decided between the contracting parties and have become vitally important in the world, as the development of technology has enabled an extraordinary rapprochement between countries, which occurs through communication and transport that make it possible the so-called global village, this is globalization.

Thus, the present scientific work is focused on analyzing the States of Brazil and Mexico. As we analyzed, the Mexican State triggered a global crisis that had repercussions for years, including in Brazil.

In this context, it is noteworthy that the Regulatory State of Mexico was silent for the good of its population, because, even though it was the first country to regulate social rights in its constitution, it did not do so effectively, since 25% (twenty-five) of the active population was unemployed, leading Mexico to reach two and a half million people crossing the threshold of "extreme poverty". Inducing the revolts that took place in the country during the political and economic crisis.

Analyzing with international legislation, Human Rights were not preserved, given that the population was unemployed and starving, which violates the Universal Declaration of Human Rights of the UN (United Nations), in its article 25:

> *"Art.25 Every human being has the right to a standard of living capable of ensuring the health and well-being of himself and his family, including food, clothing, housing, medical care and essential social services, and the right to security in the event of unemployment, illness, disability, widowhood, old age or other cases of loss of livelihood in circumstances beyond your control. "*

However, without the country's Regulatory State in question, the situation could have deteriorated much further.

Under these circumstances, Mexico became a signatory to NAFTA (North American Free Trade Agreement), which began to take full effect for the contracting parties in 1994, as agreed between the participants. At first, entry into this economic bloc was not as positive as it could have been, but due to state policy that was precarious, with revolts occurring in the country and an extremely neoliberal economic policy.

This international treaty is an economic and commercial agreement, which eliminates customs barriers, facilitates the transit of products and services between the territories of participating countries, promotes conditions for an environment of balanced competition, expands investment opportunities within and between countries of the agreement and offers effective and adequate protection to guarantee intellectual property rights in the territory of member countries.

Therefore, it is an agreement that, with the appropriate "hand" of the State, will only add to the life of the Mexican population, because as the economy grows, the living conditions of the population also increase, they are directly linked, as explained in this work. When the economy falls, so do people's living conditions, as unemployment occurs, along with hunger. Differently, from the moment when the Regulatory State sets out to change the situation with the country's economy and social legislation (NAFTA and Mexican Constitution).

Therefore, in a globalized society it is impossible for human development to exist without concomitant economic development. Therefore, it is necessary for the countries of the international community to establish and maintain solid relations. NAFTA, being an economic bloc with an emerging signatory country, Mexico, with joint action leads to many advantages such as an expanded economic structure, boosting the race for development, reducing the distance between nations and strengthening the political interest of the bloc as a whole.

However, I agree with Gustavo Amado Léon and Luiz Otávio de C. P. Mascolo, in chapter 2 – International Investment and Economic Law – of the book DIGE – International Law and Economic Globalization:

> *"There is the caveat that the formation of blocs leads to the weakening of the sovereignty of States, but this statement proves to be empty given the reality of the international market: peripheral nations, alone, are at the mercy of the economic interests of central nations, and there is simply no sovereignty in a scenario like this. Therefore, it is better to join forces with States that have similar interests, in exchange for concessions that, compared to the alternative and the possible gains, are considered small."*

Therefore, when analyzing the Regulatory State and International Law, we understand that they are interconnected, since in the globalized world the distances between countries are reduced and they can unite their economies through the Law that will regulate these actions.

STATES FACING GLOBALIZATION

As already mentioned, the Tequila Effect affected several countries, from Latin America to Asia, in this context, it is obvious that globalization exists and its understanding and functioning is of global importance. Mexico went through one of its most painful crises in the period 1994-95, a crisis that spread across the globe, some at the same time and others that only had repercussions later.

In this context, Brazil is the fifth largest country in the world in terms of territorial expansion, having many opportunities to expand its economy and consequently improve the living conditions of the population. However, the Real Plan was introduced in Brazil to stop the crisis, with inflation at more than 2,000% (two thousand) it was a very intelligent act. This plan was and is of such importance to the nation that the national currency is still the Real (R$).

This way, it is understood that investment in industry and in regulating the economy are viable alternatives for leveraging national development. By investing in industry and the economy, the population will be employed, as more jobs are open, therefore, the population's quality of life improves.

Thus, economic globalization appears, as investment in the economy and industry, in addition to being national, must also be international so that there is greater competitiveness.

However, emerging countries must seek to protect the national economy by discouraging excessive international competition, including using excessive taxation measures on imported products, for example. The protectionist system, as it constitutes the only way to place underdeveloped nations on an “equal footing” with a developed State, is the most effective means of promoting the economic freedom of these countries. With this effect, it is possible to relate the Mexican State that did not protect its national economy, which led to the 1934-35 crisis.

