

MEXICO'S PROFILE



COUNTRY FACTS

Area: 1,964,375 sq km, of which 1,959,248 sq km are continental and 5,127 sq km are islands.

Population: 112million (census 2011)

Capital City: Mexico City (Metropolitan area 22.1million est. 2012)

People: The people of Mexico today are a mixture of descendants from Spanish and other immigrants, mainly Europeans, who settled in Mexico from the 16th century onwards, and mestizos (mixed European and indigenous ancestry), as well as the many indigenous groups.

Languages: The official language is Spanish. There are at least 62 indigenous languages.

Religion(s): Roman Catholic 89%, Protestant 6%, other denominations 5%.

Currency: Mexican Peso, divided into 100 centavos

Major Political Parties: Partido Acción Nacional (PAN); Partido de la Revolución Democrática (PRD); Partido Revolucionario Institucional (PRI).

Government: Mexico has a Federal republic system of government covering the 31 states and the Federal District of Mexico with powers separated into 3 branches: independent executive (President), legislative (Congress) and judicial (Supreme Court of Justice, federal and local systems). The President is elected for a 6-year term and may not hold office a second time. Congress is bi-cameral and consists of a Senate (128 seats) and a Chamber of Deputies (500 seats). The judges making up the Supreme Court are appointed by the President, with the consent of the Senate. Elections for President, the Chamber of Deputies, and six state governorships took place on 1 July 2012. Enrique Peña Nieto of the PRI was the winner of the presidential election, ahead of Andrés Manuel Lopez Obrador of the PRD and Josefina Vásquez Mota of the PAN.

HEALTH AND SOCIAL

Not all of Mexico has benefited from the economic transformation. Mexico's social indicators are still poor and wealth distribution is uneven. Living standards are higher in the north, near the US border, than in the poorer, rural south. According to the World Bank, around 40% of the population lives in poverty, and some 15% suffer extreme poverty. About one quarter of those living in extreme poverty live in urban areas in the states in the centre of the country. Every Mexican child has the right to free primary education, although many leave school early to help support their families. Recent data from 2011 shows that 94% of Mexicans had access to drinking water. Despite government efforts, the high incidence of infant mortality and of nutritional and infectious diseases show that major infrastructure improvements are needed, particularly in the South. The proportion of GDP spent on health services, although it has been increased in recent years, is still lower than in 1960. In 2009 it was estimated that 220,000 people had HIV/AIDS. This group is growing and was estimated to represent 0.3% of the adult population.

Life expectancy: 76.66 years (2011)

Fertility rate: 2.27 (2012 est) (births per woman)

Infant mortality rate: 16.77/1,000 (2011)

Literacy rate: 92% (of adult population)

ECONOMY

Nominal GDP: US\$1,034 billion (2010)

Nominal GDP per head: US\$ 9,522 (2010)

Annual growth: 1.3% in 2003, 4.2% in 2004, 3.0% in 2005, 4.8% in 2006, 3.3% in 2007, 1.4% in 2008, -6.5% in 2009, -4.3% in 2010.

Inflation: 4.0% in 2003, 5.2% in 2004, 3.3% in 2005, 4.0% in 2006, 3.76% in 2007, 6.3% in 2008, 3.6% in 2009, 4.2% in 2010.

Major industries: Manufacturing (including food, beverages, textiles, clothing, tobacco, chemicals, and motor vehicles); Commerce (restaurants and hotels); Transport and Communication; Financial Services; Tourism; Oil and gas and Electricity.

Major Trading Partners:

Exports: US 80.5%, Canada 3.6%, Germany 1.4% (2009.)

Imports: US 48%, China 13.5%, Japan 4.8%, South Korea 4.6%, Germany 4.1% (2009)

Mexico's economy is the world's thirteenth largest: about the same size as South Korea's and Russia's. It is a free market economy, with a mix of services, industry and agriculture. The country has many structural problems still to tackle as it seeks to modernise the economy, respond to the challenge of globalisation and raise living standards.

Mexico's annual growth rates have hovered at an average of 3 – 4% in the 10 years leading up to the global economic crisis. Despite emerging relatively unscathed and with strong and stable

financial institutions from the initial financial crisis in late 2008, Mexico was hit heavily by the resulting global economic downturn. However, its economy is now rebounding and is expected to grow by around 4% in 2012.

Inflation remains stable, although above the independent central bank's 3%+/-1% tolerance limit. Income is very unequally distributed, between the richer and more industrial northern parts and the poorer, more agricultural, south. About 40% of the population live in poverty.

