

WORLD SAVVY

MONITOR



Mexico

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Letter from the Editor

A century ago, Mexican leader Porfirio Díaz is reported to have lamented, “Poor Mexico. So far from God, so close to the United States.” This often quoted phrase is thought by many to illustrate much of Mexico’s history, as well as today’s reality. Mexico’s relationship with the US is variably described as one of exploitation, cooperation, or neglect. Despite its geographic location as part of North America, culturally Mexico is closer to South America. This gives it a unique position as an integral part of two very different political blocs: North America and Latin America. Having a foot in both worlds has often been difficult, complicating both Mexico’s experience of nation-building and its current geopolitical profile. In this edition of the Monitor we take a deep look both inside Mexico – at its politics, economics, and society – and at Mexico’s international position at the nexus of the Americas at this historical moment.

Sincerely,

The *World Savvy Monitor* Team

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Table of Contents

Letter from the Editors	3
Did You Know?	10
Understanding the Headlines	12
Map of Mexico	15
Geography	17
Annotated Timeline	18
Inside Mexico: Economy	25
Overview	26
History	28
• Colonial Times	
• Independence and Revolution	
• Corporatism	
• Transition	
• The Post-NAFTA Era	
• The 21st Century: New Corporatism	
Why Has Mexico Been Unable to Fully Reap the Rewards of Globalization?	31
• Lack of Economic Institutions and Infrastructure	
• Politics	
• Cronyism	
• Dependence on National Resource Wealth	
• Lack of Investment in Human Resources	
• Migration	
• Ambivalence About Foreign Involvement in the Economy	
Prospects for the Future	34
Inside Mexico: Government	35
Overview	36
History	37
• Colonial Times	
• Independence and Revolution	
• PRI Dominance	
• The 21st Century	

Features of Mexican Politics	39
<ul style="list-style-type: none"> • A Compromised Social Contract between the Government and the Governed • Lack of Institutions • Corruption • Lack of a Completely Free Press • The Influence of Non-State Actors • Human Rights Abuses • Difficulty of Reform • Manipulations of Populism and Marginalization of Populations 	
International Assessments of Mexico's Quality of Governance	42
Prospects for the Future	43
Inside Mexico: Education	44
Overview	45
Primary and Secondary Education	46
Repercussions: Higher Education	47
Case Study of UNAM	48
Inside Mexico: Society and Culture	49
Overview	50
History	51
Identity	53
Religion	55
Gender	56
Art, Music, Culture	57
Inside Mexico: Rural Life	58
Overview	59
History	60
Zapatistas	61
Rural Anti-Poverty Programs	62
Prospects for the Future	63
Inside Mexico: Urban Life	64
Overview	65
Mexico City Case Study	66
<ul style="list-style-type: none"> • History • Urban Challenges 	

Mexico on the World Stage: Mexico in the Context of North America	68
Overview	69
History of US-Mexico Relations	70
Economy and Trade (NAFTA)	72
• NAFTA: A Primer	
• Background: What is Free Trade?	
• Globalization and Free Trade	
• NAFTA 15 Year Later: The Balance Sheet	
• Why the Disappointment Associated with NAFTA?	
Migration	76
• Impact of Migration to the US on Mexico	
• US Responses to Mexican Immigration	
Energy	78
The Environment	79
Foreign Policy	80
Prospects for the Future	81
• Economic	
• Political	
Mexico on the World Stage: Mexico in the Context of Latin America	82
Overview	83
History of Mexico and Latin America	84
Economics and Trade	86
Migration	88
Security	89
Energy and the Environment	90
Development	91
International Competition	92
Prospects for the Future	93
Special Section: The Drug Wars	94
Special Section: The Swine Flu	97
Sources	99
Visual Sources	100
Referenced Resources	102
Classroom Companion Guide	117
World Savvy Salon Guide	135

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Issue in Focus



Did You Know?

- With 110 million people, Mexico's population is one-third that of the US. Mexico has the second largest economy in Latin America, behind only Brazil.
- The UN categorizes the Mexican economy as upper middle income. It is the only Latin American member of the Organization for Economic Cooperation and Development (OECD), a group comprised of the most advanced industrial societies in the world. Yet wealth is very unevenly distributed; over 40% of Mexicans are poor, of whom nearly 14% live in extreme poverty. Mexico is also home to one of the world's three richest individuals, telecommunications mogul Carlos Slim, whose net worth has been estimated to be the equivalent of around 5% of Mexico's total GDP.
- Mexico shares a 2000-mile land border with the United States. There are an estimated 1 million legal crossings of the US-Mexico border each day and numerous illegal crossings. Up to 250,000 private vehicles and 12,000 trucks cross daily. Mexico sends 82% of its exports to US markets, and up to 50% of foreign investment in Mexico comes from the US. Mexican nationals working in the US sent home \$23 billion in remittances in 2007. Remittances, oil, and tourism are Mexico's three largest sources of income; all are highly US-dependent.
- Mexico is the second largest foreign supplier of oil to the US (behind only Canada) and the sixth largest oil-exporting nation in the world, but is not a member of OPEC. Revenues of the national oil company Pemex account for 40% of government revenue. The majority of Mexico's oil is pumped by over 3000 drilling stations located in the Gulf of Mexico, along the typical trajectory for hurricanes each year.
- Mexico City is the nation's capital and epicenter. With over 20 million people in the greater metropolitan area, it is the second largest city in the world, after Tokyo.
- One of Mexico's greatest liabilities is its education system. Mexican workers are considered less educated and skilled than their Chinese or Indian counterparts, yet they are paid more and are thus less competitive in the global marketplace.
- Mexico is active in international institutions. It is a founding member of the UN and has served as a rotating, non-permanent member of the UN Security Council several times, including currently. It is a signatory to major international treaties and conventions, including the Kyoto Protocol, the International Criminal Court, and the Convention on the Elimination of All Forms of Discrimination Against Women (none of which have been ratified by the US).
- Mexico has three main political parties – the PRI, the PAN, and the PRD. Current President Felipe Calderon hails from the PAN party, and is only the second President elected from a party other than the PRI in 80 years. PRI dominance ended with the 2000 election of Vicente Fox, also from the PAN party. The 2006 election of Calderon was extremely close with

PRD candidate Andres Manuel Lopez Obrador losing by only one half of one percent of the vote.

- Mid-term elections in July 2009 produced a resurgence in PRI strength as the party made significant gains in both the lower house of the Mexican Congress and in state and local offices, delivering a blow to President Calderon and the PAN party's influence. Voters were thought to be expressing dissatisfaction with the economy and mounting drug violence. Despite ongoing efforts to curb the violence, June 2009 saw record numbers of deaths related to the drug wars, with 800 people killed in one month.



View of Cancun, Mexico. Courtesy www.safainla.us. Creative Commons Attribution ShareAlike 3.0.

Understanding the Headlines

1) What is the impact of NAFTA after fifteen years?

- As intended, trade has increased dramatically between the US, Canada, and Mexico. Trilateral trade currently accounts for \$15.3 trillion in goods and services annually. Mexico's share of this trade has also increased.
- All three economies have experienced overall GDP growth, but Mexico's growth has not been as impressive as had been expected, leading some to express disappointment with the accomplishments of the free trade pact.
- Reasons for NAFTA's underperformance include: problems with the pact itself, especially the exemption of US agricultural subsidies which hurt Mexican farmers; problems within Mexico that have little to do with NAFTA; and unanticipated world events which have taken their toll, including the rise of China as a competitor to Mexico in manufacturing, the 9/11 attacks that distracted the US and resulted in more onerous border controls, and the current global recession that originated in the US.
- NAFTA is often considered a flashpoint for critics of globalization generally, taking probably more than its fair share of blame for the dislocations and economic insecurity brought on by larger free trade dynamics in the world.

2) What is the tenor of current US-Mexican relations?

- US-Mexican relations bear the heavy burden of history. This includes the loss of half of Mexico's territory to US 'manifest destiny' in the mid 1800s, the perceived economic exploitation of Mexico by American companies, and periods of neglect of Mexico by the US.
- Tensions along the 2000-mile border have always been prevalent, from military skirmishing around the time of the Mexican Revolution to current-day issues of migration, environmental damage, and security.
- Increasing drug violence in Mexico in 2008-2009 is of great concern to both Mexico and the US. In 2008, the US Congress authorized \$1.4 billion in largely military aid to the Calderon Administration for use in combating drug cartels. The US is indirectly complicit in the current drug wars in that US drug users drive demand for drugs, US banks often house drug profits, and US-made weapons fuel the conflict.
- President Obama's first visit to a fellow head of state was to President Calderon in early 2009. During that visit, he promised to build a new relationship based on mutual respect and cooperation. This occurred, however, against the backdrop of a measure by the US Congress to renege on a pilot program allowing Mexican truckers greater access to US highways. Mexico retaliated by imposing new tariffs on select US goods.

- The Swine Flu scare of 2009 provided an opportunity for US-Mexican cooperation which has been praised by public health experts.

3) What is Mexico's profile in Latin America?

- Mexico has the unique fate of being part of both North America and Latin America. Having one foot in each world is often difficult, as anti-US sentiment has often been rife in Latin America.
- Mexico competes primarily with Brazil for influence and power in Latin America. This is reflected in international trade negotiations and at the UN where Mexico leads a contingent of countries opposing a seat for Brazil (representing Latin America) on a possibly expanded UN Security Council. Brazil is a member of an emerging group of economically developing nations that includes Russia, China, and India (BRICs). Mexico is part of the Organization for Economic Cooperation and Development (OECD), considered the most elite club of advanced industrial economies in the world, and including the US, Western Europe, and Japan. The dominance of OECD nations is seen as being threatened by the BRICs.
- Mexico in many ways has more in common with its Latin American counterparts than it does with its North American and OECD partners. It shares not only its colonial history, culture, and language, but also a corporatist state, frequent political swings between extremes of the Left and Right, dependence on natural resources, fragile democratic institutions, and extreme inequalities of wealth. It also shares with its southern neighbors an ambivalence about the rise of China – reaping rewards from China's hunger for commodities, but experiencing job losses from China's spectacular competitiveness in global manufacturing markets.

4) Are Mexico's governmental institutions too weak to position the country to be competitive in the 21st Century?

- Many experts believe Mexico lacks economic institutions to position it favorably in the globalized marketplace. It was able to structurally transition its economy toward the free market with macroeconomic reforms such as privatization and the growth of export industries; however, microeconomic reforms necessary to allow Mexico to take full advantage of the

free market have been lacking. These needed reforms, which many count as prerequisites for the functioning of free market capitalism, include the establishment of institutions capable of regulating banking, credit, and labor, and the adoption of laws ensuring the enforceability of contracts.

- Mexico also lacks the political institutions necessary for the operation of full representative democracy. During the 70-year dominance of the PRI, mechanisms for political cooperation and consensus-building lagged. Now that the government must accommodate three political parties and multiple interests, Mexico lacks sufficient institutional channels to negotiate and implement legislation and ensure that all parts of society are represented.
- When economic and political institutions are lacking in quality, capacity, and transparency, corruption often fills the void. Crony capitalism comes to dominate the economy, leading to unfair and inefficient decisions and stifled growth. Favoritism and bribery compromise political leadership and diminish people's faith in their leaders.
- Civil institutions such as a free press, NGOs, and watchdog groups are also lacking, compounding the problems above.

5) Why are so many Mexicans poor?

- Generally, economic growth and poverty-reduction programs are tricky to combine. If the government spends heavily on welfare programs that reduce poverty, the resulting debt can deter investors who would otherwise help produce larger economic growth; and economic growth is the most efficient and lasting means of reducing poverty. Mexico has yet to find the proper balance between providing a social safety net and keeping the economy growing.
- In Mexico, severe wealth inequality, dating back to the way land and power were distributed in colonial times, is being perpetuated as close ties between government officials and economic elites often make the rich richer. Even when economic growth has been substantial, entrenched inequality in asset ownership as well as the lack of sophisticated financial markets has denied the working poor the ability to own assets of any value, including their own homes.

- Mexico's poor need a quality education to function in today's knowledge-based economy. Mexican workers are getting crushed by lower-wage competition from Indian and Chinese workers, whose education has allowed them to obtain employment in more lucrative manufacturing and service industries.
- Mexican farmers are likewise relatively uncompetitive in the global market, due to a lack of technology in agricultural practices and machinery. These issues are exacerbated by archaic land ownership rules and competition from US subsidized agricultural products, particularly corn and sweeteners. Rural poverty in Mexico that disproportionately affects indigenous populations is extreme.
- Lack of opportunities and low wages in Mexico lead to migration, and migration leads to a drain of talent and young, healthy labor.
- The global recession is hitting Mexico especially hard, because of its dependence on the US for exports, remittances, and investment. Countries need positive GNP growth each and every year to combat poverty. Some estimates put expected declines in Mexico's GDP this year at 4-5%, a significant problem for a country with a 40% poverty rate.
- On the bright side, Mexico, with the assistance of the IMF and World Bank, has pioneered a rural anti-poverty program that is now replicated throughout the world. Cash grants are given to families (mostly women) on the condition that children are sent to school and receive basic medical care. This appears to be effective in helping to break the cycle and culture of poverty that traps many.

Political Map of Mexico



Mexico: Geography

Mexico is bordered by the United States in the north; the Pacific Ocean in the west and south; Guatemala, Belize, and the Caribbean Sea in the southeast; and the Gulf of Mexico in the east. Mexico is a little larger than three times the size of Texas. It is the largest Spanish-speaking country in the world.

Things to Notice as You Look at the Map:

- The **topography** of Mexico is highly varied, comprising deserts, snow-capped mountains, and rain forests. It is prone to earthquakes and hurricanes; it has also experienced significant **man-made environmental damage**, including deforestation and desertification from the overuse and clearing of land for agriculture and grazing.
- Mexico shares a **2000 mile border with the United States**, which cuts a line through the desert from Baja in the west, to the Rio Grande River at Juarez, and then follows the meandering path of the river out to the Gulf of Mexico. The waters of the Rio Grande are not navigable by ships and in certain places, during the dry season, the Rio Grande is little more than a dry riverbed. Mexico borders California, Arizona, New Mexico, and Texas; this border is the busiest land border in the world. A partially constructed and very controversial fence, built at the US's expense, currently covers 613 miles of the US-Mexican border.
- The US-Mexico border comprises both desert and busy commercial centers known as **maquiladora towns**, named for the thousands of maquiladora factories located there. The maquiladoras are designed to assemble imported parts into manufactured goods for re-export to the US and other markets. Many of these factories are owned by American companies. Security and environmental challenges for Mexico are posed by the migration of large numbers of Mexicans to the maquiladora towns.
- Mexico's **southern border with Guatemala** is considered a gateway for Central and South American immigrants heading for the United States. This is also a transit point for many illicit drugs on their way north, although drugs are also smuggled through coastal ports.
- Mexico's history and current national profile are marked by significant **North-South tensions within the country**. The North is more highly urbanized and home to a much higher percentage of the population than the South; the North also has significant problems with lack of water. The North has only 10% of the country's water supplies. Rainfall throughout the country is seasonal and very localized, leaving droughts in some parts of the country and creating floods in others. It is estimated that nearly 70% of Mexico's annual rainfall lands in the frequently flood-ravaged Tabasco region.
- **Insufficient infrastructure** connects Mexico's far-flung cities and towns. The country lacks sufficient road, rail, and river transportation. This has led to the isolation and resulting marginalization of rural peasants and contributed to their frequent uprisings against the national government.

- **Mexico City**, located in the south-central portion of the country, is Mexico's capital and one of the world's largest and most polluted cities. Rapid growth has outpaced capacity and urban planning; the city suffers from crowding, pollution, and poor sanitation services for its 20 million people. In addition, lack of alternative infrastructure in the region means that nearly all goods transported by land from Central and South America must travel through Mexico City's clogged roadways. Because of its location between two mountain ranges, industrial and automobile pollution often becomes trapped over the city.
- Mexico's **location along the vast Gulf of Mexico** brings both fortune and misfortune. The Gulf is home to most of Mexico's considerable oil supplies, the earnings from which make up almost 40% of government revenues. Oil is extracted by 3000 drilling platforms located in the Gulf. The Gulf is also home to seasonal hurricanes and tsunamis that endanger Mexico's oil assets and coastal populations.
- **Mexico's long coastlines**, particularly in the Yucatan and the Baja Peninsula, are valuable tourist attractions, drawing visitors from all over the world. The Yucatan Peninsula is also home to the Great Maya Barrier Reef, the second largest barrier reef in the world, making Mexico a popular destination for scuba divers. These scenic areas, combined with Mexico's Mayan and Aztec ruins, make tourism the third largest revenue generator for the country.



Annotated Timeline

Date	Significant Events in Mexican History
5000-3500 BC	Agriculture is developed; scientists continue to discover new evidence of early maize crops.
700 BC-800 AD	Meso-American Olmec, Teotihuacán, and Mayan civilizations pioneer advancements in written language, irrigation, architecture, and trade; they are considered among the most sophisticated in the Western Hemisphere.
900-1200s	Toltec civilization supplants Mayan and Teotihuacán dominance.
1300s-1400s	Aztec civilization, also known as Mexica, conquers the region and develops highly functioning city-states that become hubs of commerce and culture.
1519	Spanish explorer Hernan Cortés is sent to modern-day Mexico, following a previously unsuccessful encounter between Spanish adventurers and local Aztec populations. His mission is part of a larger effort to find lucrative trade routes between Europe and Asia, a mission also pursued by other European powers at the time.
1521	After two years of intermittent wars and negotiations with various local populations, including famed Aztec leader Montezuma, Cortés finally achieves Spanish victory when he takes the capital of Tenochtitlán. Renaming it Mexico City, Cortés largely destroys Aztec architecture.
1522-1535	<p>The Catholic Church expands its influence over the new Spanish colony, converting groups of indigenous people through expansive missionary activities.</p> <p>The Spanish colonial government is officially created, with Mexico City as the capital of New Spain.</p>

Date	Significant Events in Mexican History
1500s	<p>Laws are passed granting colonial elites, government officials, and clergy title to large swaths of land, severely restricting land ownership by the indigenous population. This colonial policy triggers centuries-long struggles for land reform and is often cited as a root cause of extreme social and economic inequality in Mexico.</p> <p>A system of racial hierarchy begins to develop in the new colony, with peninsulares (Spanish-born colonists) at the top, followed by criollos (people of Spanish descent born in New Spain), mestizos (Spanish and Indian mixed heritage), and Indians and African slaves at the bottom.</p>
1600s	<p>Settlement of New Spain expands, despite tensions between the Spanish government and the Catholic Church.</p> <p>Smallpox decimates indigenous populations.</p>
1700s	<p>Like other colonies of European powers in the New World, New Spain residents of Spanish and mixed descent begin to chafe under imperial government policies and mercantilistic economic practices.</p>
1808	<p>France conquers Spain; Napoleon installs his brother on the Spanish throne.</p> <p>Hardship brought on by the war and its aftermath weakens imperial control of New Spanish colonies.</p>
1810-1814	<p>Rebellions against the Spanish crown break out in the colonies under the leadership of Father Miguel Hidalgo y Costilla and, after his defeat, José María Morelos y Pavón. These rebellions are put down, yet weaken Spain's control of its possession in the New World.</p>
1821	<p>A series of rebellions finally succeeds in achieving Mexican independence from Spain.</p> <p>Colonial elites flee the new country, leaving it mired in poverty and struggles between different ethnic and class factions.</p>
1836	<p>US settlers living in Mexico's northern region declare their independence from Mexico and establish the independent republic of Texas. Mexican President Santa Anna is defeated in his attempts to retake the rebellious area.</p>
1845	<p>The US annexes Texas and offers to purchase California and New Mexico from Mexico. The Mexican government refuses.</p>
1846-1848	<p>The Mexican-American War is declared by the US in response to Mexico's refusal to cede territory and to pressures from US settlers living along the border.</p> <p>The US wins the war and takes not only California and New Mexico, but portions of Colorado, Arizona, and Nevada as well. This represents a transfer of fully half of Mexico's land to the US.</p>
1850s	<p>Blame for the disastrous war is combined with demands for domestic reforms in Mexico.</p> <p>Santa Anna faces a slide into civil war as elites from the Church, government, and military increasingly battle La Reforma peasants and liberal middle class rebels over land rights and political representation.</p>

Date	Significant Events in Mexican History
1858	Conservative factions take over the government and ignite an official civil war.
1861	<p>Liberals under the leadership of Benito Juárez take the capital Mexico City. Juárez becomes the first indigenous person in Latin America to assume a role of President.</p> <p>Poverty is widespread; Juárez moves to stop payment on all foreign debt, triggering an invasion by British, Spanish, and French troops.</p>
1862	<p>British and Spanish troops withdraw.</p> <p>France sends more troops and eventually takes control of the country, installing a conservative monarchy led by Austrian archduke Maximilian.</p>
1865-1867	<p>The US, emerging from its own devastating civil war, enters the fray on the side of the liberals.</p> <p>France withdraws and Juárez again assumes the Presidency of an independent Mexico.</p>
1876	<p>Porfirio Díaz leads a successful coup against Juárez' successor and becomes President.</p> <p>During his rule, comprising the better part of three decades, modernization comes to Mexico largely as a result of foreign investment. US and European companies rush in to develop industry, infrastructure, and export-oriented agriculture.</p> <p>Mexico City explodes in population due to a mass migration of citizens from rural areas and continental influence.</p>
1900	By the turn of the century the majority of Mexican industry, land, and resources are in the hands of an elite domestic minority and foreign investors. Discontent begins to swell among various factions left out of the bonanza; the Mexican military is used to put down strikes and rebellions in urban and rural areas.
1910	<p>The Mexican Revolution begins, triggered by severe inequality in government, the economy, and society.</p> <p>The first wave of unrest is led by famed rebel Emiliano Zapata, who would become an inspiration for anti-elite factions up to the present day.</p> <p>Zapata's rebellion in the South has its parallel in a Northern rebellion led by Pancho Villa.</p>
1911	<p>Mexican President (Dictator) Díaz is overthrown.</p> <p>New President Francisco Madero initiates some reforms, but the Zapatista and Villa rebellions continue.</p>

