

# Mexico

## CONTEMPORARY HISTORY

**A**fter three centuries of Spanish rule, Mexican independence proponents took advantage of Napoleon's occupation of Spain and declared independence in 1810. This led to a war for independence, which was not resolved until 1821, when a treaty was signed recognizing Mexico's independence from Spain.




The newly independent country was politically unstable and was controlled by military leaders for decades. Mexico went to war with the US in the 1840s over territory. The US won the war, and US troops occupied Mexico City. In the 1848 peace treaty, Mexico was forced to cede to the US the present states of Texas, California, Utah, Colorado, New Mexico, and Arizona.

In the 1860s, France tried to colonize Mexico but lost this new war. Military dictatorship continued in Mexico until the Mexican Revolution of 1911-1920, in which over two million people died. The Party of the Institutionalized Revolution (PRI) took power in 1929, and it held power until recently. At first, the PRI introduced economic and land reforms, but eventually it turned to oppression of the opposition.

In the 1970s, Mexico enjoyed an oil boom and rapid economic growth fueled by massive foreign loans. When oil prices collapsed in the mid-1980s, Mexico was hit by a debt crisis. This was made worse by the Mexico City earthquake of 1985. Mexico became more democratic in the late 1980s and early 1990s. Carlos Salinas was elected president in 1988, although the election was criticized as being rigged. Next, Ernesto Zedillo was elected president in late 1994 with only 49% of the vote, a clear sign that the power of the PRI was weakening.

In the summer of 2000, Vicente Fox of the conservative National Action Party (PAN) became the first opposition president in 71 years. President Fox's successor and Mexico's current president is Felipe Calderon, elected in a controversial election in July 2006. Mr. Calderon's victory over his opponent Andres Manuel Lopez Obrador was very narrow (by less than 1%) and was confirmed after weeks of protests and legal disputes. He lacks a majority in Congress. In his efforts to govern, Mr. Calderon has reached out to another political party, the

<p><b>Flag</b></p>  <p><i>The white area symbolizes religion; the green area independence; and the red, unification of the Mexican states. The eagle and the snake refer to an old Aztec legend.</i></p>	<h3>Mexico: Facts</h3>	
	<p>Capital</p> <p>Government</p> <p>Government Head (President)</p> <p>Economy</p> <p>Independence</p> <p>Area (sq. km)</p> <p>Population (millions)</p> <p>Adult Literacy</p> <p>Pop. Growth Rate</p>	<p>Mexico City</p> <p>Federal Republic</p> <p>Felipe de Jesus Calderon</p> <p>Capitalist</p> <p>1810</p> <p>1,973,000</p> <p>109</p> <p>91%</p> <p>1.14%</p>

*Source: CIA World Fact book. Military data for year 2005 and Military % of GDP for year 2006. All others for year 2008. GDP figures are in Purchasing Power Parity. Tuberculosis data for year 2006 and Health Care % of GDP for year 2005 from WHO.*

Institutional Revolutionary Party. This has allowed him to pass some important legislation, surprising critics. The next election is scheduled for July 2012.

## MEXICO TODAY

**M**exico is situated in the middle of the North America/South America land mass. It is located just south of the US border. In size, it is about three times the size of Texas. The World Bank considers Mexico a middle-income country, with wages equal to about 25% of US wages. The Mexican government labels itself as a developing country. Mexico struggles with job creation, thus underemployment of a segment of its population creates a large social problem. Even when jobs are available the wages are sometimes too low to buy even the basic necessities. Some Mexicans, in order to feed their families, become illegal immigrants in the United States. The vast majority of the estimated 12 million illegal aliens in the US are from Mexico.

Fifteen years ago Canada, the US and Mexico created the largest free trading bloc in the world based on combined GDP--the North American Free Trade Agreement (NAFTA). Since 1994, Mexico's non-oil exports have tripled, while foreign direct investment has expanded 14 times. Agricultural trade has increased in both directions from \$7.3 billion in 1994 to \$20.1 billion in 2006. However, NAFTA has brought advantages to some Mexicans but disadvantages to others. For example, only 6% of Mexican farms are efficient enough to compete with exports from US and Canadian farms. This allowed US farm imports to increase from 2001 to 2006 by \$3.6 billion to \$10.8 billion. The result is that the vast majority of Mexican farmers are poorer under NAFTA, for American farm goods took away their business. Yet Mexican consumers have benefited. For example, without cheap imports of corn from the US, Mexicans would pay more for tortillas.

Mexico has an escalating problem with violent crime and its links to illegal drugs. In 2006, President Calderon declared war on the drug cartels. Mexican Attorney-general Mora says that 4,000 people have been killed since then. About 450 of those killed are police, soldiers, or prosecutors. In August 2008, there were marches throughout Mexico to protest this continuing wave of killings and kidnappings.