Mexico moved from a relatively closed economy to an almost completely open one when it joined the General Agreement on Tariffs and Trade (now the World Trade Organisation) in 1985. It continued this opening through the North American Free Trade Agreement (NAFTA) in 1994, which gives it access to the huge American and Canadian markets. In total, Mexico has Free Trade Agreements (FTAs) with 44 countries, including with the EU and with Japan.

Despite these broadly spread FTAs, Mexico's economy remains closely linked to the United States. Economic ups and downs in the US greatly influence Mexico's economic performance, and the US economic slowdown has dragged down Mexico's exports, pushing the economy in to a very deep recession.

Mexico is one of the world's top oil producers. Pemex, the state-owned oil company, has a constitutional monopoly on the exploitation of Mexico's oil reserves. Although oil contributes only around 3% of overall GDP, the government is highly dependent on oil revenues for its income.

More than 12m Mexicans live and work in the US. A considerable number of these enter the country illegally. Collectively, the Mexican diaspora provides more than US\$20bn in remittances annually to their families in Mexico, making this the second largest source of revenue for the Mexican economy.

Mexico has rapidly developed its tourist sector in recent years. Tourism is now the fourth largest source of currency income for Mexico. The resorts of the Caribbean coast of the Yucatan peninsula (especially Cancun, Playa del Carmen and Cozumel) have grown very quickly. The Pacific coast (Puerto Vallarta, Huatulco, Los Cabos) have also increased in popularity in recent years.

HISTORY

For almost three thousand years, Mesoamerica was the site of several advanced Amerindian civilizations such as the Olmec, the Maya and the Aztecs. In 1519, the native civilizations of what now is known as Mexico were invaded by Spain; this was one of the most important conquest campaigns in the Americas. Two years later in 1521, the Aztec capital of Tenochtitlan was conquered by an alliance between Spanish and Tlaxcaltecs, the main enemies of the Aztecs, setting up a three-century colonial rule in Mexico. The viceroyalty of New Spain became the first and largest provider of resources for the Spanish Empire, and the most populated of all Spanish colonies.

On September 16, 1810, independence from Spain was declared by Padre Miguel Hidalgo in the small town of Dolores, Guanajuato state, causing a long war that eventually led to recognized independence in 1821 and the creation of an ephemeral First Mexican Empire with Agustín de Iturbide as first and only emperor, deposed in 1823 by the republican forces. In 1824, a republican constitution was drafted creating the United Mexican States with Guadalupe Victoria as its first President. The first four decades of independent Mexico were marked by constant strife between federalists (those who supported the federal form of government stipulated in the 1824

constitution) and centralists (who proposed a hierarchical form of government in which all local authorities were appointed and subject to a central authority). General Antonio López de Santa Anna was a strong influence in Mexican politics, a centralist and a two-time dictator. In 1836, he approved the *Siete Leyes* (Seven Laws), a radical amendment to the constitution that institutionalized the centralized form of government, after which Texas declared independence from Mexico, obtained in 1836. The annexation of Texas by the United States created a border dispute that would cause the Mexican-American War. Santa Anna played a big role in trying to muster Mexican forces but this war resulted in the resolute defeat of Mexico and as a result of the Treaty of Guadalupe Hidalgo (1848), Mexico lost one third of its surface area to the United States.

Dissatisfaction with Santa Anna's return to power, and his unconstitutional rule, led to the liberal Revolution of Ayutla, which initiated an era of liberal reforms, known as *La Reforma*, after which a new constitution was drafted that reestablished federalism as the form of government and first introduced freedom of religion. In the 1860s the country again underwent a military occupation, this time by France, which established the Habsburg Archduke Ferdinand Maximilian of Austria on the Mexican throne as Emperor Maximilian I of Mexico with support from the Catholic clergy and the conservative Mexicans. This Second Mexican Empire was victorious for only a few years, when the previous president of the Republic, the Zapotec Indian Benito Juárez, managed to restore the republic in 1867.