Date	Significant Events in Mexican History
1913-1914	<p>President Madero is assassinated and succeeded by Victoriano Huerta.</p> <p>Huerta faces opposition by Zapata, Villa, and former Díaz ally Venustiano Carranza, and is quickly forced to resign by the United States for supposed pro-German sympathies in the lead up to WWI.</p> <p>Carranza becomes President.</p>
1914-1917	<p>The US invades Mexico in pursuit of Northern Mexican rebel leader Pancho Villa who leads raids on US border areas. Villa and Zapata unite forces briefly, but soon part ways. Chaos reigns.</p>
1917	<p>Even as he struggles to hold on to power, Carranza draws up a new Mexican Constitution that incorporates many of the demands driving the revolutionary forces, including democratic representation in government, land reform, restrictions on the Catholic Church, and measures designed to roll back the influence of foreign investors.</p>
1917-1920	<p>WWI consumes the attention of Europe and the United States. Mexico remains neutral despite overtures from Axis powers that include the famed Zimmerman Telegram.</p> <p>Villa is induced to retire. Zapata is defeated and killed by Carranza's forces after a protracted power struggle motivated by Zapata's followers' discontent with the pace of reforms.</p> <p>Carranza is overthrown by Obregón, who becomes president of the devastated country.</p>
1920s	<p>President Obregón pursues a reformist agenda, giving voice to peasant populations and attempting to strike a balance between domestic concerns and the power of foreign investors.</p> <p>The US finally recognizes the Obregón Administration and the end of the Mexican Revolution.</p> <p>Power alternates peacefully between Obregón and Plutarco Calles. The National Revolutionary Party or PRN is founded by Calles to unite the various factions and heirs of the Mexican Revolution. The party will go on to rule Mexico for the rest of the century under the name of the Institutional Revolutionary Party or PRI.</p> <p>Mexican art and culture enter a renaissance that fosters such artists as Diego Rivera, Frida Kahlo, and Martín Luis Guzmán.</p>
1934-1940	<p>President Lázaro Cárdenas expands PRN/PRI dominance and initiates a post-Revolutionary era of industrial expansion and land reforms.</p> <p>Cárdenas nationalizes all foreign owned oil concessions, essentially stripping US and British companies of their investments. Retaliation is muted by Allied efforts to keep Mexico from siding with Germany in the lead up to WWII. In addition to nationalization, Cárdenas institutes a program of heavy protection of Mexican industries from import competition</p>

Date	Significant Events in Mexican History
WWII	<p>The Mexican economy benefits from the increased demand for raw materials from wartime industries throughout the world.</p> <p>Relations with the US are bolstered when Mexico declares war on the Axis powers following Pearl Harbor and Mexican pilots contribute to the war against Japan in the Pacific.</p> <p>Following the war, Mexico becomes one of the original charter members of the UN.</p>
1950s and 1960s	<p>Mexico continues its economic expansion and modernization in the post-war period. The benefits of modernization, however, continue to be unevenly distributed in Mexican society, and discontent brews again over the unrealized ideals of the Revolution.</p> <p>Fidel Castro's revolution in Cuba and ensuing skirmishes with the US during the Cold War divide Mexico and the US.</p>
1968	<p>Mexico's hosting of the 1968 Olympic Games in Mexico City is marred by violence and bloodshed in riots which kill up to 100 people.</p>
1970s	<p>Giant new oil reserves are discovered at the Cantarell oil fields in the Gulf of Mexico. The Mexican government borrows heavily from foreign investors to develop the fields. High oil prices bolster the Mexican economy.</p>
1980s	<p>Global oil prices fall; the Mexican economy crashes. The IMF makes large loans but requires structural adjustments which include measures designed to force privatization, free market expansion, and export-driven growth. Austere and painful short-term dislocations associated with these IMF-imposed policies fuel popular discontent.</p> <p>A large earthquake in Mexico City and a hurricane on the Yucatán kill thousands and displace many others.</p>
1992-1994	<p>NAFTA is developed and ratified by Mexico, the United States, and Canada. The free trade pact calls for the elimination of tariff barriers among the three countries over a phasing-out period.</p> <p>President Carlos Salinas de Gortari overcomes opposition within Mexico to the pact, but is ultimately forced out of office on corruption charges.</p>
1994	<p>Rebellions led by the Zapatista National Liberation Front (ELZN) break out in Chiapas and are brutally repressed by the government.</p> <p>Ernesto Zedillo Ponce de León wins election to the Presidency amidst charges of fraud in the PRI.</p> <p>The Mexican stock market crashes and the peso is dramatically devalued, ushering in a severe financial crisis, unrelated to but often associated with NAFTA.</p> <p>The US bails out the Mexican economy with a \$20 billion loan with conditions attached, similar to those previously imposed by the IMF.</p>

Date	Significant Events in Mexican History
1995-1996	<p>Former President Salinas is forced into exile when it is revealed that his brother Raul is connected with the murder of Zedillo's predecessor in the PRI.</p> <p>The Mexican government and the Zapatistas (ELZN) reach a compromise on rights for indigenous Mayans of Chiapas. Southern rebels continue their fight regardless of the compromise.</p>
2000	<p>Vicente Fox of the opposition party PAN wins election to the Presidency, ending 70 years of PRI dominance. A hallmark of his administration is improved ties with the US and enhancing domestic security in the wake of ongoing ethnic and drug wars.</p> <p>At the turn of the century, 300 million people, 90 million cars, and 4 million trucks enter the US from Mexico annually.</p>
2001	<p>Al Qaeda terrorist attacks on the US result in the US foreign policy focus turning almost exclusively to the Middle East. Mexico does not commit troops to the NATO-led war against the Taliban.</p>
2002	<p>A US-backed coup in Venezuela removes Hugo Chávez from power temporarily before he is reinstated. This ratchets up tension between Latin American and the US and is seen as a continuation of US-supported coups against leftist governments on the continent in the 20th Century.</p>
2003	<p>Mexico opposes the US-led invasion of Iraq and helps to deny UN support for the Bush Administration's plans.</p>
Early 2000s	<p>The Fox Administration begins investigating government actions against political and student activists in the 1970s and 1980s, including the mysterious disappearance of hundreds of women in Ciudad Juárez.</p> <p>"Smart Border" controls are instituted in an attempt to relieve congestion and wait times at the US border for legitimate commerce and travel. Mexican immigration to the US reaches 500,000 persons per year.</p>
2006	<p>The presidential election results in a razor thin majority for Felipe Calderón over Andrés Manuel López Obrador. The election is contested and breaks down along class lines with Obrador seen as a revolutionary figure advocating for poor and indigenous populations, and Calderón as a friend of foreign investors and elites. Calderón is ultimately named the winner and protests spread across the country.</p> <p>The drug war along the Mexico-US border heats up, and Calderón calls in military reinforcements to battle cartels.</p>
2007	<p>Mexican tycoon Carlos Slim Helú overtakes Bill Gates as the world's richest individual, owing to his extensive telecom and energy holdings. He subsequently drops to number three in the world after Gates and Warren Buffett.</p>

Date	Significant Events in Mexican History
2008	<p>Drug violence soars; over 6000 people are killed. Protest rallies demand better government protection of civilians and condemn corruption among law enforcement officials.</p> <p>The Merida Initiative is signed into law by the US Congress, providing \$1.4 billion in assistance to Mexico for the drug war, mostly in the form of military grade hardware to combat heavily militarized cartels. High demand for illegal drugs in America, combined with porous borders and the weapons trade from the US to Mexico, produces a toxic acceleration of the conflict among cartels and between cartels and the Mexican government.</p> <p>Policies are considered that would allow privatization of some of energy monopoly Pemex's assets.</p>
2009	<p>Drug war violence continues to increase, impacting investment and tourism.</p> <p>High level officials including President Barack Obama, Secretary of State Hillary Clinton, and Secretary of Homeland Security Janet Napolitano visit Mexico and promise a new era of cooperation and respect.</p> <p>President Calderón reassures the US on matters of border security, migration, protection of foreign investment, the environment, and the mitigation of drug violence.</p> <p>An outbreak of the H1N1 virus, dubbed the Swine Flu, originates in Mexico and causes a worldwide health scare. Mexico acts with extreme vigilance, shutting down Mexico City and acceding to travel restrictions from countries around the world, with deleterious economic consequences.</p> <p>Mid-term elections in July 2009 deliver a blow to PAN party dominance as PRI candidates win Congressional seats and local and state offices in what is seen as a referendum on Calderon's leadership amidst continuing economic stagnation and increasing drug violence. June 2009 produces a new record in drug war-related deaths with 800 people killed in a single month.</p>

Inside Mexico: Economy

History

- Colonial Times -
- Independence and Revolution -
- Corporatism -
- Transition -
- The Post-NAFTA Era* -
- The 21st Century: New Corporatism -

Why Has Mexico Been Unable to Fully Reap the Rewards of Globalization?

- Lack of Economic Institutions and Infrastructure -
- Politics -
- Cronyism -
- Dependence on National Resource Wealth -
- Lack of Investment in Human Resources -
- Migration -
- Ambivalence About Foreign Involvement in the Economy -

Prospects for the Future

* See *Mexico in the Context of North America* for a thorough discussion of NAFTA.



Carlos Slim, one of the richest men in the world.

Inside Mexico: Economy - Overview

In the view of most experts, the Mexican economy has underperformed in the era of globalization. The root causes for this lie in a complicated mix of colonial and Revolutionary legacies, combined with critical failures on the part of the Mexican government to enact effective policies to maximize growth and reduce poverty. Nevertheless, Mexico is more stable and resilient going into the current economic crisis than it was going into previous economic crises in 1984 and 1995.

Economic inequality in Mexico is, and has always been, striking. This inequality has been in evidence since colonial times, when enormous advantages were enjoyed by Spanish colonial officials and the Catholic Church.

- Mexico's elites have always been closely linked to the government; at most times throughout its history, the state has conferred significant benefits on elite landowners, oligarchs, and plutocrats.
- The Mexican Revolution in the early 20th Century auspiciously sought to address fundamental inequalities between races and classes, the north and the south, and urban and rural populations. However, what emerged ultimately created equally-entrenched systems of patronage.
- When industries and land have been owned by the Mexican state, they have been managed for the benefit of well-connected elites.
- This did not end with privatization; crony capitalism simply supplemented state corruption and favoritism.

The result has been a highly unstable mix of concentrated wealth and widespread poverty that has been deleterious to overall economic growth.

Although Mexico ranks 53rd out of 177 countries on the UN Development Index, putting it at the lower end of the high development category, **nearly half of all Mexicans live in poverty, and almost 15% live in extreme poverty.**

- The World Bank notes that Mexico has made little progress toward income equality in the past 10 years. In fact, the middle and lower income classes had a worse quality of life in 2006 than they had in 1991.
- Despite the hardships of the middle and lower income classes, the country's rich have gotten richer. According to Forbes, of the world's 793 billionaires, nine are Mexican, including telecommunications mogul Carlos Slim, whose net worth is estimated by *Fortune* to be \$35 billion. Slim is the third-richest individual in the world, behind only Bill Gates (\$40 billion) and Warren Buffett (\$37 billion).

In an era in which many countries' economies grew dramatically through the worldwide expansion of free market mechanisms, Mexico has stagnated. **Unable to enact both the macro and micro economic reforms necessary for it to fully participate in the new global economy, Mexico has been left with the worst of both systems – state control and a free market.** The domestic market was opened up to global competition, but was unable to effectively compete.

In this section, we will examine how Mexico's economy has evolved, what has contributed to its disappointing levels of growth and competitiveness, and where its future may lie.

Hernan Cortes



Porfirio Diaz



History

Colonial Times

Economic inequality in Mexico harkens back to the colonial era in which Spanish administrators and the Catholic Church enjoyed numerous privileges in what was known as New Spain.

- In a feudal-type system, land holdings and political power translated into economic power for peninsulares (Spanish-born populations) and criollos (those of Spanish descent born in New Spain).
- A very distinct class system developed with the Spanish speaking elites and clergy at the top, mestizos (those of mixed race) in the middle, and indigenous populations at the bottom.
- Elites and clergy either owned the haciendas (plantations) or held government positions; mestizos performed middle-class occupations associated with the haciendas, and indigenous populations were peasant laborers. For mestizos and Indians, there was little opportunity for advancement.
- Trade was, as in other colonies around the world, highly mercantilistic – raw materials and natural resources were exported and manufactured goods were imported.
- After independence, these class structures altered only slightly as some Spanish colonial officials returned to Europe, and select criollos and mestizos were able to achieve some social and economic mobility. Into the vacuum left by the Spanish, however, moved local elites who often fought each other for influence,

using peasant populations as pawns in their power struggles.

- Land reforms often did little more than relegate peasants to communal, subsistence farms in place of large privately-owned haciendas.

Independence and Revolution

The post-independence period lured other European powers to Mexico in search of many of the trade benefits previously monopolized by Spain. The Mexican government became **highly indebted to foreign investors** (a trend that would persist over the centuries), and economic disputes led to invasion by the US and Great Britain, and a brief occupation by France.

Economic expansion based on foreign investment and export of raw materials continued under Benito Juarez and Porfirio Diaz in the late 19th Century. By 1900, 90% of all Mexican industry and 25% of all land in Mexico was owned by foreign interests. During the economic growth of the Diaz years, **patronage and nepotism** increased as new industrial and export wealth became concentrated, in the same way land wealth had previously had been concentrated. Land reforms largely ceased, and peasant populations were left out of Mexico's development.

Peasant rebellions under Villa in the North and Zapata in the South exacerbated larger land and power struggles between conservative and liberal leaders who deposed and murdered each other with regularity in the years leading up

to, and during, the Mexican Revolution. In the aftermath of the Revolution (1910-1920), leaders such as Carranza, Calles, and Cardenas **centralized power** in Mexico's first official political party (the PRI), seized private land in the name of the state, and even nationalized foreign oil concessions. Mexico set about industrializing, with the government supporting the development of manufacturing capacity designed to replace imports.

Corporatism

Protectionist trade policies such as subsidies and tariffs were put in place, and the state doled out favors and benefits to select groups.

- Many peasants, disadvantaged by poorly-conceived land reforms promised to them at the close of the Revolution, migrated to cities.
- The PRI colluded with business owners and labor leaders to stifle any attempts at collective bargaining among Mexico's growing ranks of low-end manufacturing workers.
- Free market competition was undermined by targeted government subsidies, and therefore industries had little incentive to be innovative or efficient. In the absence of a meritocracy, education held little value and was neglected.
- The corporatist state lurched along through the mid part of the 20th Century, spending public money on social programs to quell discontent among the poor while taking on more and more foreign debt.

High oil prices kept Mexico afloat, until the decline in oil prices in the 1970s and 1980s took the Mexican economy down with them. The stock market crashed, the peso lost value, and foreign investment dried up. The Mexican government defaulted on its enormous debt to foreign creditors, and had to be bailed out by new loans from the International Monetary Fund and the US.

Transition

This is where the story of Mexico parallels that of other developing countries, as discussed in the Global Poverty and International Development edition of the Monitor. Following these economic crises, Mexico was eligible for US

and IMF loans only on the condition that it institute a series of macroeconomic reforms that were called **Structural Adjustment Programs (SAPs)**.

- Mexico was required to take its corrupt and heavily state-influenced economy and rapidly transition it to an open free market system driven by export growth.
- This meant cutting public spending and jobs, selling state-owned enterprises to private interests, eliminating protectionist subsidies and tariffs, and ramping up industrial capacity to produce goods for export on the global market.
- SAPs worldwide were almost always associated with short-term hardship as poorly performing domestic industries were put out of business by global competition, jobs were lost, wages fell, prices for basic goods rose as currency lost value, and the public sector (jobs and benefits) shrank. Like many other countries, Mexico experienced a myriad of hardships while trying to meet SAPs.
- In Mexico, as in other places, it was usually the poor who suffered the most, while the transition provided a window of opportunity for already-privileged elites to use their connections to buy government assets at fire sale prices.
- From airlines to telecommunications to steel companies, thousands of state-owned assets fell into the hands of a few oligarchs who used their connections to form monopolies.

Free market economic growth proved insufficient to support government expenditures, and the country took on more debt. By the 1990s, as Lawrence Wright wrote in his recent *New Yorker* profile of Mexico's premier oligarch, Carlos Slim, the government became so overburdened by its loan payments and its difficulty managing the economic transition that it found itself unable to regulate or control the monopolies it had helped create. These monopolies grew, became increasingly inefficient, and crowded out the competitors that the free market was supposed to produce. Fewer competitors meant higher prices for goods and services, and fewer jobs created. The rich got richer and the poor saw few benefits.

Carlos Slim acquired Telmex when it was privatized by the Salinas government in 1990. Now the owner of

the sole provider of telephone service, Slim used his connections with Salinas to go on and form America Movil, the country's only licensed cell phone provider. While telecommunications rates for Mexican consumers rose way out of proportion with other countries, Slim amassed billions of dollars. He now ranks among the three richest men in the world, along with Warren Buffett and Bill Gates.

The Post-NAFTA Era

With the passage of NAFTA in 1994, expectations were raised for broader economic growth. By phasing out trade tariffs, the accord facilitated the movement of low-skill, low-wage US manufacturing jobs to factories known as maquiladoras just inside the Mexican border. Paying Mexican labor less than half the wages and benefits they would have had to pay American workers, US companies exported parts to Mexico for assembly, and then re-exported the finished product back to the US and other markets.

However, because only a small part of the total value of the product was added in Mexico, only a small part of the profit remained in Mexico. Wages stayed low, and were ultimately **undercut by Chinese** workers who would do the same assembly for even less pay in similar factories located in Export Processing Zones (EPZs) in Asia.

The Mexican economy did grow in the wake of NAFTA as trade among the three continental partners exploded. Yet, the **growth was not as much as had been expected.** The peso crashed again, and the Zedillo government faced severe political threats from assassinations and a peasant uprising by the Zapatista rebels in Chiapas.

See the "Mexico in the Context of North America" section for a thorough analysis of NAFTA.

The 21st Century: New Corporatism

At the turn of the century, Vicente Fox came to power, ending 70 years of PRI rule. **However, economic reforms stalled,** due in part to circumstances outside Mexico's control.



Vicente Fox

- Chinese competition became more intense after China joined the World Trade Organization in 2000 and came to enjoy better access to world markets for its cheap exports.
- The burst of the US dot com bubble and the economic decline that accompanied the aftermath of 9/11 reduced demand for Mexican imports in the US.
- The terrorist attacks also distracted the US from efforts to boost economic cooperation with Mexico, and led to bottlenecks at the border amid heightened security.
- Increasing drug violence and political wrangling scared investors away from Mexico. Immigration to the US (legal and illegal) reached new highs, despite increased border patrols.

The Mexican economy grew slowly, hindered by the lack of institutions and policies to spur innovation and increase its competitiveness in the global marketplace.

With the global recession has come dramatically reduced demand for Mexican products by US consumers and dwindling foreign investment. The top three staples of the Mexican economy – oil revenues, remittances from workers living in the US, and tourism – have all decreased. The Swine Flu scare of spring 2009 made things worse as travel and non-essential business was temporarily restricted.



A Telmex phone booth

Courtesy www.flickr.com/photos/20309391@N00



A Pemex gas station. Courtesy Wiki user Drini.

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Why Has Mexico Been Unable To Fully Reap the Rewards of Globalization?

Relative to its size and assets, Mexico's economy underperforms in the flat world. The country enjoys numerous advantages: among them, a 2000 mile land border with world's largest and most powerful economy and significant oil resources. However, Mexico is being overtaken by China in low-cost manufactured goods, and by India in services.

Lack of Economic Institutions and Infrastructure

Several experts, including Thomas Friedman in his seminal work *The World Is Flat*, have noted that Mexico's economic transformation to free market principles stalled before critical phases were implemented:

- **Mexico did complete most macroeconomic or structural adjustment reforms.** Under pressure from US and the IMF, the government overhauled fiscal and monetary policy to move the country toward an export orientation. It rolled back government spending, lowered or eliminated protectionist trade barriers, attracted foreign direct investment (FDI), and privatized state assets. It thereby established most of the conditions necessary for the free market to function.
- **It did not, however, complete the next phase: microeconomic reforms necessary to make the free market work.** This critical phase includes building institutions to facilitate the activities of the free market – banks, economic regulations, contract laws,

training and technology, education, mechanisms that allow for collaboration and efficiencies, coherent tax policies, etc. As a result, Mexican companies have been unable to take advantage of the leveled playing field. Entrepreneurs were not supported, the work force lost ground to better educated workers in other countries, and monopolies discouraged the growth of new businesses.

Put simply, **Mexico failed to develop the necessary institutions and infrastructure to promote its own competitiveness in the free market it had joined.** Mexico's weak laws and culture of corruption, from its judicial to electoral systems, limited its attractiveness to investors and entrepreneurs who require that the state honor contracts, punish lawbreakers, and create an atmosphere of trust and stability. The result is that Mexico can be a difficult place to do business, severely hampering its economic growth.

Consider the findings of the World Bank and its Doing Business 2009 report. Each year the International Finance Corporation compiles a ranking of 181 of the world's countries on several measures of business-friendliness. Countries whose institutions encourage and support entrepreneurs are compared, with a lower number indicating a higher ranking.

- Mexico ranks better than the average for Latin America and Caribbean countries, but far behind those in the OECD.

- Mexico also ranks worse than some Asian, Middle Eastern, Eastern European, and African countries. Although it ranks 56th out of 181 on “ease of doing business,” it ranks as number 115 for “ease of starting a business,” requiring 28 days to negotiate necessary hurdles.
- By contrast, the US ranks third on “ease of doing business,” and sixth for “ease of starting a business,” requiring only six days. Furthermore, Mexico’s rankings across the board have worsened over the last year, especially with respect to ease of starting a business.

See

<http://www.doingbusiness.org/ExploreEconomies/?economyid=127> for Mexico

<http://www.doingbusiness.org/ExploreEconomies/?economyid=197> for the US

Politics

When other countries were lined up at the starting line as globalization took off, Mexico was distracted politically. Ironically, the political reforms that were occurring around this time were mostly positive and badly needed. The authoritarian system of the PRI was coming undone – first at the local and municipal level and finally at the federal level in 2000 when PAN candidate Vicente Fox was elected President. But economically, this was not a great time for the messiness and diffused responsibility of a young democracy. **Mexico was trying to build new political institutions at the same time it needed to build new economic institutions.**

- In the absence of steady, incremental reforms, economic policies have swung, as they have throughout Mexico’s past, from Left to Right, from pro-labor to pro-business, and from social spending to austerity.
- The country’s lack of stability has discouraged foreign investors.
- Desperate for direct revenue, the government has held onto key industries such as state-owned oil giant Pemex, instead of ushering in competition and innovation. It has been unable to raise money to

improve capacity needed for all kinds of commerce; it has been unable to maintain sound economic policies.

Cronyism

Oligarchs took advantage of the uncertainty to consolidate their wealth by buying up state-owned industries as they were privatized, and foreign concessions as investors fled.

- Mexico ended up with **monopolies** controlling everything from telecommunications to electricity to water to steel, television, and radio.
- People like Carlos Slim used their connections to amass large market shares for their new monopolies and to disadvantage competitors. This bred inefficiencies and ultimately higher prices.
- New job creation lagged. Wages dropped as unions remained co-opted by powerful state and private interests.

This has resulted in an increase in economic inequality which has fueled migration and organized crime and has discouraged foreign direct investment.

Mexico’s form of crony capitalism also cripples bodies that should act as checks on government and private industry. Unions have failed to develop as true arbiters of fair labor practices; the press is muted; the development of NGOs has been slow. Cronyism infects the system and perpetuates the status quo.