## Human Rights

**T**hirteen years ago, human rights were not even a topic of discussion in Mexico. But in 1990, former President Salinas established the National Commission on Human Rights, which has served to create an awareness of the issue. In size and resources, the commission is unmatched anywhere in the world. Critics contend that it is good at documenting abuses, but not following up on solutions to such problems. For example, the commission released a 3,000-page report on 530 activists who disappeared during a government counter-insurgency campaign in the 1970s. But it has no power when public officials ignore its recommendations. Every year Mexicans take some 5,000 cases to the commission, yet it issues only 40-50 non-binding recommendations over the same period. The commission also has a habit of declaring cases resolved without consulting the victims. Mexican NGOs continue to report persistent human rights abuses, particularly stemming from the fifteen-year conflict in Chiapas.

Income inequality remains a major problem in Mexico today. The wealth gap is extremely large, with rich landowners and business leaders on one side and poor Indian peasants and urban workers on the other. In 1994, the day the North American Free Trade Agreement (NAFTA) took effect, a peasant rebellion began in the region of Chiapas. The rebels, calling themselves Zapatistas, demanded improved justice for oppressed Indians in Mexico. The rebels attacked government troops but were harshly repressed by the army.

A high priority on former President Fox's agenda had been to bring an end to the Chiapas rebellion. He managed to pass through Congress the Law on Indian Rights and Culture, hoping it would bring about a peace treaty. The law was meant to reshape the relationship between the state and the 62 Indian groups that account for about 10% of Mexico's population. It empowers indigenous communities to apply their own traditional customs in resolving conflicts and electing leaders, to preserve their own languages, and to decide whether land will be held communally or for parents or relatives in family-owned workshops or in agriculture or rural areas. However the law falls far short of giving indigenous groups the political autonomy they were seeking.

Mexico has made improvements to access to education and literacy rates over the last few decades. The World Bank reports that enrollment in primary schools is close to 100%. One government-assisted program that has helped is Oportunidades, a poverty reduction program founded in 2002. It provides cash payments to families in exchange for regular school attendance, health clinic visits, and nutritional support for dependent children. In the areas in which it is operating, Oportunidades has been successful in reducing illiteracy and improving the health of children. As of 2006, about 25% of Mexico's population was participating in the program.

But child labor remains a problem in Mexico. For the year 2000, the ILO projected 517,000 economically active children between the ages of 10 to 14. Children work in agriculture, particularly in the northern states. In Mexico City, thousands of homeless children live on the streets, and some of them become involved with alcohol, drugs, prostitution, and petty thievery.

The worst violations of women's rights in Mexico involve domestic and sexual violence, which is believed to be widespread but largely unreported. The government has passed legislation to try to reduce and punish domestic violence, and in the big cities, more women are coming forward to report incidents. But in rural areas, domestic violence against women is often considered a family problem; police do not want to get involved. In addition, employers routinely require pregnancy tests for female employees and may fire workers who become pregnant. Former President Fox worked with industry leaders to improve working conditions for women working in factories. An agreement reached by Mr. Fox and industry leaders called for the enforcement of federal laws that prohibit employers from requiring pregnancy tests of their female employees.

Human trafficking is a problem in Mexico. It affects men, women, and children. The majority of the victims are trafficked through the porous southern border of Mexico. Corruption among law enforcement officials prevents many of the trafficking crimes from being investigated. Mexico has recently passed comprehensive anti-trafficking legislation in the Mexican Senate. There are also efforts to increase transparency and put in place a detailed database to track perpetrators. Victim protection has recently improved with increased cooperation between Mexican officials and NGOs, but

is still relatively poor. In order to prevent human trafficking high level officials have spoken out against it. In addition, Mexico's social welfare agency organizes public awareness campaigns to educate the population about human trafficking.

### Environment

**M**exico suffers from acute air and water pollution in its cities. Indeed, Mexico City is one of the most over-populated and polluted cities in the world. The government has taken steps to restrict pollution, one of which has been to restrict car use. This restriction has been a very unpopular step. But it is working. Pollution levels are down from what they once were. Mexico City's current mayor has adopted a green agenda for his city. In addition, the city of San Miguel de Allende is one of 50 cities that signed the UN-backed Green Cities Declaration. The Accord covers 21 specific actions to be addressed for sustainable urban living.

Mexico suffers from air pollution, water pollution, and industrial wastes in its border region with the US. Because of the pollution problems at the border, Mexico and the US have entered into agreements to try to protect the border area from air, water, and hazardous waste pollution.

