

TM

# VOICES *of Mexico*

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## **The 2006 Elections And the Mexican Electoral System**

Articles by Ricardo Raphael  
And Jorge Javier Romero

## **Immigration and the Polariza- tion of U.S. Society**

Jesús Esquivel

## **Love and Distance Fox and the United States**

Leonardo Curzio

## **Mexico in North America The Relegated Neighbor?**

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## **Mexico's Revenue Oil, Remittances and Tourism**

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## **José Luis Cuevas's Impure Animals**

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## **Miguel Covarrubias, A Genius Of Two Cultural Traditions**

Alejandro Negrín



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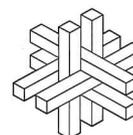
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Mauricio Degollado

## Cover

José Luis Cuevas, *The Sculptress*,  
2.75 x 1.05 x 1.70 m, 2001 (bronze).

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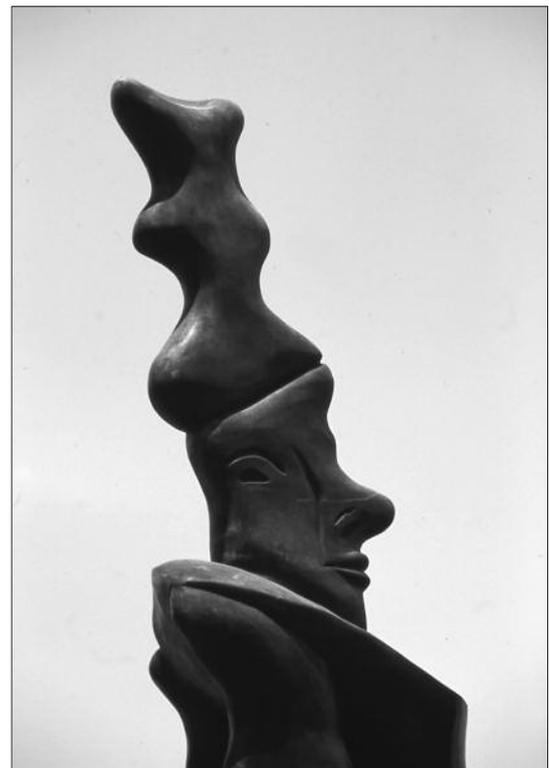
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Elsie Montiel

# OUR VOICE

Since July 2, Mexico has been immersed in the worst post-electoral crisis in the history of its young democracy, which has been severely challenged by some of the very political actors who participated in the elections. Since the North American Free Trade Agreement (NAFTA) came into effect in 1994, Mexico has concentrated on carrying out a series of far-reaching reforms that have led the country through a profound transformation of its macro-economic variables. While this dynamic imposed enormous challenges on micro-economic aspects of sustainable development, such as the distribution of the positive results of growth and other fundamental factors that would lead to horizontally sharing the benefits of integration, these either were not achieved or were not pursued with appropriate strategies. After the 1988 political crisis caused by another severely questioned presidential election, the opening of the Mexican economy had been perceived by a broad spectrum of national and international analysts as the preamble for achieving the country's political-institutional modernization. At the same time, it would create the structural basis for a solid economy, well prepared to withstand the transformation of the economic variables aimed at achieving a beneficial exchange for a country with enormous deficiencies, as well as the polarizing realities of North-South development and underdevelopment throughout its territory. Today it has been proven that the benefits of economic development have not resolved either fully or relatively the economic sufferings of the most vulnerable sectors of the population.

On the other hand, there is general consensus that political modernization, with the creation of institutions like the Federal Electoral Institute (IFE) and the Federal Judicial Electoral Tribunal (TEPJF), has been implemented seriously, with efforts on the part of many, with enormous economic investment and with the agreement of all the important political actors involved in the process as well as that of other broad sectors of the population. What is more, this recognition has been widely shared by different international actors, among others, our two partners in NAFTA.

The initial result of the 2006 election was the IFE's announcement of National Action Party (PAN) candidate Felipe Calderón as the winner by a narrow margin. As everyone knows, this result has been questioned by the Party of the Democratic Revolution (PRD) through a well considered, premeditated, orchestrated mobilization using rituals that we thought had been left behind in our country like the personality cult and caudillo and authoritarian tactics that threaten defiantly to destroy the legal framework of Mexico. This all began even before the votes had been counted twice as stipulated by law, during the first week of July. The TEPJF has now ordered that the process go through a new judicial stage: recounting the ballots in a representative proportion of the electoral map, where the PRD has pointed to its most important doubts, in regions that Calderón clearly won and where, according to the denunciations, presumably there were anomalies, or what that party frivolously calls "electoral fraud." If the recount confirms the original figures, —as appears to be the case now that it has finished—, obviously all the doubts could be cleared up in order to satisfy the most interested party, the PRD, in de-legitimizing the entire process —mostly without any basis. Or, if the recount uncovers significant anomalies, which at the point appears unlikely, another stage of this crisis could begin. In any case, we trust that the final result will mark the beginning of the recovery of the stability that is highly valued by most of Mexico's citizenry.