Dependence on Natural Resource Wealth

Mexico is also impacted by what experts have called the Resource Curse, affecting developing countries with significant natural resource reserves that can be sold as commodities on the global market (oil, natural gas, gold, diamonds, etc.). See the Global Poverty and International Development edition of the World Savvy Monitor.

Countries that possess natural resources benefit from resource wealth in the short term, but long-term economic development often suffers. Mexico’s oil is no exception. The government is highly dependent on **oil income**, which comprises up to 40% of all government revenues.

- As with other petrostates such as Iran and Saudi Arabia, Mexico has required significant foreign investment in order to develop its reserves. When it nationalized its oil concessions in the 1930s, it then had to take on foreign debt to continue extraction. Like Iran, Mexico lacks the technology and resources to refine its own petroleum; it must export crude oil and then re-import it as gasoline from other countries.
- Nationalized oil companies lead to a lack of accountability; oil revenues are state income with no strings attached, as opposed to tax revenues, which are paid by the populace who demands accountability as to how their money is spent.
- Oil wealth discourages economic diversification. As long as prices and demand are high, there is no incentive to develop other sectors of the economy.
- Oil wealth is not forever. Oil is a finite commodity, and reserves are being depleted.

Lack of Investment in Human Resources

Mexico's education system is lacking. See Education section for more information, but note here that its importance for economic growth is crucial.

- Mexico's workers are under-skilled, compared to those in China and India. Technology and job training are in short supply.
- Those who cannot find jobs often join the informal sector of the economy, doing dangerous, unregulated, and often illegal work that yields little tax revenue.

Migration

Related to lack of investment in human resources is migration.

- Lacking access to education and training, many of Mexico's unskilled workers migrate. The departure of these migrants, usually among the hardest working and most motivated, hurts Mexico's economic prospects.
- Skilled laborers leave the country in search of better opportunities in more diversified economies.

- Even those who are educated and able to find lucrative jobs in the country are often discouraged from staying in Mexico because of increasing violence associated with drugs and organized crime, and the failure of the government to provide adequate security and justice.

By virtue of the many citizens living outside its borders, Mexico has become highly dependent on remittances, or money sent home by expatriates. However, remittances from migrant workers ebb and flow with the economic situation in the host countries. The deepening US recession has already cut remittances by hundreds of millions of



The border at Tijuana.

Wiki user DavidLud. Creative Commons ShareAlike 2.5

dollars, and this is expected to increase. In addition, as migrants become more assimilated into their host societies, remittances usually decrease.

Ambivalence about Foreign Involvement in the Economy

Ambivalence about the presence of outsiders runs through Mexican culture and law. Many post-colonial societies share this ambivalence, having endured exploitation at the hands of foreign powers. For Mexico, this baggage relates to both former European empires and the United States. Anti-American rhetoric in Mexico has been known to veer into extreme nationalism and even xenophobia. Election campaigns are often run on "tough talk" toward the US.

As of yet, outside investors have not been irreversibly deterred – they generally have kept coming back even after periods of nationalization and economic crisis. But such anti-foreign sentiment contributes to Mexico's difficulty establishing a pro-business and investment atmosphere. Moreover, the Asian alternative looms large – India and China are open for business.



Oil platforms off the shore of Mexico. Photo courtesy Chad Teer.

Prospects for the Future

Until the global recession, many experts were feeling optimistic about the Mexican economy. The relatively pro-business stance of President Calderon, his moderate success in achieving some electoral and judicial reforms, and his prominent crack-down on drug violence seemed promising. However, Mexico still lacked a sufficient cushion going into 2008-2009 meltdown, and its dependence on the US economy only exacerbates domestic policy challenges.

According to the Brookings Institution:

- Eighty-five percent of Mexican trade is conducted with the US. The recession has hit American consumers hard, decreasing demand for goods of all kinds, especially for cars whose parts are largely manufactured in Mexican factories. Unemployment in maquiladoras has risen sharply as manufacturing jobs disappear.
- Migration is down for the first time in recent memory, as are remittances.
- The US credit crunch and investor confidence has hurt foreign direct investment in Mexico, 50% of which has originated in the US.
- Some Mexican banks are linked to large failing banks in the US, and are also experiencing capital contractions which reduce their ability to lend.
- Currently rising oil prices will provide some breathing room to the Calderon Administration, although the economic retraction will increase hardships for Mexico's poor.

Inside Mexico: Government

History

- Colonial Times -
- Independence and Revolution -
- PRI Dominance -
- The 21st Century -

Features of Mexican Politics

- A Compromised Social Contract between the Government and the Governed -
- Lack of Institutions -
- Corruption -
- Lack of a Completely Free Press -
- The Influence of Non-State Actors -
- Human Rights Abuses -
- Difficulty of Reform -
- Manipulations of Populism and Marginalization of Populations -

International Assessments of Mexico's Quality of Governance

Prospects for the Future

Felipe Calderon



Courtesy Roosevelt Pinheiro/ABr.

Inside Mexico: Government - Overview

Mexico's government is considered a flawed democracy. For much of its history, it remained stalled on the low end of the democratic spectrum, even experiencing periods of backsliding. **Corruption, lack of inclusive and effective institutions, manipulation of populist sentiment, and frequent (often violent) swings between liberal and conservative factions are all features of Mexican democracy.** As a result, nation-building from the time of independence in 1821 has been lurching and slow, hindered by a major war with the US, the loss of half its territory, a revolution, economic crises, peasant uprisings, and battles with organized crime.

Mexico's federal republic system is built on the US model, with an elected President, an elected bicameral Congress, and an appointed Supreme Court at the national level sharing power with elected governors and legislatures in 31 states. Three major competitive political parties now exist, though this is a relatively new phenomenon. In the landmark election of 2000, Vicente Fox of the PAN party ended over 70 years of one-party rule by the PRI.

Reforming Mexico's quality of governance is a major concern.

- Most believe significant progress has been made in the early 21st Century, even amidst a highly contested electoral battle between Calderon and Obrador in 2006.
- Reform has been slow, hindered by insufficient mechanisms for building consensus and cooperation among different interest groups.
- As they have for much of Mexico's history, tensions remain between classes, ethnic groups, political ideologies, and urban/rural populations.
- Non-state actors, such as wealthy oligarchs and organized crime, wield enormous influence at the national and local level.
- Corruption remains a problem, as does marginalization of poor, indigenous populations



Coronado Sets Out to the North, by Frederik Remington.

History

Colonial Times

The colonial government of New Spain was dominated by elites – both European born (peninsulares) and their descendants in Mexico (criollos). Ties with the Spanish throne and the Catholic Church enriched these elites with land and political power. Mixed blood populations (mestizos) were eventually allowed into the ranks of the political classes; indigenous peoples and those of African (slave) descent were marginalized. The association of political clout with land and wealth would go on to characterize Mexican politics for centuries to come.

Independence and Revolution

Mexico declared its independence from Spain in 1810, but it was not until 1821 that the new republic was recognized. The early years of Mexico's government were marked by internal chaos and external vulnerability. European powers and the United States immediately sought to exert influence in the vacuum created by Spain's departure. Within one generation after independence, Mexico's leaders fought and lost the Mexican-American war, and ultimately were forced to cede half of the new republic's territory to the US. Brief occupation by France followed.

The last part of the 19th Century was marked by the semi-dictatorship of President Porfirio Diaz, and a march towards civil war. Land, power, and burgeoning industry became increasingly concentrated in elite hands, leading to considerable tensions which exploded into the Mexican

Revolution in 1910. The next ten years saw intense skirmishes between liberal and conservative factions, along with rural peasant rebellions led by Pancho Villa and Emilio Zapata. Presidential turnover was high as coups, murders, and forced resignations were frequent. These occurred with the involvement of the Mexican military, which was at the time influenced by an America concerned about the chaos reigning across the border.

PRI Dominance

Matters stabilized somewhat with the end of the Revolution in 1920 during the Obregon and Calles administrations. The precursor to Mexico's dominant political party, the PRI, was created in 1929 as a loose umbrella incorporating various heirs of the Revolution. The "unrealized ideals of the Revolution" (defined differently by different groups), would come to form the basis for opposition to the PRI for decades to come.

The 20th Century brought modernization and economic expansion, yet the associated benefits were unevenly distributed as power became further concentrated in an elite class comprised of PRI officials, large landowners, and captains of industry. The influence of the Catholic Church declined; oligarchy prevailed. Corruption increased as the lines between public and private sectors were blurred; extreme poverty persisted alongside great wealth. Pervasive economic inequality kept rebellions simmering in rural areas and contributed to migration. Organized crime flourished amid weak judicial and law enforcement

institutions and mechanisms. Leaders in Mexico City found it difficult to project authority throughout the country.

From the 1970s through the 1990s, economic crises challenged the mandate of the PRI. Public suspicion of foreign influence grew as IMF and US bailouts of the economy challenged Mexico's economic sovereignty with mandatory structural adjustments. The government's lackluster response to the devastating 1985 earthquake further eroded confidence in the PRI. Election fraud was suspected after a PRI victory in the election of 1988.

Despite popular opposition, the Salinas Administration secured ratification of NAFTA and other free trade accords that opened the Mexican economy up to the global marketplace. Another financial crash and a Zapatista rebellion in Chiapas went on to threaten the government and led to the PRI's unseating at the hands of the opposition, first in Congress in 1997, then the Presidency in 2000.

The 21st Century

In 2000, the PRI lost the Presidency to PAN candidate Vicente Fox, ending 70 years of one-party rule in Mexico. However, Fox's promises of reforms went largely unrealized due to a number of contributing factors, including:

- The governmental system simply did not have mechanisms built into it for consensus building and collaboration among the now three main parties: the PAN, PRD, and PRI.
- Legislative gridlock and the pervasive power of special interests prevented badly needed renovations to Mexico's democracy.
- The government struggled to accommodate both anti-poverty programs and larger pro-growth economic policies.
- Two outside events further stymied the Fox Administration. China joined the WTO in 2000, allowing it greater access to world markets for its manufactured goods (which often undersold Mexico's); and the terrorist attacks of 9/11/2001 ended budding US-Mexico cooperation as American attentions were turned to counterterrorism and war in Afghanistan.

By 2006, it looked as though another upstart party would move into the Presidency, as Andres Manuel Lopez Obrador

Alvaro Obregon



of the PRD gained ground against PAN candidate Felipe Calderon. Fox tried to neutralize Obrador, the former mayor of Mexico City, with an impeachment campaign over alleged corruption in an effort to clear the way for Calderon. Calderon ended up winning the election with a margin of only one-half of one-percent. Amid charges of electoral fraud, the country was paralyzed for over two months while the verdict was contested. After a very public fight, Calderon entered the Presidency with a weak mandate. Despite this, Calderon exceeded initial expectations by managing to pass some electoral, pension, and tax reforms. He also initiated a vigorous military campaign against organized crime and drug cartels, mobilizing thousands of Mexican soldiers to supercede corrupt local law enforcement officials in places wracked by drug violence, like Juarez. In the mid-term elections of July 2009, Calderon's PAN party lost Congressional seats as well as state and local offices to PRI candidates. Most view recent PAN defeats as a referendum on the Calderon Presidency as the economic crisis and drug violence continue.



Mexican National Palace. Photo courtesy of Mannheim Reinhard Jahn.

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Features of Mexican Politics

As discussed in the Democracy Around the World edition of the Monitor, democracy is about more than holding elections. It is fundamentally about the rule of law, applied equally to all citizens. Several features of Mexican democracy interfere with the rule of law.

A Compromised Social Contract Between the Government and the Governed

The relationship between governments and their governed people is said to be outlined by a social contract – the most basic assumptions about what government is supposed to do for its people. Much has been written about the flawed social contract between Mexico’s leaders and the people who elect them and are ruled by them.

- A cycle is at work: the government underperforms in promoting economic growth, maintaining public safety, and providing basic infrastructure; the people’s expectations are lowered accordingly; the government’s targets are then lowered, and the cycle repeats.
- People go outside the formal system to get their needs met.
- Those institutions whose function it is to hold the government accountable – an active, investigative press and tenacious watchdog and advocacy groups – are rare.

- Special interest groups find allies in poorly paid government officials; bribery becomes part of the political culture.

Lack of Institutions

Mexican politics has long been dominated by personalities rather than bureaucracies and agencies responsible for civil rights. This lack of institutions has its roots in the post-Revolution authoritarianism of the PRI. Even though there are more national political parties today, there are few mechanisms to allow them to cooperate and build consensus around policymaking. A Transparencia Mexicana survey has revealed that police and justice systems “are perceived as having worse problems of corruption and inefficiency than other public agencies.” Interestingly, an institution that ranks highly in public opinion polls for its effectiveness is the military, suggesting little faith in civilian government to protect public safety.

Corruption

In the absence of adequate government institutions, corruption flourishes as personal connections often matter more than laws.

- Freedom House reports that, according to 2007 Latinobarometer polling, 33% of Mexican respondents reported that they had been or had a relative who had been party to a corrupt act. (This is

an improvement over the average score for 2002-2005, which was 54%).

- Of 22 indicators measured by Global Integrity, 15 are considered weak or very weak. Among the weakest are: media; judicial, legislative and executive accountability; whistle-blowing measures; civil service regulations; taxes and customs; anti-corruption agency; rule of law; and law enforcement.

One side of a corrupt system is the powerful interests willing to pay for special treatment; the other is a government highly vulnerable to corrupt influences. In fact, government structures set up by party members are often designed with corruption in mind. Consider this assessment of the way the PRI greased the skids of corruption, taken from the book *Opening Mexico*, by former New York Times Mexico Bureau Chiefs Julia Preston and Samuel Dillon:

A job with (the government) was primarily a platform upon which employees could construct money-making enterprises. Wages were kept brutally low; a clerk or secretary made the equivalent of \$450 a month, a policeman about \$700. As a result, most workers, even honest ones, were forced to supplement their salaries with informal tips, outright bribes, and other schemes. These arrangements, in turn, were the foundation of the power of the PRI's unions and corporatist organizations. They managed the distribution of jobs, reserving those that offered the best profit opportunities for PRI allies.

Lack of a Completely Free Press

Mexico lacks a highly developed, vibrant, and competitive culture of investigative journalism.

- This is largely due to restrictive laws, pressure placed on whistle-blowers, and lack of diverse news outlets.
- Mexico is considered by some to be the second most dangerous place for journalists, after Iraq.
- Journalists often self-censor to avoid retaliation by government and private subjects of their stories.
- Those that do go after the important stories are often stymied by powerful monopolies that control the air waves. Their stories simply do not get out to the public.



Members of the Mexican army

The Influence of Non-State Actors

Mexico is a big country of diverse areas, with underdeveloped infrastructure connecting them. Leaders in Mexico City often have difficulty projecting their power beyond the capital. A variety of non-state actors fill this vacuum and wield enormous power. Local governments are often ruled as personal fiefdoms of local officials, large landowners, or organized crime.

Human Rights Abuses

Whether it is dealing with political opposition, investigative reporters, drug cartels, or Zapatista rebels, the Mexican government has a spotty human rights record. Of particular infamy is the case of over 300 women who “disappeared” in Ciudad Juarez in the 1990s. Allegations of arbitrary imprisonment, torture, and even murder are routinely made by international watch dog groups. Calderon's recent military crack-down in cartel-infiltrated cities during the current drug war have raised fears that innocent civilians will be caught up in the conflict.

Difficulty of Reform

Mexico has not had much success with incremental reforms, the mainstay of advanced democracies. Rather, transitions of power and efforts to improve the system have been marked by violence, intrigue, and dramatic swings between liberal and conservative factions.

- What is missing, or what there seems to be little appetite or mechanisms for, are ways of building consensus for small step reforms that cumulatively enhance the quality of governance. Land reform, tax reform, and electoral reform are all highly contentious; there are few avenues and little incentive for politicians to make difficult compromises for

the public good. Even defining the public good is difficult.

- Besides the pervasive influence of entrenched special interests, there is little continuity in government. Neither the President nor Congressional leaders can serve second terms, diminishing the talent and the relationships that might otherwise be brought to bear for reform.

Manipulations of Populism and Marginalization of Populations

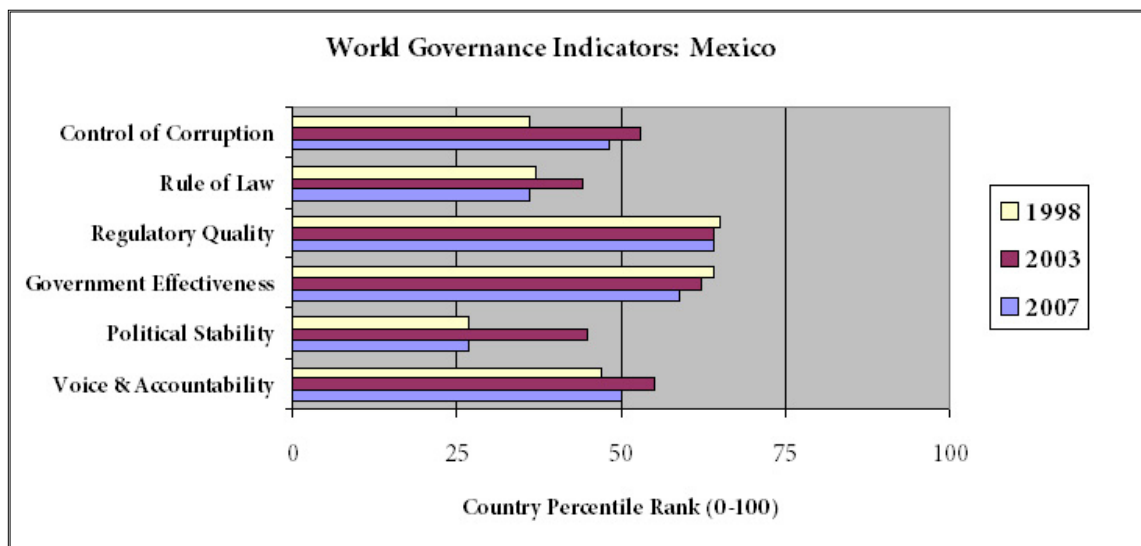
Mexican history is rife with examples of politicians manipulating populist sentiment to distract from the government's failings. This includes exploiting class, urban/rural, indigenous, and anti-American sentiment through inflammatory rhetoric and empty political promises.

For Marginalization of Indigenous and Rural Populations, see Inside Mexico: Rural Life in this edition of the *Monitor*.

International Assessments of Mexico's Quality of Governance Over Time

The World Bank defines governance as consisting of “the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, run, and replaced; the capacity of government to effectively formulate and implement sound policies, and the respect of citizens and the state for the institutions that govern economic and social interactions among them.”

Each year, in its Governance Matters program, the Bank ranks 212 countries on six world government indices, using 35 different data sources. Below is a summary of findings related to Mexico from 1998-2007. Zero correlates to the lowest quality of governance and 100 to the highest.



Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2008: *Governance Matters VII: Governance Indicators for 1996-2007*. <http://info.worldbank.org/governance/wgi/index.asp>

From the World Bank: “Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The aggregate indicators do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources or for any other official purpose.”

Prospects for the Future

President Calderon has experienced some initial success at instituting reforms and confronting drug violence, but the effects of the global economic recession will counter some of the positive sentiment which these successes have generated. Mexico is expected to suffer a severe economic contraction as a result of the slowdown in the US economy, although meetings with President Obama in Mexico in January and at the Organization of American States meeting in April produced promises of closer US economic cooperation, as well as more effective border security.

Inside Mexico: Education

Primary and Secondary Education

Repercussions: Higher Education

Case Study of UNAM



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Primary school children in Oaxaca, Mexico. Courtesy Wiki user Yavidaxiu.

Inside Mexico: Education - Overview

Quality education is critical to a country's future prosperity. Mexico has achieved near universal primary and secondary school enrollment – 91% of the population is considered literate. However, this statistic fails to reflect the quality of education in Mexico: the class gap (or urban/rural gap) in student achievement is high; the educational culture discourages evaluation of students as well as educators; and there is very limited accountability. When compared to their competitors in India and China, Mexican students fall significantly short, particularly in science, math, and technology.



Ateneo Fuente, located in Saltillo, Coahuila, was the first senior high school in Mexico.

Primary and Secondary Education

Schooling is mandatory for Mexican children between the ages of 6 and 18. UNESCO estimates that 98% of children are enrolled in primary school, and 72% of children are enrolled in secondary school. Both these statistics are significantly higher than in years past, due to educational reform in recent decades.

While the rates of student enrollment have increased, student performance is among the lowest in Latin America and considerably lower than in most industrialized countries. A 2003 study by the Mexican National Institute for Educational Evaluation (INEE) found that 45% of urban primary school students achieved satisfactory or above satisfactory results in reading and only 15% achieved satisfactory scores in math. Results for rural schools were even lower. No English instruction is mandatory or generally provided until seventh grade. Schools are regulated by the National Union of Education Workers, a powerful bureaucracy that oversees the hiring, firing, and training of teachers, and which is often criticized as corrupt.

In May 2006, an annual teachers' strike in Oaxaca grabbed headlines around the world when police attempted to force the striking teachers to abandon their encampment. The teachers were concerned about the increasing privatization of education in Mexico. Their specific demands included better pay, increased funding for school infrastructure, free school breakfasts, and textbooks and uniforms for students. The police reaction to the teacher protestors incited supporters to join their cause and occupy the main square in the city of Oaxaca, calling for the Oaxacan governor Ulises Ruiz Ortiz to resign. In October

2006, federal police began to forcibly remove protestors and regained control of the city. Ortiz remains in office, and social and educational activists continue to press for reforms.



Universidad Autónoma de Chapingo. Courtesy of Luigi Guarino.

Repercussions: Higher Education

The problems of primary and secondary education are amplified at the university level, leading to a situation in which **Mexican workers are severely disadvantaged relative to their international competitors.**

- Mexican workers are generally not equipped to add value to the basic products they manufacture.
- Assembly of parts alone is not terribly lucrative – the real money is made in industries where technology and innovation are added to products.
- There is a vast disparity between the graduation rates of students enrolled in engineering programs in Mexico versus China and India.

Another indicator used to measure the sophistication of a country's graduates is the number of patents registered for new products. As Latin American expert Andres Oppenheimer has noted, in Mexico only 4% of all patents registered in any given year are registered by Mexican citizens; the other 96% are in the name of multinational

corporations which have developed the requisite technology elsewhere using non-Mexican talent. He writes:

... Latin American countries can slash public spending, lower inflation, pay off foreign debt, reduce corruption, and improve the quality of political institutions – as the IMF demands – and continue to be poor as long as they fail to come up with more sophisticated products... (They) don't spend enough on education, and what they do spend often goes to the wrong things, including paying teachers who don't teach and subsidizing students who don't need subsidy so they can pursue degrees they'll never get in fields of study that their society doesn't need.

In other countries where the overall quality of education is lagging, many talented students study abroad and return home to help improve the system. Mexico sends relatively few students to study in other countries, and those that are sent often fail to return because of the lack of opportunities in Mexico.