On the border with Guatemala, Mexico's rainforest reserve is threatened by illegal logging. Conservation groups estimate that the reserve has lost 25% of its jungle habitat since it was designated as a protected area in 1978. Thousands of landless farmers live illegally in the reserve, and cut down the trees in order to grow food. Many of the farmers moved to the rainforest in order to escape the unrest in Chiapas.

On the issue of global warming, Mexico lobbied ac-

### Mexico: Health

Birth Rate	20/1,000
Death Rate	5/1,000
Life Expectancy - Male	73
Life Expectancy - Female	79
Infant Mortality	19/1,000
HIV/AIDS Cases	160,000
HIV/AIDS Prevalence Rate	3/1,000
Tuberculosis Rate	21/100,000

tively for emission targets during the Kyoto conference in 1997. Mexico ratified the Kyoto Protocol in 2000. Like other developing countries, Mexico was excluded from emission reduction requirements under the Protocol.

President Calderon wants Mexico to be a leader in confronting global warming, not just in Latin America but also in the world. It was a Mexican scientist who discovered how compounds used in refrigerants and aerosol sprays create ozone or smog (POPs). A former energy minister, Mr. Calderon has some expertise in this field. As part of his national climate change strategy, he plans to retire all buses and trucks that are 10 years old or older. He also wants to plant millions of trees. Wind power generation will be increased by 10 times what it is presently. Mexico has a naturally windy zone in the south where wind farms already exist. Solar power will be used, especially in the sunny southern part of the country. Mexico participated in the global warming summit in Germany in June 2008.

Mexico's greatest challenge in health care is to extend health care services to the segments of its population living in poverty in rural and urban areas. Mexico has a national health insurance system. However, those covered are primarily employed workers. While there is coverage of medical costs for the self-employed and the unemployed, as of 1995 only about 51% of Mexico's population benefited from the system. Roughly 10 million inhabitants did not have regular access to health services.

Mexico is reforming its system of health services by decentralizing its administration and transferring control and funds to states from the federal government. The gap between the rich and the poor is reflected in a disparity in access to health services. This problem will get worse as the industrialized north grows.

Current expenditures for health care equal 6.4% of Mexico's GDP with about 60% of the costs funded from private sources. Average life expectancy is 76 years, moderately high for a developing country. However, the high rate of infant mortality (19 per 1,000) reflects the lack of basic health services available to substantial segments of the population.

The incidence of the adult population with AIDS is about 3 per 1,000 while for tuberculosis it is 21 per 100,000. The TB rate has been declining after years of

increases, especially among the rapidly growing population along the US border.

## Economy

**M**exico has the second largest economy in Latin America. Its economy has enjoyed a long growth period from 1996-2007, although that growth seems to be slowing. GDP growth was 1.9% in 2008. The growth was initially fueled by increasing exports to the US because of NAFTA. This was followed by a surge in domestic demand. However, the increased exposure to the US economy has also made it more vulnerable to US recessions. With the global financial crisis beginning in the US in 2008, it is anticipated that the Mexican economy may slow further in 2009. In January, President Calderon announced a small stimulus package of emergency measures worth nearly \$150 million to protect his country's economy from the global economic downturn.

Beginning with the presidency of Carlos Salinas, Mexico has become one of the most open economies to international trade in the world. The country has 12 free trade agreements with 44 countries, putting over 90% of its trade under free trade agreements. The largest impact is due to NAFTA. Since 1994, trade with the US and Canada has tripled. As a member of NAFTA, Mexico has a strong trade relationship with the US. The US imports about 82% of Mexico's export products. Mexico is also a member of the Organization for Economic Co-operation and Development (OECD).

A major problem for the Mexican economy, as with many other Latin American countries, is that it has not effectively spread the benefits of economic growth throughout the population. In this regard, the NAFTA agreement has worsened the income divide between the wealthier northern provinces near the US and the poorer provinces in the south, such as Chiapas. Mexico has a wide level of disparity between rich and poor, and the uneven distribution of economic benefits has been the source of much social and political unrest. For example, the opening of international trade has negatively affected the Mexican subsistence farm industry.

All tariffs on farm products were eliminated as of January 1, 2008. Mexico's small local farmer cannot compete with America's large, mechanized farms and US subsidies. Even though Mexican agricultural exports

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have been growing, overall agricultural production has declined. The agriculture situation has dire consequences for Mexico's farmers, who comprise about 18% of the population. If they are displaced, their numbers are too large to allow the economy to easily absorb them into the labor pool. Addressing this concern, former President Fox procured a raft of subsidies and price supports for farm produce. Mexico is the only developing country that offers subsidies to its farmers. While the program, Procampo, was meant to provide a minimum income for every farmer, instead a large slice of its annual budget is going to the large agribusiness farms in the north.