The issue, then, is whether the political and social stability the country needs to continue advancing in its process of economic and political modernization can be preserved. This is where the great paradox lies: an important, though insufficient, reform of the political-electoral institutions has been undertaken, only, in the framework of a post-electoral crisis like the one we are experiencing, to have it disregarded by one of the parties involved, which bases its political opposition on the fact that serious conditions of intolerable social polarization exist that have not been resolved by the model of development implemented since 1994. Clearly, the terrain of political argumentation has been invaded, inappropriately in this post-electoral juncture, by a critique of the economic model, which has certainly demonstrated its weaknesses in redistribution over the last 10 years. We consider it necessary, however, to emphasize that this thorny problem has to be resolved in the framework of a debate of ideas among all the actors, precisely in a clearly stable political arena. In this way, this critique, which involves de-legitimizing everyone who disagrees, has given rise to not recognizing the electoral process as legitimate. It should be said that the advance of democracy presupposes the acceptance by all actors committed to it that the country cannot function on

the basis of this kind of blackmail exerted by a public institution, a member of the state supported system of political parties.

This is why it is so vital to reiterate what we have mentioned in this and other spaces about the enormous importance of a good resolution of the Mexican electoral process if we expect integration with the United States and Canada to prosper and to begin a higher stage than the one it is in today. Therefore, even amidst Mexico's political crisis, it is fundamental that our two main trade partners send unequivocal signs of support to the Mexican electoral process and its institutions in order to help insure that in the short and medium terms, whoever is declared president-elect can have the tools he needs to solve the economy's most urgent tasks. These pronouncements could be fundamental for creating a political climate based on a spirit of broad collaboration among the political and economic actors that will allow us to come to consensus about the way forward for our foreign policy and our process of integration, thus providing the confidence needed to all those involved that the country will continue its march forward. This observation itself would be sufficiently important given the critical moment we are going through, that in the case that it became unstable, would undoubtedly affect the entire region. However, it is even more crucial since after political alternation in 2000 (which was smooth compared to the current process, and, despite its later unfortunate failings, an important democratic advance for Mexico), there was not the due recognition, mainly by Washington, of its trade partner's significant political advance. Only a short time before, Mexico had been submerged in an authoritarian single-party regime, which we are discovering today, after almost six years of governmental political somnolence, is still there, although with different forms and colors, alive and very possibly ready to begin to start kicking.

\* \* \*

In our "Politics" section, precisely, we include two articles written just before the elections dealing with what promised to be a close, polarized vote. Both show us some of the problems that our young electoral system still suffers from, and point out the undeniable, substantial advances of our democratic transition, above all with regard to its institutional design. Ricardo Raphael wrote about the process of the political campaigns, in which, he maintains, the three main forces based their publicity on polarizing messages and mutual criticisms, leaving to one side government platforms. The rich vs. the poor (PRD), old vs. young (PAN) and extremists vs. centrists (PRI) were the axes of a dirty war that ended up by profoundly dividing Mexican society. In his article, Jorge Javier Romero reflects about some of the political system's continuing democratic deficits that should be recognized and overcome to advance in the consolidation of democracy. Among them are the excessively long electoral campaigns, the main political parties' lack of political will to carry out and deepen the reforms necessary for governability, as well as the anti-democratic increase in prerequisites for allowing new currents and parties to participate in elections.

With regard to other issues, we have dedicated the "Economy" section to the analysis of the importance, impact and destination of foreign currency revenue in Mexico, the structure of which has changed radically in the last decade. Oil, exports and services, especially tourism, have ceded ground to remittances sent by our countrymen and women in the United States. In addition, the recent boom in oil prices, which in the last few years has made for additional unexpected revenue, has had an influence on Mexico's political life and economy. In his contribution, Fluvio Ruiz Alarcón explains how the current fiscal regimen for oil income has made the state-owned Mexican Oil Company (Pemex) technically, financially and administratively unviable. Cristóbal Mendoza examines how, despite the rapid increase in remittances to Mexico, making them the country's biggest source of foreign currency, most of these monies do not contribute to national development or productive investment, but are used above all for family living expenses. Lastly, Daniel Hiernaux explains how the foreign currency that comes from tourism, although it undoubtedly contributes to job creation and indirectly spurs investment in infrastructure, ends up by completing its natural economic cycle and returning larger sums to its countries of origin, given the multinational nature of most of the sector's industry.

Migration between Mexico and the United States has become important in the media this year after the discussions about different bills presented before the U.S. Congress and the thundering and certainly surprisingly large reaction by the U.S. immigrant community, particularly the Latinos, among them, the Mexicans. Journalist Jesús Esquivel contributes an article for the "United States Affairs" section in which he describes what for him is the unserious and very questionable role played in this unprecedented mass movement by the Latino media, specifically Spanish-language radio stations and their announcers.

In the section "Mexico-U.S. Relations," two respected analysts of North America present important contributions about relations among the countries of the region. Raul Rodriguez-Barocio, former CEO of

the North American Development Bank, warns of the need for profound changes with regard to regional integration in the framework of the Security and Prosperity Partnership of North America. This author thinks that our country should seek to create a compensatory fund in a radically different way from the European Union if it wants to at least have a minimal opportunity of getting the support of the United States and Canada, both very reluctant to adopt the European solution for integration. For his part, researcher Leonardo Curzio presents a balance sheet of President Fox's relationship with the United States. This relationship has had its ups and down, of course with some successes, but also with many mistakes, like the Mexican government's ambivalent, lukewarm response to 9/11, which undoubtedly still has repercussions today.

In "Canadian Issues", Canada expert María Teresa Gutiérrez-Haces contributes an article about the first six months of Stephen Harper's Conservative government with an extensive preamble about his ideological origins and political career that allows us to understand his current priorities, outstanding among which is his greater interest in a rapprochement and bilateral integration with the United States than a trilateral integration that would include Mexico.

