BBC NEWS

Country profile: Mexico

Mexico is a nation where affluence, poverty, natural splendour and urban blight rub shoulders.

Its politics were dominated for 70 years by the Institutional Revolutionary Party, or PRI. But elections in 1997 saw a resurgent opposition break what was in effect a one-party system with a democratic facade.

Elections in 2000 confirmed the trend when Vicente Fox became the first president to come from the opposition.

OVERVIEW

OVERVIEW | FACTS | LEADERS | MEDIA

Mexico is a major oil producer and exporter. Nearly one-third of government revenue comes from the industry. Much of the crude is bought by the US.

But prosperity remains a dream for most Mexicans. Rural areas are often neglected and huge shanty towns ring the cities.

Many poor Mexicans try to cross the 3,000-km border with the US in search of a job, and more than a million are arrested every year. Hundreds die of heat exhaustion or thirst while making the attempt.

The exodus can lead to some towns and villages in Mexico being virtually empty of able-bodied men. The impact on the families left behind is worrying for the authorities. Poor and rural areas rely on the money sent home by the millions of Mexicans working in the US.

Former President Fox urged the US to take a more lenient approach to immigration and opposed what he called the militarisation of the border.

Another persistent issue has been the pressure for greater rights for Mexico's indigenous people. A law passed in 2001 fell short of giving Mexico's Indians political autonomy.

However, demands for indigenous rights have been largely peaceful since 1994, when at least 150 people died during an uprising in the southern state of Chiapas, led by the Zapatista rebel movement.

Violent crime is a major concern; Mexico has one of the highest rates of kidnappings in the world. Turf wars between rival drug cartels are said to lie behind many gangland killings.

Writers such as Octavio Paz and Carlos Fuentes, the mural-painter Diego Rivera, and popular ranchero and mariachi music mean that Mexican culture is known throughout the Spanish-speaking world and beyond.

FACTS

OVERVIEW | FACTS | LEADERS | MEDIA

- **Full name:** United Mexican States
- **Population:** 106.4 million (UN, 2005)
- **Capital:** Mexico City

- **Area:** 1.96 million sq km (758,449 sq miles)
- **Major language:** Spanish
- **Major religion:** Christianity
- **Life expectancy:** 72 years (men), 77 years (women) (UN)
- **Monetary unit:** 1 peso = 100 centavos
- **Main exports:** Machinery and transport equipment, mineral fuels and lubricants, food and live animals
- **GNI per capita:** US $7,310 (World Bank, 2006)
- **Internet domain:** .mx
- **International dialling code:** +52

LEADERS

OVERVIEW | FACTS | LEADERS | MEDIA

President: Felipe Calderon

Felipe Calderon, from the governing, conservative National Action Party, was declared the winner of the bitterly-fought July 2006 presidential election with a lead of less than a percentage point over his left-wing rival, Andres Manuel Lopez Obrador.

His win was confirmed after weeks of legal wrangling. He took office on 1 December; raucous scenes in Congress accompanied his inauguration. Mr Obrador, a populist former mayor of Mexico City, challenged the poll outcome in the courts and led a campaign of street protests. He has refused to recognise Mr Calderon's win.

Mr Calderon says he wants to strive for unity; he has offered to include opposition politicians in government.

Soon after taking office he announced plans for an anti-poverty drive, targeting Mexico's 100 poorest towns. He also promised to cut his own salary by 10%. Both themes were central to the election campaign of his rival.

He vows to tackle violent crime, tax evasion and corruption. To this end, he promises to raise salaries in the army, which is seen as a key instrument in the fight against crime.

He has pledged to create jobs, in an effort to stem outward migration, and to pursue major infrastructure projects, including roads, airports, bridges and dams.

He replaced Vicente Fox, who took office in December 2000 but who was unable by law to run in the 2006 poll. A lawyer and an economist by profession, he resigned as energy minister in 2004 to pursue his presidential ambitions.

Born in 1962, in Morelia in Michoacan state, he is married and has three children.

- Foreign minister: Patricia Espinosa Cantellano
- Finance minister: Agustin Carstens
- Interior minister: Francisco Javier Ramirez Acuna

MEDIA

OVERVIEW | FACTS | LEADERS | MEDIA

Mexico's media were traditionally dominated by the Televisa group, which had firm links with the PRI. But the loosening of the PRI's hold led to greater editorial independence and the emergence of competitors.

Televisa once had a virtual monopoly in Mexican TV, and remains a major global supplier of programmes in Spanish. New players - such as the Azteca group and foreign satellite and cable operators - have mounted an

assault on Televisa's dominance.

The radio market is very large, with around 1,400 local and regional stations and several major station-owning groups. Some high-powered stations on Mexico's northern border beam their signals into lucrative US markets.

Mexican newspapers reflect different political views; sensationalism characterises the biggest-selling dailies.

The media watchdog Reporters Without Borders noted in 2005 that Mexico's local and regional media were vulnerable to pressure and attacks from criminals, politicians and police.

The press

- Excelsior - established daily
- La Jornada - daily
- Reforma - influential daily
- El Universal - established Mexico City daily
- El Sol de Mexico - daily
- El Financiero - business daily
- Siempre! - political weekly

Television

- Televisa - Mexico's TV giant, operates four networks and has many local affiliates
- TV Azteca - main competitor of Televisa, operates two networks and local stations
- Once TV - Canal 11 - public, educational, cultural
- Television Metropolitana - Canal 22 - government-owned cultural network

Radio

- Grupo ACIR - has stations in Mexico City and across the country
- MVS Radio - operates in the capital and elsewhere
- Nucleo Radio Mil - operates several mediumwave (AM) and FM stations in Mexico City
- Grupo Radio Centro - operates large network of stations
- Radiopolis - part of Televisa group
- Instituto Mexicano de la Radio (IMER) - state-run, operates domestic services and external service

News agencies

- Notimex - state-run
- Servicio Universal de Noticias - private

Story from BBC NEWS:
http://news.bbc.co.uk/go/pr/fr/-/2/hi/americas/country_profiles/1205074.stm

Published: 2007/01/02 05:15:34 GMT

The End of Mexico's One-Party Regime

Joseph L. Klesner, Kenyon College

Vicente Fox's unexpected victory in Mexico's July 2, 2000 presidential elections put a definitive end to Mexico's one-party regime. Until now the longest ruling party in the world, the Institutional Revolutionary Party (PRI) failed to turn out those who have traditionally voted for PRI in numbers adequate to match the millions of Mexicans who voted for change by supporting Fox. The Fox win means that Mexico has accomplished the rare feat of ending an authoritarian regime by voting it out of office, an event that comes at the end of a process of building an electoral opposition to the former ruling party that stretches back nearly a quarter century. However, while Fox defeated his PRI rival, Francisco Labastida, by a healthy six-point margin—42.5 to 36.1% of votes cast—he failed to sweep in a majority of legislators from his Alliance for Change (a coalition of Fox's National Action Party [PAN] and the Mexican Green Party [PVEM]). Thus, Fox faces a congress in which he will need constantly to build majorities to support his legislative program and in which the threat of a deadlock will loom continually.

Fox's victory reflects the new competitiveness in Mexican politics. Once able to expect to gain 70% of the votes, PRI garnered about half of the ballots in the 1988 and 1994 presidential elections, and took less than 40% of votes in the 1997 midterm congressional elections. In 1997, though, PRI's most threatening rival was not Fox's PAN but the Democratic Revolutionary Party (PRD) of Cuauhtémoc Cárdenas, who won the Mexico City mayor's race that year (Klesner 1997) and who ran as PRD's presidential candidate in 2000, his third outing as the left's standard bearer. In the 1990s, opposition candidates from both PAN and PRD have won the municipal presidencies of most of Mexico's largest cities and many of its provincial capitals. Before the July 2000 elections, PAN politicians governed six of the nation's 32 states and PRD officials governed five, mostly in coalition with other parties. In July 2000, PAN added two gubernatorial seats while PRD's Andrés Manuel López Obrador retained for his party the position of *jefe de gobierno* in the Federal District, the equivalent of mayor of Mexico City. Three parties effectively compete for power in Mexico now, where one once governed with little more than token opposition. PAN's unprecedented success in the July balloting, however, has its two rivals reeling with internal conflicts about how to react to the changes in Mexican politics.