### Mexico: Economics

GDP (trillion)	\$1.353
GDP Per Capita	\$12,400
GDP Growth Rate	3.2%
Unemployment	3.7%
Inflation Rate	4%
Exports (billions)	\$272
Imports (billions)	\$282
External Debt (billions)	\$180

Most (about 80%) of farmers are subsistence farmers. Some critics argue that subsidies have caused Mexican farmers to stick to growing maize or corn instead of switching to more profitable and labor-intensive crops, such as fruit and vegetables. Alberto Cárdenas, the minister of agriculture, says he is trying to streamline and simplify the subsidy system, and direct more of the money to poorer farmers. Others are skeptical that this is happening. Advocates for subsistence farmers claim that Grupo Maseca, a big tortilla maker, controls 85% of the market for maize flour. Farmers claim they are not against NAFTA, but against monopolies within their own country.

While small Mexican producers are negatively impacted by more efficient competition, Mexican consumers are saving money when cost savings are passed through to them. Such savings can make everything from paper supplies to food cheaper, which allow consumers to buy more with the same amount of money.

Mexico's economic development is heavily dependent on international capital. Since NAFTA was signed, foreign direct investment has increased 14-fold. About 47% of FDI comes from the US. Mexico competes for

investment capital with countries that offer cheaper labor. It has already lost some jobs in apparel and electronic industries to China. Mexico also received billions of dollars in US and IMF loans when its economy was in trouble in 1994. Thus, the Mexican economy has a high level of debt and is also vulnerable to changes in international economic conditions. As a result, a major challenge of any Mexican government is to ensure that international investors continue to have confidence in the Mexican economy.

## Security

**G**eography has largely dictated Mexico's con- temporary security strategy. Though Mexico is a cultural leader in Latin America, the United States' overwhelming military, political and economic influence in the region has left Mexico with only a modest security role in the Americas. Mexico's focus for much of the 20th century has been internal in an effort to deal with significant economic and domestic political challenges. With the ending of the PRI's long-standing governmental reign in 2000, Mexico has entered a period of greater international ambitions. Mexico's election to the UN Security Council in 2002-03 is an example of this higher visibility. The country held one of the 10 rotating seats on the Council. It will again hold a Security Council rotating seat in 2009-10.

Mexico's historical security concerns have focused on the United States. Mexico lost almost half its territory to wars with America in the 19th century. Although relations between the two countries were largely peaceful in the 20th century, Mexico's wariness of its northern neighbor continued to color Mexican attitudes towards the US. Still, the US and Mexico share many common interests. Although not an active member, Mexico was counted in the Western camp during the Cold War. But its relations with Castro's Cuba were always warmer than America's.

Since the end of the Cold War in 1989, Mexico has seen great changes in its policies. The decision to open its relatively protected economy and join NAFTA in 1994 was a major step that tied Mexico more closely to both the US and Canada.

Mexico's principal security concerns have been domestic. The Chiapas rebellion began in 1994. The rebels,

calling themselves Zapatistas, started a declared self-rule in that impoverished province of southern Mexico. Parliament passed a bill in 2001 to increase the rights of indigenous people. But the Zapatistas' leader rejected the bill, saying it left Mexico's Indian population worse off than before. He vowed to carry on the fight for greater political autonomy.

The greatly increased prominence of drug cartels and traffickers has also posed a significant internal security challenge. President Calderon has gone after drug traffickers aggressively. In order to counteract the corruption of the police by the drug traffickers, he has turned to the military for help. So that they are not susceptible to bribes, he has raised the pay for the military. Mr. Calderon has also replaced numerous corrupt federal police officers. But the downside to this war has been

about 4,000 deaths since 2006. About 450 of those killed have been police, soldiers, or prosecutors. In August 2008, there were marches throughout Mexico to protest this continuing wave of killings and kidnappings.

The end of the superpower rivalry between the US and the Soviet Union has led to a decrease in conflicts south of Mexico. Guatemala, El Salvador, and Nicaragua have all seen a reduction in domestic conflicts that was fueled by this rivalry in the 1980s.

The events of 9/11 have affected Mexico indirectly. Discussion about Mexican migrants to the US have taken a back seat been as the US is distracted by the war in Iraq. While Mexico supports the war on terror, it has not played an integral part in fighting terrorism.

<b>Mexico: Security (Armed Forces)</b>	
Military expense as % of GDP (2006)	0.5%
Military expenditures (millions)	\$6,043
Military expenditures per capita	\$55.95