

# CanadaWatch

PRACTICAL AND AUTHORITATIVE ANALYSIS OF KEY NATIONAL ISSUES

SPECIAL ISSUE ON THE NEW MEXICO UNDER FOX: IS IT HAPPENING?

## Mexico–Canada relations: The democratic deficit

The assertion that Mexico and Canada virtually discovered each other over the past few years is commonplace by now. As an unintended result of a similar strategy of seeking institutionalized cooperation to deal with their common foreign priority—the United States—Canada and Mexico came to realize that their parallels go well beyond their common neighbour. As a result, they became aware of the enormous potential for economic and political collaboration that had remained untapped but now explains the exponential development of the relationship since 1992.

BY JULIÁN CASTRO REA

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During the past decade, links between Mexico and Canada experienced an impressive quantitative leap forward measured in volumes of trade, investment, and technical, scientific, cultural, and educational cooperation. Some avenues for multilateral cooperation were

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## Poverty: Mexico's overwhelming shadow

“Lack of money is the root of all evil.”  
— *George Bernard Shaw*

In an era when Mexico has begun to rewrite its history according to “modern” values—that is, with the rationality imposed by the market economy—a gloomy shadow from the past continues to diminish the country’s expectations for a brighter future beyond poverty.

Certainly, the victory of civilian participation that made it possible to overthrow the 70-year ruling-party regime of the PRI has had an effect on people’s desires for major change in the political, economic, social, and cultural arenas.

BY SILVIA NÚÑEZ GARCÍA

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In view of recent Mexican experience, we will look at the challenges facing Vicente Fox’s mandate to strengthen the nation’s capabilities and democratize the economy. By focusing on the unprecedented number of Mexicans living in

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innovate and search for alternatives for development by the wayside. In this regard, Fox's criticisms of the Salinas-Zedillo economic model during his presidential campaign have proved to be more superficial than real. The economic model he appears to be favouring continues to disregard the need to increase wages. Most of Mexico's salaries are equivalent to poverty jobs. Wages in the *maquiladora* range between US\$250 and US\$350 per month. The model disregards development of endogenous products, industries, and technologies that have proven to be a fundamental condition for growth with more distributive possibilities in favour of international investment. Clearly, Fox's idea of regional development is based on the perception of regions as potential recipients of direct foreign investment only, rather than as possible spark plugs of economic processes based on strengthened local capacities rooted in their own particular social and political structures.


The above-mentioned criticisms are also applicable to the Puebla-Panama Plan. It is a regional development plan similar to projects developed in the 1970s, where the building of infrastructure is emphasized but now has the added attraction of *maquiladoras*. Although innovative in the international

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arena, many of its components rely on economic paradigms whose validity has been seriously questioned in recent decades.

What is interesting, however, about this project is that it is being developed for a region full of strife and conflict—where the balance of power has been changing over the last decade. The *Zapatista* movement in Chiapas has declared that this project will not be implemented without incorporating the views of indigenous peoples residing in the region. The degree to which indigenous peoples succeed in having a say on the

“what, how, and wherefore” of this project will mark a major change in Mexico's regional politics.

The arrival of Fox in Mexican politics has sparked a chain reaction, due not so much to the president's particular policies or concrete actions but rather to indirect modifications in the frameworks of action of the country's diverse political actors. The question is, will these changes empower the Mexican community outside the country and the regional actors within Mexico in the face of a long tradition of authoritarianism and centralization? 

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conditions of poverty, marginalization, unemployment, and hunger, the new presidency can start its job, at least, with the realization of how much they will have to do before achieving substantial goals in the promotion of social justice.

### THE SCOPE OF THE CHALLENGE

Last March, the Inter-American Development Bank (IDB) recognized Mexico's current income share as one of the worst in the world. As reported by *La Jornada*, at the end of 2000 the poorest 10 percent of the population earned

only 1.5 percent of total income, while the richest 10 percent accumulated as much as 42.8 percent of earnings and consumer goods.

Despite the fact that the country was recognized as the 13th largest world economy in 1999, the incidence of poverty has increased dramatically. According to the numbers of Mexico's most influential and independent researcher, Dr. Julio Boltvnik, 54 million out of 100 million Mexicans live in conditions of extreme deprivation (*La Jornada*, February 25, 2000; *Reforma*,

December 15, 2000). An estimated 60 percent of those are women and the distribution of poverty is greater in urban localities than in rural areas (32 million and 22 million people, respectively).

Taking a broader view of deprivation, approximately 62 percent of the labour force have daily incomes below US\$8.50, while 18.4 million Mexicans survive on less than US\$1.00 a day (*La Jornada*, March 14, 2001; *INEGI*, March 2001). The United Nations ranks Mexico 55th among 147 countries, according to their human development standards.