\* \* \*

"Art and Culture" outdoes itself looking at José Luis Cuevas, one of Mexico's most solid, creative twentieth-century visual artists. The display of his large-format sculpture series "Impure Animals" in the esplanade of University City was a wonderful pretext for Víctor Vizzuett to interview him. They talked about the origin of the pieces, the perennial influence of Kafka and the self-doubt that still plagues him every time he is about to create a new work. Complementing this vision is a text by Isaac Masri about the trajectory of "Impure Animals." The section also pays homage to Miguel Covarrubias, one of the few truly bi-cultural artists in North America, in an article by writer and diplomat Alfonso Negrín. Covarrubias's work, produced both in Mexico and the United States, and shot full of unparalleled irony, masterfully captures the cultures and idiosyncrasies of both countries.

In this issue, "The Splendor of Mexico" is dedicated to founding father Benito Juárez on the bicentennial of his birth. President of Mexico in the turbulent post-independence period, he is one of the most revered figures in our historic pantheon. Like many of our national heroes, Juárez is present in urban monuments, street and neighborhood names and museums dedicated to keeping his legacy alive. Here we offer a brief example of his presence in Mexico City. Edgar Tavares and Ángeles González Gamio contributed to this effort, the former with an article about the Juárez neighborhood, and the latter with two articles, one about Juárez Avenue and its changes down through the years, and another about some of the monuments and sculptures of great artistic value dedicated to Don Benito.

The "Museums" section is dedicated to one of the most ingenious exhibits created about the Juárez's political life during the celebration of his bicentennial. The graphic exhibition "A Page in History, Under the Brushstroke of the Opposition" shows us the other side of the coin: a Benito Juárez judged by the caricaturists of his time, who expressed with great ability and political sense the opposition's opinions about his use of power.

In this issue, we dedicate "Ecology" to the achievements of a first-rate bi-national ecological project in which the Mexican and U.S. government have collaborated very fruitfully, encouraged by the initiative of the Sierra Madre conservationist group, the Cemex cement company and local inhabitants. The El Carmen-Big Bend Ecological Conservation Corridor was recently declared a world ecological reserve.

Lastly, we dedicate our "Literature" section to the work of one of Mexico's most important twentieth-century writers: Aline Pettersson. We include an essay by literary critic Gloria Prado, who describes the author's compact, careful narrative style that displays neither too much nor too little of anything. From 1977, when she wrote her first novel, *Círculos* (Circles), until 2006, the author has published many novels, books of poems and short stories. Her most recent novel, *Las muertes de Natalia Bauer* (The Deaths of Natalia Bauer) (2006), is reviewed for *Voices of Mexico* by researcher Graciela Martínez-Zalce. As just one example of her narrative, we publish the translation of her short story "Historia a cuatro manos" (Four-Handed Story).

*José Luis Valdés-Ugalde*

# Dilemmas in the Looking Glass

## The July 2 Elections

Ricardo Raphael\*



Pedro Valtierra/Cuartoscuro

The vertigo of the election campaign is in the past. The citizenry put an end to it with its ballots. Fortunately, the process was sincerely, democratically normal. Although during the heady days of the campaign, there were those who, like six and 12 years ago, insisted that the crucial issue of this election continued to be the referendum on the plural political system, the fact is that this time, the alternative between democracy and authoritarianism did not play the most important role. Today, we can calmly say that that choice

has been surpassed: the citizens organized the elections, went to the polls, cast the majority of votes for one of the options. The electoral authorities counted the votes and, with all of that, the state consolidated its democratic vocation.

Mexico has definitively moved toward democracy and fortunately, we have once again verified that the doors that could lead us back into the past are firmly closed. However, the feeling remains that we have seen a very intense electoral process go by. Although democratic, we witnessed an episode full of passions, disputes and contrasts. Therefore, it would not be fair to reality to close this recent chapter con-

\* Political analyst.

cluding that it was merely a matter of votes, of constituting majorities, of winners and losers.

During those long days of the campaign, other dimensions were also in play that it would be a mistake not to analyze, matters that slipped out of the strictly political sphere to have an impact in the most unexpected corners of everyday Mexican life. With the recent election, we citizens discovered that, in addition to being an arena for disputing important government posts, campaigns can be a mirror that faithfully reflects our most acute social tensions, amplifies the dilemmas, deepens our fears, sharpens disagreements and also shows up our agreements and the hopes of those of us who live in the same community.

Thanks to that looking glass, democratic peoples program the regular review of their beliefs. Just as happened to Lewis Carroll's Alice, at election time, societies have the opportunity to take a long look inside themselves, to unmask their Mad Hatters, their March Hares, their talking flowers, their respective Humpty Dumpties. At these times, warning alarms tend to go off, identities are reinforced or weakened, convictions questioned, faith in ourselves subverted and eye-glasses adjusted to understand and understand each other inside the human group. It would not be exaggerated to say that election time ends up turning into a kind of analyst's couch where the patient regularly comes to review pending social issues that in more normal times go unnoticed.

For that reason, it is a good thing that elections come to an end; that the period of consultation about the state of different social controversies concludes. However, with the single object

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of making sure the nightmare does not repeat itself the next time we sit in front of the mirror, this article will attempt to take a bird's eye view of some of the dilemmas that the recent electoral process threw up on our beaches to be observed. What did we find out about our reality while we were on the other side of the looking glass? What should be reviewed if we want the next election to be different from the most recent one?