The Central Library of the National Autonomous University of Mexico. Courtesy of MaximilianoMonterrubio.

Case Study of UNAM

In his book *Saving the Americas*, Oppenheimer examines at great length the example of the publicly-funded Mexican mega-university the **National Autonomous University of Mexico (UNAM)** to illustrate the myriad problems facing Mexican higher education.

- UNAM is the country's largest university, enrolling 269,000 students whose tuition is heavily subsidized by the state, regardless of their ability to pay. This means that a large number of wealthy students are on the government tab, taking up funds that might otherwise go to students who need financial aid. Thus, access to education as a potential leveler of income inequality is compromised.
- The quality of students and teachers is considered to be substandard when compared with high ranking universities around the world. UNAM admits 85% of students who apply, without requiring an entrance exam. In some years, only 30% of those who registered as freshman actually graduate. Teachers are not independently evaluated; the university is not subjected to accreditation and quality control standards.
- Public funding has made UNAM a government "sacred cow," lessening the incentive for the university to raise the quality of education or for the private sector to donate. Whereas Harvard spends \$2.6 billion to educate 20,000 students; UNAM spends \$1.5 billion to educate 260,000.

Inside Mexico: Society and Culture

History

Identity

Religion

Gender

Art, Music, Culture



Courtesy <http://flickr.com/photos/wonderlane>.

La Caterina, Lady of Death

Inside Mexico: Society and Culture - Overview

The UN estimates the population of Mexico to be 110,000,000, making it the 11th most populous country in the world, and the most populous Spanish speaking country. The story of Mexico is the story of these 110 million people from many different traditions and cultures mingling together, creating the unique tapestry that makes up Mexican society today. This can be seen in the habits and customs of daily life, the national identity of its people, the connection of religion to society, and the rich complexity of arts, music, and literature in Mexico.

Over the last 100 years, Mexico has undergone rapid changes – industrialization, urbanization, and movement towards a more open democracy and a market-oriented economy. These changes have brought both promises and challenges to Mexico, and their impact on Mexican society has been deep. Throughout this period, however, arts, music, and culture remain integral aspects of daily life and national pride, weaving together the complex layers of Mexican society.



The North Acropolis of the Mayan ruins at Tikal, Guatemala.

History

The lands of Mexico were home to many ancient Meso-American civilizations including the Olmecs, Mayans, and Aztecs. The early cultivation of crops, perhaps as early as 5000 BC, allowed for civilizations to flourish in this region. The most important of these crops was maize, which remains an important staple in Mexico today. The **Olmecs** were the first major civilization to take root in the region, around 1200 BC, and created the first known written language in the Western Hemisphere. The **Maya** were the next major civilization, founded first in what is today Guatemala, and spreading north to Mexico. The Maya were known for their large temples and stone pyramids, many of which can still be seen in the region today. The **Aztec Empire** superseded the Maya around 1300; the Aztecs built an elaborate city in the valley of Mexico, known as Tenochtitlán, and maintained an empire that spread from the Gulf of Mexico to the Pacific Ocean.

The **Spanish** first arrived in the Caribbean in the late 15th Century and soon set their sights on the coast of Mexico. After a failed expedition in 1517, Hernando Cortés was sent in 1519, and learned quickly that the Aztec Empire was a collection of city-states, with disparate languages and cultures, held together by force. After arriving on the Yucatan Peninsula, Cortés moved west toward Tenochtitlán, drawing various oppressed communities in the Aztec Empire to his cause along the way. By 1521, Cortés had penetrated to the heart of the Aztec capital and defeated their empire. The city was largely destroyed and Mexico

City was built in its place as the capital of a new colony, christened New Spain.

From the start, **indigenous populations** were enslaved or marginalized in the new empire, confined to live on *encomiendas* (haciendas), where they labored under the authority of colonists. In addition to being stripped of rights to the land and divided racially (see Identity section below), this system created distinct economic divisions, which reverberate today. Catholic missionaries embarked on an aggressive and systemized push to convert indigenous groups, and the Church was closely entwined with government in the new colony (see more in Religion section below). Smallpox brought over by the Spanish colonists decimated the native population of Mexico, killing millions.

Colonial control of Mexico lasted for approximately 300 years, and the Spanish eventually controlled an area that stretched north through the southwestern United States and all of modern California, south through Central America to Venezuela, and from the Pacific to the Atlantic Oceans. Mexico became one of the richest of Spain's colonies, and agriculture was the economic engine, with wheat, sugar, and cattle as some of the main exports. By the 1700s resentment toward the Spanish crown was beginning to grow in the colonies, and Spain was also facing challenges on the European mainland. France conquered Spain in 1808, weakening control of the colonies even further. In 1810, a series of rebellions broke out when the upper classes in the colony chafed under French control and sought to increase their own power in the colony, and lower classes reacted to

mistreatment by both colonial powers and the upper classes. Finally, in 1821, Mexico achieved **independence from Spain**.

The 1800s proved to be a tumultuous time for the new nation, with the **Mexican-American War** from 1846-1848, the loss of about half its previous territory to the United States, civil conflict between elites on one side and liberals and peasants on the other, temporary occupation by the French, and the authoritarian rule of **Porfirio Díaz** for the last 25 years of the century. During the rule of Díaz, foreign investment increased rapidly and urbanization began in earnest, with rural populations pouring into Mexico City. This economic explosion caused new unrest and spurred new populist movements. The Mexican Revolution began in 1910 and lasted for the next seven years, with the main rebel factions led in the North by **Pancho Villa** and in the South by **Emiliano Zapata**. In 1911, Diaz was removed from power, but rebel groups continued to push land reforms and stronger democratic representation. The Revolution officially ended when Álvaro Obregón became president and began to institute reforms.

In 1929, the National Revolutionary Party (PRN), later renamed the **Institutional Revolutionary Party (PRI)** was formed; it controlled Mexico's presidency for the next 70 years. During this period, Mexico continued to modernize and expand economically and nationalized its oil industry. The country was hit hard by rising oil prices in the 1970s, and was forced to make structural adjustment in return for IMF loans to stabilize the economy. The North American Free Trade Agreement (NAFTA) went into effect in 1994, bringing much needed economic growth to the country, at the cost of some unforeseen consequences, including devastation of the agricultural sector. Throughout the last century, urbanization continued at a rapid pace across the country, and as the economy rose and fell, so did the push and pull of migration around the country and into the United States. The legacy of these past struggles – for land reform, democratic representation, and economic growth among them – continues to impact Mexico today.



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Indigenous dancers in Mexico City.
Courtesy Diego Lema

Identity

The lands making up modern Mexico have been home to many different civilizations and cultures over thousands of years. All of these cultures have influenced the society of Mexico, creating a strong arts and literacy heritage and religious heritage, among others. See the sections below for more on these aspects of Mexican identity.

Almost immediately after the Spanish defeated the Aztecs and created the colony of New Spain, the mixing of colonial and indigenous people began. Right after the defeat of the Aztecs, there were simply the conquered and conquerors, but in the years after the colony was established, new colonists from the Spanish mainland arrived.

- Colonists born in Spain were known as **peninsulares**, and those of Spanish descent born in the colony were called **criollos** (creoles). The peninsulares saw themselves as superior to the criollos, and held the highest political offices and most lucrative positions in the colonial bureaucracy.
- The third category in this hierarchy was made up of **mestizos**, the children of unions, often forced, between the conquistadors and indigenous women.
- The lowest categories were **indigenous populations** of Mexico and African slaves, brought over during the conquest and for economic purposes in later years.

The various cultures and civilizations of Mexico have also led to a mixing of ethnicities and races. **Today, Mexico's population is majority mestizo** (those with mixed Spanish, indigenous, African or other ancestry).

- Exact percentages vary as racial classifications are blurry in Mexico, but the mestizo population is well over 60%, and the indigenous population about 13%.
- Over time, the mestizo category came to encompass anyone of mixed heritage in Mexico, and there were over a dozen different subcategories of racial classification, including Spanish and African and Amerindian and African.
- Almost 500 years of intermarriage have created a country in which a majority of inhabitants are of mixed heritage. This makes it almost impossible to separate people into strict racial categories, and the mestizo label has therefore become more of a cultural marker than a strict racial designation.

Indigenous people are a significant part of contemporary Mexico, which has one of the largest and most diverse indigenous populations remaining in Latin America.

- **Mexico officially recognizes 62 indigenous groups**, each speaking a unique language. The majority live in southern and south-central Mexico, though groups are spread throughout the country, and many are moving to urban areas.
- The role of indigenous culture in Mexican identity is a complex one. Often indigenous arts, culture, and history are celebrated in society and are a core component of Mexico's tourism appeal.

- The status of indigenous populations, however, is decidedly second class. **Indigenous citizens are often among Mexico's poorest**; they face significant human rights abuses, and struggle to acquire and protect land rights. Over the decades, the Mexican government has taken steps to address some of these issues, but to little avail.
- Recently indigenous groups have become more adept at organizing for better living conditions. One of the most well known indigenous groups is the National Zapatista Liberation Army, known for a 1994 peasant uprising on behalf of indigenous populations in the state of Chiapas. See the “Inside Mexico – Rural Life” section for more information about indigenous rights and the Zapatistas.



Courtesy Russ Bowling.

Iglesia de San Francisco, Guanajuato, Mexico.

Religion

Roman Catholicism continues to be the dominant religion in Mexico today, at nearly 89%, though that percentage is starting to decline. Protestants make up the majority of the remaining religious groups, along with some Jews, Muslims, and Buddhists. Even though Catholicism is the dominant religion, religious life is complex, and is reflective of Mexico's religious and historical past.

The Spanish brought Catholicism with them to the New World when they arrived as conquerors, and embarked on an aggressive push to **convert indigenous populations**. Missionaries made attempts to understand local culture, learn native dialects, and occasionally speak out against mistreatment at the hands of the Spanish. Since Catholicism shares elements of certain beliefs with indigenous religions – e.g., Aztecs and Catholics both believed in fasting, pilgrimages, and the idea of a divine mother figure – missionaries were able to capitalize on these similarities when converting the population; missionaries even incorporated some indigenous traditions into Catholic practice, such as allowing worship to take place at indigenous religious sites and on Aztec religious dates.

Church leaders in the new colony were given broad political power and were major land owners. A prominent example of the Church as part of the colonial structure was the creation of *encomiendas* (which later evolved into the *hacienda* system), under which the *peninsulares* were granted land and the authority to manage those living on that land, as long as they collected tributes and ensured that Indians living on their lands converted. The close

connection between church and state led revolutionaries in the early 20th Century to push for provisions in the 1917 Constitution which would strip the Church of significant political influence. These included restricting religious schools, and preventing the Church from owning property. Overall these restrictions have been a part of the modernization of Mexico's political and economic structures in the last century, though the Church still wields considerable influence on society.

One of the most significant controversies surrounding the Catholic Church in Mexico today regards abortion and family planning. Artificial birth control and abortion are prohibited by the Catholic Church; these prohibitions have serious societal and economic repercussions. In 1972 the Church called for reduced family size, and has promoted family planning clinics and education programs. Abortion continues to be allowed only in cases of rape, health conditions, or fetal defects, except in Mexico City, where it was legalized in 2005.

Today the Catholic Church is beginning to speak out more on social and economic issues, and in fact sided with the Zapatistas in their recent social and economic struggles. **In societal terms, the Church continues to function in many ways as the glue that ties together the many disparate peoples of Mexico, and provides a unifying connection in community and family life.**



Courtesy of Dick Houghton

A woman and her child along the Copper Canyon in Mexico.

Gender

Gender roles in Mexico are changing. Mexican culture, like that of other Latin American countries, has been in part defined by **machismo** – an intense strain of masculinity. Men have been expected to be authoritarian, aggressive, and promiscuous, and women have been expected to be submissive, dependent, and maternal.

In the past forty to fifty years, however, **the role of women has been shifting**, even though there has been little perceived shift in male attitudes.

- In 1953, women gained the right to vote and stand for election, and while the majority of Mexico's leaders are still men, women are becoming involved in political and social movements.
- Previously, women rarely worked outside the home, and then only informally or on farms. Today women are working as domestic workers, street sellers, teachers, and nurses. The maquiladora factories lining the Mexican-US border are primarily staffed by women. These women often face discrimination and harassment, and their wages are significantly lower than men's. As their numbers increase in the workforce, however, women are beginning to organize and participate in trade unions and social movements to improve conditions for themselves and other women.

Though women in Mexico are experiencing some advances in terms of status and human rights, daily life is still fraught with challenges and dangers. One extreme manifestation of this fact is the brutal murders of about 400 women in

Ciudad Juarez since 1993, and the disappearance of many more. In many cases the women were kidnapped, tortured, and killed; many women remain missing and most cases remain unsolved. No persuasive case has been made by the authorities as to who is perpetrating these crimes or why.

Another significant change in terms of gender and family life in Mexico is the **decreasing size of families over the last decades**.

- 2007 statistics from the Population Reference Bureau show that the average woman in Mexico now has 2.4 children.
- The government has encouraged education and enacted policies designed to decrease the size of the population, and women have sought out abortion and contraception, notwithstanding the position of the Catholic Church and the legal prohibition of abortion. Deaths from illegal abortions are common, making this an important human rights struggle for Mexican women today.
- There are also other factors driving the lower birth rate: women moving to cities for work, away from extended families who serve as childcare and support systems, and an increase in education rates for girls.
- The smaller family size in turn is shaping the way that families function – women are becoming more independent and spending more time outside the home.



Frida Kahlo and Diego Rivera

Arts, Music, Culture

Arts and culture are an integral part of society in Mexico, and their many artistic and cultural achievements bring a great sense of pride to Mexicans. Mexican arts and culture are multi-layered and many faceted, reflecting the influences of the ancient and the modern, of its colonial and revolutionary past, and of its many ethnic and indigenous identities.

The **advances of ancient civilizations**, including the Maya, Olmec, and Aztecs, are celebrated by tourists and citizens alike. Ruins are preserved, symbols and graphic designs often make their way into modern designs or decoration for everyday objects, and many people are rediscovering their heritage by performing songs, dances, and other rituals from the Aztecs and earlier civilizations. Mexico is famous for traditional celebrations, such as the **Day of the Dead**, in which people honor their ancestors who have died. The holiday has been celebrated for centuries, and is now celebrated on November 2nd, which is also the Catholic holiday of All Souls' Day, reflecting the colonial influence on the holiday. Many other holidays and festivals share these combined influences, and are also influenced by regional traditions. Distinct indigenous groups imprint their traditions on the art and culture of Mexico's various regions.

Mexico's rich artistic heritage also owes a debt to its revolutionary past, which still holds a powerful place in the Mexican psyche. Following the Revolution, the new government encouraged artists to paint murals celebrating Mexican history and populist ideals encapsulated in the Revolution. **Diego Rivera** became one of the most well-

known of these muralists, known for depicting indigenous villagers, designs from pre-colonial civilizations, and Communist imagery. His wife, **Frida Kahlo**, is also celebrated for combining political and folk themes in her work, but she is equally well-known for her vivid self-portraits. Her use of bright colors and symbols illustrates the historical and indigenous influence of her work, fused with contemporary and surrealist themes.

Music and literature are important elements of Mexico's culture as well. As with other cultural characteristics, Mexico's music combines traditional elements with colonial influences and continues to be shaped by modern influences. **Corridos** have been popular since colonial times; they are ballads telling stories of popular heroes, historical legends or even romances. Other common musical styles include **rancheras and mariachi**, all of which have elements that can be seen in Mexico's modern pop music. Mexico's literary history runs largely parallel to its political and colonial history – from the myths of the Maya and Aztecs, to the colonial writings of Spanish settlers and missionaries, to a decline in arts and literature in the 18th Century due to political upheaval, to a flowering of literature following the Mexican Revolution.

Its rich and diverse history, from the ancient civilizations through the Revolution, continues to inspire Mexico's writers and artists.

Inside Mexico: Rural Life

History

Zapatistas

Rural Anti-Poverty Programs

Prospects for the Future

Courtesy of <http://www.flickr/photos/wonderlane>.

The fields of Sonora, Mexico.

Inside Mexico: Rural Life - Overview

Rural populations in Mexico have always struggled with extreme poverty, as well as social and political marginalization. Dating back to the haciendas (large, plantation-like land concentrations in the hands of a wealthy few), the rural poor have struggled to own and control the land they farm. **The story of land reform has largely been about chipping away at the privileges enjoyed by powerful, large landowners and commercial agricultural operations.** Land reform was a driving force behind not only the Mexican Revolution, but also numerous peasant rebellions over time. It is an issue that has been used by both liberal and conservative politicians, and one that has become intertwined with other struggles as well, including protests against global trade policies that have disadvantaged Mexican agriculture.

History

Government efforts over time to break up haciendas and redistribute large landholdings among peasant populations have produced mixed results. In many cases, land was seized and converted into communal plots known as ejidos, owned by the state. Peasants who worked the land were given the right to do so by the government, a right that could be revoked or modified, and often was, based upon political considerations. **Farmers could not own title to the land**, and therefore could not sell it or use it as collateral to obtain credit. The peasants working the land depended on the government for critical irrigation infrastructure that, like many public resources, was often doled out according to favoritism and connections. The resulting lifestyle was often worse than it had been under the hacienda system, as many peasants found themselves with poor quality plots of land, facing crippling competition from large commercial operations that benefited from state favors.

In the 1970s, President Luis Echeverria Alvarez attempted to reinvent the ejido concept, expropriating new, well-irrigated

land, creating more communal plots, and providing access to special credit and farm equipment through the government. By the 1990s, in response to better-coordinated pressure from the rural poor, **the government was allowing more individual land ownership** as well as more flexibility for individual farmers within communal holdings.

However, speculators and commercial interests purchased much of this land for large scale industrial farming and, as the population grew, peasants faced smaller and smaller subdivided plots and declining productivity on over-used land. Credit, critical for purchasing seeds and fertilizer, was hard to obtain. Many peasants could barely feed their families. In addition, Mexican farm goods (especially corn and sweeteners) faced crippling competition from US subsidized crops.

Emiliano Zapata



Zapatistas

Peasant rebellions have sparked across the Mexican countryside throughout history. The most famous were those led by Ernesto Zapata in the early 1900s. Zapata's legacy and inspiration continue to this day in the form of the ELZN, or Zapatista movement, responsible for the Chiapas uprising in 1994. The movement often invokes Leftist or Communist heroes such as Che Guevara. The First Declaration of the ELZN in 1993 stated:

We are a product of 500 years of struggle: first against slavery, then during the War of Independence against Spain led by insurgents, then to avoid being absorbed by North American Imperialism, then to promulgate our constitution and expel the French Empire from our soil.....

they... use us as cannon fodder and pillage the wealth of our country. They don't care that we have nothing,

absolutely nothing, not even a roof over our heads – no land, no work, no health care, no food or education. Nor are we able to move freely and democratically elect our political representatives, nor is there independence from foreigners, nor is there peace nor justice for ourselves and our children... But today, we say enough is enough.

Zapatista movements also seek to break the power of the PRI, built up over time with the placement of local officials who often used the patronage system to alternately placate and subjugate peasant populations.



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Rural settlement in Jalisco, Mexico. Courtesy of Christian Fruasto Bernal.

Rural Anti-poverty Programs

Today, 80% of Mexico's land is rural, but it is home to only 37% of the population. This includes the preponderance of the poor. Most rural dwellers lack basic services; a large number are malnourished; communities tend to be isolated from each other and from urban areas where the political and economic power reside. Not surprisingly, as OECD Rural Policy Review Reports indicate, **Mexico's rural areas are full of untapped potential such as young populations and under-utilized farm land.** Efforts to improve life for the rural poor in the past few decades have led the OECD to call Mexico one of the "most important laboratories of rural policy innovations."

One celebrated program that has been replicated throughout Latin America is **Oportunidades**. Started by the Zedillo Administration under the moniker Progresa and renamed by President Vicente Fox, Oportunidades is a government "social protection support network" aimed at breaking the cycle of rural poverty and empowering future generations to participate more fully in Mexican society.

- Oportunidades provides government cash grants to rural families (mostly women) that are given with specific conditions attached.

- Recipients of the cash transfers must have their children in school, and must meet regular physician check-up and health education requirements.
- It is administered nationally, with little local involvement.
- It is funded by the Mexican government, with assistance from the World Bank and IMF.

The record of Oportunidades in Mexico over the past decade has been impressive both in improving the quality of life for rural residents and in combating the "culture of poverty" that traps families for generations. With money going primarily into the hands of women, it has also helped to further gender empowerment in a society often dominated by machismo, or extreme forms of patriarchy.

See Tina Rosenberg's in-depth profile of a family in the impoverished Paso de Coyutla "A Payoff Out of Poverty," in the December 19, 2008 edition of the *New York Times* Sunday Magazine.



Fields in North Dakota, United States.



Fields in Puebla Mexico. Courtesy of Tim and Annette Gulick.

Prospects for the Future

Despite the success of Oportunidades in getting resources into the hands of the rural poor, there is still a **shortage of basic services in rural areas**. More schools and hospitals are badly needed, as are water, sanitation, and telecommunications.

Broader reforms are also needed, including crop insurance, access to credit and agricultural technology, and all of the benefits of private land ownership. Many experts believe that farmers should be able to obtain mortgages, sell their land, and enter into partnerships with each other. NGOs are beginning to help organize rural communities to improve their leverage with the government.

More trade policy reforms in the context of NAFTA would also help to diminish the advantage enjoyed by US-subsidized agriculture and improve the profitability of Mexico's farms. If agriculture could be made more lucrative by maximizing the potential of labor and land, fewer farmers would need to turn to supplemental activities such as seasonal migration to the US, day labor, and drug trafficking to feed their families.

Inside Mexico: Urban Life

Mexico City Case Study

History -

Urban Challenges -



View of Mexico City. Courtesy of German Meyer.

Inside Mexico: Urban Life - Overview

Although 80% of Mexico's land is considered rural, around three-quarters of the population live in cities. These include the populous towns located on the US-Mexican border (home to maquiladora factories) and others scattered throughout the country. Mexico's capital, Mexico City, is the cultural and economic epicenter of the country and, with its nearly 20 million inhabitants, the second-largest urban area in the world.

The sprawling, polluted city also serves as an illustrative microcosm of the issues facing Mexico as a nation – income disparity, rapid population growth, insufficient urban planning, and economic policies that enrich a small portion of the population while deteriorating living standards for the poor and middle-class.



Mexico City, 1890.

Mexico City Case Study

History

Built by Spaniards on the site of the razed capital city of the Aztec Empire after its defeat in the 16th Century, **Mexico City served as the political and financial center for a large part of the Spanish Empire.**

Today's enormous population is the result of many waves of economic migrants. The first such wave occurred in the late 19th Century as the city experienced the **rapid industrialization and accompanying population growth** common in many North American and European urban centers at the time.

