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Governing a Demonstrably Divided Mexico

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As the July 2, 2006, election showed, Mexico is a politically and socially divided country. The coalitions around the two leading parties (the National Action Party, or PAN, and the Party of the Democratic Revolution, or PRD) each commanded the loyalty of 35 percent of the voters in the presidential contest. The margin of victory of the declared winner, Felipe Calderón of the PAN, was half a percentage point out of more than 41 million votes cast. The northern part of the country is rich by Mexican standards and the southern part is poor by any standard. (A contemporary Porfirio Diaz could say: "Poor southern Mexico, so far from the United States.") The voting in the north favored Calderón, and Andrés Manuel López Obrador (AMLO), the PRD candidate, dominated in the voting in the south. The income disparity between the more and less prosperous populations coincides with regional income and wealth disparities. As this is written, the southern state of Oaxaca is in a state of chaos that started with a petition by teachers for higher salaries, and then spread widely when the state governor (a member of the Institutional Revolutionary Party, or PRI) rejected the request.

Income distribution is more unequal in Mexico than in just about all other countries in the world. According to the United Nation's *Human Development Report* for 2005, the richest 10 percent of Mexico's population received 43 percent of the country's income, while the poorest 20 percent had only a 3 percent share. Subsistence corn farmers and agricultural workers of central and southern Mexico, where yields depend on rainfall, survive only because they receive government help, whereas farmers on irrigated lands in the north grow high-value fruits and vegetables. And then on top of all of this, the three main political parties all have internal fissions.

AMLO, formerly the head of government in the Federal District (which is equivalent to Mexico City), ran on a platform of reducing income and social disparities by giving government payments to older people and correcting internal inequities rather than focusing on foreign policy. Calderón, the president-elect, said that he would give special attention to social issues in his administration, especially during the first 100 days after he takes office on December 1, 2006.

I was in Mexico City when the seven-member electoral tribunal, on September 5, declared Calderón the winner. One argument I heard was that what I am calling "divisions" in Mexican society are manifestations of pluralism. Perhaps—but the disparities are long-standing and go deeper than were manifested in only this one election. AMLO's campaign highlighted the differences more sharply than had the campaign of any other major party candidate in previous years, because the PRI has automatically won all presidential elections for 71 years until the year 2000.

AMLO's supporters, at his urging, set up encampments along seven kilometers of the main roads leading to and from Mexico City's historic center and the *zocalo*, the large square in front of the national palace. This was AMLO's way of calling attention to what he felt were election irregularities. This severely disrupted traffic, but the encampments were peaceful. This was a tribute not just to the protesters, but also to the authorities, who carefully avoided hostile actions. The traffic disruption reduced popular support for AMLO, who had overwhelmingly carried Mexico City in the election. The encampments are being removed as this is written, and this will allow a traditional military parade over this route to take place on September 16.

The wide publicity given to these shenanigans led to much questioning of Mexican election legitimacy both inside and outside the country. Before the elections, there was confidence in the effectiveness of Mexico's election-monitoring machinery—the Federal Electoral Institute (IFE) and the electoral tribunal (often referred to as TRIFE) that makes the final decisions on disputes. These institutions did not work as efficiently as most Mexicans

had hoped. When the tribunal declared Calderón president-elect, it also scolded President Vicente Fox for interfering in the election by using government facilities to support the PAN candidate, and the topmost organization of business leaders for airing television advertisements supporting Calderón. Both actions are prohibited under Mexican law. Fines may be levied because of these infractions, but they presumably had the desired effect.

The opinion columns in newspapers and, more important because they are more widely disseminated, the judgments expressed on radio and television, cover a wide gamut of views. Many criticized AMLO's postelection tactics; others chastised the tribunal for not taking more severe action on the infractions of President Fox and the big-business community; and still others made clear their desire for an institutional strengthening of IFE and TRIFE. This internal debate is essentially constructive, in my view, because it looks ahead more than it reviews the past.

The main political parties are also looking ahead—to see if and how they can resolve internal disputes and foster cooperation in enacting legislation for correcting major structural problems or even altering the constitution where necessary. Calderón's proposed social measures for his first 100 days in office will seek to attract some AMLO supporters to his side. A few of these measures may be consequential, but on the whole, they are likely to be more symbolic than substantive. Changes required to reduce divisions within Mexican society will take more time. Fox was unable to deliver important changes during his presidential *sexenio* (six-year term) because he was not supported by opposition parties in the legislature. Thus, much is at stake in the negotiations between Calderón's transition team and the PRI and the PAN—as to whether there will be another frustrating six years or meaningful accomplishments.

The kinds of changes needed are, by now, well-rehearsed in Mexican debate. More taxes have to be collected in order to carry out social programs, such as education and health care. (The federal government generally collects only about 11 percent of GDP in taxes, a low proportion even by Latin American standards.) More support is being promised to the poor in both rural and urban areas, and more tax revenue or shifts in government spending priorities will be needed if these promises are to be met without large fiscal deficits that risk higher inflation. Pemex, the national oil company, is now so highly taxed to meet government expenditures that it lacks sufficient funds for exploration and production; Pemex is more highly indebted than the federal government itself and will have a hard time borrowing more. The labor market is highly inflexible, and this stimulates hiring part-time workers to avoid paying the benefits that are mandatory to full-time employees. The system encourages an underground economy. Economic growth is inadequate to generate enough employment for entrants into the labor force, and this lack of job generation has stimulated the record emigration to the United States.

One of the arguments made by AMLO supporters is that big business is too cozy with the government; the open television support given to Calderón by the topmost business organization in Mexico provides one bit of evidence that this is true. When the Fox administration tried to raise taxes, it fell back on seeking to remove exemptions for food and medicine in the value-added tax (and failed), rather than focusing on better collection of the more egalitarian income tax. Little was done to reduce the problems of the poverty-stricken farmers dominating the south of the country. The problems of Pemex and the energy sector were hardly addressed. Little control was exercised over monopolies. Mexico has only a rudimentary safety net for workers who lose jobs. The pension system is in deep financial trouble.

None of these deficiencies is amenable to short-term solution. Those who benefit from the current system are playing with fire if they fail to address Mexico's inequalities. Calderón's campaign advertising linked AMLO with President Hugo Chávez of Venezuela, but without any evidence that the two men think alike. Chávez was able to come to power because the traditional political parties in Venezuela tolerated deep inequality. If Mexico's elite want to avoid breeding a Mexican version of *chavismo*, they must take heed of what exists in their own country.

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