#### DILEMMAS OF AN ELECTION

From my perspective, the most recent chapter in Mexican political history was dominated by two paradoxes put firmly in play during the recent campaigns: rich vs. poor and old vs. new. The originator of the first was Andrés Manuel López Obrador and of the second, Felipe Calderón Hinojosa. It is true that the third candidate, Roberto Madrazo Pintado, toward the end of the campaign, tried to put forward a third paradox: the center vs. the extremes. However, since this last is the most deeply rooted paradox in Mexican public life, most of the electorate decided not to make it their own. And most probably they made that decision because it had already been around too long. A very

long time will pass before the option of unity is once again appreciated in Mexico.

More than as a moderate position, we Mexicans perceive centrism as synonymous with dominating discussions; we link it to the idea of a single party. Losing the center, in contrast, has led us to finally making a clear distinction between agreements and disagreements. It was precisely the explosion of the ideological monolith that helped us clarify many points. The reduction of the Institutional Revolutionary Party (PRI) to one third of its former weight was what made it possible for us Mexicans to haul out of the closet so very, very many issues that had previously been put away. The end of hegemony is giving rise to diversity, to the confrontation of projects, of ethical frameworks and alternative world views.

It is very probable that it was in 2000 when we Mexicans last contemplated this dilemma. The question then was whether the conditions existed for handing over the presidency to any party other than the PRI. Neither the campaign proposals nor the candidates' teams nor the economic or political visions expressed in the platforms were as important as this single value judgment. Put in the language of that time, the essential issue in the 2000 race was reduced to deciding at the polls whether to throw the PRI out of Los Pinos. The big difference between that election and the most recent one is that, once the issue of alternation was resolved, in Mexico it is no longer possible to concentrate the complexity of an election in a single question, much less expect a single answer. For the time being, today we can say that, just as ratifying democracy was not an important issue in this election, neither

will it be the dilemma of center vs. periphery. In any case, fortunately, as a terrain for agreement, the center is now in dispute and therefore it cannot and will not again have a single occupant. As a result, the Mexican voter faced 2006 with a long list of options, perhaps the longest list of alternatives that Mexican society has experienced in its relatively short electoral history.

#### RICH VS. POOR

The dilemma raised by Andrés Manuel López Obrador during the recent electoral process tried to place the issue of inequality on the highest pedestal of Mexican politics. To do that, this left candidate opted to use polarizing rhetoric underlining the different visions that divide the rich from the poor in Mexico, or, in the words of economist Rolando Cordera, marking the differences between the plebians and the oligarchs. It was not just a matter of making an economic distinction based on income—granted, a central component of the difference—but of going beyond that and contrasting the differences in identity that subsist in our country given the existence of social classes, opposing identities that can hardly be underestimated in Mexico, above all if we realize that almost 80 percent of all opportunities are in the hands of the richest 20 percent of the population. During his campaign, this candidate emphasized and made very visible one of the most characteristic traits of our society: the class asymmetries that separate us, making up a country where the sense of injustice abounds, as does, therefore, the dissatisfaction about the recently inaugurated plural regimen. Based on the principle that “a democ-

racy that does not resolve the problem of poverty is no democracy at all,” López Obrador placed the accent on the issue of inequality and called on voters to ratify that concern with him.

It is undeniable that this dimension of the campaign had a profound effect on public debate not only by the candidates, but by society as a whole. López Obrador’s continually pointing his finger at the privileged few did have an impact on the diverse circles of those who consider themselves as such, whether they are or not. The surprising thing was not so much the identification of the least favored estates of the population with the PRD candidate’s proposal, but the discomfort that this challenge created among the middle and high classes. “*Naco*,” the class-prejudice-laden term *par excellence* used by Mexicans to put each other down, was an intense part of chats in the home, at work or in cafés during the months prior to and during the electoral campaign. I presume that the most uncomfortable challenge did not come from this candidate’s social roots—several other Mexican presidents have social backgrounds similar to that of López Obrador—but his proud defense of his beginnings. One gets the impression that in Mexican power circles,

The most recent chapter in Mexican political history was dominated by two paradoxes put firmly in play during the recent campaigns: rich vs. poor and old vs. new.

plebian origins are not important as long as you do not make much of them. Or, more precisely: it is irrelevant as long as you avoid publicly joining your condition as a plebian with that of the population that shares that origin, which turns out to be the vast majority.

It is true that in the public debate no one dared use the same derisive terms that were used in private. However, without abandoning the derisive tone, the word “populist” replaced the word “*naco*,” making it possible for the rest of the combative argument against the dilemma López Obrador was putting forward to continue intact. In that context, the slogan “For the good of all, the poor first” was demonized, arguing that it was mere demagogic manipulation. Then it was quickly turned around and argued that this political plebianism was dangerous for the country, whether because it was similar to Venezuelan President Hugo Chavez’s authoritarian discourse or because it foretold an irresistible violation of the law. Nevertheless, even for someone who had taken this argument on board, it would be difficult to deny that, as never before since the time of the Mexican Revolution, the time of Villa and Zapata, class identity and the frictions derived from class antagonism were placed front and center during the first six months of this year. That was the left candidate’s main victory, revealing the hypocrisy that the PRI had situated us in for too many years, because there is one undeniable reality: we are a society profoundly marked by class divisions.