- This spike in urban population was spurred not only by “pulling” forces of new industrial jobs, but also “pushing” forces of poorly conceived rural land policies enacted by the government.
- Although these policies were intended to create a class of small independent farmers by allowing for the private ownership of indigenous lands that were previously communal (see Inside Mexico: Rural Life), they instead created an exodus of rural, mostly indigenous poor as plots were bought up by wealthy landowners and speculators.
- Beginning in the 1930s, similar factors produced another wave of urban migration. For the remainder of the 20th Century, as the Mexican economy cycled through periods of boom and bust, the rural poor flowed into Mexico City looking either to benefit from favorable economic conditions in the city or to escape the rural poverty caused by falling agricultural prices.

As people poured into Mexico City, the government was unable to keep up with services and housing necessary for a rapidly expanding population. This led to the development of large, sprawling shantytowns on the outskirts of Mexico City, called *barrios*. These new developments lacked basic services – including water, sewer, and telephone – leading to health and environmental problems for people living in these communities.

In contrast, segments of Mexico City's population have benefited from the economic growth of recent decades, and these people live in luxurious gated communities like *Bosques de Santa Fe*. Travel through the city is considered dangerous, and the wealthy commute by private driver or even by helicopter.

Urban Challenges

The income disparity evident in the starkly contrasting neighborhoods of Mexico City highlights the economic challenges facing the city today. While the incidence of poverty is slightly higher in rural areas, **a World Bank study conducted in 2004 estimated that 11% of Mexico's urban population was extremely poor, with another 42% classified as moderately poor.**

- It is thought that 40% of the city's economy falls within the informal sector – encompassing vendors, street traders, and service workers – who do not have a regular employer and who do not report and pay taxes on their income.



Santa Fe, Mexico City.

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Courtesy en.wikipedia.org/wiki/User:Carlote_Chili



Low income apartment buildings in the Azcapotzalco neighborhood of Mexico City. Courtesy of Robin Murphy.

- These informal workers don't have access to health care, and there is no welfare state and no benefit system for the unemployed. Services are often available in the cities, but many residents cannot afford to pay for them. The government's main social safety net program, Oportunidades, focuses on the rural poor. While it has improved the condition of the rural poor in recent years, it has done little for their urban counterparts.
- Transportation is an issue, as are water, sanitation, and public safety. Incidents of crime and violence are higher in barrios.

Mexico City's levels of pollution are considered among the worst in the world, though the government has initiated numerous projects over the last ten years which are beginning to have an impact.

- Among the main causes of air pollution are emissions from the millions of cars and trucks that pass through the city. Because there is no alternative infrastructure of road, rail, or water transportation in Mexico, the city has become a chokepoint for nearly all goods moving north by land from Central and South America. Industrial pollutants contribute to the problem as well.

- Mexico City's geography is also a big factor: the city is surrounded by two mountain ranges which trap pollutants over the city.
- Water contamination, from industrial waste and poor sanitation, sickens many each day. Homes in the barrios often lack sanitation, leading to health problems within these communities, and contributing to the overall unreliability of Mexico City's water supply.

Mexico City is not alone in the challenges it currently faces – many cities around the world are experiencing explosive population growth, creating overwhelming demands on basic infrastructure and government services. As these cities continue to grow, they pose daunting urban planning challenges, as well as opportunities to craft successful programs that could have global implications.

Mexico on the World Stage: Mexico in the Context of North America

North America



History of US-Mexico Relations

Economy and Trade (NAFTA)

- NAFTA: A Primer -
- Background: What is Free Trade? -
- Globalization and Free Trade -
- NAFTA 15 Year Later: The Balance Sheet -
- Why the Disappointment Associated with NAFTA? -

Migration

- Impact of Migration to the US on Mexico -
- US Responses to Mexican Immigration -

Energy

The Environment

Foreign Policy

Prospects for the Future

- Economic -
- Political -

Mexico in the Context of North America: Overview

Mexico's location on the North American continent bestows upon it what many believe is a superlative advantage: proximity to the world's largest economy along a 2000 mile land border. The degree to which Mexico has been able to parlay this geographical advantage into benefits for its economy and its people, and indeed whether this proximity is more a curse than a benefit, is the widely debated.

When considering Mexico's continental relations, the tendency is to often ignore Canada, which does, in fact, play a large role in Mexico's fate through its participation as the third partner in the North American Free Trade Agreement (NAFTA), and through bilateral trade agreements. Many Mexican asylum-seekers fleeing the current drug violence

end up in Canada, while 90% of the illegal drugs consumed by Canadians come from Mexico.

Even so, US-Mexican relations dominate geopolitical conversations, and it is this relationship that is the primary focus of this section. Many of the same trends present in US-Mexico relations are, in fact, mirrored in Canada-Mexico relations. The Council on Hemispheric Affairs recently characterized Canadian stances on Mexico-related issues as "me-tooism," following the US' lead on most issues. Two key differences that bear mentioning are that Canada neither shares a border with Mexico nor does it, as a petroleum exporting country itself, depend on Mexican oil in the same way the US does.



Barack Obama and Felipe Calderon in Mexico City, 2009.

History of US-Mexico Relations

The histories of the United States and Mexico are intertwined. At issue for centuries, even when they were colonies of Britain and Spain, respectively, was **land**.

- After the US gained its independence in 1776, and Mexico its independence in 1819, a slow battle over border territories between the two countries ramped up.
- The following years saw the annexation of the independent republic of Texas by the United States, an offer from the US to buy New Mexico and California from Mexico, a two-year hot war, and a peace treaty granting the American victors not only New Mexico and California, but also parts of Colorado, Arizona, and Nevada.
- With the 1853 Gadsden Purchase, the modern border between the US and Mexico was finalized.

Beyond land, US-Mexico tensions have also been about **influence**.

- In the 1820s, following machinations by European players to gain a foothold in the Western Hemisphere, the US made it plain (in the form of the Monroe Doctrine) that its backyard was off limits to outside powers, essentially claiming the hemisphere as its sphere of influence.
- A Good Neighbor Policy accompanied this assertion, with the US reassuring Mexico and other Latin American countries that it would not intervene in their domestic matters.

- In the 1940s and 1950s came the Cold War, and the US sought to keep Communism out of the hemisphere by taking sides in several wars in the region.

The late 20th Century was marked by Mexican economic decline, resulting in debt and currency crises, for which the US provided some relief. The post 1994 US-Mexico era has been marked by issues of trade (NAFTA), migration, security, energy, drugs, and the environment. Relations have been affected by global trends as well, including the post-9/11 war on terror and the rise of China as a common economic threat.

An overriding factor in US-Mexican relations is **asymmetry**.

- The US has always been the more dominant partner, by virtue of its size, the strength of its economy, and its geopolitical influence. The exception is US dependence on Mexican oil. Mexico is the second-largest oil exporter to the US.
- Located next door to a world superpower is a tricky place to be – not only because US influence is so strong, but because its attention to Mexican concerns has often been sporadic.
- Mexico has, at times, retaliated by taking positions on the international stage that run counter to US interests. These include Mexico's decision not to support the US invasion of Iraq, and displays of camaraderie with US enemies such as Venezuela and Cuba.

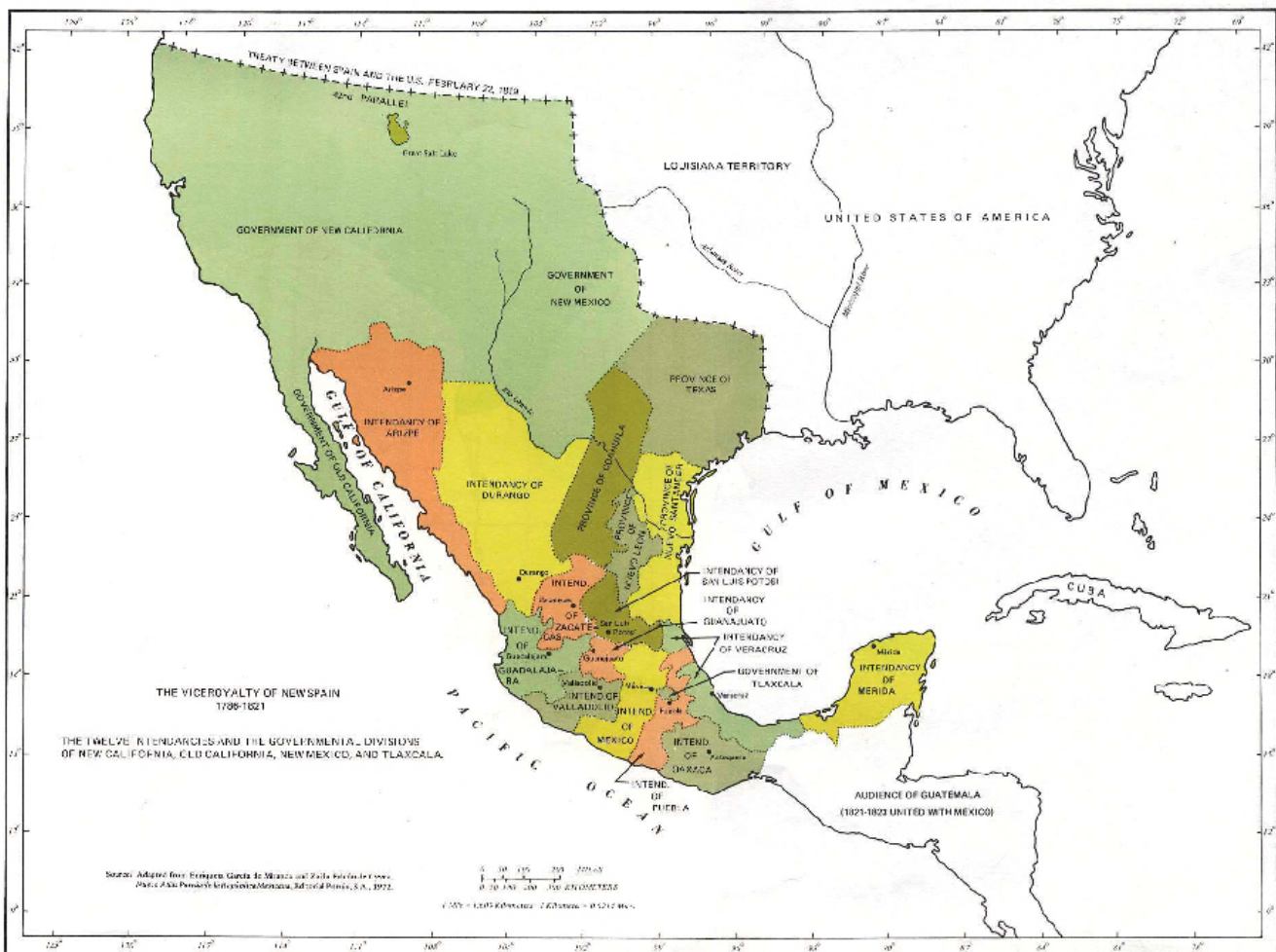
In 2009, President Obama embarked on what has been framed as a new era in US-Mexican relations. Well-publicized issues surrounding drug violence and immigration have elevated Mexican policy in the new President's priorities. On his highly scripted visit to Mexico City in April, he announced that he was there "to launch a new era of partnership... built on an even firmer foundation of mutual responsibility, mutual respect, and mutual interest."

This has been accompanied by a billion dollar (mostly military) initiative to help Mexico deal with increasing drug violence, known as the **Merida Initiative**. Critics of this

initiative believe the solutions to mounting border crises lie not in more sophisticated weaponry for Mexican drug officials or in more immigration controls, but in reducing the glaring inequality between the two countries that lies at the root of many of these crises.

As globalization has progressed, the US and Mexico (and Canada) have become more interdependent, and it is unlikely that this trend will reverse, despite the global economic recession. But this remains an asymmetrical interdependence, as Mexico is in a more vulnerable position and more easily buffeted by political, economic, and social trends at play inside its larger neighbors.

The Viceroyalty of New Spain, 1786-1821





Canadian Prime Minister Paul Martin, US President George W. Bush and Mexican president Vicente Fox, in March 2005

Economy and Trade

NAFTA: A Primer

Discussions concerning a proposed North American Free Trade Agreement (NAFTA) began in the early 1990s among the United States, Canada, and Mexico. The proposal called for phasing out trade tariffs among the three countries in order to open up their borders to regional free trade. Its design and approval were marked by contentious debate, especially in the United States under Presidents George H.W. Bush and Bill Clinton. NAFTA was signed in 1994; fifteen years later, it has been described by the New York Times as “a politically charged symbol of the promises and perils of free trade.” Currently, NAFTA encompasses about 440 million people and is one of the world’s largest free trade zones.

Background: What Is Free Trade?

In a free trade scenario, the market determines who are the producers of certain goods and services, and who are the buyers. Theoretically, each country benefits from “comparative advantage” – countries produce they can produce most efficiently and at the lowest costs, and buy from other countries what those countries can produce better or cheaper.

The concept free trade is premised on the unimpeded flow of **imports and exports**. For most of modern economic history, empires and countries protected their own domestic producers and markets from imports by erecting trade barriers. **Trade barriers** can be in the form of:

- **Tariffs**, which are taxes on goods imported from other countries that artificially raise the price of those goods and therefore make domestically produced goods more competitive.
- **Subsidies**, which are government grants paid to domestic producers so that those producers can charge less for their products, and therefore be more competitive.
- **Tax breaks** for domestic producers that lower their taxes and thereby decrease their costs.
- **Labeling and packaging requirements and standards** for imported goods that are expensive for foreign producers to implement, and add a cost not borne by domestic producers.
- **Import quotas** which place limits on the amount of imports of certain goods allowed into a country.

In the absence of protectionist policies like those described above, truly free trade would result in a world where developed countries (such as the US and Canada) would buy their agricultural and basic manufactured goods from those countries that can produce them more cheaply (developing countries such as Mexico where land and labor are less expensive). Developed countries would then turn their attention to producing more technologically sophisticated goods and services that they can produce more efficiently with their educated workers, advanced infrastructure, and access to innovation.

This theory is extremely compelling, but the world's realities prevent the theory from being fully practiced. One reason is the persistence of protectionist trade barriers. Another is the impossibility of completely efficient economic planning.

It is important to remember that **free trade is not the same thing as fair trade**. Fair trade implies a form of social justice factored into the exchange of goods and services. Fair trade goods such as coffee come with the assurance that the growth and production processes have been fair and equitable to the workers involved.

Globalization and Free Trade

Globalization has been marked by the movement of countries away from protectionist policies and toward free trade policies that allow more efficient movement of goods, services, capital, and people between countries. It is generally accepted that, in order to prosper in the modern economy, a country must be able to reach consumers and find suppliers beyond its borders. Free trade policies make this possible; these policies can exist at the bilateral (country to country) or regional level (where free trade blocs are created among numerous countries). The **World Trade Organization (WTO)** promotes worldwide free trade policies. (See the Trade Policy Section of the Global Poverty and International Development edition of the *World Savvy Monitor* for more information).

Countries often enter into numerous, and even overlapping, free trade agreements. Mexico, the United States, and Canada maintain bilateral free trade ties with each other and many other countries inside and outside of the Western Hemisphere in addition to participating in NAFTA.

The regional free trade zone that is most often held up as the most successful in the world today is the **European Union (EU)**, which currently includes 27 member countries.

- Experts generally point to the EU as a model for harnessing the potential of both rich and poor countries on the continent through free trade, combining the cheaper labor of less developed countries with the technological know-how of more developed ones.
- EU mechanisms exist to mitigate the painful transitions associated with free trade, including aid and technological assistance among member nations.

- Each EU member nation provides government-funded social safety nets, such as pensions and health care, to further ease the pain associated with economic transitions.
- EU members also submit to a rigorous selection process that includes standards for governance and human rights.

NAFTA 15 Years Later: The Balance Sheet

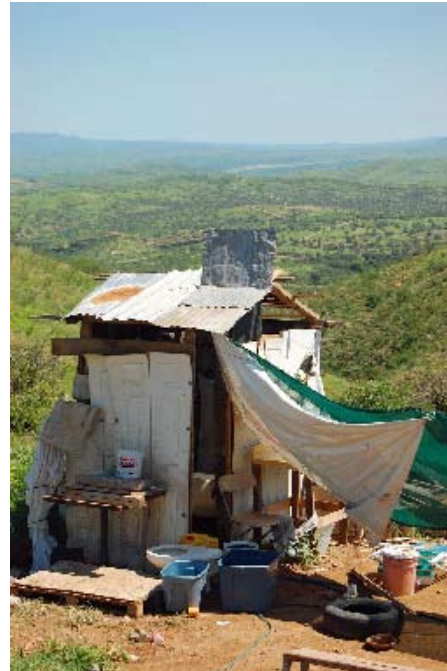
NAFTA was supported in Mexico because intra-continental free trade, in theory, would allow the country to take better advantage of its greatest economic asset: its geographical proximity to the largest economy in the world, the United States, as well as to another economic power, Canada. Facilitating unfettered access to these countries was seen as critical to bringing the benefits of globalization to Mexico. Goods that could be produced more cheaply in Mexico could be exported to US and Canadian consumers; American and Canadian technology and investment would flow to Mexico.

Accomplishments:

- Trade among the three countries did, in fact, increase dramatically, 227% between 1993 and 2008, according to the World Bank. Trilateral trade currently accounts for \$15.3 trillion in goods and services annually.
- Mexico's share of this trade, which had previously been dominated by US-Canadian trade, also increased dramatically. Mexico's imports from Canada rose 704%; its exports to Canada rose by 482%. Mexico's imports from the US rose by 236%; its exports to the US rose by 440%.
- Since the implementation of NAFTA, all three countries have experienced GDP growth. The US and Canadian economies each grew by 53%; the Mexican economy grew by 51%. (Remembering that percentage growth of larger economies like the US and Canada yields much greater absolute gains than percentage growth in an economy like Mexico – they started at dramatically different levels, pre-NAFTA).

Disappointments:

- The Mexican economy did not grow as much as expected. Inequality and poverty have persisted. Slow wage growth for workers continues to harm domestic consumption and overall domestic growth.
- Many had hoped that NAFTA would decrease immigration from Mexico to the United States by creating Mexican jobs. This has not been the case, with over 500,000 Mexican immigrants entering the US every year.
- Technological advances have come slowly to Mexico. Most industry is still in the low-value added sector, which means sophisticated parts are manufactured elsewhere and shipped to Mexico for assembly only. This results in only a small part of the profit from these goods remaining in Mexico.
- Mexican workers remain under-educated and under-trained, relegating Mexican industry to a less lucrative place in the global supply chain.
- Mexican agricultural exports have grown more slowly than anticipated, largely due to competition from large agricultural enterprises located inside the United States and protected by US government subsidies. Mexican farmers retain an advantage in crops that are hand-picked, such as avocados and strawberries, but many farmers, especially those producing corn, have been hurt by the dismantling of tariffs that protected them from cheap subsidized US imports.
- Some would say that the intensification of the drug war is to some extent linked to NAFTA – opening borders to legitimate trade has also facilitated trafficking in illegal substances and guns.



Courtesy of Ken Bosma

A shack near the border town of Nogales, Mexico.

Why the Disappointment Associated with NAFTA?

Examinations of what NAFTA has and has not done for the Mexican economy are plagued by misperceptions about what NAFTA is and what it is not. From the beginning, expectations for the trade pact probably exceeded what could realistically be accomplished. Internal factors within Mexico and unanticipated global trends have also had an impact on what is often referred to as NAFTA's "underperformance."

Problems With the Pact:

- Free trade can be painful, as competition eliminates some kinds of jobs. NAFTA lacks many of the cushioning measures for populations which would not benefit from globalization. These include social safety nets for the displaced and unemployed, as well as labor standards for workers.
- There are few provisions within NAFTA for the mediation of trade disagreements.
- NAFTA's focus is on eliminating tariff barriers; it neglects other protectionist measures. For example, US agricultural subsidies have gone unaddressed and continue to affect the competitiveness of Mexican exports.
- Implementation has been uneven. For example, a provision designed to allow Mexican trucks to deliver products in the US was rejected by the US Congress in early 2009.
- Both labor and environmental standards are largely missing from NAFTA, leading to unsafe working conditions in factories on both sides of the US-Mexico border and to environmental degradation in border towns where large populations have settled.

Problems Within Mexico:

- NAFTA's failure to live up to Mexican expectations has a lot to do with Mexico's own internal economic policies. Instability characterized by swings between the ideological left (pro-labor) and right (pro-business) have discouraged foreign direct investment and hampered macro-economic planning. Powerful oligarchs continue to call the shots in many sectors of the economy, interfering with the development of cohesive trade policies. (See the Inside Mexico: Economy section for more).
- Challenges in the mid-1990's, unrelated to NAFTA itself, led Mexico to get a late start in capitalizing on NAFTA. These included a debt and currency crisis, the assassination of a Presidential candidate, and the Chiapas uprising in the first years of the pact.
- Mexico's lack of education infrastructure has largely kept it from being able to protect workers from free trade dislocations or to develop more lucrative higher-end manufacturing. The US and Canada have had a distinct edge in their capacity to retrain workers and move them into other industries harmed by Mexican competition.
- Mexico's lack of infrastructure has limited its ability to take advantage of NAFTA. With its population spread throughout the country and its infrastructure underdeveloped, mobility of labor and goods is compromised. Cities along the border are burdened by transient populations and poor urban planning associated with boom and bust trends. Moreover, poor infrastructure leads to bottlenecks in and around Mexico City through which nearly all Mexican goods produced in the South must travel.



Members of the Zapatista Army of National Liberation.

- China's entrance onto the economic world stage has had perhaps the greatest effect on the promise of NAFTA for Mexico. Bilateral trade deals between all the NAFTA partners and China have resulted in stiff competition in the area of manufactured goods. China's factories employ more workers with better education levels, and enjoy more state promotion of industry than those in either the US or Mexico. Chinese imports account for job losses in the US and Mexico that are often wrongly attributed to NAFTA on both sides of the border.
- The current worldwide recession has highlighted the volatility associated with the global marketplace, and Mexico is suffering in numerous ways. Exports are falling in response to reduced consumer demand in the US, reduced US investment in the Mexican economy, and a steep decline in remittances from Mexican workers who have lost their jobs in the US. Add in the swine flu and its effect on tourism, and the Mexican economy is now facing its greatest challenge since the peso crisis in 1995.

Unanticipated Trends and Events:

- The September 11, 2001 terrorist attacks on New York and Washington awakened security concerns at the US-Mexico border, and led to a tension between economic activity and counter-terrorism efforts. The Wilson Center has estimated that \$9 billion is lost each year in US-Mexico sales and investment due to wait times at the now highly fortified border. Keeping trade moving while keeping populations safe from external threats has proven challenging.



Photo courtesy of Tomas Castelazo

A Mexican man attempts to cross the border at Tijuana. The white crosses represent those who have died during failed attempts.

Migration

Migration is a central issue of concern in North America. As a rule, Mexico is a sending country; its continental partners are receiving countries. Canada is known for its liberal policies regarding asylum-seekers and refugees; the US, because of the border proximity, draws a greater number of economic and voluntary migrants, both legal and illegal. (See the Human Migration edition of the *World Savvy Monitor*).