What was at stake in Mexico's 2000 presidential and congressional elections? How can Vicente Fox's surprising victory over the daunting PRI be explained? What will be the consequences of the Fox win for Mexican democracy? I will briefly explore each of these questions.

The Election of 2000: The Stakes and the Campaign

The Centrality of Regime Issues

From the beginning of his unofficial campaign for president in July 1997, Vicente Fox made clear that his quest for office was inspired by the desire to throw PRI out of office. Mexico's parties do differ on policy prescriptions. Fox's PAN, for instance, has a more conservative orientation on social issues (improving church-state relations, banning abortion, and regulating sexuality) than does PRI, although the two parties' leaders have been close on economic policy views for more than a decade. Since the mid-1980s, however, the primary cleavage issue in Mexican politics has been the future of the one-party regime (Molinar Horcasitas 1991). Indeed, although journalists and scholars usually label PAN center-right because of its social conservatism and its support for market-based economic restructuring and PRI as centrist because of its secularism and its long history of supporting a large state role in the economy, ordinary Mexicans fix PAN to the left of PRI because they see PRI as favoring the status quo, in regime terms.[1]

TABLE 1
Mexican Presidential Election Results, July 2, 2000

	Votes	Percentage	Adjusted Percentage
Vicence Fox (Alliance for Change)	15,988,740	42.5	43.4
Francisco Labistida (PRI)	13,576,385	36.1	36.9
Cuauhtémoc Cárdenas (Alliance for Mexico)	6,259,385	16.6	17.0
Gilberto Rincón Gallardo I(Democracía Social)	592,075	1.6	1.6
Manuel Camacho (PCD)	208,261	0.6	0.6
Porfirio MuZoz Ledo (PARM)	157,119	0.4	0.4
Unregistered	32,457	0.0	0.0
Nullified	789,838	2.1	–
Total	37,604,260	99.9	99.9
Turnout	37,604,260	64.0	

Source: Instituto Federal Electoral (www.ife.org.mx).

PRI's hegemony began when it was founded as the National Revolutionary Party in 1929. The party took on a corporatist organizational structure when President Lázaro Cárdenas (father of Cuauhtémoc Cárdenas) renamed it the Party of the Mexican Revolution in 1938, with "pillars" for the peak associations of peasants, workers, and the "popular sector" (primarily teachers and state bureaucrats). The party took on its current name in 1946, the same year that the Mexican congress passed a highly restrictive electoral law that gave PRI the capacity to cancel the registration of its rivals and essentially oversee its own elections by controlling the Federal Electoral Commission (now known as the Federal Electoral Institute [IFE]) (Molinar Horcasitas 1991). From the 1940s until the late 1970s, the party spectrum included PRI, PAN, and a couple of minor parastatal parties. PRI hegemony was based on a lack of rivals in the vast Mexican countryside and an ability to manipulate the electoral results in the cities if and when PAN put up a stiff challenge.

In 1997, the former ruling party suffered its worst defeat to date when the opposition parties denied PRI a majority in the Chamber of Deputies, forcing then-President Zedillo to govern in the context of divided government. That victory, combined with the win by Cárdenas in the 1997 Federal District election and several major triumphs in gubernatorial and municipal elections by PAN and PRD candidates from 1995 onward, created the sense that PRI could be beaten. Still, entering the 2000 presidential race, PRI officials hoped to count on a major economic recovery[2] and their party's long record of governing the nation to pull out just one more presidential win.

Seeking to capitalize on the sense that PRI was now vulnerable to defeat; Fox crafted his campaign message to emphasize the regime issue. Fox's campaign slogan, *"Ya es la hora del cambio"* ("Now is the hour of change"), was usually abbreviated to the simple word "Ya" on posters, which in this context translates roughly to "Enough already!" The "Y" in *Ya* could be formed by raising one's arm and forming a "V" with one's fingers in Winston Churchill's universally-understood victory symbol. Lowering the index finger—which Fox did publicly on at least one occasion—would indicate to PRI the Fox campaign's true feelings toward the ruling party.

A very high percentage of voters (43%) reported to the Mexico City newspaper *Reforma*'s exit pollsters that the main reason they voted as they did was "for a change" (see Table 2). Among the issues ranked at the top of citizens' concerns about their nation has been corruption.[3] In surveys conducted over the past five years, more than half of Mexicans reported that they had little or no confidence in any of the major national institutions (the government, congress, the police, political parties, the mass media) except the Catholic Church (Klesner 2000). Fox effectively tapped into Mexicans' frustrations about their political regime when he made it his main theme.

The Emergence of Modern Campaigns

Throughout the campaign, Fox emphasized that his goal was to remove PRI from the presidency and, thereby, transform the Mexican regime. To do that, he adopted a variety of strategies novel in the Mexican context. He openly sought his party's presidential nomination more than two years before the formal nomination stage. To help finance this precampaign and to gain new supporters, Fox created an organization called Amigos de Fox outside the structure of the PAN. Amigos de Fox remains an enigma both in the scale of its financial contributions to Fox, which certainly counted in the millions of dollars (Espinosa 1998), and in the number of its adherents, which Fox at one point said was 4.5 million (Torre 2000). Amigos de Fox represented a major effort to transcend the financial and human limitations of Mexico's opposition parties by building a mass, nonpartisan association dedicated to electing a single politician.

Fox also sought to court friends among the political elite. His campaign team included several Mexican intellectuals, most notably Jorge Castañeda and Adolfo Aguilar Zinser, leftist political analysts and activists who saw in Fox an opportunity to

TABLE 2
The Political and Attitudinal Bases of Fox's Victory

	Labastida	Fox	Cardenas	Total
Interest in Campaign				
Much	33	49	16	47
Some	37	44	16	30
Little	39	39	19	17
None	44	36	17	5
Main reason for Vote				
For a change	15	66	18	43
Always vote for the same candidate	50	28	18	9
Obligation	56	31	13	2
Custom	82	12	5	7
He's the least bad	40	37	20	4
Loyalty to the party	79	8	12	5
Candidate's proposals	42	37	17	22
Other	43	34	22	6
Don't know	55	27	14	2
Welfare beneficiaries				
Yes	56	27	16	15
No	32	48	17	83
Don't know	28	54	28	2
Evaluation of President Zedillo				
Approve	47	38	12	66
Disapprove	11	60	26	29
Don't know	28	47	21	5
Vote in 1994				
Zedillo (PRI)	65	25	8	36
Fernández (PAN)	5	88	6	18
Cárdenas (PRD)	6	30	61	13
Did not vote	31	50	16	24

Source: Reforma Investigación 2000. N = 3,313.

evict PRI from the presidency. Other prominent intellectuals and non-PAN opposition politicians declared their support of Fox late in the campaign. This willingness to draw in political supporters from across the political and partisan spectrum reinforced in some PAN leaders a suspicion of Fox. For the Mexico City-based PAN leadership, Fox represented the quintessential "barbarian of the North," a businessman who had joined the party during the economic crisis of the 1980s, who lacked a consistent and elaborate ideology, and who demonstrated a willingness to abandon the formalities of Mexican political discourse while on campaign (Dillon 1999).

Indeed, Fox, a former head of Coca-Cola de México and an entrepreneur in the shoe-making and agro-export industries of his native state of Guanajuato, which he governed from 1994 until 1999, led a rollicking campaign—another of his new contributions to Mexican politics. He dressed in what we would call Western gear–boots, jeans, an open-collared shirt, a cowboy hat, and a giant "Fox" belt buckle—to emphasize his popular roots and to argue that he has been a working man all his life. Political commentators and his opponents dwelt on what they regarded as the vulgar language Fox used on the stump. He did not shy away from openly questioning his main rival's manhood, calling Labastida a "sissy" and "shorty" (Fox is 6"6' while Labastida is almost a foot shorter), and he always emphasized that Labastida was a career politician in the graft-ridden PRI while he had had to struggle against corruption as a businessman. Negative campaigning had never been a major element of Mexican electoral politics, but it entered in a massive way in 1999–2000.