Porfirio Díaz, a republican general during the French intervention, ruled Mexico from 1876–1880 and then from 1880–1911 in five consecutive reelections. The period of his rule is known as the *Porfiriato*, which was characterized by remarkable economic achievements and investments in art and sciences, but also of huge economic inequality and political repression. An obvious and preposterous electoral fraud that led to his fifth reelection sparked the Mexican Revolution of 1910, initially led by Francisco I. Madero. Díaz resigned in 1911 and Madero was elected president but overthrown and murdered in a coup d'état in 1913 led by a conservative general named Victoriano Huerta after a secret council held with the American ambassador Henry Lane Wilson. This re-ignited the civil war, with participants such as Pancho Villa and Emiliano Zapata who formed their own forces. A third force, the constitutional army led by Venustiano Carranza, managed to bring an end to the war, and radically amended the 1857 Constitution to include many of the social premises and demands of the revolutionaries into what was eventually called the 1917 Constitution. Carranza was killed in 1920 and succeeded by another revolutionary hero, Álvaro Obregón, who in turn was succeeded by Plutarco Elías Calles. Obregón was reelected in 1928 but assassinated before he could assume power. Shortly after, Calles founded the National Revolutionary Party (PNR), later renamed the Institutional Revolutionary Party (PRI) which became the most influential party during the next 70 years.

During the next four decades, Mexico experienced substantial economic growth that historians call "El Milagro Mexicano," the Mexican Miracle. The assumption of mineral rights by the government, and the subsequent nationalization of the oil industry into PEMEX during the presidency of Lázaro Cárdenas del Río (1938) was a popular move, but sparked a diplomatic crisis with those countries whose citizens had lost businesses expropriated by the Cárdenas government.

Although the economy continued to flourish, social inequality remained a factor of discontent. Moreover, the PRI rule became increasingly authoritarian and at times oppressive, an example being the Tlatelolco Massacre of 1968, which according to government officials, claimed the life of around 30 protesters, even though many reputable international accounts reported that around 250 protesters were killed by security forces in the neighborhood clash. In the 1970s there was

extreme dissatisfaction with the administration of Luis Echeverría which took missteps in both the national and international arenas. Nonetheless, it was in this decade that the first substantial changes to electoral law were made, which initiated a movement of democratization of a system that had become electorally authoritarian.

While the prices of oil were at historically high and interest rates were low, Mexico made impressive investments in the state-owned oil company, with the intention of revitalizing the economy, but over-borrowing and mismanagement of oil revenues led to inflation and exacerbated the crisis of 1982. That year, oil prices plunged, interest rates soared, and the government defaulted on its debt. In an attempt to stabilize the current account balance, and given the reluctance of international lenders to return to Mexico given the previous default, President de la Madrid resorted to currency devaluations which in turn sparked inflation.

The first small cracks in the political monopolistic position of PRI were seen in the late 1970s with the creation of 100 deputy seats in the Chamber of Deputies assigned through proportional representation with open party-lists. Even though at the municipal level the first non-PRI mayor was elected in 1947, it was not until 1989 that the first non-PRI governor of a state was elected. However, many sources claimed that in 1988 the party resorted to electoral fraud in order to prevent leftist opposition candidate Cuauhtémoc Cárdenas from winning the national presidential elections. He subsequently lost to Carlos Salinas, which led to massive protests in the capital. Salinas embarked on a program of neoliberal reforms which fixed the exchange rate, controlled inflation and culminated with the signing of the North American Free Trade Agreement (NAFTA), which came into effect in 1994. However, that very same day, the Zapatista Army of National Liberation (EZLN) began a short-lived armed rebellion against the federal government, and has continued as a non-violent opposition movement against neoliberalism and globalization. This and a series of political assassinations and corruption scandals scared portfolio investors and reduced foreign capital investment. Being an election year, in a process that was then called the most transparent in Mexican history, authorities were reluctant to devalue the peso, a move which caused a rapid depletion of the National Reserves. In December 1994, a month after Salinas was succeeded by Ernesto Zedillo, the Mexican economy collapsed.

With a rapid rescue package authorized by U.S. president Bill Clinton and major macroeconomic reforms started by president Zedillo, the economy rapidly recovered and growth peaked at almost 7 percent in 1999. Democratic reforms under Zedillo's administration caused the PRI to lose its absolute majority in the Congress in 1997. In 2000, after 71 years the PRI lost a presidential election to Vicente Fox of the opposition National Action Party (PAN). The new president, Vicente Fox Quesada of the conservative National Action Party (PAN), vowed tax reform, an overhaul of the legal system, and a reduction in power of the central government. By 2002, however, Fox had made little headway on his ambitious reform agenda. Disfavor with Fox was evident in 2003 parliamentary elections, when the PRI rebounded.