Mexican emigration to the United States is one of the most highly politically and emotionally charged migration flows in the 21st Century. Mexican-born immigrants make up 30% of America's foreign-born population, 9% of people residing in the US are of Mexican descent, and 10% of all Mexican citizens live in the United States. Over half million immigrants from Mexico arrive legally or illegally in the US in any given year, joining the estimated 12 million already in the country. This trend is currently on the decline, however, due to the US recession. Fewer people are risking illegal entry; more are returning home to Mexico, unable to find work in the US.

Impact of Migration to the US on Mexico

People who leave Mexico for the United States are generally fleeing poverty and pursuing economic opportunity.

Pros:

- In relieving the pressure created by large groups of unemployed men and women, migration to the US is beneficial to Mexico.

- Migration also benefits Mexico in the form of remittances, money sent home by family members working in the US. Remittances make up a substantial portion of the Mexican economy.
- Workers that return seasonally or cyclically to Mexico from the US often bring new technologies and expertise to domestic industries.

Cons:

- Although many Mexican immigrants are low-skilled workers in search of agriculture, manufacturing, and service industry jobs, some migrants are skilled and educated workers which Mexico does not want to lose.
- The factors that drive large numbers of migrants to make the journey to the US also impact population distribution in Mexico. Many flock to border towns in hopes of getting the chance to cross over. Border cities struggle to support these transient, temporary populations, and jobs are not always available for those seeking work while they wait for an opportunity to cross the border.
- The congregation of more and more people in border cities has translated into environmental damage as well as security concerns.
- The presence of numerous armed US and Mexican border patrol officials, as well as drug cartels and human smugglers, further destabilizes the situation in border towns.

US Responses to Mexican Immigration

Because so many Mexican immigrants are illegal or undocumented, their entry has triggered a variety of **government and popular responses** aimed at curbing entry of Mexicans into the US.

- There is the perception that these workers take American jobs away from American workers, although research has shown that Mexican immigrants are often employed in sectors where it can be difficult to recruit American labor, including low-end manufacturing, home health care, domestic services, agriculture, and construction.
- Other criticism surrounds the use of public services by Mexican undocumented immigrants, as evidenced in California's Proposition 187 that seeks to limit public education and health care for non-citizens. However, new research suggests that illegal immigrants possibly pay more in US taxes than they consume in services.
- Demographers point out that the influx of young, healthy laborers into the US from Mexico will help to counteract a potential population decline in the US, something currently occurring in parts of Europe, as well as in Russia and Japan. Migrant contributions to the social security system help offset the benefits taken by the aging native-born US population.

Despite such evidence to the contrary, many in the US perceive Mexican immigration as a burden on the economy. Culturally and socially as well, many are uncomfortable with the rising Latino population, especially in the American Southwest. This has led to:

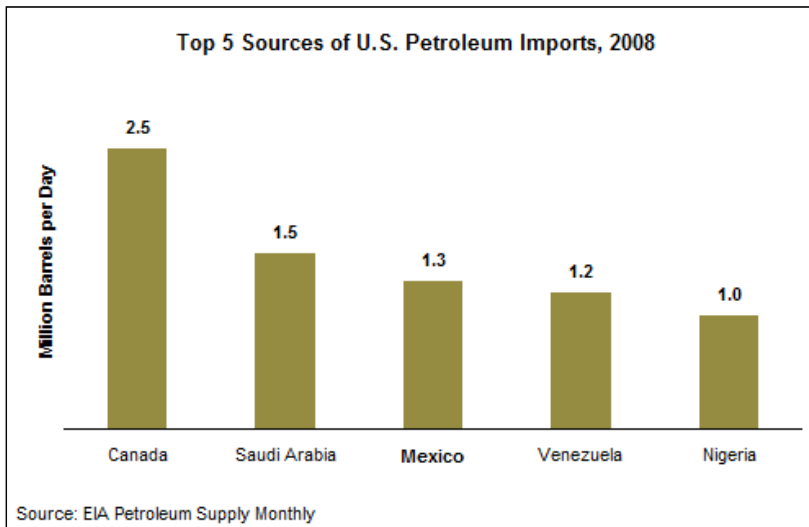
- **Contentious debates within the US Congress** about immigration policy. In 2006, a Bush-proposed immigration reform bill was defeated. The bill included, among other things, citizenship provisions for many types of immigrants already in the country illegally.



The US-Mexico border near San Diego.

- **The construction of a physical barrier** or border fence along the US-Mexico frontier designed to prevent illegal crossings. Along with this partially completed fence has come a three-fold increase in border officials, with up to nine agents per mile along the 2000 mile border and nine million watch hours per year. With costs running up to \$12 billion, and less than one-third of the border covered, most believe it is unlikely that the 16 foot high fence will ever be completed.
- **Minuteman patrols and civilian militias** that bring US citizens into the fray. In addition to the increased government patrols, many US residents living near the border have mobilized, many of them with arms, to prevent illegal crossings.

Experts such as those at the Brookings Institution and Wilson Center have called for collaborative, bilateral bodies to manage the US-Mexico border, encouraging comprehensive dialogue to address the variety of push and pull factors driving immigration. **Realists note that no amount of border security short of shutting down a vital trade route will prevent crossings and that the US is unlikely to be able to repatriate Mexicans who have already entered the country illegally.** They call for measures to address poverty and job creation in Mexico so that would-be migrants will remain home. They also call for legalizing immigrants in the US to bring them into society as full taxpayers and stakeholders.



Energy

Mexico and Canada are the largest suppliers of oil to the US. Energy exports and imports among the three countries are not covered by NAFTA, and there is no broad energy policy regarding pricing or supply on the continent. Mexico's energy sector is highly intertwined with its foreign policy – it is the world's seventh largest oil producer, yet its lack of technology and infrastructure to refine its own crude oil make it dependent on foreign imports for gasoline and other petroleum products. Mexico is not a member of OPEC.

As with Saudi Arabia, US companies helped to develop the Mexican oil industry, and enjoyed a lucrative advantage in the Mexican energy sector until oil fields were nationalized by the Mexican government during WWII.

In 1976, new reserves were discovered in the Gulf of Mexico, including the massive Cantarell oil field. Mexico borrowed heavily from foreign investors to develop these reserves, contributing to its debt crisis in the 1980s and 1990s.

- **As the world's largest oil consumer, the US has a significant interest in Mexico's continued role as an energy exporter**, especially since other oil producing states are located in unstable regions (Middle East and Africa) and/or are unfriendly toward the US (Venezuela and Iran).
- There is concern regarding the reliability of the oil supply, however, due to the declining output of the Cantarell fields and the vulnerability to oil installations in the Gulf of Mexico to hurricane damage.

The government of Mexico is highly dependent on the global energy market for its survival. Oil comprises 15% of Mexico's export earnings, but nearly 40% of all government revenues in the form of taxes and payments from state-owned oil monopoly Pemex.



Smog over Mexico City. Courtesy of Wiki user Usfirstgov

The Environment

US-Mexico relations are marked by shared environmental issues. **In addition to being in competition for water supplies, Mexico and the US suffer from extreme environmental degradation on both sides of their border.**

The US Environmental Protection Agency has called air and water quality in the 14 metropolitan areas along the border “abysmal.” Overpopulation and poor planning has led to vast amounts of airborne pollution; water supplies are contaminated by industrial and agricultural (including chemical pesticide) waste; sewage treatment and disposal capacity is overburdened. Rapid development of border areas has also led to ecosystem damage.

The US and Mexico also share an interest in Mexico’s **coastlines**, which have largely been developed to attract

American tourists and retirees. Seeing that these communities are sustainable in a warming world is of common benefit.

Few common mechanisms exist to address these environmental issues; the absence of NAFTA provisions on this issue has led to calls for the trade pact to be renegotiated. Many have called for the creation of a joint environmental fund as well as common emissions standards. Some of these concerns were aired at the recent Organization of American States (OAS) summit where Presidents Obama and Calderon signed a “US-Mexico Bilateral Framework on Clean Energy and Climate Change.” The US is currently supporting Mexico’s bid to host the 2010 UN Conference on Climate Change.



Mexican President Calderon with US President George W. Bush at the White House in 2007.

Foreign Policy

Mexico is an ally of the US and Canada, yet does not support every policy espoused by its more powerful neighbors. This can be seen in the following trends:

- Mexico is currently advocating for expansion of the membership of the United Nations Security Council, a position not supported by the US.
- Following the September 11, 2001 terrorist attacks on New York and Washington, Mexico did not send troops to join the US-NATO led force in Afghanistan.
- Mexico stridently opposed the US invasion of Iraq, refusing to send troops and voting against authorization of the war by the UN.
- Mexico has supported Cuba's inclusion in regional and international bodies. Cuba has remained ineligible to participate in the Organization of American States, largely due to US influence, a policy condemned by Mexico.
- Mexico has close ties to other Latin American countries, including those considered hostile to the US. Most prominent among these currently is Hugo Chavez's Venezuela.



Courtesy of Ricardo Tuckert/PR

Leaders of the G5 countries at a 2007 Berlin meeting. From left to right: Manmohan Singh of India, Luiz Inacio Lula da Silva of Brazil, Felipe Calderon of Mexico, Hu Jintao of China, and Thabo Mbeki of South Africa.

Prospects for the Future

Economic

Many expect NAFTA's critics and protectionist attitudes to gain ground during the current recession as protectionist sentiment increases around the world.

Jeff Faux of the Economic Policy Institute has summed up the sentiment of most experts looking ahead by saying:

Put bluntly, if the NAFTA model could not create enough jobs for Mexico during fifteen years of extraordinary consumer boom in the US, it is unlikely to deliver more growth in an era in which the US must consume less, save more, and substantially reduce its trade deficit.

Political

Domestic politics are a prominent place where the love/hate relationship between the US and Mexico play out.

- Mexican officials often have a tough time resisting the populist support that criticism of the US guarantees at election time.

- In turn, the American Congress occasionally engages in anti-Mexican rhetoric, popular with certain constituencies, particularly in border states.

A recent symbolic battle has recently been waged following the release of a US Pentagon report that named Mexico as a potential "failed state." The outrage at the use of this label, usually reserved for places like Afghanistan and Somalia, has been intense on the Mexican side of the border and has diminished the impact of the Obama Administration's conciliatory overtures.

Despite the criticism of many domestic constituencies in both countries, there is considerable goodwill between Presidents Obama and Calderon. Notwithstanding which, both walk a fine line in professing their support for one another, lest they invite further domestic ire.

Council on Hemispheric Affairs expert Larry Birns has said that Obama's task is nothing less than "to rehabilitate a relationship that has been terribly wounded by neglect and abuse."

Mexico on the World Stage: Mexico in the Context of Latin America

Latin America



History of Mexico and Latin America

Economics and Trade

Migration

Security

Energy and the Environment

Development

International Competition

Prospects for the Future

Mexico in the Context of Latin America: Overview

Mexico is unique in that, by virtue of its location and its linguistic/cultural heritage, it belongs to both North America and Latin America. Bridging this gap between North and Latin America poses challenges, particularly in view of the natural tensions which at times divide the two regions.

Mexico identifies with both its European-descended North American partners, and with the countries of the South that started life as European colonies. Mexico has more in common with its Latin American counterparts historically, politically, economically, socially, and culturally; yet, Mexico is much more dependent on the US and Canada for its livelihood. In this section, we will examine Mexican affinities with Latin America.



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Machu Picchu, "lost city of the Incas." Courtesy of Paul Burani.

History of Mexico and Latin America

Mexico and its Latin American counterparts share in some ways a **common history**.

- Whether Mayan or Inca, the Central and Southern regions of the Western Hemisphere were home to similar Amerindian peoples.
- Some of these indigenous populations formed sophisticated civilizations that were later conquered by European explorers. As they would go on to do in other places in the world, European colonizers – Spanish, Portuguese, British, Dutch, and French – often relied on a divide and conquer policy, turning different native tribes or groups against each other and reaping the rewards of the ensuing chaos.
- Many of these inter-ethnic and inter-clan rivalries outlasted their imperial innovators and contributed to the class systems that prevail today.
- Much of Latin America was subjected to a form of feudalism upon conquest and colonization, in which valuable land holdings were usurped by European elites associated with colonial governments and the Catholic Church.
- Nearly all countries experienced significant death rates among indigenous populations from European diseases and poor working conditions on hacienda-style plantations.
- Nearly all Latin American economies came to be based on a mercantilist system which relied on the production and export of natural resources.

- Most of Latin America experienced successful independence movements in the early to mid-19th Century. Post-independence societies tended to be unstable, marked by chaotic politics, debates over land reform, and reliance on foreign debt.
- Many came to be ruled by authoritarian leaders, and experienced dramatic political swings between Left and Right. Revolts by marginalized peasant populations were and have continued to be commonplace and destabilizing.

Corporatism, or the melding of state and select private economic interests, has developed throughout Latin America, causing significant economic divides between rich and poor, and limiting economic mobility and political reforms.

Economic inequality is entrenched and pervasive, and largely resistant to policies and movements attempting to correct it. The fight against it has led to the popularity of counter-cultural figures such as Che Guevara and Fidel Castro. Author Michael Reid provides a helpful definition of **populism** as it pertains to Latin America:

It is first, a brand of politics in which a strong, charismatic leader purports to be a savior, blurring the distinction between leader, government, party, and the state, and ignoring the need for the restraint of executive power through checks and balances. Second, populism has often involved redistribution of wealth in an unsustainable fashion.

Democracy came to Latin America in a distinct wave; Latin America is now home to the world's largest collection of democracies, though with their entrenched interests and the limited role of a free press and organizations of public advocacy, they do not function in the robust manner of many democracies. However, some observers such as Michael Reid, in his new book *Forgotten Continent: The Battle for Latin America's Soul*, caution the world not to write them off, citing what he calls the "stubborn resilience of flawed democracies."

Difficulty with incremental reform is also a common feature of Latin America's democracies. Latin American expert and editor of *Foreign Policy* Moses Naim, has written that:

Latin America's most important deficit is **patience**. Unless governmental policies are given time to work, new policy efforts will fail before they are fully tested. Investors will continue to ignore projects that cannot offer quick returns, governments will only advocate policies that can generate rapid, visible results even if they are unsustainable or mostly cosmetic, and voters will continue to shed leaders that don't deliver soon enough...Large scale social progress will require years of sustained efforts that are not prematurely terminated and replaced by a new, "big-bang" solution.



Courtesy of Andres Montroy-Hernandez

A street in an impoverished Mexican neighborhood.
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Courtesy of Wiki user Ponalgoyya

Santa Lucia Riverwalk in Monterrey, Nuevo Leon.
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Economics and Trade

Overall economic development has lagged in much of Latin America for the same reasons it has in Mexico.

- In the colonial period, mercantilist arrangements discouraged the development of domestic industries.
- Foreign investment, debt, and ownership of assets drained countries of capital and resources.
- Chaotic politics, lack of sufficient regulation and infrastructure, and instability caused by civil wars and rebellions deterred constructive investment.
- State control of key economic sectors led to inefficiency and corruption.

Like Mexico, many Latin American countries went through **macroeconomic structural adjustment programs** mandated by foreign lenders when their economies hit the “lost decade” of the 1980s. In some cases their ability to take advantage of global trade has been hampered by **lack of microeconomic reforms** needed to make markets work in their favor. Corruption and state patronage have contributed to an economic **inequality** which precludes the development of the critical middle class. Privatization has often led to the creation of **powerful monopolies** owned by oligarchs who are often considered above the law.

Some experts have gone as far as to use the term “**economic apartheid**” when describing Latin American, including Mexican, class dynamics. The vast disparity of wealth in Latin American countries reflects ineffective and inefficient fiscal policies which fail to help the poor even when developed in the name of populism. Expenditures on

education, pensions, and energy do not always go to the neediest citizens.

Most Latin American countries, like Mexico, are dependent on **natural resources** for economic growth – from oil to timber to gold, and from sugar to minerals.

- As discussed in the Mexican Economy section, the natural resource curse is often in play as economies fail to diversify, prices are often volatile, and inflation rises.
- Commodities-based economies throughout Latin America are at the mercy of boom and bust cycles created by fluctuating world demand and the trade policies of other nations.

Finally, Mexico and Latin America share a similarity in the **prominence of the informal sector of the economy**. From street trade and domestic services to prostitution, drugs, and organized crime, many people operate outside the official economy and undermine the economic sovereignty of the government.

Numerous free trade agreements exist within Latin America, some of which include Mexico.

- All countries in the region maintain free trade policies with other countries and within regional associations.
- All are members of the World Trade Organization (WTO).
- As the most significant Latin American economies, Brazil, Argentina, and Mexico often find themselves in multiple concentric circles with respect to economic

organizations. Mexico and Argentina are members of the Group of 20 Industrialized Nations (G-20). Argentina and Brazil are in Mercosur; Mexico is in NAFTA. Brazil is one of the growing economies known as BRICs, and Mexico is the only Latin American country in the Organization of Economic Development Cooperation (OECD).

Migration

Mexico is a net receiver of migrants from Latin America. Economic migrants and those fleeing drug violence in Central and South America have historically moved north for improved opportunity and security (though this is on the decline amid Mexico's own economic and security woes). Mexico also serves as a transit corridor for migrants to the US from certain countries in Central and South American such as Guatemala.



Miguel Orejuela of the Cali Cartel of Colombia, being arrested by DEA and ICE in 2005.

Security

Mexico shares with some of its Latin American neighbors a history of military and intelligence issues with the United States.

- Mexico experienced a major war with the US in the mid-19th Century, and has been vulnerable to border skirmishing at times.
- Several Central American, Caribbean, and South American countries which flirted with Communism during the Cold War drew US ire. From Cuba to Nicaragua to El Salvador to Panama, Communist sympathies brought US intervention and support for coups and/or militias in what was perceived as a critical theater of ideological and military geopolitics in the Western Hemisphere.

Mexico has never gone to war with any Latin American country; in fact, peaceful relations between neighboring states have by and large been a characteristic of countries in Central and South America. Compared to other regions of the world, this lack of overt military tension between countries is somewhat remarkable.

Security threats in Mexico and Latin America today generally come from non-state actors. Prominent among these are drug cartels and other crime operations that exist in Mexico and throughout Central and South America, and are often linked to each other. Other potential security threats are posed by international terrorist groups who are thought by some to enjoy easy access to South American cities and ports.



Courtesy of Wilson Diaz/ABr

Venezuelan President Hugo Chavez casts his vote in a 2007 referendum to amend the Venezuelan Constitution.

Energy and The Environment

As **oil exporters**, Mexico and Venezuela enjoy considerable leverage where energy is concerned.

- Globally, the oil-dependent US often finds itself somewhat at the mercy of oil producing countries that often tilt toward anti-Americanism.
- Keeping Mexico from cooperating too closely with Venezuela (and Iran) is a major US priority.
- Mexico is not currently a member of OPEC, but does participate in some supply and pricing discussions with OPEC nations.

Mexico and its Latin American counterparts have all been affected by **China's explosion onto the world stage**. China is a significant purchaser of oil, which benefits oil exporting nations everywhere. In addition, China's policies include help with infrastructure projects that aid in the extraction and transport of oil products for state-owned companies that might not otherwise be able to make such expensive improvements.

As with most other regional blocs around the world, including North America and the EU, Latin America lacks a common energy policy.

- Oil is typically exempt from free trade agreements that might otherwise stabilize pricing and supply.
- Few strategic considerations guide the production or sale of renewable energy across borders.

The **environment** poses a common challenge for Mexico and Latin America. Most of the environmental issues confronted by Mexico can be found elsewhere in Latin America: pollution, desertification, water contamination, and deforestation (especially in the Amazon Rain Forest). Common solutions are slowly being considered as global warming takes on more urgency on the international stage. Environmental concerns figured prominently in the recent Organization of American States summit in 2009.

Development

Mexico shares a great deal with its Latin American counterparts in sociocultural matters. The region shares a colonial legacy, and many countries share a common language, religion, and heritage. Mexico shares many modern trends with its southern neighbors such as migration, battles over the marginalization of indigenous populations, and urbanization. Many of the problems that are associated with the explosion of Mexico City can also be seen in other megacities in Latin America, including Sao Paolo, Rio De Janeiro, Buenos Aires, Bogata, and Caracas. These include the juxtaposition of massive poverty and extreme wealth, poor infrastructure and service provision, and organized crime activities. Latin American societies as a whole tend to lag behind on gender equality measures as well.



The UN Security Council chamber in New York City. Photo courtesy of Patrick Grubman. Creative Commons Attribution ShareAlike 2.0.

International Competition

Mexico is the most populous country in Latin America, routinely competing with Brazil for regional influence. This can be seen vividly in the ongoing effort to reform the **United Nations Security Council** with the proposal of a permanent seat for Latin America. Brazil and Mexico are bitter rivals for the proposed seat, and their rivalry is stalling the proposed reform as countries around the world divide into opposing camps with different potential membership rosters. Latin American countries also vie for power at the **World Trade Organization**, specifically over who speaks for Latin America in the Doha negotiations aimed at developing countries.

Since the mid-20th Century, **Cuba** has been a rallying point for the rest of Latin America, including Mexico. What Castro symbolized in standing up to the United States has had staying power. Mexico broke with the US in the 1950s and 1960s over the Cuba's pariah status, siding with other Latin American countries that protest the exclusion of Castro's Cuba from regional and international bodies. Mexico remains firm in its support of the normalization of relations with Cuba and its inclusion in the Organization of American States.



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Flag of the Organization of American States (OAS).

Prospects For The Future

All of Latin America struggles with the dilemma of attempting to both foster economic growth and eradicate poverty. Most have found it hard to do both. More economic cooperation would likely help the region as a whole as well as the development of individual countries, as would collaboration on climate and energy policies. Improved regional governance and anti-corruption efforts also hold promise. Institutions for such collaboration do exist, from the OAS to the Inter-American Development Bank to numerous other Hemispheric organizations.

How likely is Latin American integration? The notion of excluding the United States and Canada, and instead

forming a Latin American regional trading bloc, has had little success. Neither Mexico nor Central America (covered by the Central American Free Trade Agreement, CAFTA), nor countries such as Colombia and Panama which have free trade agreements with the US pending, are likely to move in this direction as long as their economies remain dependent on American markets. Ties to the US are a major sticking point, as are bitter internal rivalries within Latin America.



DEA agents make a drug-related arrest in New York.

Special Section: Drug Wars

The Mexican drug trade has vast tentacles into other forms of organized crime, and its participants have recently grown increasingly brazen in the use of violence against rivals as well as against government officials and civilians. It is a story with roots and impact on both sides of the US-Mexico border.