The parties' capacities to run modern, media-intensive campaigns received a major boost between the last presidential election in 1994 and the 2000 race when the 1996 electoral reform made available ample public monies, both for ordinary operations and to finance campaigns (split 50-50 into those two broad areas). In addition, Mexican electoral law now limits private funding of parties and campaigns to 49% of the total a party receives from the IFE and it requires that 90% of the campaign be financed by the public monies. The public funds are distributed to the parties based on a complicated formula that seeks to reward the parties somewhat in proportion to their relative popularity (as measured by the last election), and the distributions have been generous. For example, PRI received almost US$100

million of total public funding in 2000, half of which it could spend on its campaigns, and it could raise almost another $50 million from private sources.[4] The result was that Mexico was awash in campaign money,[5] and that campaign money was directed especially to television, where the evening's soap operas and newscasts were financed by the usual detergent commercials and by spots for presidential candidates whose production values rivaled those of U.S. candidates.

PRI had not built its hegemony on slick television advertising, however, even though it learned how to run a modern campaign in the 1990s. The 2000 campaign posed an intriguing question: Could the modern public relations-driven campaign of Fox overcome the organizational advantages of an incumbent party that had built clientelist networks throughout the nation over the previous 70 years? Given PRI's reputation for getting out the votes of those who had little reason to voluntarily support the ruling party, many journalists and officials for nongovernmental organizations worried that the party's clientelistic practices would yield victory yet again. Both Mexican and foreign newspapers and NGOs focused much attention on what they alleged was an effort by PRI officials to use governmental resources to buy the votes of recipients of governmental aid or to coerce poor voters into casting ballots for the ruling party out of fear that government programs would be canceled in communities that voted for the opposition.[6] Ample evidence suggests that PRI officials did attempt to buy and coerce voters (Global Exchange 2000b). However, despite concerns about the PRI's organizational advantages on election day, the PRI apparatus obviously did not carry the election for its candidate.

Explaining the Fox Victory

Who Voted for Fox?

In part, as Wayne Cornelius (2000) has argued, "Demographic trends have finally caught up with the PRI." PRI's base of electoral support is in rural areas and poor states, populated with older voters who remember the years of the "Mexican miracle," with illiterates and peasants who are easily coerced, and with housewives who have traditionally feared change (Klesner 1993). However, a smaller and smaller share of Mexico's population matches this profile. Mexico is now more than 75% urban; its electorate is populated with 12 million voters who could not vote six years ago; most Mexicans work in the industrial or service sectors; and the illiteracy rate is only about 10%. Urban voters are less easily herded to the polls and forced to vote for the ruling party than are peasants; young voters don't remember any part of the Mexican miracle, and thus feel no need to thank PRI for its efforts; and educated citizens are more apt to seriously consider alternatives to the way they or their parents have voted in the past.

As Table 3 indicates, Fox walked away with the youth vote, especially that of students, while Labastida scored much better with the elderly. Fox's advantage over his PRI rival among those with higher levels of education approached three to one. Housewives continued to favor Labastida, but by a close margin. Fox's ascendance was particularly notable among vate sector employees and students, while those in the pu sector were more likely than their privately-employed coun parts to stick with PRI, although even among state employe the PAN candidate came in first. Cárdenas, like Labastida, did better among the elderly, those with lower levels of education, and those employed in the public sector than their younger, better educated, privately-employed counterparts. These trends are not new; they continue voting patterns first observed in 1994. In 2000, however, Fox was able to convince larger shares of each of the social groups that have traditionally supported the opposition to vote for him.

TABLE 3
The Social Bases of Fox's Victory

	Labastida	Fox	Cárdenas	Total
Gender				
Male	32	47	20	52
Female	40	43	14	48
Age				
18–24	32	50	17	18
25–29	34	47	16	16
30–34	34	49	15	15
35–39	37	47	12	13
40–45	35	41	20	11
45–50	37	44	18	8
50–54	40	46	13	6
55–59	43	32	24	5
60+	42	35	22	8
Education				
None	46	30	21	8
Primary	46	35	18	34
Secondary	34	49	15	22
Preparatory	28	53	16	21
University	22	60	15	15
Employment				
Public Sector	37	41	19	18
Private Sector	31	53	15	26
Self-employed	36	42	19	24
Student	19	59	17	5
Housewife	43	41	15	25
Region				
North	37	50	12	13
Center-West	37	48	12	18
Center	34	43	20	35
South	37	41	20	24

Source: Reforma Investigación 2000. N = 3,313.

Fox also gained the votes of those who paid close attention to the campaign and of those who said the main reason they cast their votes as they did was "for a change" (see Table 2). Indeed, recent studies of Mexican voting behavior have concluded that socioeconomic and demographic characteristics explain the vote less well than voters' attitudinal structure (Domínguez and

TABLE 4
Composition of Mexican Congress, 2000–03

	Chamber of Deputies				Senate			
	Vote %	District Seats	PR Seats	Total Seats	Vote %	State Seats	PR Seats	Total Seats
Alliance for Change	38.3	141	82	223	38.1	38	13	51
PAN				208			46	
PVEM				15			5	
PRI	36.9	131	78	209	36.7	47	13	60
Alliance for Mexico	18.7	38	40	68	18.9	11	6	17
PRD				53				15
PT				9				0
Other alliance parties				6				2
Other parties	3.8	0	0	0	3.1	0	0	0
Nullified	2.3	–	–	–	2.3	–	–	–
Total	100.0	300	200	500	100.0	96	32	128

Source: Instituto Federal Electoral (www.ife.org.mix)
PAN = National Action Party
PVEM = Ecological Green Party of Mexico
PRI = Institutional Revolutionary Party
PRD = Democratic Revolutionary Party
PT = Labor Party

McCann 1996). Fox's campaign advisors seem to have appreciated this insight as they sought to convert those who voted PRD in recent elections to Fox by urging them to cast a *voto útil*, a strategic vote to oust PRI. As Table 2 shows, Fox took 30% of those who voted for Cárdenas in 1994. Likewise, those who had voted against the Labastida nomination in the PRI primary presented an opportunity to Fox. *Reforma*'s exit poll found that 53% of those who had voted for Madrazo in November's primary chose Fox in July. Of course, those who disapproved of President Zedillo's job performance were relatively easy picking for the PAN candidate.

The Critical Role of Turnout

A key to explaining the Fox triumph comes from turnout statistics. In the federal electoral districts carried by the congressional candidates of the Alliance for Change, turnout averaged 66.2%. In contrast, participation only reached an average of 59.6% in the districts won by PRI deputy candidates and 63.1% in those taken by the Alliance for Mexico. PRI had built its hegemony on its capacity to turn out voters in rural Mexico. In July 2000, it failed at this essential task.

The overall turnout rate in July 2000 reached 64%, a respectable rate of participation, but not historically high by Mexican standards. In 1994, a crisis year, turnout was 78%. A rigorous, multivariate analysis of survey data gathered during the 2000 presidential election season indicates that those more likely to turn out on July 2, 2000 were older voters, those with higher incomes, those who attend church more often, those who report high interest in politics, those who followed the campaign closely, and, importantly, those who perceived that the electoral results would be respected (Klesner and Lawson 2001). In short, Mexico's profile of electoral participation now mirrors that of more established democracies, whereas in the past voter turnout was high where the PRI's organs of clientelist control operated most effectively—among the poor and the politically disengaged.

Consequences for Mexican Democracy

This election will have unprecedented impacts on Mexico's political development whether or not Fox governs successfully. His election ends the one-party hegemony of PRI and it likely will bolster democratic values among the Mexican citizenry. Indeed, during the course of the presidential campaign, Mexicans' perceptions of how democratic their country is grew markedly. In the Mexico 2000 panel study, for instance, 41% of respondents considered the nation to be democratic in February. The share grew to 44% in May, 48% in June, and 63% in mid-July, after Fox's victory.[7] I cannot explore all of the consequences of this election for Mexican democracy, but I will consider three broad areas of challenges Fox will face during his six-year term: divided government, the party system, and pressing political issues.