In 2005, Andrés Manuel López Obrador, the enormously popular mayor of Mexico City, emerged as a presidential candidate for the leftist Party of the Democratic Revolution. López Obrador seemed likely to defeat the party of the deeply unpopular incumbent, Vicente Fox. But in Oct. 2005, Felipe Calderón unexpectedly became the candidate of Fox's National Action Party (PAN), defeating Fox's chosen successor. By spring 2006, Felipe Calderón had caught up to López Obrador in opinion polls. In the July election, Calderón won 35.9% of the vote, a razor-thin margin over López Obrador, who received 35.3%. López Obrador appealed the election, but on Aug. 28, Mexico's top electoral court rejected López Obrador's allegations of fraud. His supporters held massive protest rallies before and after the verdict. Calderón was sworn in on Dec. 1. He vowed to

make fighting the drug cartels a top priority, and he dispatched tens of thousands of soldiers and police to confront them.

Despite Calderón's pledge to bring down the drug cartels, drug-related violence escalated into 2010. More than 34,600 deaths due to drug-related violence have been reported in President Felipe Calderón's first four years of office. According to the government, 2010 was the heaviest year yet with 15,237 people being killed.

On July 1, 2012, Enrique Peña Nieto was elected president. A member of the Institutional Revolutionary Party (PRI), Peña Nieto received 38 percent of the vote, defeating both National Action Party candidate Josefina Vázquez Mota and Democratic Revolutionary Party candidate Andrés Manuel López Obrador, who lost the 2006 President election by a slim margin.

Peña Nieto's victory was another political shift in a country plagued with a violent, ongoing drug war and economic uncertainty. After ruling the country since 1929, Peña Nieto's party, PRI, suffered a huge defeat in 2000. Since 2000, the country has been in a period of multiparty democracy. During his campaign, Peña Nieto promised voters a change in Mexico's fight against the drug war. He vowed to focus more on reducing violence instead of making arrests and raids in attempts to block drugs from getting into the United States. Far from what was expected, Peña Nieto has been successful in advancing and approving relevant key reforms for the country: telecommunications, education, financial, etc. He has made a pact, the so called Pact for Mexico, with the major political parties to approve structural reforms in the country.

GOVERNMENT AND POLITICS

Political configuration

The United Mexican States are a federation whose government is representative, democratic and republican based on a congressional system according to the 1917 Constitution. The constitution establishes three levels of government: the federal Union, the state governments and the municipal governments. All officials at the three levels are elected by voters through first-past-the-post plurality, proportional representation or are appointed by other elected officials.

The current political system in Mexico derives from the Constitution of 1917 which emerged from the Mexican Revolution. The Constitution is a sweeping document that captures the ideals of the Revolution, but also reflects three centuries of Spanish colonial rule. The Constitution is "revolutionary" in that it aggressively protects the rights of workers, peasants and their organizations. It guarantees the right to organize, an eight-hour work day, the rights of female and child workers, and the payment of a minimum wage sufficient to satisfy the necessities of life. The colonial influences are evidenced by highly codified civil law, acceptance of heavy state involvement in civic affairs and business, and the relative strength of the executive over other branches of government. Another important influence is Mexico's 19th century history which included foreign military occupations, loss of half the national territory and several virtual dictatorships.

The government of the United Mexican States has three branches: executive, legislative, and judicial.

The **executive** branch is by far the most important and most powerful. The President serves a six-year term, may never be re-elected, and appoints the 18 cabinet secretaries who run their respective secretariats or ministries. The full cabinet meets only rarely. Legislation must be signed by the President to become law. Though the legislature may override a veto, the Constitution dictates that laws can only be enacted after being signed by the President. The President has the power to issue basic rules (*reglamentos*) independent of the legislature. In fact, most Presidents unilaterally issue more Mexican laws than are passed by the legislature.

The **legislature** consists of a Senate and a Chamber of Deputies. The 128 senators serve the same six-year term as the President and cannot be re-elected. Each state and the Federal District has two senators from the party getting the most votes in that state and one from the party getting the second most votes.

These 96 senators do not represent equal numbers of constituents. Smaller states have greater representation. For example, in the State of Mexico there are about 4.7 million people per senator whereas in Baja California Sur there are only about 170,000 people per senator. The remaining 32 senators are elected by proportional representation based on the percentage of the national vote obtained by each party. These senators do not have geographical constituents.

There are 500 deputies in the Chamber. Geographic districts directly elect 300 deputies; the remaining 200 are elected by proportional representation. A party must win at least 2% of the national vote to get a deputy in the Chamber. They serve three-year terms and cannot be re-elected.

The ban against re-election means that every three years there is an entirely new Chamber of Deputies. Every six years Mexico has a new President and all new legislators. The ban on re-election diminishes the continuity as well as the overall experience and expertise of Mexican government at all levels.