#### NEW VS. OLD

Felipe Calderón, for his part, picked from among the realities that beat in

the heart of Mexican society a very different, but perhaps equally vibrant, dilemma. From the time when he won the nomination in the internal party contest, the PAN representative maintained that the great alternative posed in the recent presidential election was to choose between the past and the future, between the old and the new. In a linear reading, this could be interpreted as though the alternative were to pick between PRI thinking and its derivatives (the PRD), and those who recently took office thanks to the alternation decided in 2000: the PAN. However, in Calderón's discourse, this was not reduced to political cleavage

During the campaign, this choice was developed until it attained broader stature as an argument. Putting young people at the center of things, the PAN candidate focused on the generation gap in Mexican society. In effect, it is not the same to look at reality from the standpoint of someone who directly experienced 1968, or who experienced the political instability born of the guerrilla movements of the 1970s, as to evaluate reality using the alleged electoral fraud of 1988 or—for those even younger—the political events of 2000 as a backdrop.

While for the former, what happened more than 20 or 30 years ago was very much a part of their lives, for the latter, it is only a historical fact that they have been told about. No one is to blame; this is just the natural evolution of society. What is important, however, is that demographically, there are more people who identify with the present and fewer who lived through the past. Today, the electoral weight of the recent arrivals to democracy is more important than that of its builders.

In the future  
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It is curious that PRI members did not stop to think about this. While Calderón emphasized this point time after time during the campaign, Roberto Madrazo built his first campaign discourse marking the difference between the experts and non-experts, a more elegant formula than between young and old, but at the end of the day, very similar. There is nothing less attractive for a young person than to force him/her to listen to the voice of experience, above all if he/she is with other citizens of the same age. Therefore, it was not difficult for many young people to find in Calderón, the youngest candidate in the race, the best person to identify with, while Roberto Madrazo made the decision to play the role of the representative of the old guard.

In contrast with other times, in Mexico like in so many other Western democracies, the youngest sector of the population feels little affinity for politics; to a great extent, this is because while the interests and forms of communication have been transformed beyond recognition, in the terrain of politics, the messages continue to be too similar to what was said in the twentieth century. Suffice it to listen to most of Mexico's political class to confirm that a good portion of them suffer from what the French call "wooden

tongue," the proclivity to express themselves using impenetrable jargon full of words but lacking in meaning. This makes their discourse unbelievable for the new generation.

It is symptomatic that Mexican politics has resisted change in a world in which the methods for transmitting messages have changed as much as they have. However, this symptom has a simple explanation: despite the fact that the system of institutions has been profoundly reformed in the last two decades, those participating in it continue to be essentially the same people. Generally speaking, the generation that governed Mexico 20 years ago continues to do so today.

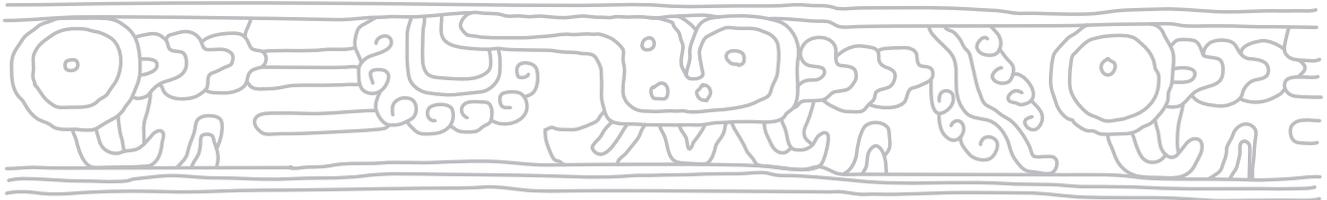
Precisely in the midst of this contradiction of Mexican society, Felipe Calderón put forward his campaign dilemma making the young the main people he wanted to dialogue with. For that, he needed to substantially innovate along the traditional routes of political communications and also shape the product that his candidacy represented. In order to shore up his legitimacy among the young, the PAN candidate made employment his main proposal. This was obviously not an issue chosen by chance; the lack of jobs is this sector's main demand. Every year, 1,100,000 young people enter the work force, and only one-third get a formal job in the professional world. Calderón's intelligent discourse not only hit the mark by picking his target audience, but he also put the accent on the content. Much more could be said about the PAN candidate, but it would be impossible to deny that his campaign successes included having brought to the fore the lack of justice done by Mexican politics to the generational transition until now.

## UNTIL THE NEXT LOOKING GLASS

It is very probable that what we have seen during the recent campaign will end up becoming an immovable reality in the future. Once the country renounced worshipping at and lending listening time to the hegemonic pulpit of discourses, now it will be the multiplicity of dimensions that will characterize it at election time. The inten-

sity with which both dilemmas (rich vs. poor and new vs. old) were presented in the arena of public debate is only the first symptom of what is to come: a form of doing politics in which society's most pressing concerns are systematically brought forth. We can be sure that if these moments become recurring mirrors to take a long hard look at reality, we Mexicans will end up by knowing each other better. Therefore, it might be

worthwhile jettisoning our fear of the polarization of the discourses, since only through them can the dilemmas be seen in their entirety. Since the choices are normally presented as counterpoints of contradictory options, in the future the discussions will not be able to elude confrontation when they are analyzed. However, we Mexicans still have much to learn about the art of disagreeing without stopping being civilized. **MM**



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# Mexico's Stagnating Democracy

Jorge Javier Romero\*



José María Martínez/Cuatoscuro

Recounting votes.

The 2000 victory of Vicente Fox, candidate of the center-right National Action Party, for 60 years the political force with the greatest tradition of electoral opposition to the hegemonic Institutional Revolutionary Party (PRI), brought to a close a series of incremental institutional reforms that turned Mexico into a democracy in reality and not just on paper, as it had been since the passage of the 1917 Constitution.