The Mexican Drug Trade

The rise of Mexican drug production and trafficking reflects success on another front in the global war on drugs. Ironically, US and Colombian efforts to eradicate the cocaine cartels of Colombia in the 1980s and 1990s had the effect of moving the lucrative trade north. Newly emboldened Mexican cartels assumed control of the trade in not only cocaine, but also marijuana, heroin, and methamphetamines. What cannot be grown or produced in Mexico is now trafficked north from Central and South America by five to six major Mexican cartels and hundreds of lower level criminal organizations.

US consumers constitute the majority of demand for illicit Mexican drugs; US banks in American border towns often house drug profits; cartels recruit in US jails; and some cartel members live in US cities and direct their gangs from places as far away as Miami and Atlanta.

Why Mexico?

Mexico is seen as an **ideal place for such criminal enterprises to flourish** for several reasons.

- First, its **proximity to the United States** encourages the drug trade. American consumers are among the highest users of illegal drugs worldwide. In addition to its domestic drug market, the US also serves as a corridor for the transportation of drugs from Mexico to another high-user country, Canada. High quality US transportation infrastructure facilitates drug transit; US banks hold drug money; US weapons arm drug soldiers. The 2000 mile US-Mexico border is the busiest single land transit border in the world, complemented by numerous seaports which provide multiple access points for legal and illegal commerce. The Justice Department has estimated that Mexican drug cartels now have a presence in 230 US cities.
- When Mexico's **70-year one-party rule** by the often authoritarian PRI ended with the election of 2000, many believe a power vacuum was created that has been exploited by criminal elements. Multi-party states in transition are often messy and less effective at keeping a firm lid on negative influences. Others would say that PRI dominance led to a culture of corruption that fuels the drug trade today.

- Regardless of politics at the national level, **Mexico's cities have been described as mini-failed states**. As *LA Times* reporter Sam Quinones has noted, Mexican urban areas, especially those along the US border, are ripe for dominance by drug cartels. Mayors may only serve one term, leading to high turnover in local governments. Urban authorities possess weak taxing power, and command little authority. Incompetence and corruption are commonplace. Resources for fighting the cartels are scarce.
- The drug cartels have made impressive inroads with **government officials, and also with the Mexican military**, who have been recruited to fight the drug war in some of the most dangerous cities, such as Juarez. The mayor of Juarez has recently begun firing up to 2000 corrupt police and drug enforcement officials. Whether he will be able to sustain this initiative or find suitable replacements is unknown. The resignation of the police chief, under threat by cartel members after he began a similar housecleaning program, does not bode well for the initiative.
- Mexican **legal institutions and the rule of law** generally are seen as weak. Impunity for drug crimes is not uncommon as courts are overburdened and justice officials compromised by connections with cartels.
- The **widespread poverty** that plagues much of Mexico's population contributes to the recruitment of foot soldiers into the drug trade. There are few alternatives for employment in a country with a mediocre education system and little economic development.

The Drug War

As the drug trade has flourished, the stakes have increased for the cartels involved. Many of these cartels are linked to organized crime networks generally, and competition for turf is commonplace. The term "war" as associated with drugs, has come to mean both inter-cartel violence and warfare between the cartels and the Mexican government. In both cases, recent years have seen an escalation in bloody violence, murder, and kidnappings.



Weapons seized by the Mexican Federal Preventative Police Force as part of the Merida Initiative.

- One reason for this is the influx of **sophisticated weaponry**, largely from the United States. Cartel members have been known to possess the most technologically advanced military-grade hardware available in the world today, conducting business with the help of hand grenades, rocket launchers, night vision goggles, advanced machine guns, expensive intelligence equipment, even helicopters and small submarines. The tools of war have become more deadly and easier to obtain. There are upwards of 6000 gun shops located along the US side of the US-Mexico border.
- To combat the sophistication of the cartels' arsenals, **Mexican government officials have militarized the fight on their side**. Mexican army units now routinely police cities and engage drug traffickers in street battles. President Calderon has plans to mobilize up to 45,000 soldiers to fight the drug war, 7000 of them in the city of Juarez alone. The deployment of the military, first undertaken in 2006, has contributed to the escalation of violence.
- Success breeds imitation. The violence has taken on a **self-perpetuating** nature as law enforcement efforts fail, cities host turf battles, and perpetrators go unpunished.
- The development of a **narcoculture** has fed this trend. In a perversion of populism, some residents of Mexico's cities have been known to cheer, celebrate, and even support cartel members in their battle against the government. Some communities are becoming desensitized to violence as the drug lords are glorified.

What To Do?

As the **violence has escalated** over the past year (6000 deaths in 2008), the Mexican government has ramped up its efforts to deal with the situation militarily, including turning to the US for help. In 2008, the **Merida Initiative** was launched, laying out a commitment of \$1.4 billion from the US to aid the Calderon Administration to fight the drug war. Critics of the program cite the following concerns:

- Some fear the initiative will **not be adequately funded by the US Congress**. The money has not been fully disbursed and could be renegotiated; even if fully disbursed, \$1.4 billion may be inadequate.
- Merida's **focus on a military and law enforcement solution is troubling** to many. They feel that funds also need to be directed toward bolstering Mexican civil society, institutions, and the rule of law; combating corruption that supports the drug trade; and providing alternatives to employment in the cartels. There is a strong sense that sophisticated weaponry, such as that promised by Merida in the form of helicopters and surveillance planes, is not the solution. In fact, increased militarization could lead to increased violence as well as to human rights abuses.
- Even with high-tech weapons, **urban combat is exceedingly difficult**. Drug traffickers often function like terrorist groups, seeking haven among the civilian population.
- Given the baggage of US-Mexico relations, even those civilians weary of the violence may see **something nefarious in US involvement**, especially when it comes in the form of military hardware. This could lead to more civilians siding with the cartels in a show of nationalism.
- Critically, Merida does nothing to address the **demand side of the equation**: the market for illicit drugs that exists in the US. Many believe that failure to incorporate drug prevention and treatment programs for American consumers into drug war efforts is both hypocritical and naive.
- Similarly, Merida does not address **the flow of weapons from the US into Mexico**. Some estimates put the percentage of weapons used in Mexico originating in the US as 90%.

- Merida also does not attempt to interdict **raw materials from the US** used in methamphetamine production in Mexico.

Alternative strategies include general economic development aid and assistance in building up the rule of law in Mexico. **A hot-button alternative that is often discussed is legalizing some forms of illicit drugs in the US to remove some of the incentives that drive the drug war**. Some experts believe that if drugs were made legal, they could not only be regulated, but could also be taxed, leading to more funds available for drug treatment and prevention. Their increased availability would drop the price and the risk that attracts organized crime. This option has yet to gain traction in policy circles in the US or Mexico, and most agree that legalization is unlikely.

Going After the Root Causes

The bottom line is that the drug war in Mexico has its roots in many of Mexico's other problems – lack of economic development, Mexico's authoritarian past, its celebration of machismo, and its weak civil society and compromised rule of law. **Interdiction (the process of stopping the transit of drugs), and eradication (destruction of drug crops and other inputs)** do not address these underlying issues.

The global recession may slow the traffic across borders, as fewer legitimate deliveries translate into fewer opportunities to smuggle illegitimate goods, but it may also increase the cartels' desperation to protect their livelihoods in difficult economic times.

See more detail on the drug war in places like Juarez in 2009 articles appearing in the *LA Times*, *Newsweek*, and *Time*.



Courtesy of Eresia de Troya

Mexico City residents during the Swine Flu epidemic.

Special Section: 2009 Swine Flu

Beginning in March 2009, a new strain of influenza A (H1N1) began appearing in Mexico and the southwestern United States. Containing components of bird, human, and swine flues from other flu strains around the world, it was quickly labeled Swine Flu, although there is no evidence that it actually originated in pigs. Flu viruses are known to mutate over time and to pick up new genetic material which can make them either more deadly or easier to spread, or both. In April and May, more cases were uncovered in the United States and then began to spread to other countries around the globe; in June 2009, the World Health Organization (WHO) officially declared the outbreak a pandemic.

As the epicenter of the outbreak, the Mexican government acted swiftly to prevent the spread of the disease, and has been praised for its quick and thorough response to the crisis.

- All non-essential businesses and schools were closed in Mexico City and in other parts of the country.
- Tourism ground to halt as travel health warnings were issued in countries around the world.
- Preeminent pandemic expert Laurie Garrett was quoted on the PBS News Hour on May 1 as saying that, in fact, the world owed Mexico a huge debt for what has amounted to an extraordinary “self-sacrifice” on its part in shutting down its economy to prevent the spread of the virus.

This “self-sacrifice” is not to be taken lightly. Facing an already deteriorating economic situation, Mexico acted aggressively to halt the spread of the flu, thus gutting one of its most vital economic sectors: tourism. Although Mexican resorts have reopened and the flu scare has abated, tourism remains down compared with prior years, with a concomitant dip in employment and investment in tourist-related industries. With global tourism already down as a result of the recession, it remains to be seen how quickly Mexico’s tourism industry will rebound.

The government’s handling of the flu scare has become an **issue of intense nationalistic pride for Mexico.** Compared to the way the Avian Flu and SARS scares were handled in other parts of the world, Mexicans are proud of their government’s handling of the crisis and the praise it has garnered.

- Diplomatic dust-ups have occurred with numerous countries around the world that continue to place restrictions on travel to or imports from Mexico.
- The Mexican government has reacted harshly to the forced quarantine and repatriation of Mexican nationals traveling abroad (even when they had no symptoms of the virus). This has been an issue particularly between Mexico and China, straining an already ambivalent relationship.

In some ways, the crisis has perhaps drawn Mexico and its North American partners closer. The US, Mexico and Canada have collectively experienced the preponderance of both cases and deaths from the virus thus far. President

Calderon recently thanked the US and Canada for their support during the crisis, especially in allowing the use of their more sophisticated laboratories for testing thousands of suspected Mexican flu cases.

Foreign Policy Magazine expert Tyler Cowan notes that **Mexico's handling of the crisis provides evidence that it is not a failing state** (as it was recently called in a US Pentagon report and subsequent media articles). Swiftly shutting down a nation's businesses, schools, and transportation network is no small task. Doing so without major public incidents is an even more significant accomplishment, demonstrating that the government is able to act decisively and effectively in a crisis. A side effect of the crisis is that President Calderon's popularity has increased, and he currently enjoys high approval ratings among Mexican citizens.

While the outbreak continues, public health precautions in Mexico and around the world will likely continue for some time.

- Many cases of swine flu continue to be reported. Health officials expect to see more cases and perhaps a mutation of the flu in the northern hemisphere in the fall, when the traditional flu season commences.
- Government health agencies around the world are closely monitoring the spread and evolution of the swine flu, and therefore even if it should become more virulent, its transmission should be able to be more readily contained than in past pandemics.

As of June 11, 2009, the WHO reports:

- There have been 28,744 cases of Swine Flu reported in 74 countries.
- 144 people have died.
- The burden of disease has fallen overwhelmingly on Mexico (6,214 cases and 108 deaths), the US (13,217 cases and 27 deaths), and Canada (2,446 cases and 4 deaths).

Track updates at <http://www.who.int/csr/disease/swineflu/updates/en/index.html>.

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MONITOR



Classroom Companion

Classroom Companion

This companion document to the Issue in Focus provides educators with guidance on ways to incorporate the content into classroom teaching. This component is geared toward grades 9-12 teachers, with connections across subjects and disciplines.

Contents of this Classroom Companion include:

- Student Readings and Discussion Questions
- Lesson Ideas and Curriculum
- Additional Resources
- National Standards

Student Readings and Discussion Questions

Below are student readings that provide some insight into contemporary Mexico and discuss some of the most relevant topics covered in the Issue in Focus. Each article is aimed at different age groups or reading levels, and is followed by some selected discussion questions.

Advanced:

“NAFTA – Does the North American Free Trade Agreement really promote free trade?” – An analysis of NAFTA (see p. 119)

Intermediate:

“The Zapatista Army of National Liberation” – Overview of the Zapatistas and the indigenous rights movement in Chiapas (see p. 122)

Beginner:

“Maquiladoras” – Description of the assembly factories that have quickly expanded along the US-Mexican border since the creation of NAFTA (see p. 124)

NAFTA: Does the North American Free Trade Agreement really promote free trade?

The North American Free Trade Agreement (NAFTA) took effect in 1994. Its negotiation spanned two American presidencies and was one of the most talked about trade agreements in the world. It has become a flashpoint for both critics and supporters of globalization and free trade; it allowed one of the world's wealthiest economies to refocus its economic power, more closely connecting it to its two neighbors and their particular economies.

Since WWII regional trade agreements have been seen as a way to achieve a more secure and stable environment within a given geographic region. European countries led the way, with the formation of the European Union (EU). East Asian nations organized the Association of South East Asian Nations (ASEAN) and the Asian Pacific Economic Cooperation Pact (APEC, of which the United States is also a member). African and Latin American countries were looking to follow suit.

The challenge for a North American trade pact was that the countries involved had drastically different levels of economic development, different social safety nets, and different labor and environmental standards. One was a super power whose economy depended upon the private sector, one was a middle-class society with a strong social safety net, and the last was a third-world peasant nation with a thin layer of first-world economic attributes.

The overall idea of NAFTA was to create a set of rules whereby Mexicans, Americans, and Canadians could engage in “free,” borderless (or nearly borderless) economic relationships that would allow goods and services to be

bought and sold with less regulation. Beyond constructing what might seem like a smart regional trade policy, the deeper question NAFTA was supposed to address was, “How do you integrate rich and poor?” Economists agree that the simple answer is **expanded markets** and **economic integration**. Just how to create effective policies to achieve this is where the issue becomes complex.

Before NAFTA, there were separate barriers governing trade and investment across each of the borders and between each of the countries. NAFTA sought to unify those rules so they would be the same for all three countries. Unfortunately that never happened.

NAFTA was supposed to encourage lower-skilled manufacturing to relocate to Mexico, thereby displacing American workers for Mexican labor that was much cheaper, moving Americans into more service-oriented jobs and decreasing cross-border migration. In the first few years of NAFTA, this trend did produce thousands of jobs in Mexico, with the significant growth of multinational maquiladora towns along the US-Mexican border. But by 2000, more American jobs were being lost to Asia, and soon many of the maquiladora jobs were bumped to Asia, as well.

The creation of more jobs and factories in Mexico was also supposed to translate into more investment in infrastructure, such as roads, sewage, water, and basic education. This infrastructure was supposed to raise the standard of living for average Mexicans. Instead, over the last 15 years, the average wage in Mexico has gone down by about 14%, while the cost of food has gone up. Meanwhile,

the economy in the United States has grown at a rapid pace, opening up new jobs in the US and making illegal immigration more attractive.

Peasant farmers growing corn in Mexico have been hit particularly hard by NAFTA. US farmers are being subsidized by the government to grow corn, making the cost of US corn cheaper than Mexican corn. This means that even though corn used to be one of Mexico's primary crops, it is now being imported from the US. Some farmers transitioned to growing crops like strawberries, which are of higher value and attain a higher price from the American market. Supermarkets in America now carry tomatoes, cucumbers, berries and various other produce items that are being imported from Mexico. This transition, however, did not happen overnight, and farmers who have been cultivating crops like corn for centuries were not given adequate technical support to learn to grow new crops. Many have been forced out of farming, leading to an increase in illegal immigration northward.

One of NAFTA's key features is known as Chapter 11. This feature created a unique legal system that allows companies to sue any of the three governments should those governments enact laws or take actions that interfere with the company's sanctioned operations. It established a tribunal to which arbitrators are appointed whose deliberations are secret and whose judgments are binding. As environmental laws change and environmental standards diverge among the three countries, Chapter 11 has led to lawsuits which in some cases protect companies which are engaging in environmentally damaging activities.

Compared to the European Union, NAFTA is a very different kind of regional trade agreement. Some have said that it is "free trade" without "free market" fundamentals. The EU, like NAFTA, supports subsidies to its farmers, but allows the free movement of workers across borders. The EU's integration plans are also more comprehensive in securing social services to protect workers while jobs are displaced, new industries are created, and workers are retrained. Further, the EU demands that before countries join, their economies must conform to EU standards on a wide range of issues. Thus the broad discrepancy in economic policies which is a fact in North America, is not an issue within the EU.

Although there are many criticisms of NAFTA, even from the three participating countries, aspects of it have proved beneficial. For example, in the auto industry, engines are now made in Ontario, with transmissions assembled in Ohio or Michigan, with parts made in China. All these pieces get sent to Mexico for final assembly, and are then re-shipped back to the US.

So as a free trade agreement, NAFTA's effects are mixed, and have been further complicated by the political realities within the member countries. In the US, a 2007 Farm Bill extended subsidies to US agriculture which are anathema to the concept of a level playing field, and in 2009 a bill was passed that blocked Mexican trucks from operating on US highways due to environmental concerns. The Mexican government has responded with tariffs on a number of US goods. Such actions obviously serve to move NAFTA further away from the free trade pact it was intended to be.

Vocabulary:

Market – a region in which goods and services are bought, used, or sold

Multinational – a large corporation with operations in several countries

Subsidy – Monetary assistance given by a government to a person or group in support of an enterprise regarded as being in the public interest

Arbitrate – To judge or decide a dispute

Discussion Questions:

1. What is NAFTA, and what is its purpose?
2. What is meant by free trade, and how is it intended to improve economies around the world?
3. What have been some of the impacts of NAFTA on Mexico?
4. Research more information on the European Union and compare it to NAFTA. What aspects of the European Union agreements could be added to NAFTA to improve it? What aspects wouldn't work if they were applied to North America?

5. What do you think the US should do about NAFTA? Is NAFTA good for Americans? Should it be changed so that its benefits are felt more broadly? If so, what recommendations would you make?
6. Research fair trade. How does this differ from free trade? What are the pros and cons of each system?

The Zapatista Army of National Liberation (Ejercito Zapatista de Liberacion Nacional, EZLN)

The struggle for the recognition and rights of indigenous people began making international headlines with regularity during the late 1980s. Apartheid in South Africa was the central issue that brought these concerns to the foreground. In 1992 the Nobel Peace Prize was awarded to Rigoberta Menchu, a female Guatemalan activist from a Mayan background. On New Year's Day, 1994, the Zapatista Army of National Liberation declared themselves in Chiapas, Mexico, with a short-lived conflict against Mexico's military forces. The Sydney 2000 Olympics featured Cathy Freeman, an Aborigine, as its torch lighter, and in 2007, 146 member states adopted the United Nations Declaration on the Rights of Indigenous Peoples.

The struggle in Chiapas has become a cornerstone event in this emerging history for indigenous groups, and it has also provided pivotal lessons for other organizations fighting for such rights.

The Zapatista Army of National Liberation (**EZLN**, also commonly called the **Zapatistas**) declared war on the Mexican government on January 1, 1994. The Zapatistas chose this date because it was the first day that the controversial North American Free Trade Agreement (NAFTA) went into effect. Although armed conflict lasted only two weeks – and formally ended on January 12th – the Zapatistas continue to speak out for the people of Chiapas.

From their headquarters in the Lacondon Jungle in Chiapas, the Zapatistas demanded that Mexico hold true multi-party elections because a single political party, the Institutional Revolutionary Party (PRI), had controlled Mexico's

government for 65 years. They also demanded: that land reform laws as ratified in the nation's 1917 Constitution be implemented; that Chiapas and other remote rural communities be allowed autonomy; and that natural resource extraction from Chiapas directly benefit the people of Chiapas.

Chiapas, as the southern-most state within Mexico, was the country's poorest region. With a high concentration of the nation's 10 million indigenous citizens, its people were also among the least educated and most politically disenfranchised.

The EZLN are led by a mysterious, charismatic and articulate spokesperson known as Subcomandante Marcos. He is rumored to be a former university professor from Mexico City, and is known for eloquent speeches on the human condition and critiques of globalization's effects on the poor and disadvantaged.

The Zapatistas are armed revolutionaries, but they have been extremely pacifist. As strong advocates of equality for women, they have passed a Women's Revolutionary Law, which gave women the right to participate in political decision making, to decide how many children to have, and to obtain an education.

A 1996 accord between the Mexican government and the EZLN was supposed to allow the indigenous people of Chiapas to govern themselves. It secured rights to multilingual education and greater political representation, but no agreements were made on land redistribution or

control of the region's natural resources. A massacre of 45 Zapatista supporters in 1997 remains unresolved and has led to widespread mistrust. The overall result was a series of non-violent military cat-and-mouse games, as blocks and checkpoints were set up along roads throughout the state.

With the election of Vicente Fox in 2000 and pressure from then-United Nations Human Rights Commissioner Mary Robinson, renewed efforts were made to guarantee more rights to the indigenous. These negotiations failed to end the stand-off between the government and the Zapatistas, however. In 2003, the Zapatistas took matters in their own hands, setting up their own government centers, schools, and clinics. Today, the region is a patchwork of villages run by the Zapatistas, numbering over 30, and those run by the Mexican government.

Meanwhile, the international community has not forgotten about Chiapas. Hundreds of organizations around the world are linked to the Zapatistas, thanks to the Internet and growing international solidarity for the rights of indigenous people. NGOs worldwide are raising money for schools in Chiapas. The Fair Trade movement has brought new investment in coffee cultivation for the region, and even Starbucks now sells a Chiapas-grown bean blend.

Vocabulary:

Indigenous – native; originating in a particular region or country

Autonomy – a condition of independence, such as a community that governs itself

Disenfranchise – to deprive someone of their rights, such as the right to vote or the right to work

Charismatic – an adjective for someone who is charming or magnetic

Discussion Questions:

1. Who are the Zapatistas and what official name are they known by?
2. Who are the Zapatistas struggling against, and what rights are they fighting for?
3. What are the conditions in the Mexican state of Chiapas where the Zapatistas are located?
4. What is currently the status of the Zapatista movement in Mexico?
5. How does the struggle of the Zapatistas connect to the struggles of other indigenous groups around the world?
6. What nations have ratified the United Nations Declaration on the Rights of Indigenous Peoples? What do you think the international community should do to improve the rights and conditions of indigenous groups?

Maquiladoras

Along the dusty US-Mexican border, small towns have risen up over the last few decades, many seemingly overnight. These towns are lined with factory after factory, called *maquiladoras*. In Spanish the word *maquila* means “processing fee,” initially referring to a fee that was paid to a miller who would process grain. Today, *maquiladoras* do not necessarily manufacture (create) goods but instead they assemble goods (put them together). *Maquiladoras* are more than assembly factories; they are the center of these Mexican border towns, and they have become a symbol for the promises and pitfalls of globalization.

Most *maquiladoras* are owned by multinational companies, largely in the electronics and textile industries. These companies were provided special tax and tariff savings as an incentive to build *maquiladora* operations in exchange for creating jobs in this area where wages are lower than they are in the US or Canada.

Maquiladoras have been a major feature of the Mexican economy since the 1960s. Their numbers along the US-Mexican border increased significantly during the first years after the North American Free Trade Agreement (NAFTA) went into effect in 1994. Since 2000, however, many of these jobs have been lost to factories in Asia where wages are even cheaper.