Divided Government, Again

More Mexicans split their tickets in 2000 than ever before, with the result that the congressional candidates for the Alliance for Change received considerably fewer votes than their presidential standard bearer. A divided legislature in both houses is the outcome (see Table 4). The Alliance for Change took the largest number of seats in the Chamber of Deputies (223), but Fox's own party will only have 208 of those deputies while PRI will have 209. In the Senate, in contrast, PRI took the first plurality with 60 seats, Fox's coalition took 51, and the Alliance for

Mexico took 17. PRI's greater success in Senate contests can be attributed to the unusual rules by which senators are chosen. In effect, the PAN/PVEM coalition finished third in nine states, mostly in the south, gaining no seats in those states, while PRI finished third only in the Federal District (Mexico City).[8] This outcome leaves Fox's coalition 13 seats short of half the seats in the Senate.

Even if the Alliance for Change had won a majority in each chamber, Fox would not have enjoyed the same level of party discipline exhibited by PRI legislators over the years, especially given that some members of his coalition would belong to PVEM. With divided houses, his challenge will be yet greater. Although Fox has opened his cabinet and made other high-level appointments to highly qualified individuals regardless of partisan affiliation, such an effort to reach out to other parties to staff the executive branch may mean little for executive-legislative relations. Fox certainly will not be able to form a coalition in the congress to support his government, nor need he do so given that Mexico does not have a parliamentary regime. Both PRI and PRD legislators have promised that they will be in opposition to Fox, although some leaders of each party have indicated a willingness to work with the new government on an issue-by-issue basis (Dresser 2000; Mercado 2000), a practice followed by Zedillo during the 1997–2000 legislature (Casar 2000). If Fox can build links to PRI positions on economic policy and to PRD positions on issues of political reform and the restructuring of the state, he should be able to pursue his legislative agenda without undue constraints. Much, however, depends on the discipline of each of those parties' legislative delegations. Finally, I should note that Fox governed in Guanajuato with a state legislature in which PAN had no majority, so he has experience leading a divided government.

Future of the Party System

The discipline of PRD and PRI representatives will be a key political issue because the July election has produced deep fissures in each party. While Cárdenas and the PRI's Manuel Bartlett, a leader of more traditional party bosses, both came out with early statements that their parties would not cooperate with Fox (Dillon 2000; Sandoval 2000), neither speaks for all his party's members.

The underlying problem for PRI is that it was not created to contend for power but simply to be the party that would always be in power. The party has been inclusive in terms of the social origins of its recruits and their ideological orientations for decades. That approach served PRI well when it governed, but it may produce incoherence when the party joins the opposition. Recognizing this problem, some PRI leaders, including southern governors like Tabasco's Roberto Madrazo, have urged the party to abandon the neoliberalism of Salinas and Zedillo and to return to the party's populist and economic nationalist roots (Cornelius 2000). Others associated with Labastida and PRI's technocratic wing are less willing to give up the globalizing orientation that has recently characterized the party. These tensions may cause PRI to split into two or more parties and could make it easier for Fox to find enough PRI legislators to support his initiatives.

Since its July defeat, the former ruling party has suffered more setbacks than successes in state-level elections. In Chiapas, once a bastion of the party, a coalition of eight opposition parties including both PRD and PAN defeated PRI's candidate in August. In September, however, PRI won back three important municipalities in Veracruz it had lost three years ago. A hard-fought gubernatorial contest in Tabasco in October poised the hand-picked candidate of Madrazo against a PRD challenger in a race that everyone understood would shape the future of PRI. A clear victory for Madrazo's candidate would have given him an upper hand in the struggle to lead PRI into the twenty-first century. Unfortunately for Madrazo, the Tabasco election was marked by many irregularities and the federal electoral authorities overturned the PRI candidate's 1% margin of victory. An interim governor has been named. Meanwhile, in the large state of Jalisco, where PAN had held the state government, PRI's candidate narrowly failed to win the November gubernatorial race and PAN retained the statehouse.

PRD also faces difficulties. Cárdenas in his third bid for the presidency and his 16.6% of the vote was a full 2% below that of his coalition's congressional candidates. Although other PRD leaders have avoided blaming Cárdenas personally for the party's defeats in July, outside observers have argued that the party needs new leadership more able than Cárdenas to forge links with a society rapidly embracing globalization. But Cárdenas, who still espouses revolutionary nationalism, is the central figure holding the party together. If he steps down, the rivalries of the leaders of its factions could tear PRD apart. Party President Amalia Garcia recently stated that she spends 85% of her time dealing with internal disputes (Fineman 2000).

PAN, too, will confront challenges even as Fox ascends the presidency. Fox's relations with other party leaders have been mixed at best (Jáquez 2000), and many aspiring office-seekers from PAN were disappointed when Fox carried out his promises to staff his administration with individuals from the private sector and all parties. He will not be the party leader in the way that PRI presidents were party heads. PAN's national organization remains weak, but party governors seem to be building state-level organizations that could serve as bases for a strengthened national apparatus, or rivals to it. How the Amigos de Fox will be integrated into the party apparatus also remains an issue (Montes and Vera 2000). Moreover, many PAN leaders worry that the party's identity will be compromised by the ascendance of the ideologically eclectic Fox. It should be pointed out, however, that PAN's ideological purity slowed its emergence as a modern catch-all party, which it now seems poised to become.

Just as PAN legislators may find Fox a poor standard bearer, Fox might find it difficult to deal with PAN legislators. Already, elements within the party have pushed political initiatives that Fox would prefer not to act upon. Most notably, the PAN-dominated state legislature of Guanajuato—the state Fox formerly governed—passed a bill in August outlawing abortions even for victims of rape. Fox said he would not promote a similar law at the national level (LaFranchi 2000). However, the upsurge of the socially conservative PAN will certainly bring moral issues

onto the national agenda with greater polarization of the Mexican public likely to be one result. The emergence of such matters will give opposition leaders issues on which they can take stands clearly different from PAN, thereby preserving a support base and a reason for being.

Unresolved Issues and Policy Initiatives

Four additional issues deserve special mention. First, Fox campaigned on a promise to wipe out corruption and impunity. He will be under pressure to investigate corruption in past governments and to reopen criminal cases that many suspect previous governments closed in order to protect powerful PRI officials. Many Mexicans would also like to see former president Salinas prosecuted for corruption. Resolving old criminal cases and investigating corruption may be important in establishing a culture respectful of law and order in Mexico, but they will be politically costly to pursue and a burden on the time of the new administration. Fox may prefer to get on with the business of governing resolving other issues, such as the still-growing gap between the rich and the poor and the persistence of guerilla insurrections.

Mexico's neoliberal development strategy has aggravated the maldistribution of its income and wealth, both in personal terms and regionally. The north and center-west have prospered from the country's incorporation into the North American Free Trade Area (NAFTA), while the south has not. Peasants and urban poor who have been marginalized for decades have become more marginalized as globalization has proceeded. PRI's defeat brought with it expectations that an opposition president would be able to solve Mexico's development problems. These problems have proved intractable for decades, however, and Fox's PAN supports a market-based development strategy. Hence, any resolution of Mexico's distribution dilemma will not come soon and under Fox probably only as the result of the trickling down of any additional economic growth he can achieve. Fox has pledged to invest in education, a promising way to promote the betterment of Mexico's poor, but paying for improvements in education will be costly and Fox has already been criticized for stating that taxes must be increased (Pérez 2000; Sarmiento 2000).

In perhaps his most well-known (at least to audiences in the United States) policy statement, Fox suggested that the NAFTA arrangements be revised to permit freer flow of labor between Mexico and its northern neighbors. In general, Fox's business experience seems to lead him to prefer free trade, but his closest foreign policy advisors, Castañeda and Aguilar Zinser, now foreign minister and national security advisor, respectively, have been more skeptical of NAFTA. Fox, thus far, has traveled broadly to visit foreign leaders and seems inclined to follow a foreign policy path more independent of U.S. interests than have his recent predecessors.