The slow process of institutional reforms began in 1977 as the regime's response to an increase in radical groups' activities and union and social movements operating outside the corporatist patronage system the PRI had suc-

cessfully operated since the late 1930s. After the 1968 student movement and the excessively repressive response to it, Mexico went through years of violence and social mobilizations. While these did not pose an immediate threat to the regime, they did undermine its stability at a time in which the successful economic arrangement based on industrialization rooted in import substitution, supported from the state by protectionism and monopoly privileges both for businessmen and unions, was showing clear signs of wearing out, with stagnant growth and only oil income and indebtedness to shore up a fictitious bonanza.

In this convulsive scenario, the José López Portillo administration (1976-1982) pushed through the first democratic electoral reform, which changed the relative price of doing pol-

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itics outside the PRI. It conferred legal status on opposition political parties, gave them certain prerogatives and basically created a limited system of proportional representation in Congress that, with important modifications, continues in place today.

Different local electoral races from the 1980s on showed that the reform had been successful in channeling discontent through the ballot box. But in 1988, in the midst of an important economic crisis that had forced substantial cutbacks in the regime's ability to offer jobs in the public sector and distribute state monies to different parts of its corporatist client network, a significant group in the PRI broke with the party, moving to the left and building the biggest electoral opposition in the regime's history.

From the mid-1980s, the change in the relative price of posing an electoral opposition to the PRI had led different social groups to do electoral politics outside the government party. However, the channels for processing opposition victories through the institutions themselves were very narrow, and frequently, electoral wins were not recognized, hiking up the sharpness of post-electoral conflicts. The 1986 Chihuahua state elections marked the greatest resistance to the proclamation of a PRI win in the gubernatorial race. The candidate passed over was from the National Action Party. In 1988, the dissatisfaction with the murky federal elections that gave the presidency to Carlos Salinas de Gortari (1988-1994) over the dissident PRI candidate supported by the left, Cuauhtémoc Cárdenas Solórzano, became a national movement for democracy. Finally, the regime was able to control the situation, but the electoral system under

construction since 1977, which opened up spaces for opposition representation without wresting control of the results from the regime's apparatus, showed that it had hit bottom.

Thus began a process of institutional change marked by intense negotiations among the political actors. At first, the left coalition kept out of the negotiations and the first important adjustments were agreed on only between the PRI and the PAN. However, at the end of the Salinas administration, the insurrection of the Zapatista National Liberation Army (EZLN) in the midst of the presidential campaign and the assassination of the PRI presidential candidate forced an emergency accord that increased the certainty of the electoral process. It was during the Ernesto Zedillo administration (1994-2000) that the three important forces of the political scene (the incumbent PRI, the center-right PAN and the Party of the Democratic Revolution [PRD] that combined the left and the PRI split) came to an agreement on an institutional reform that created relatively equitable conditions of competition for these three players, although at the same time making it more difficult for new political forces to establish themselves.

The 1996 reform made the Federal Electoral Institute (IFE), the enormous

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bureaucratic machinery responsible for organizing federal elections created in 1990 through an agreement between the PRI and the PAN, fully autonomous. It also created a complex security system to prevent government influence in the elections. This opened the door for the PRI's losing its majority in the Chamber of Deputies in the 1997 congressional elections and, finally, for an opposition candidate to win the presidency in 2000.

While attention was centered on electoral mechanisms from 1988 on, other important changes were a central part of the process of democratization. The reforms of the judicial branch, including the creation of the Judiciary Council in early 1995 and the transformation of the Supreme Court into a constitutional tribunal, as well as the autonomy of Mexico's Central Bank, were particularly important. These initiatives were pushed through by the regime itself and were not at the center of political debate. However, they have played a substantial role in the new functioning of the political arrangement based on democratic pluralism.

Vicente Fox became president of Mexico with an institutional arrangement that, while it had changed the rules of the game in elections and created a judicial mechanism to resolve conflicts among branches and bodies of the government, had not changed in essence. Constitutional presidentialism, which implies a profound division of power, or system of checks and balances, between the executive and the legislature, the basis of Mexico's constitutional arrangement since 1824, with changes that seemed to strengthen the executive in the 1917 Constitution, had been supplanted completely illegally by the total domination by the execu-

tive through the discipline of the party in power. To a great extent, this had been an authoritarian solution of the problems of governability that arose out of the presidential regime established by the Constitution. When the PRI lost control of Congress in 1997, the conflicts between the executive and legislative branches that had existed in Mexico since before there even was a government party flowered once again.

Vicente Fox's win was not accompanied by a PAN victory in the legislature. The new president, despite having an advantage as a result of his democratic victory, was unable to push through his legislative agenda. This made him weak, and he was unable to overcome that weakness during his six years in office, particularly because in the 2003 legislative elections he did not achieve a majority in the Chamber of Deputies either, the only body that renewed all its seats then.

Mexican democracy has been built without substantially changing the basis of the 1917 Constitution, most of which had been in effect since 1857. This is because for the important political actors, the problem did not lie in the fundamental lines of the Constitution (presidentialism, a sharp separation between the executive and legislative branches, the formation of a government without legislative interference, a fixed six-year presidential term, no re-election of the president and no consecutive re-election of legislators). It lay, rather, in the deformation of this arrangement by the PRI's monopoly of power. Thus, during the years of the institutional changes and debates about democracy, the matter of constitutional presidentialism was not under discussion. Criticism centered on the form of presidentialism the PRI regime had adopted.

During the years of the institutional changes and debates about democracy, the matter of constitutional presidentialism was never under discussion.