Most of the *maquiladora* workers are women. These women are usually young and single, in their late teens to early twenties. *Maquiladora* operators say they prefer to hire young women because of their better hand-eye dexterity and patience, as compared to men, in doing the type of

repetitive assembly-line work they require. Some experts believe the real reason behind this practice is that younger single women are willing to accept lower wages, tend to be more obedient, and will not protest against exploitative working conditions. Regardless of how low the pay is, wages at *maquiladoras* are usually much higher than what a person could earn doing other jobs.

Working conditions at *maquiladoras* can be very poor, in run-down, dirty facilities that are poorly ventilated, with long hours and few breaks, although in recent years conditions have been slowly improving. Companies have also been criticized for improper handling of toxic waste, exposing workers to hazards that would not be tolerated in other countries. Areas close to the *maquiladoras* are filled with litter and sometimes sewage, because waste is not removed properly. Rivers have become contaminated with toxic waste, and air pollution levels are high. As a result, people living in the towns have developed health problems like skin rashes, breathing problems, allergies, and birth defects. Some have tried to fight for a cleanup of the toxic waste that has been dumped, but have been unsuccessful so far.

Vocabulary:

Maquiladora – Mexican assembly factory owned by a foreign company

Multinational – a large corporation with operations in several countries

Tariff – a tax on goods or products imported from other countries

Import – to bring in goods or products from other countries for sale or use

Export – to ship goods or products out to other countries for sale or use

Discussion Questions:

1. What is a *maquiladora*?
2. Why do companies want to create *maquiladoras* in Mexico? Why did the government of Mexico want to encourage companies to create *maquiladoras* along the border?
3. Who are the main workers in *maquiladoras* and why?
4. What are some of the problems workers face in the *maquiladoras*?
5. What do you think the government of Mexico should do to improve conditions and wages in *maquiladoras*? What should the international community do?
6. Learn more about NAFTA. What have been the positives and negatives associated with it? What would you recommend be done about NAFTA? Should it be repealed? Should it be changed to make it better? If so, what changes would you recommend?

Lesson Ideas and Curriculum

This portion of the guide contains some suggestions for possible lesson plans and activities to teach students about contemporary Mexico – across the disciplines. For complete lesson plans and curriculum, see the recommended curriculum units listed at the end of this section.

Social Studies/History

- **Timeline** – Use the timeline to examine how the histories of Mexico and the United States have been connected over time. Have students created side by side charts of major historical events in US and Mexican history. Where have the histories of the two nations overlapped, and why? What historical trends do you see taking shape in each country, and why? What can you glean from the relationship between the two countries from comparing the timelines?
- **Borders** – Recently the US rejected a program that would allow an increase in **Mexican trucks** transporting goods on US highways to American and Canadian consumers. Have students listen to an NPR story about this issue, from March 17, 2009: <http://www.npr.org/templates/story/story.php?storyId=102036396>. Have students use physical and political maps to locate the places and borders detailed in this story. Is safety the only the main area of concern on this issue? Are there policies and programs that could be put in place that would allow Mexican trucks to operate on US highways and adequately prevent key problems from developing?

- **Government and Policy** – Analyze **NAFTA** and whether it has been good for any of the countries involved. To begin, use the online pro/con analysis tool from PBS affiliate KQED to assess whether NAFTA has been good for Americans. <http://www.kqed.org/w/youdecide/nafta/> Use this information and additional research to have students then answer the question, “Is NAFTA good for Mexicans?” Have students simply discuss in class, or prepare their own pro/con template similar to the above online tool. Hold a class debate where some students take on the role of Mexico and some take on the role of the US to discuss whether NAFTA has been beneficial.
- **Society and Culture** – Compare and contrast the status of **indigenous groups** in Mexico and those in the United States. What is the history of land rights and redistribution in Mexico, compared to that of the United States? Land reform is at the crux of the battles between the Mexican government and indigenous interests. Why is this the case? What are the agricultural and settlement practices in Mexico that have rendered these relationships between people and the land? What kind of government policies could be implemented that would be most equitable?

English/Language Arts

- **Creative Writing** – The *corrido* is a type of song in Mexican folklorico that flourished during the Mexican War of Independence in the 18th Century. With a rhythm similar to that of the European waltz, these song lyrics carried the news of the day, giving updates

on the war throughout the country, from town to town. Since then, the *corrido* has continued to live up to its form as a storytelling and opinion-giving vehicle. Research this song form and have students attempt writing their own *corrido* as a reflection of current events.

- **Literary Analysis** – Choose one of the contemporary novels recommended below, such as Laura Esquivel’s *Like Water for Chocolate*. Use the Issue in Focus to learn more background information about Mexico today, and use this to provide context for the novel. Write a description of the historical events or cultural or social aspects of Mexico that influenced the novel’s setting, story, or characters. How does understanding these aspects of Mexico help you better understand the novel?
- **Analytical Writing** – *Mestizo* identity is, by definition, about being of mixed heritage, with multiple cultures or influences. How does Mexican *mestizo* identity compare to the American version? How does it compare to mixed identities in other nations? Have students reflect on the current American president, Barack Hussein Obama, as an individual of mixed heritage. Why is identity important in elected political leaders? What are the important aspects of identity recognized in recent and past presidents of Mexico?

Science

- **Health and Genetics** — The region of Oaxaca in Mexico is known as one of the world’s most diverse “bread baskets,” except that its “bread” is made of corn. Sometimes called “The Land of Seven Moles,” its cuisine is rich with diverse and multiple varieties of corn, beans, chiles, cacao, and more. Its cultural life is just as diverse, with more than 16 indigenous tongues being spoken and numerous arts and crafts practiced. Tourists, celebrity chefs, artists, and intellectuals from around the world have traveled to Oaxaca to learn from its rich abundance. As the cradle of domesticated corn, Mexico is host to over 60 known varieties, many of heirloom quality. In 2001, Berkeley researchers David Quist and Ignacio Chapela published findings that genetically-modified (GM) corn or trans-genetically modified corn had entered the Oaxacan corn fields, despite a ban on GM corn into Mexico since 1998. The finding triggered

a firestorm of international debate and further research. Find out more about “trans-genes” and how they work. Why are people so concerned about what is happening to the **corn in Oaxaca**? What is the principle of biodiversity? How does it work and ultimately, what does it mean to preserving life on earth?

- **The Environment** — Mexico City is sinking, faster than Venice. The city sits on an unstable lakebed, surrounded on three sides by mountains. Without a nearby source of water above ground, Mexico City’s daily water is supplied by a formerly vast, but limited, groundwater supply known as **The Mexico City Aquifer**. Having increased its population by nearly seven-fold in the last half century, the city’s aquifer has been severely depleted for decades, with no let-up in sight. Pavements and buildings are cracking from the movement ever downward. Underground pipes constantly spring leaks as the surrounding infrastructure sinks. Have students research groundwater in different contexts. How does depleting a groundwater supply contribute to sinkage? Research alternative water supplies for the residents of Mexico City. Ironically, the city also suffers from constant near-floods every year. What kinds of programs and policies could be developed to alleviate their water crisis?

Mathematics

- **Economics** — In December of 1994, the peso went from 4 pesos to the dollar to 7.2 pesos to the dollar in the space of one week. Help your students calculate what this meant to an average individual’s earnings. Research the details of the **Mexican peso crisis**. How and when was it resolved? Help your students scale and model mini-economies in two different conditions: (1) fixed currency exchange and (2) floating currency exchange. Consult the following websites for help and resources:
 - US Federal Reserve, education resource- <http://www.federalreserveeducation.org/fed101/policy/>
 - Forbes’ Investopedia- <http://www.investopedia.com/articles/03/020603.asp?viewed=1>

- **Know the Numbers — Vote counting** is one of the most difficult and contentious issues facing democracies around the world. The 2006 election that brought current President Felipe Calderon into the Mexican presidency was one of the closest races ever. His main rival was Andres Manuel Lopez Obrador. Research the results of the race and calculate the margin by which Calderon was declared the winner. How did Mexico decide to deal with the calls for recount? How many polling stations and votes were recounted? What percentage of the voting population did that represent? Calculate the number of votes Calderon won as a percentage of the total votes and as a percentage of the estimated total number eligible to vote. Is it a significant margin? What does that say about his support?
- **Track a Trend —** Have students analyze **free trade versus fair trade** by looking at coffee cultivation in Mexico. Have students first watch a video from PBS Frontline World: <http://www.pbs.org/wgbh/pages/frontline/video/share.html?s=frow03ne8aq32c>. In addition to discussing the main points raised by the piece, help students construct and calculate a financial assessment for the different price points offered by free and fair trade. According to an example from the Frontline segment, fair trade farmers could get \$1.26 per pound of coffee beans, as opposed to just \$0.20 per pound. Help students understand and assign costs to indirect expenses and the kinds of underlying risks that farmers face in their line of work that may often be overlooked.

Recommended Curriculum Units

These lessons and curricula provide an in-depth look at various issues in Mexico, and offer full lessons ready for the classroom.

The Line Between Us: Teaching about the Border and Mexican Immigration

From Rethinking Schools, this curriculum resource explores the history of US-Mexican relations and the roots of Mexican immigration, all in the context of the global economy. It shows how teachers can help students understand the immigrant experience and the drama of border life. Includes role plays, stories, poetry, improvisations, simulations, and recommended video.

Caught Between Two Worlds: Mexico at the Crossroads

This lesson seeks to bring Mexico's national identity and history into sharper focus for high school students. Students are asked to see the world through Mexican eyes and to contemplate current Mexican choices in the areas of economic development, political reform, and foreign relations. <http://www.choices.edu/>

Population: A Growing Problem

The lesson uses population projections to encourage students to see meaning in the arrangement of things in space; to see relations between people, places, and environments; to use geographic skills; and to apply spatial and ecological perspectives to life situations. The goal is to think about the demographic future of Mexico and to explore the possible ramifications of that future on trade, migration, and urban development. <http://www.nationalgeographic.com/features/96/mexico/learn/age05.html>

Global Tribe – Mexico

This series from PBS combined travels with exploring global issues; one episode focused on Mexico. Lesson plans to accompany the video clips focus on permaculture (students and youth transforming their local environment), monarch butterflies (impact of environmental change on them), and sea turtles (learning about ecotourism). <http://www.pbs.org/kcet/globaltribe/classroom/index.html>

People and Place: Air Pollution in Mexico City

Lesson plan that includes the factors involved in creating pollution, the effects pollution has on health and well-being, and creating solutions to the problem. <http://www.outreachworld.org/resource.asp?Curriculumid=630>

Additional Resources

Books and Readings – Non-Fiction

The Circuit: Stories from the Life of an Immigrant Child and Breaking Through

By Francisco Jimenez

Both these books are great reads for middle and high school students, and are the memoirs of Francisco Jimenez in which he recounts his childhood immigration from Mexico and subsequent life on the migrant worker circuit in California with his family. *The Circuit* follows him in his childhood years, and *Breaking Through* follows him in his teenage years. (Jimenez went on to receive his PhD from Columbia University and head the Language and Literature Department at Santa Clara University.)

Voices from the Fields: Children of Migrant Farm Workers Tell Their Stories

By S. Beth Atkin

This photo-essay about modern fieldworkers is narrated through the voices of children and teenagers whose parents work in California's agriculture industry. Most voices are Latinos. California author. Most of the poems are written in Spanish and English. Excellent for classroom excerpts at all levels, or for middle schoolers to read in full.

Mexican Lives

By Judith Alder Hellman

Before the passing of the NAFTA treaty, Judith Alder Hellman went into the homes of ordinary Mexicans and documented her findings in this book. The book brings to

life the daily struggles of some Mexicans and draws some thought-provoking conclusions.

Enrique's Journey

By Sonia Nazario

In this astonishing true story, award-winning investigative journalist Sonia Nazario recounts the unforgettable odyssey of a Honduran boy who braves unimaginable hardship and peril, riding the rails through Mexico, to reach his mother in the United States. More info and educational resources for the book on the official website: <http://www.enriquesjourney.com/>

Books – Youth and Adult Fiction

Esperanza Rising

By Pam Munoz Ryan

This novel tells of a Mexican girl's fall from riches and her immigration to California in the 1930s. The story highlights her awareness of Mexico's post-revolution tensions, the rivalry with Oklahoma Dust Bowl victims, and struggles of Mexican workers trying to organize themselves to ask the US government for better living conditions. Grades 6 through 9.

The Crossing

By Gary Paulsen

A fourteen-year-old boy living on the streets in Juarez, Mexico, is desperate to cross the border into the US, and has a violent, life-changing encounter with an American soldier, who crosses the border for a drunken night in Juarez. For grades 8-12.

Like Water for Chocolate

By Laura Esquivel

This romantic, poignant, mystical tale describes love and family life in Mexico early in the 20th Century. This novel was originally published in Spanish and was a bestseller in Mexico; mature situations are portrayed. Also made into a 1992 feature film.

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Sixteen of Mexico's finest fiction writers born after 1945 are collected in this compelling bilingual anthology, offering a glimpse of the rich tapestry of Mexican fiction, from small-town dramas to tales of urban savagery. Many of these writers, and most of these stories, have never before appeared in English. Readers will meet an embalmed man positioned in front of the TV, a mariachi singer suffering from mediocrity, a man's lifelong imaginary friend, and the town prostitute whose funeral draws a crowd from the highest rungs of the social ladder.

Pedro Paramo

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Captures the essence of life in rural Mexico during the last years of the 19th Century, and the beginning of the 20th Century, like no other work of fiction. Here, in a mere 124 pages, the author vividly portrays the radical social and economic changes which spurred the dramatic migration of the campesinos from ranchos and villages to the urban slums, where they could no longer live off the land, nor find work.

Films

A Place Called Chiapas

Nettie Wild travels to the jungles and canyons of southern Mexico to film the elusive and fragile life of the rebellion in Chiapas, led since 1994 by charismatic guerilla poet Subcommandante Marcos with the aim of regaining their lives and land. Her camera effectively captures the personal stories behind a very public class of traditional culture and globalization.

Wetback

Film follows in the footsteps of two friends traveling on an extraordinary and extremely dangerous journey from Central America to North America. They navigate real-life nightmares with uncanny calm, grace and even humor in their perilous pursuit of a better life.

Zapatista

This documentary looks at the Zapatista National Liberation Army and the uprising they began in Chiapas after NAFTA comes into effect and threatens their way of life. It is the story of a Mayan peasant rebellion armed with sticks and their word against a first world military. It is the story of a global movement that has fought 175,000 federal troops to a standstill and transformed Mexican and international political culture.

Maquilapolis

In this 2006 documentary, the filmmaker gave several female workers in Tijuana's factories video cameras to make a record of their lives. The women's stories reveal their experiences with issues such as poor wages, losing jobs to globalization, environmental hazards, and becoming grassroots activists to challenge the illegal tactics of powerful transnational corporations. <http://www.maquilapolis.com>

The Life and Times of Frida Kahlo

This 2005 documentary from PBS is about the life and times of Frida Kahlo, exploring her art and personal life. The website includes three great lesson plans to accompany the film. <http://www.pbs.org/weta/fridakahlo/>

Al Otro Lado: To the Other Side

The proud Mexican tradition of corrido music – captured in the performances of Mexican band Los Tigres del Norte and the late Chalino Sanchez – provides both heartbeat and backbone to this rich examination of songs, drugs and dreams along the US/Mexico border. Al Otro Lado follows Magdiel, an aspiring corrido composer from the drug capital of Mexico, as he faces two difficult choices to better his life: to traffic drugs or to cross the border illegally into the United States. Also includes an educators guide along with suggested readings. <http://www.pbs.org/pov/alotrolado/>

Websites and Multimedia

Mexico: Crimes at the Border

A *New York Times* and Frontline/World collaborative investigation on the business of human smuggling at the US-Mexico border. The site includes a video, interviews, maps, and an immigration timeline. <http://www.pbs.org/frontline-world/stories/mexico704/>

LinkTV

Link TV broadcasts programs that aim to provide a unique perspective on international news, current events, and diverse cultures, presenting issues not often covered in the US media. There are over a dozen short programs on topics related to Mexico. <http://www.linktv.org>

National Geographic

National Geographic's Mexico page includes historical and contemporary information, videos, maps, and music. http://travel.nationalgeographic.com/places/countries/country_mexico_cntry.html?fs=video.nationalgeographic.com

All about Mexico

The History Channel's Mexico page includes history, fun facts, videos, games, facts and figures and a lot of other helpful information. <http://www.history.com/states.do?action=state&contentType=State&state=All%20About%20Mexico&parentId=MEXICO>

Standards

Activities described in this Classroom Companion correspond to the following national standards from McREL (Mid-Continent Research for Education and Learning).

Social Studies

World History Standards:

Era 6: Global Expansion and Encounter, 1450-1770

- Understands how large territorial empires dominated much of Eurasia between the 16th and 18th Centuries

Era 8: A Half-Century of Crisis and Achievement, 1900-1945

- Understands reform, revolution, and social change in the world economy of the early 20th Century

Era 9: The 20th Century Since 1945: Promises and Paradoxes

- Understands major global trends since World War II

World History Across the Eras

- Understands long-term changes and recurring patterns in world history

World History Topics:

- Colonial economic life and labor systems
- Cultural continuity and change
- Cultural diffusion, adaptation, and interaction
- Cultural perspectives
- Government and the economy

- International diplomacy and relations
- Latin American independence in the 19th Century
- Legacy of classical civilizations and ideals
- Resistance and revolution in the early 20th Century
- Transformations in Africa, Asia, and Latin America, 1920's-1930's
- Transformations in the 19th Century Americas

Historical Understanding:

- Understand and know how to analyze chronological relationships and patterns
- Understands the historical perspective

English/Language Arts

Writing:

1. Uses the general skills and strategies of the writing process
2. Uses the stylistic and rhetorical aspects of writing
3. Uses grammatical and mechanical conventions in written compositions
4. Gathers and uses information for research purposes

Reading:

5. Uses the general skills and strategies of the reading process
7. Uses reading skills and strategies to understand and interpret a variety of informational texts

Science

Life Sciences:

- Understands relationships among organisms and their physical environment

Topics:

- Environmental Issues
- Conservation of Matter and Energy
- Interdependence of Organisms
- Populations and Ecosystems

Mathematics

- 1: Uses a variety of strategies in the problem-solving process
- 6: Understands and applies basic and advanced concepts of statistics and data analysis
- 9: Understands the general nature and uses of mathematics

WORLD SAVVY

MONITOR



World Savvy Salon Guide

World Savvy Salon Guide

See the home page of the Monitor website for information on why and how to host a World Savvy Salon – the book club for the 21st Century! See also the Classroom Companion Guide in this edition for original articles and discussion ideas for lifelong learning across all disciplines.

Conversation Starters

1. Consider the complexity of US-Mexican relations – in matters ranging from economics and trade to migration, energy, the environment, and security. It may be said that layers of interdependence, asymmetry, neglect, and conflict all exist. What are the challenges to developing a coherent relationship? Can you debunk any misperceptions after reading this edition of the Monitor? How do domestic politics in each country factor into the development of US-Mexican foreign policy? How do unforeseen outside trends and events impact bilateral relations?
2. Mexico’s form of government was modeled on that of the US, yet it is considered to be a “flawed democracy” characterized by weak institutions and rule of law. Similarly, its modern economy, developed through a series of structural adjustments mandated by the US and the International Monetary Fund as conditions of loans, is based on free market principles seen in the American economy. Compare and contrast the politics and economies of the two countries. Why did they take different trajectories? What are some often ignored similarities?
3. Do you agree with the assertion that Mexico is a “failing” or “failed” state? Why or why not? What does this mean for the US? For Latin America? For the world?
4. Unpack the concept of poverty in Mexico – its historical, structural, and modern causes as well as its manifestations. How do these compare with other developing countries around the world? How does the example of Mexico fit into current thinking about development policy – what works and what doesn’t – a subject of much popular debate these days, especially with regard to African countries.
5. Do you believe that an “American Union” comprising all of the Americas – North and South – is a viable concept? The example of the European Union is often held up as a model. Is this possible in the Americas? What would have to change in order for this idea to gain traction? What would have to happen to make it work like the EU?
6. The Drug Wars in Mexico continue to garner international attention, and show no sign of abating. In fact, June 2009 saw a record number of drug violence-related deaths. How can this complex issue be addressed beyond interdiction and eradication – what are the larger currents at play? How can this crisis be seen as a microcosm of much that ails Mexico and Continental relations?

Additional Resources

Books and Readings - Non-Fiction

Opening Mexico: The Making of a Democracy

By Julia Preston and Samuel Dillon

A lively and nuanced account of Mexico's journey from 70 years of one-party rule to its current "flawed democracy." New York Times Pulitzer Prize-winning journalists Preston and Dillon provide highly readable insight into Mexico's recent history while informing the larger study of democracy and civic participation globally.

First Stop in the New World: Mexico City, The Capital of the 21st Century

By David Lida

A rich and detailed portrait of Mexico City (beyond the guide books), including analysis of contemporary culture, society, and politics. A fascinating look at the one of the world's largest cities.

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Maquilapolis

In this 2006 documentary, the filmmaker gave several female workers in Tijuana's factories video cameras to make a record of their lives. The women's stories reveal their experiences with issues such as poor wages, losing jobs to globalization, environmental hazards, and becoming grassroots activists to challenge the illegal tactics of powerful transnational corporations. <http://www.maquilapolis.com>

The Life and Times of Frida Kahlo

This 2005 documentary from PBS is about the life and times of Frida Kahlo, exploring her art and personal life. <http://www.pbs.org/weta/fridakahlo/>

Al Otro Lado: To the Other Side

The proud Mexican tradition of corrido music – captured in the performances of Mexican band Los Tigres del Norte and the late Chalino Sanchez – provides both heartbeat and backbone to this rich examination of songs, drugs and dreams along the US/Mexico border. Al Otro Lado follows Magdiel, an aspiring corrido composer from the drug capital of Mexico, as he faces two difficult choices to better his life: to traffic drugs or to cross the border illegally into the United States. <http://www.pbs.org/pov/alotrolado/>

Websites and Multimedia

Mexico: Crimes at the Border

A *New York Times* and Frontline/World collaborative investigation on the business of human smuggling at the US-Mexico border. The site includes a video, interviews, maps, and an immigration timeline. <http://www.pbs.org/frontline-world/stories/mexico704/>

LinkTV

Link TV broadcasts programs that aim to provide a unique perspective on international news, current events, and diverse cultures, presenting issues not often covered in the US media. There are over a dozen short programs on topics related to Mexico. <http://www.linktv.org>

National Geographic

National Geographic's Mexico page includes historical and contemporary information, videos, maps, and music.

http://travel.nationalgeographic.com/places/countries/country_mexico_cntry.html?fs=video.nationalgeographic.com

All about Mexico

The History Channel's Mexico page includes history, fun facts, videos, games, facts and figures and a lot of other helpful information. <http://www.history.com/states.do?action=state&contentType=State&state=All%20About%20Mexico&parentId=MEXICO>