Submerged in a gradual process of structural adjustment, where privatization and deregulation have prevailed in order to protect the ongoing forces of global capitalism, Mexican people have experienced a steady drop in the purchasing power of their minimum salaries. Between 1994 and 1999, it reached a total loss of 40.7 percent. Special attention should also be given to the fact that the informal sector represents 44 to 55 percent of the labour force, employing an increasing number of people who are left outside the networks of social security (*La Jornada*, February 23, 2000). The absence of unemployment benefits seriously aggravates their situation.

While education is widely recognized as a driving force for development, there are still 6 million illiterate Mexicans and 18 million more who did not finish elementary school. According to the IDB, in 2000, Mexico stood in 10th place in the hemisphere with an educational average of only 7.3 years. It is acknowledged that the educational average would have to climb to at least 12 years in order to catch up to global competitive standards (*La Jornada*, January 31, 2001).

The lack of a universal health care system is revealed in the unacceptable number of Mexicans who suffer from malnutrition—from 40 to 65 percent. Further, there is only 1 doctor for every 800 people and 1.7 nurses for each of these physicians (*La Jornada*, January 11, 2000).

## PROMISES AND ACTIONS

During last year's presidential campaign, Fox stressed that poverty was the country's top problem. Among his considerations for resolving this problem, he suggested a social agenda based on fostering human development through investment and new opportunities. According to his approach, the best social policies emerge by fostering a strong relationship between social justice and a strong economy.

In office, through invigorated private investment, savings, and a redistributive fiscal policy—exemplified in a VAT of 15

percent on medicines, food, private education, and books, as some of the more controversial goods—the government has sought to reduce the internal debt, increase the nation's economic growth to 7 percent, and expand social programs in favour of the disadvantaged. With the implementation of a system of social banking, each Mexican is to be provided with an opportunity to become a small-scale entrepreneur. The model for local development in deprived areas will also operate to favour self-employment through a system of economic incentives directed toward productive capital.

The government's scheme to democratize the economy represents a selective and temporary series of interventions aimed simply at fostering the self-development capacities of poor individuals and communities, when what is required is the creation of more than one million new jobs per year, and significantly more adequate wages. Investment in education is expected to grow from 3.9 percent last year to 6 percent GDP over the short term. Education must improve in quality and accessibility for all Mexicans. Health care must focus on prevention. The structure being implemented encourages the formation of HMOs as a mechanism for opening the health care sector to private investors. Competition between different social providers is considered to be the key to providing better services.

Through the first five months of Fox's rule, the former administration's social programs that care for the poor have remained in place—Progresá, Liconsa, Fidelist, Vivah, and Crédito a la Palabra (*La Jornada*, April 6, 2001)—the first two provide subsidies for education, health, and food. The third offers a free kilogram of tortillas to poor families, the fourth promotes low-cost housing, and the fifth grants credit to rural producers.

There are already many critics of the government's lack of visible action toward alleviating conditions for the have-nots. A noisy international symposium was organized by the federal govern-

ment last March, for discussing concepts and measurements of poverty.

Dr. Boltvinik charges that the new authorities clearly do not know the poor and do not understand the conditions in which they live. The government's diagnosis is not accurate. Their programs encourage social segmentation by implementing criteria that exclude many of the deserving population.

## FINAL REMARKS

It is unrealistic at this early point in his presidency to judge whether Vicente Fox's intentions and actions for changing Mexico will or will not succeed in promoting the general welfare and upward mobility of Mexican citizens. However, it is critically important to recognize what steps need to be taken by both economic and political actors, in relation to specific issues, to achieve social justice.

The controversy over social spending, the new legislation on ethnic rights, tax reform, and the persisting conflict in Chiapas are already top national priorities. Yet an emphasis on deterring the old regime practice of using social programs to manipulate voters and reinforce corruption seems to have become the "*nouvelle raison d'état*."

This government's honeymoon with the people came to an end upon taking office. While there are concerns in Mexico over the potential pervasive effects that the current crisis of the U.S. economy may have, there is optimism that good political governance can be achieved. To this end, there must be recognition that poverty is not only a matter of quantitative numbers, raising or lowering taxes or even ambitious policies; rather eliminating poverty is a multidimensional task where human rights and horizontal democracy play a key role in empowering the poor. The goal is possible.

Our hope is that genuine leadership, political will, and consensus will prevail over particular or sectarian interests. Only then will there be conclusive evidence that we can speak of a "new Mexico"—a place where the common good far outweighs the difficulties. ♣