However, since 1997, but above all since Vicente Fox took office, problems of government capability derived from the Constitution's presidentialism have been clear, even though important political actors prefer to attribute the failures to the specific political incapacity of the president himself more than to the institutional arrangement as such. This is a problem typical of inefficient institutions: the important actors prefer to adjust their strategies within the same old institutional arrangement rather than getting into the game of changing the institutions, which would offer very uncertain results.

Thus, the most important characteristic of the Fox administration has been its limitations in pushing forward its own legislative agenda. The presidential regime, designed on the basis of the 1787 U.S. Constitution in order to limit governmental capacity to change property rights, in Mexico, like in other countries of Latin America, has shown itself in practice to be a source of governmental weakness. Not everything, however, can be chalked up to the institutional arrangement. The Fox administration's explicit agenda did not go beyond a change in property rights in the energy sector and a limited fiscal reform to center tax revenues in taxes on consumption.

During the Fox administration, there have been significant advances in the unconcluded construction of an effective democratic regime. The greatest one was undoubtedly the approval and implementation of the Federal Law of Transparency and Access to Public Information. Since the 1977 political reform, the right to information had been established in the Constitution with no practical consequences at all since the constitutional precept was never regulated by legislation. From the beginning of the Fox administration, different non-governmental organizations and groups of academics lobbied intensively with legislators and the new government to get a bill written, which was finally discussed in Congress in 2002 and came into effect in June 2003. With this new law, all information generated by the federal government, autonomous bodies and the branches of federal government is public, unless it involves personal data and therefore affects someone's private life or is information linked to state security, which is temporarily off-limits. The autonomous Federal Institute of Access to Information (IFAI) was created to make the public's access to information effective, with a council made up of commissioners approved by the Senate, who decide on cases in which government agencies deny information requested.

Another more limited advance was the passage of the Career Public Federal Administration Professional Service Law, which also came into effect in 2003. Since the *Porfiriato* (1876 to 1911), in Mexico, the federal administration has been the main source for feeding patronage networks, for the distribution of public jobs; it is the favorite mechanism for building political loy-

alties. The regime that came out of the revolution was very lavish in rewarding loyalists with public positions, and the PRI's monopoly control, together with the disproportionate importance that public jobs had as a source of employment in the country, discouraged dissidence since the wayward ran the risk of being put out of work. In addition, a large part of public jobs were handed over exclusively to one of the corporate entities that supported the PRI: the Federation of State Employees Unions (FSTSE), which distributed the lower ranking jobs among its members, while the middle and upper posts were positions "of trust", meaning they were distributed freely by the political operators who headed up the ministries. In this way, the president practically controlled all public employment, from general directors down to the mail boy.

However, the law Congress passed in 2003 —sponsored by PRI senators— only partially changed this arrangement because it did not touch on jobs controlled by the union and completely left out the teachers —also a union sinecure— and the previously existing professional services like the foreign service and the tax administration system. In addition, it created a variegated system of hiring, promotion and tenure that leaves important spaces to arbitrary job assignation. This is an especially important as yet unresolved issue on which the relative neutrality of the public administration depends, something which has been considered one of the minimum requirements for the existence of a democracy.

These are the main things on the plus side of the balance sheet in terms of the development of democracy during the Fox government. However,

Seventy percent of public funds for parties go directly to the country's two largest television networks, since the law allows them free reign to hire publicity spots in the media.

there are many things on the minus side, and even some steps backward. The main step backward is linked to the party system: after the 2003 elections, the legislators decided to toughen up the already restrictive mechanism for letting new players participate in elections. The 1996 reform, which in almost every respect was a great advance, had already eliminated the so-called conditional registration for political parties, first included in the law in 1977. The original idea was to allow the participation of new parties in every election as long as they could demonstrate that they had a distinct political program and had carried out constant activity for a reasonable length of time in a goodly percentage of the states. Their continuing to participate in subsequent elections would depend on their getting 1.5 percent of the vote, and the subsidies and rights they enjoyed during their first electoral experience were limited. But with this mechanism, the party system stayed quite open to new political forces. Thanks to the existence of this category, the Mexican Communist Party (PCM) entered into legal electoral politics in 1979. It was this registration that it finally passed on to the PRD, since that recently formed party could not fulfill the complex requirements demanded by the

law in 1989, and the 1986 law had already eliminated the mechanism of conditional registration.

The 1991 Federal Code of Electoral Institutions and Procedures (Cofipe) once again included conditional registration, but in the negotiating process in 1996, the first thing the large parties (the PRI, the PAN and the PRD) did was to eliminate it. The amended legislation left a single mechanism open for registering as a national political party (which gives them the right to run candidates for any office): a toughened version of what had previously been called definitive registration. This is a formula that was introduced into law in 1946, when the first protectionist federal electoral law was enacted; its purpose was to only authorize the participation of parties that the regime considered in its interest to allow in order to protect the PRI's electoral monopoly. The 1996 version system of registration was no longer designed to protect a monopoly, but to give the advantage to a new political oligopoly formed by the three important parties who were making the deal and by other smaller forces that did not really constitute true competitors and from that time on have survived on the alliances they forge with the big three. According to the 1996 law, to be a national political party, a group must have three basic documents (by-laws, a declaration of principles and an action program) in line with constitutional and legal requirements; have a membership equivalent to 0.13 percent of the voters' rolls, proven by affiliation slips that include the information from each member's voter registration card; and have held at least 10 statewide assemblies of at least 3,000 registered voters or 100 district-wide assemblies

of at least 300 registered voters. For example, for the 2000 elections, the organization that wanted to run candidates for the first time had to affiliate more than 70,000 citizens with voting rights and mobilize 30,000 of them in assemblies.