The **judiciary** is divided into federal courts and state courts. The federal courts have jurisdiction over constitutional issues, most civil cases (contracts, labor issues, banking and commerce) as well as major felonies (bank robberies, kidnapping), except murder. State courts handle murders, divorces and minor felonies. The Supreme Court consists of 26 judges, selected by the President and confirmed by the Senate. Legally, they serve for life but actually submit their resignation to the new President every six years. Below the Supreme Court are four chambers of judges dealing with criminal, civil, labor and administrative issues. There are 16 federal circuit courts and 68 district courts.

All elected executive officials are elected by plurality (first-past-the-post). Seats to the legislature are elected by plurality and proportional representation at the federal and state level. The Chamber of Deputies of the Congress of the Union is conformed by 300 deputies elected through plurality and 200 deputies by proportional representation with open-party lists for which the country is divided into 5 electoral constituencies or circumscriptions. The Senate is conformed by 64 senators, two per state and the Federal District, jointly elected by plurality, 32 senators assigned to the first minority (one per state and the Federal District) and 32 elected by proportional representation with open-party lists of which the country conforms a single electoral constituency.

According to the constitution, all constituent states must have a republican form of government composed of three branches: the executive, represented by a governor and an appointed cabinet, the legislative branch constituted by a unicameral congress and the judiciary, also called a Supreme Court of Justice.

In the 2006–2009 Congress, eight parties are therein represented; five of them, however, have not received neither in this nor in previous congresses, more than 4 percent of the national votes. The other three parties have historically been the dominant parties in Mexican politics:

- National Action Party (*Partido Acción Nacional*, PAN): a center-right conservative party founded in 1939
- Institutional Revolutionary Party (*Partido Revolucionario Institucional*, PRI): a center party that ascribes to social democracy, founded in 1929 to unite all the factions of the Mexican Revolution. Prominent politicians, both right-wing and left-wing, have been members of the party.
- Party of the Democratic Revolution (*Partido de la Revolución Democrática*, PRD): a center-left party founded in 1989 formed by the coalition of socialists and liberal parties, the National Democratic Front under the candidacy of Cuauhtémoc Cárdenas.

The PRI held an almost hegemonic power in Mexican politics since 1929. Since 1977 consecutive electoral reforms allowed opposition parties to win more posts at the local and federal level. This process culminated in the 2000 presidential elections in which Vicente Fox, candidate of the PAN, became the first non-PRI president to be elected in more than 70 years.

In 2006, Felipe Calderón of the PAN faced Andrés Manuel López Obrador of the PRD in a very close election (0.58 percent difference). On September 6, 2006, Felipe Calderón was declared President-elect by the electoral tribunal. His cabinet was sworn in at midnight on December 1, 2006 and Calderón was handed the presidential band by outgoing Vicente Fox at the presidential palace *Los Pinos*. He was formally sworn as President on the morning of December 1, 2006 in Congress.

Administrative divisions

The United Mexican States are a union of 31 free and sovereign states which form a Union that exercises jurisdiction over the Federal District and other territories. Every state has its own constitution and congress, and its citizens elect by direct voting a governor for a six-year term, as well as representatives to their respective state congresses for three-year terms.

Mexican states are also divided into municipalities, the smallest official political entity in the country, governed by a mayor or "municipal president," elected by its residents by plurality.

Constitutionally, Mexico City, as the capital of the federation and seat of the powers of the Union, is the Federal District, a special political division in Mexico that belongs to the federation as a whole and not to a particular state, and as such, has more limited local rule than the nation's states. Nonetheless, since 1987 it has progressively gained a greater degree of autonomy, and residents now elect a head of government (*Jefe de Gobierno*) and representatives of a Legislative Assembly directly. Unlike the states, the Federal District does not have a constitution but a statute of government. Mexico City is *coterminous* and coextensive with the Federal District.

Current President: Enrique Pena Nieto

The rejuvenated Institutional Revolutionary Party returned to power in 2012 with a clear win in presidential elections by Enrique Pena Nieto. He beat veteran leftwinger Andres Manuel Lopez Obrador, and drove Josefina Vazquez Mota of the rightwing National Action Party (PAN) into a distant third place. This ended 12 years of PAN rule. Born in 1966, Mr Pena Nieto began his political career in his twenties, working for the PRI and in the local government system in Mexico State, the country's most populous state, rising to win the gubernatorial election in 2005. He won praise for his expansion of the transport and healthcare system and careful financial management during his six years as governor of Mexico State, which helped win him the PRI presidential nomination and the election itself. When he became president in December, Mr Pena Nieto had to face the escalating violence of the drugs war in the northern states.

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