Fox also hopes to quell the insurgencies in Chiapas, Guerrero, and other southern states that have persisted over the past seven years. To the extent that opposition candidates can dislodge PRI hardliners from positions of power in those states and localities, Fox will face fewer barriers to social peace. PRI lost Chiapas' gubernatorial election to the candidate of an opposition alliance that includes all parties other than PRI in Aug 2000. Fox has promised to work with the new governor to bring peace to that troubled state. However, most of the guerrilla groups oppose the neoliberal development model on the grounds that it unjustly impoverishes the already poor peasants of southern Mexico. Since Fox does not propose to change the development model significantly, this cause of guerrilla unrest will likely remain. As its first significant act, Fox's government made overtures to the leader of the Chiapas rebels, Subcommandante Marcos, by withdrawing some troops from the state and dismantling military checkpoints. Peace talks have resumed (Thompson 2000).

Finally, Fox's most important policy initiatives will involve reforming the state itself. Even before his inauguration, he empaneled a Commission for the Reform of the State and appointed Pofirio Muñoz Ledo to lead it. Muñoz Ledo is a former PRI and PRD leader who gave his support to Fox late in the presidential campaign. Reform of the state has at least three dimensions: disentangling PRI from the government, reorganizing the executive branch, and strengthening Mexican federalism. The first task is necessary because Mexico has no merit-based civil service and no one really knows how deeply into the bureaucracy political appointments reach. Many Mexican bureaucrats have a technocratic orientation, which should suit PAN and Fox.

Fox has already stated that he will eliminate the Ministry of Agrarian Reform; Salinas ended agrarian reform a decade ago, so the ministry is superfluous. Another ministry he plans to restructure is the Attorney General's Office, where corruption and relationships with drug traffickers have undermined the administration of law. Part of the restructuring would include creating a Federal Agency of Investigation (modeled loosely on the FBI) to replace the Federal Judicial Police. The Ministry of the Interior (*Gobernación*) will also have to be restructured if Fox wishes to eliminate bastions of authoritarianism. Finally, PAN officials and Fox have advocated greater autonomy for Mexico's states and municipalities and achieving this will require a rearrangement of the nation's excessively centralized fiscal system.

Conclusion

Mexicans took a large step toward consolidating their democracy by electing Vincente Fox. In so doing, they have brought democracy to their nation by a peaceful and constitutional path, a rarity among countries in the region. Redoubts of authoritarianism do remain in the complex Mexican political system and dislodging them will pose a challenge to the new Fox administration. However, Mexicans have much about which to be proud as they open the twenty-first century.

Notes

1. On an 11-point scale, with 0 representing the far left and 10 the far right, respondents to a February survey placed the

PRI at 6.8, the PAN at 5.5, and the PRD at 3.7. Those same respondents placed themselves at 6.5 (Mexico 2000 Panel Study, First Wave; N = 2370).

2. GDP grew by 3.7% in 1999 and is projected to grow by between 4.5 and 5% in 2000, according to the web site of the Finance Ministry (www.shcp.gob.mx).

3. In February 2000, Mexicans ranked corruption second, after poverty, when asked "What would you say is the most important problem that confronts the country today?"

4. For a thorough report on campaign finance, see Washington Office on Latin America (2000).

5. The IFE allocated 1.5 billion pesos of public funds for the campaigns (more than $150 million), and an identical amount for other party functions during 2000 (see de Swaan 2000).

6. See Global Exchange (2000a) and Corchado and Iliff (2000).

7. The question asked was "Do you consider that today Mexico is a democracy or is not a democracy?"

8. For the Senate, three senators are chosen in each state. The party winning the plurality of Senate votes in a state is awarded two seats and the party finishing second gets the third. Thirty-two Senate seats (one-quarter of that body) are chosen from PR lists in a single national district.

References

Casar, María Amparo. 2000. "Legislatura sin mayoría: Cómo va el *score*" *Nexos* 265(January): 39–46.

Corchado, Alfredo, and Laurence Iliff. 2000. "'Old' PRI Seen in Recent Tactics." *The Dallas Morning News*, May 1, 1A.

Cornelius, Wayne A. 2000. "The New Mexico: Fox's Victory Will Lead to a Change—and a Disintegrating PRI." *San Diego Union-Tribune*, July 16, G4.

de Swaan, Mony. 2000. "Radiografía del gasto electoral." *Este País* 111(June): 14–18.

Dillon, Sam. 1999. "From Moving Mexico's Cola to Shaking Its Politics." *The New York Times*, May 9, 3:1.

—. 2000. "Mexico's Ousted Party Tries Hard to Regroup after Stunning Defeat." *The New York Times*, July 13, A10.

Domínguez, Jorge I., and James A. McCann. 1996. *Democratizing Mexico: Public Opinion and Electoral Choices*. Baltimore: Johns Hopkins University Press.

Dresser, Denise. 2000. "Elba Esther ofrece apoyo para 'construir consensos'." *Proceso* <www.proceso.com.mx>, July 30. Accessed: July 31, 2000.

Espinosa, Verónica. 1998. "Fox se dice a la cabeza de la sucesión, pero oculta la ongen de sus fondos de campaña." *Proceso* <www.proceso.com.mx>, December 27. Accessed: December 31, 1998.

Fineman, Mark. 2000. "Mired in Crisis, Mexico's Leftists Pledge R[illegible] newal." *The Los Angeles Times*, July 24, 1.

Global Exchange/Alianza Cívica. 2000a. "The Pre-electoral C[illegible] tions in Mexico 2000" <www.globalexchange.org/campai[illegible] mexico/preelection2000/> June. Accessed: August 2, 2000.

—2000b. "Mexican Federal Elections 2000: Electoral Observation Report" <www.globalexchange.org/campaigns/mexico/ election2000/>. July. Accessed: August 2, 2000.

Jáquez, Antonio. 2000. "Tensiones, diferencias y recelos entre Fox y el PAN." *Proceso* <www.proceso.com.mx>, July 16. Accessed: July 17, 2000.

Klesner, Joseph L. 1993. "Modernization, Economic Crisis, and Electoral Alignment in Mexico." *Mexican Studies/Estudios Mexicanos* 9(Summer): 187–224.

1997. "Democratic Transition? The 1997 Mexican Elections." PS: Political Science and Politics 30(December): 703–11.

—.2000. "Legacies of Authoritarianism: Political Attitudes in Mexico and Chile." In *Citizen Views of Democracy in Latin America*, ed. Rodenic A. Camp. Pittsburgh: University of Pittsburgh Press.

—, and Chappell Lawson. 2001. "Adiós to the PRI: Changing Voter Turnout in Mexico's Political Transition." *Mexican Studies/Estudios Mexicanos* 17(Winter).

LaFranchi, Howard. 2000. "Abortion Debate Divides Mexico." *The Christian Science Monitor*, August 14.

Mercado, Guadalupe Angélica. 2000. "Los senadores del PRI no serán dique ant-foxista" *Milenio Diario* <www.mileniodiario.com.mx>, July 30, Accessed: July 30, 2000.

Molinar Horcasitas, Juan. 1991. *El tiempo de la legitimidad: Elecciones, autoritarismo, y democracía en México*. Mexico City: Cal y Arena.

Montes Rodolfo, and Rodrigo Vera. 2000. "Los Amigos de Fox se niegan a disaparecer," *Proceso* <www.procesco.com.mx> July 16. Accessed: July 17, 2000.

Pérez, Isabel, 2000. "Pagamos muy poco impuestos: Fox," *Milenio Diario* <www.mileniodiario.com.mx>, July 30. Accessed: July 30, 2000.

Sandoval, Ricardo, 2000. "Leftist Party that Lost Election in Mexico. Relegated to Sidelines." *Dallas Morning News*, July 10, 1A.