Furthermore, this process of market integration has made innovative activity extremely important, as it leads to the advancement of the community. Technological innovation in the field of production has taken a prominent place in competition, which was previously based only on price, but now on innovation itself. It appears, therefore, that late industrialization occurred in peripheral countries, those that were affected by the 1994-95 crisis, leading to an increase in social inequalities.

Finally, the adoption of protectionist measures by the economies of emerging or underdeveloped countries is of utmost importance, as it seeks to establish material equality, ensuring that “less strong” countries economically, so to speak, can be strengthened. Furthermore, in the context of a global economy, the way to overcome the dependence and development situation between central and emerging countries is also to achieve social and technological homogenization. Countries that are still peripheral and have not achieved development that is equivalent to other developed countries must encourage protectionism by their own State, as who must understand the country more than the government itself.

CONCLUSION

With the study presented, it is possible to draw some conclusions.

Firstly, it was found that economic globalization is a worldwide effect, which affects all countries. Consequently, States must be alert and cooperate with each other.

In this context, International Law is present to regulate relations between nations and within this it standardizes Human Rights, through the United Nations, founded after the Second World War.

In relation to the Tequila Effect, it was seen that it developed due to the political crises that occurred in the country and economic neoliberalism. Economic neoliberalism is characterized by the defense of greater autonomy for citizens in the political and economic sectors, consequently, with little state intervention. Neoliberalism took place from the 1970s onwards with the aim of stimulating economic development, with the main emphasis on State non-interference.

However, the 1994-95 crisis occurred precisely due to the State’s lack of interference. The Mexican State was trying to adjust its economy and, consequently, its politics so as not to be so “invasive”, so to speak, leading to the unemployment of 25% (twenty-five) of the active population, which led Mexico to reach in two and a half million people crossing the threshold of “extreme poverty”. For example, in Brazil, liberalism was adopted by President Fernando Henrique Cardoso, or, as commonly called FHC, this implementation did not solve the serious social problems in the country.

This way, neoliberalism argues that the State must only be a regulator and not a driver of the economy. It also points to the flexibility of labor laws as one of the measures that need to be taken in order to strengthen a country’s economy. This generates an extremely unequal economy where only the commercial giants are more adapted to this market.

Therefore, it is known that the Real Plan made significant distributive achievements possible. This was important, especially in a society with levels of social inequality as high as Brazil, as the role of the State in combating social problems, especially inequality, was important in balancing the country's economy, generating greater purchasing power for the population, which is a demonstration of the improvement in the living conditions of Brazilians and a greater circulation of capital. Which again, refers to the direct link between wealth and human rights.

In fact, the Constitution of Mexico established the recognition of the restarts and principles of the Mexican Revolution that began in 1910. The Mexican Constitution was promulgated on 01/31/1917, and came into force on 05/01/1917.

Social rights were and are provided for in the Universal Declaration of Human Rights in 1948, subsequent to the Mexican Constitution. The Mexican government was the first to enact the basis of social rights. Drafted by representatives of different legal and cultural backgrounds from all regions of the world, the Declaration was proclaimed by the United Nations General Assembly in Paris on December 10, 1948, through General Assembly Resolution 217 A (III) as a common standard to be achieved by all peoples and nations. It establishes, for the first time, the universal protection of human rights.

Therefore, Mexico was the pioneer in regulating social rights in its 1948 Constitution, having esteemed importance in international law as a whole and even in the United Nations (UN). In this context, the Mexican State must have gone along with its Constitution, instead of following the global "wave" of neoliberalism, as I understand that the crisis of this work would not have occurred.

However, I give extreme importance to the NAFTA economic bloc for Mexico's development. The expression "treaty" was defined in the 1969 Vienna Convention, as the term to designate an agreement concluded between States, in the bloc in question, multilateral, as it is celebrated by three States, the United States, Canada and Mexico, respectively.

Mexico's participation in NAFTA is extremely important for strengthening its economy, as, for example, it receives branches of transnational companies from the United States and Canada, which generates an increase in population employment and demographic density.

Thus, in the sphere of Public International Law, which deals primarily with relations between States, the autonomy of will is verified in the principle of "pacta sunt servanda, according to which the pact must be fulfilled. The international treaty was and is extremely relevant to today's world. In particular, the NAFTA economic bloc, as it enabled and continues to enable Mexico to grow more than the average of countries with trade openness. The results achieved were good, but modest. There was no due interference from the State, with protectionist measures and technological developments.

In conclusion, it is understood that the Regular State is important for the balance and well-being of the politics and economy of any nation, as without it the population is adrift from the flows and changes in the "mood" of the international economy. Ademias, the importance of economic globalization as a whole became clear, with international dealings regulated by the International Law of States and the United Nations (UN) being indispensable for good global order. When one country collapses, others will too because everything is interconnected. Finally, the guarantee of Human Rights is directly linked to a country's economy, and consequently, to economic globalization. Everything is connected in the globalized world.

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