Sarmiento, Sergio. 2000. "Impuestos," *Reforma* <www.reforma.com>, July 27. Accessed: July 27, 2000.

Thompson, Ginger. 2000. "New Governor of Chiapas Promises, 'No More Bloodshed,'" *The New York Times*, December 9, A4.

Torre, Wilbert, 2000. "Movilizarán 'ejército," *Reforma* <www.reforma.com>, May 20. Accessed: May 20, 2000.

Washington Office on Latin America 2000. "Campaign Finance: Setting Limits in 2000," *Mexico Election Monitor 2000*. Washington, DC: Washington Office on Latin America.

***Joseph L. Klesner** is professor of political science and director of the International Studies Program at Kenyon College. His research has focused on Mexican electoral politics and has appeared in several edited volumes as well as* Mexican Studies/Estudios Mexicanos, Comparative Politics, PS, *and* Latin American Research Review. *He has been supported by Fulbright grants, Kenyon College faculty development grants, and a research grant from the American Political Science Association.*

From *PS: Political Science*, March 2001, pp. 107-114.

Article 30

Mexico's Disputed Election

LUIS RUBIO AND JEFFREY DAVIDOW

A Wake-Up Call

Mexico's July 2 election was not only a contest to select a president and a new Congress. It was also a referendum on the future of the country, and voters recognized it as such. The national question essentially came down to whether Mexicans wanted continuity with the reforms of recent years or a return to the past—whether the country should keep pursuing the political and economic liberalization that started in the mid-1980s or go back to the state-driven development model of the 1970s.

The first choice was represented by Felipe Calderón of the conservative National Action Party (PAN), the second by Andrés Manuel López Obrador of the left-wing Party of the Democratic Revolution (PRD). Although Calderón seems to have edged out López Obrador for a victory, both received about one-third of the vote. (López Obrador rejected the results and took his protest to the streets and the courts.) But neither Calderón's promise of continuity nor López Obrador's reactionary populism offers a solution to Mexico's deep and abiding structural problems.

Calderón's appeal—most evident among the better educated and the better off and in the northern half of the country, where the North American Free Trade Agreement (NAFTA) and economic reform have had the most beneficial effects—rested on his argument that the financial stability, social peace, and moderate economic growth of recent years were too important to risk with a return to the policies and governing methods that had not served the country well in the past. López Obrador spoke more to the less educated and the less well off and to the center and south of the country, where the reforms of the past two decades have produced considerably less positive change. He rejected Mexico's current governing doctrine, which holds that the nation is best served by the internationalization of its economy, the reduction of state controls, the creation of independent, counterbalancing institutions, a greater play of market forces, and a decreased role for politics and parties in the running of daily life. López Obrador argued that the country has been heading in the wrong direction since it broke away from its tradition of strong government and a subordinate economy. During the campaign, Calderón attempted to distance himself from fellow PAN member President Vicente Fox, who had canned him from the cabinet. He argued for more effective and expansive social programs. But in fact, Calderón's message was an endorsement of Fox's policies and the recent trends in Mexico's economic and political development. His campaign was oriented toward the future; López Obrador looked to the past.

Nostalgia for a simpler time played a strong role in López Obrador's campaign. As mayor of Mexico City, he "got things done"—a new highway and city beautification projects—in a way that suggested that he was a throwback to the power brokers of the long-ruling Institutional Revolutionary Party (PRI) before that mammoth became hopelessly mired in the tar pits of corruption, cronyism, and economic crisis. (Rebels such as López Obrador abandoned the PRI to form the PRD.) He also capitalized on Fox's inability to meet the inordinately high expectations that he had created. (Probably no politician could have met those expectations, even one much more skilled in political infighting than Fox proved to be.)

López Obrador's greatest strength was his ability to exploit Mexicans' sense of victimization and disillusionment. He spoke to and for those who see themselves as the losers in the process of modernization. With a campaign appeal more blatantly class-based than anything recently seen in Mexican politics, he turned a passive population of poor and middle-class people who have remained on the sidelines of economic growth into a social movement demanding to play a role in the transformation of their society.

Poverty in Mexico remains endemic. Neither the old PRI approach to development (which in this election was espoused by López Obrador) nor the more recent attempt to modernize the economy through limited market-based

policies has succeeded in reducing inequality in any significant way. In fact, Mexico never really liberalized its economy and politics to the extent necessary for a modern society: some reforms were ambitious, but many favored cronies, and under the PRI governments that preceded Fox, reform left the old political system and its vested interests untouched. As a result, the benefits of reform have been less than expected, and many people were wounded and left wanting: the peasants, workers, and small-business and factory owners overwhelmed by international competition and displaced by the forces of a modern economy. It was from these groups and their sympathizers—the intellectuals and social activists of the left—that López Obrador constructed his movement. He reinforced their belief that now more than ever success in Mexico depends on having the right parents rather than on effort and merit, and that there is an imbalance not only of wealth but of opportunities kept in place by the rich and the powerful.

López Obrador's supporters were unconcerned that much of what the candidate advocated—stronger state control, more subsidies, greater government spending, lower international reserves—had been tried before and failed, often resulting in monumental financial crises for the country. Nor were they particularly troubled that his approach might lead to a more heavy-handed and intolerant and less open government. He seemed to promise a return to a purified, powerful, but this time honest and competent PRI (although he never explained his vision in that way).

Optimism characterized Fox's 2000 campaign: the expectation that the alternation of parties in government would open up a world of possibilities for the country and its citizens. Although an understandable thirst for social justice motivated many of López Obrador's followers, that desire was heavily mixed with feelings of disappointment, resentment, bitterness, and jealousy, which were so apparent in the masses of people who came to the streets to protest the electoral results. The deep divisions that marked the campaign and the post–July 2 reaction do not bode well for Mexico. When he is inaugurated on December 1, the new president will have to deal with a challenge that neither continuity nor a return to the past can successfully overcome.

An Incomplete Transition

To deal with the disaffected and the dispossessed, Mexico's economy needs to deliver more benefits to more of its citizens, and its government must become more effective, open, and honest. This will require deep reform of government institutions, bureaucratic procedures, the tax and educational systems, many laws, and even the constitution. Mexico's political and economic leadership has not seriously taken on this challenge, preferring the comfortable status quo. And although both López Obrador and Calderón talked incessantly of change during the campaign, they provided little evidence that they clearly understand the depth of the problem.

The path that Mexico started down 20 years ago is not the wrong road: it has simply not been well enough traveled. The country's principal goal should be to put the economy into a high-growth orbit and to make the leap from the pack of struggling second-tier economies into the developed world.

Mexico's economy has sustained its hard-won stability for the past dozen years—no mean feat after 25 years of inflation, crises, and devaluations. But it has not grown fast enough to absorb the supply of labor or to tend to the serious social tasks that the country has been postponing for decades. Fox promised to deliver seven percent annual GDP growth and to create over a million new jobs a year. He managed only three percent annual growth and an average of only 100,000 new jobs a year. True, he was hobbled by the effects of a lackluster U.S. economy for much of his term, but this government's failure to meet its goals was mostly due to its inability to bring about important structural changes that could unleash the Mexican economy and provide opportunity to many of the people who would come to vote for López Obrador in 2006.

These failures were all symptoms of a more fundamental problem: the inability of Mexico's institutions to work effectively. For seven decades of PRI rule, the institutions of government were secondary actors. The party conferred on the president an extraordinary ability to influence all events through its wide web of extragovernmental control. With the defeat of the PRI in 2000, the "new" presidency became much weaker, for Fox had only his constitutional powers to manipulate. This change, along with both a PRI attitude that saw Fox's failure as its ticket back to power and Fox's own political inexperience, led to a six-year period of governmental paralysis that added strength to López Obrador's campaign.

The ineffectiveness and the political manipulation of the institutions of government have led to widespread distrust on the part of much of the population. López Obrador was able to generate mass support for his rejection of the election results because so many of his compatriots are preternaturally inclined to believe the worst about their government, including, in this instance, the

national electoral commission, which is in fact effective, efficient, and honest.

For Mexico to break the vicious cycle of public distrust, resentment, and insufficient development, there must be a reform that matches the new reality of political power with the institutions that are supposed to wield it. In a sense, Mexico's institutions need to be refounded. An ambitious reform would transform the relationship between the Congress and the executive, the structure of Congress itself, and the party system. Those political institutions served the PRI era well, but they make little sense today. For instance, 200 of the 500 members of Mexico's lower house represent no constituencies but are political operatives chosen by the party hierarchies. The hallowed Mexican tradition of no reelection of public officials (at least not to the same office) means that many officials pay little attention to their constituents, causing further disaffection. A revision of the relationship between the states and the national government and of the operation of the giant state-owned oil and electricity monopolies are also in order. Even a modest reform, one that would create mechanisms such as a "guillotine law," which establishes a peremptory period for a legislature to act on an executive bill lest it be automatically approved, would help rebalance the relationship between the legislature and the presidency.

Much political blood will be spilled in the coming months, but partly instability could create opportunities.

Some of the most glaring dysfunctions of the Mexican system are well known and frequently discussed. But little has been done to change them, because the status quo benefits important vested interests. Evasion and loopholes in the tax system mean that the government collects too little of Mexico's national product to allow for adequate growth-stimulating redistribution through social programs, infrastructure development, and education. The need for serious fiscal reform is paramount, and will be even more so as pensions become ever more costly for an aging population. In addition, the labor market remains inflexible. Excessive protection for workers translates into fewer jobs: industries are unwilling to hire new workers because they cannot release them when an economic downturn takes place. Labor reform is an important key to economic growth. Mexico also shares shame of place with North Korea as the only two countries that still prohibit private risk investment in oil and gas exploration. This restriction limits the potential for energy growth at a time when Mexico (the United States' second-largest source of foreign oil) sees its oil production declining and gas imports from the United States increasing. Legal and constitutional changes are imperative if Mexico is going to be able to exploit its vast energy resources.

Attaining higher levels of economic growth will require a combination of foreign and domestic investment and a more competent government. In some sectors, such as energy, attracting more investment will be dependent on significant legal or constitutional changes. But in all cases, increased investment will demand a much more effective government, less cumbersome regulations, a fair and transparent judicial system, more consumer-conscious public utilities, improved infrastructure, and a concerted effort to promote competition by limiting the power of private and government monopolies and of public-sector unions, all of which profit from keeping things the way they are.

The enormous social gaps that the country faces and that López Obrador effectively spoke to in his campaign must be addressed with greater vigor. The overarching perception is that many people (perhaps a majority) have been left out of the development process. Many of these are not the poorest of the poor but rather those who face unsurpassable obstacles in their daily lives while watching wealthier Mexicans do well and boast loudly. The administrations of Ernesto Zedillo (1994–2000) and Fox developed professional, high-quality programs to address poverty. These programs (which have even been copied in other countries) actually made a considerable dent in Mexico's level of abject poverty, but the percentage of those considered to be poor still hovers around 50 percent.

These programs use the educational system to help children of today's poor stay in school, thereby disrupting the cycle of poverty. But the educational system as a whole is in profound need of investment and reform—the latter much fought against by powerful teachers unions. Public education in Mexico has not yet risen to the challenge of converting itself into a vital source of opportunity for the era of the information economy and of Mexico's introduction into the global market. Changing the system will take much more than new textbooks. A modern educational system geared toward the development of true equality of opportunity would alter Mexico's social structure radically. Equally important, a modern system to finance education and to fund higher studies for poorer people would create opportunities that today are absent. All of this will require not only the resolve on the part

of the new president and the new Congress to carry out changes but the political skills necessary to transform the underlying structures as well.

Mexico's government must also find ways to lighten the weight of bureaucracy and red tape. Creating a new company in Mexico is difficult and expensive. Maintaining a legal entity and complying with tax and other requirements is so burdensome that millions of Mexicans set up informal, non-tax-paying businesses. Avoiding bureaucracy and tax collectors makes sense from the perspective of the individuals involved, but it does not do enough to create wealth, permanent well-paying jobs, and resources for legitimate government needs. Mexico must expand the modern sector of the economy by developing government competence and entrepreneurial competitiveness while addressing the inequitable social structure of Mexican society. Neither López Obrador's reformulated PRI-ism nor Calderón's Foxist campaign promises offer the kind of root-and-branch structural reform that is needed.

Once the new president is sworn in on December 1, he will have to begin immediately to promote both economic growth and greater social equity to provide today's poor with opportunities to move upward. The new president will have no time to spare. The world is moving too fast. Mexico no longer follows Canada as the United States' second-biggest trading partner. It has been bumped down the pecking order by China. Unless the next six years bring high and sustained economic growth, millions of new jobs, and accompanying programs designed to decrease social inequality, the country will fall further behind in the global race, and more of its people will become disaffected and disenchanted. The grievances and resentments that played such an important role in López Obrador's run for power were not created by him. And they will grow unless Mexico enters a period of profound institutional and economic change.

Such reforms are essential, but some are so immense and politically difficult that they have disheartened Mexico's political leaders and caused them to redirect their energies to softer targets. Mexican politics has been notably sterile and unimaginative in recent years, marked by small-minded games of intrigue and daily point-scoring over opponents. All of the three major parties need considerable internal overhauls. The PRD is a collection of tribes, and its moral leader and founder, Cuauhtémoc Cárdenas, is notably uncomfortable with López Obrador's brand of populism. The PRI, humiliated by its third-place showing, will likely enter a period of internecine warfare. And the PAN will surely recognize that its performance in the election was hampered by an internal division between its more modern, business-oriented wing and the old school of social conservatism.

Much political blood will be spilled in the coming months, but the very instability could provide some new opportunities. Both Calderón and López Obrador made reassuring sounds during the campaign about broadening the base of their governments to include former opponents. Whether they were serious remains to be tested, but in a divided Congress, there will be no chance for movement without political coalitions built on a consensual program of reform.

Joined at the Hip

It is a given that Mexico's success or failure will have a significant impact on the United States. The two countries are linked by a constant flow of commerce, culture, and people. Mexico's complex attitude toward the United States defies easy description. It is often contradictory: at times Mexico seems to act like one large Melanesian cargo cult waiting for whatever might fall from the northern sky, and at other times its fears of a loss of sovereignty and its natural prickliness keep the United States at an unnecessary distance. Mexico has tried to maintain the pride of distance while still enjoying the practical benefits of propinquity.

The relationship is particularly awkward now because of the high tensions in both countries over immigration. Misreading President George W. Bush's natural Texas goodwill and rudimentary understanding of the issue, President Fox decided to bet his administration's fortunes on a change in U.S. immigration policy. The two presidents met at Fox's ranch in February 2001 and agreed to reach an understanding on a new approach within a matter of months. Political operatives in the White House, however, soon put a stop to serious consideration of the proposals offered by the State Department. They argued that liberalizing the law was too dangerous politically so early in the president's first term. After September 11, this view was set in concrete.

Unfortunately, Fox and his first foreign minister, Jorge Castañeda, could not, or would not, read the writing on the border wall. They blundered by insisting on pushing for solutions that had become politically untenable in the United States and by actively scuttling possibilities for incremental change. Fox and Castañeda made the same mistake that successive U.S. administrations had earlier: they publicly reduced the complexity of the U.S.-Mexican relationship to just one issue; for Washington it had been drugs in the 1990s, and for Mexico City it became immigration. The Mexicans' absolutist position and misreading of the U.S. political scene gave the White House a way out of taking any action, allowed the immigration issue to fester, and turned what had been a fringe group of right-wing

members of the U.S. Congress into the voice of the Republican Party, ultimately resulting in the grotesque House bill passed in 2006 that would declare illegal aliens felons (as if the United States needed 11 million more criminals to track down).

The poorly handled immigration issue also caused both governments to lose focus on the most critical goal: facilitating trade and investment to promote economic growth and greater competitiveness for North America as a whole. This is the true key issue in the U.S.-Mexican relationship. The immigration mess is a direct result of the lack of growth and opportunity in Mexico. The U.S. Congress may pass some legislation that will be touted by its supporters as the answer to the problem, but it will be as ineffective as previous efforts. As long as Mexico remains poor and the lure of opportunity across the border persists, workers will continue to head north. Neither walls nor new laws will stop the flow. But there are immediate steps that the United States could take to make the flow more orderly and humane and, not incidentally, give the new Mexican government an important public victory early in its tenure.

An early test of how willing Washington will be to help Mexico relates to the last stage of compliance with the NAFTA agricultural provisions, which would end the remaining Mexican limitations on the importation of corn, beans, and powdered milk. Previous Mexican governments did not concern themselves enough with preparing Mexico's poorest peasants to face competition. The new government should create an assistance program directed to that segment of Mexican agriculture, so that the producers can survive, while at the same time negotiating a schedule of compliance with its NAFTA partners. This is one area in which a comprehending U.S. attitude could help immeasurably.

Washington should also focus on how to help Mexico grow its economy. There are several possible steps it should consider. A major fund for infrastructure development to facilitate trade, along the lines of what the wealthier northern European nations created for their poorer European Union colleagues, would make sense and benefit both countries. But it is doubtful that the political mood of the United States would support that or that Mexico could develop the right mechanisms to make the best use of the additional resources. Another initiative, perhaps with a greater chance of political success, might be a massive infusion of funds to improve Mexico's educational system. Certainly, the United States could end its foot-dragging on some NAFTA provisions (such as opening the border to Mexican long-haul trucks) and try to find a mechanism for NAFTA dispute resolution that is effective and efficient. Energy cooperation with Mexico has been limited, largely owing to Mexico's sensitivity on the issue, but the new focus on alternative fuels could open some doors for international cooperation. And among the many good reasons for the United States to review and reduce its farm subsidies, an especially compelling one is that these subsidies undercut small Mexican producers, which pushes them across the border to find work.

Nearly 200 years of often rocky U.S.-Mexican relations cannot be totally reversed over the next six years. But a closer working relationship would help both nations address mutual issues. Mexico must provide its citizens with more opportunities. This is a Mexican task, but the United States has a vested interest—and a role to play—in its success.

LUIS RUBIO is President of CIDAC (the Center of Research for Development), in Mexico City, and a co-author of *Mexico Under Fox*. JEFFREY DAVIDOW is President of the Institute of the Americas and the author of *The U.S. and Mexico: The Bear and the Porcupine*. He was U.S. ambassador to Mexico from 1998 to 2002.

BBC NEWS

Challenging times for Mexico's new leader

As Mexico prepares for the presidential inauguration of Felipe Calderon on 1 December, the BBC's Duncan Kennedy in Mexico City reports on the challenges the conservative politician faces.

Over the din of Mexico City's incessant traffic there is another, more alluring, noise. It is the haunting sound of whistles and you can hear them everywhere.

They come from the city's knife sharpeners. They whistle, you bring out your knives. Porfillo Martinez is one of them. His multi-tonal whistle is audible from several blocks away. Porfillo has been putting exquisitely sharp edges to the blades of the capital's cutlery for 27 years.

He has attached a circular grinding stone to the back of his bicycle. He props his bike onto its stand and then, using the pedals, he spins the stone and applies the edge of the knife. As he does it, he talks politics - presidential politics.

"I'm just not sure about Felipe Calderon," he says.

"I don't think he's for Mexico's poor people who worry about the price of milk and petrol," says Porfillo, who earns less than US$10 (£5) a day.

Mexico has a thriving middle class, but there are something like 40 or 50 million Mexicans who are classed as poor. They do not tend to have jobs or much money. Felipe Calderon says he will make them a priority.

> **I'm cautiously optimistic about a Calderon presidency**
> Robert Hickman
> Businessman

He has already talked about improving pensions for older poor people and easing the tax burden on others. He also has a pretty healthy economy on his side, with low inflation and modest growth.

But in the past six years or so, millions of Mexicans have given up on their country and headed north to the United States.

One joke doing the rounds here is that the outgoing President, Vicente Fox, created six million new jobs as president. Trouble is, they say, they were all in California.

That might be unfair on Mr Fox, but Felipe Calderon does not want to be the butt of similar jokes.

He knows he has got to attract more foreign investment, from the United States and elsewhere.

Deft footwork

The British engine company Rolls Royce has been here for decades. Now run by Robert Hickman, it is doing a thriving trade, with business over the next year worth up to a US$1bn.

"I'm cautiously optimistic about a Calderon presidency," says Mr Hickman.

"He's got to tackle the country's near-monopolies in telecommunications and in oil," he says. "Otherwise we're

going nowhere."

Surrounded by pictures of Rolls Royce engines and the front grilles from the vehicles of its famous car-making cousin, Mr Hickman is clear about what Mr Calderon must do.

"He may not be very charismatic," he says. "But he's a clever man and will need to stamp his authority quickly."

For the past few days, the new president has been trying to stamp his authority by naming his cabinet. Mostly free marketeers and mostly men like himself, his team has drawn a wide range of generally positive views from commentators.

They are going to need some pretty deft political footwork to get their laws passed through Congress.

'Jury out'

One sign of what might lay ahead came this week when deputies in Congress started laying into each other with punches.

> **Lopez Obrador should be the new president... It was fraud and Calderon should not be taking over office**
> Francisco Gonzalez de Cossio
> former ambassador

It wasn't exactly the stuff of Mike Tyson, and there weren't any knockouts. But, to some, it was a points victory for Mr Calderon's left-wing opponents and their plan to disrupt his presidency.

The undisputed king of the ring when it comes to disruption is their leader Andres Manuel Lopez Obrador.

Having lost the election for the presidency, an angry Mr Lopez Obrador called thousands of his supporters onto the streets and has recently declared himself Mexico's "alternative" president.

It has raised laughs and eyebrows in equal measure in conservative sectors, but Mr Calderon cannot afford to ignore this seasoned political operator.

"Lopez Obrador should be the new president," says Francisco Gonzalez de Cossio, a former Mexican ambassador to Saudi Arabia and Jordan and supporter of the defeated candidate.

"It was fraud and Calderon should not be taking over office," he says.

"I'm not optimistic about a Calderon presidency. He won't look after the poor, just the powerful, who steered his way to victory.

"The jury is out on him."

Uncomfortable

Mr Calderon will also have to prove himself in other ways.

Take the Oaxaca dispute.

Oaxaca is a city in southern Mexico famous for its beautiful colonial buildings. Or it would be if you could still see them.

You cannot because they are now hidden under layers of graffiti, the work of demonstrators campaigning there

for the past six months.

Up to 15 people have died in the dispute over who should run the local government. Federal riot police are now encamped in the city.

Resolving Oaxaca will test all of Mr Calderon's persuasive skills.

Crime is another persistent issue in Mexico. Around 2,000 people have died in the violence between drug cartels, all vying to supply the lucrative US market.

Relations with his northern neighbour will take up much of Mr Calderon's time in office.

In recent months, they have been put under strain by Washington's plans to build a wall along key sections of the between the two countries. Although doubts have been raised about whether it will actually be built, it has gone down very badly here.

There is a sense of disappointment that Mexico isn't treated more like a friend, especially since there is no evidence any terrorist has crept into the United States across its southern frontier.

It all adds to a sense of anxiety here. The feeling that the place isn't settled.

It did not help that Mr Calderon failed to secure a resounding mandate from the voters.

The election may have been five months ago, but the question of fraud is still raised here by his left-wing opponents. They will not let him forget it.

Felipe Calderon is an energetic, charming, man with a deep commitment to his Catholic faith. But he will have to watch his back, otherwise his enemies may soon be whistling for their own metaphorical knife sharpeners, to make his life extremely uncomfortable.

Story from BBC NEWS:
http://news.bbc.co.uk/go/pr/fr/-/2/hi/americas/6158945.stm

Published: 2006/11/30 14:58:49 GMT