This procedure, as one might guess, did not foster the existence of parties made up of citizens, of cadre convinced of a program, but rather created incentives for groups that mobilized clients motivated by patronage. These groups were eager to get the public funding available to political parties which, although it did not allow them to compete with the larger parties—the monies given to a new party came to less than a tenth of those given to the smallest of the large parties—it did become appetizing booty for the political confidence men who abound in a country where the PRI had created a school of politics that thrived on people's misery.

Whoever had enough money to mobilize his patronage base sufficiently to fulfill the prerequisites of assemblies and affiliation could receive about U.S.\$5 million for the year of the election (figures for the 2000 election) with very weak mechanisms for accountability. Of course, if they did not get 2 percent of the vote in one of the federal elections, they would be left out the next time around. In the 2000 elections, of the six new parties, three managed to stay in the ring until the next election thanks to their alliance with the PRD. Of the other three, only one, Social Democracy, almost got enough votes to maintain its registration (it got 1.92 percent of the vote in the election for federal deputies), but in the end, none of the three kept its registration. In the 2003 election, when

the PRD refused to ally with them again, two of the ones that had kept their hat in the ring in 2000 demonstrated their absolute lack of any electoral support of their own, and one, the sadly memorable Party of the Nationalist Society, did not even hold a campaign. Its leader disappeared without a trace either of himself or of the nearly U.S.\$20 million that they were given.

With this kind of background, legislators decided to tighten up the prerequisites for registering parties and doubled the number of assemblies to 20 states or 200 districts, as well as demanding that an aspiring party have a membership of 0.26 percent of the voters' rolls, and forbidding them to make alliances with other registered parties the first time they run candidates. This limited enormously the possibilities of new parties incorporating themselves into the system of competition, and, since only parties can run candidates for election, it restricted even further the citizens' constitutional right to be voted into office.

The argument given for this restriction is that since new parties receive public funding, there must be guarantees that they are really representative. However, the system of assemblies in a country with 50 million poor people who lack practically any political

information at all only fosters mobilizations based on patronage and not the existence of political forces with possibilities of becoming real electoral options.

And party funding is precisely one of the central issues Mexican democracy has had to deal with during the Fox administration. In 1996, the Ernesto Zedillo administration proposed to Congress a funding formula that granted huge resources to parties in accordance with their vote count in the preceding elections and the number of seats they had won in the Chamber of Deputies. The executive's aim was that the PRI accept the reform, which put very strict limits on the traditional access to public funds by the government party, and that this would allow it to continue to have sufficient income to keep the enormous machinery of patronage and corporatism from which it got its political support well oiled. The PAN and the PRD rejected the amendment and broke the consensus that had made the previous constitutional reforms possible. In the end, only the PRI voted for the amendments to the law.

With this funding model, the political parties have received almost U.S.\$450 million for the 2006 electoral race. The PRI, the PAN and the PRD together, however, received 80 percent of that amount, while the two new parties were given about U.S.\$9 million each, by no means a paltry sum, but insufficient to compete with the huge quantities of the larger parties. The model's deformation can clearly be seen if we note that 70 percent of these public resources go directly to the country's two largest television networks, since the law allows the parties free reign to hire publicity spots

After the 2003 elections, legislators decided to toughen up the already restrictive mechanism for letting new players participate in elections.

in the media. This freedom means not only that public funding of parties becomes a form of indirect subsidy to the broadcast media, but also that it generates an enormous need for resources for the parties, which perceive the media as the battlefield where elections are won or lost. Therefore, they seek additional resources, even from illegal sources, contributing in turn to the deformation of the election process.

During the Fox administration, the executive branch and the different congressional caucuses fostered electoral reform bills that dealt with both campaign funding and campaign length (five months in the case of the presidential election). However, they got nowhere

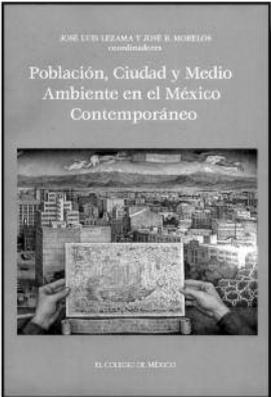
because of the enormous difficulties in coming to any agreement in such a fragmented legislature and with no incentives for forging stable coalitions. The pending reform should eliminate the possibility of freely hiring publicity in the broadcast media, giving rise to programs and platforms in spaces distributed equally by electoral authorities. It should also substantially reduce campaign length; this would cut parties' financial requirements, and public funding could be significantly lower and more balanced among the large and small parties.

One of Mexican democracy's central problems, six years after the first presidential election won by the PRI's

opposition, is that it has gone from a political monopoly to a closed oligopoly that has led to deal-making among the three large parties who are not willing to broaden out the political playing field. This, together with an institutional arrangement that does not generate incentives for creating stable coalitions to support the executive in the legislature capable of pushing through clear government agendas, has led to Mexico's burgeoning democracy getting mediocre results in the field of economic growth and social development. In a sea of uncertainty, Mexican democracy is stagnating, and, regardless of who is in office, it does not seem like it will be easy to pull it out of that hole. **MM**

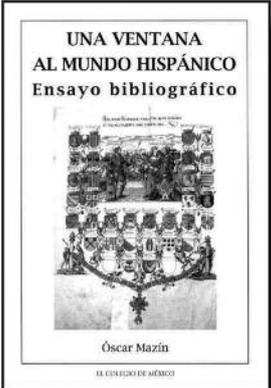


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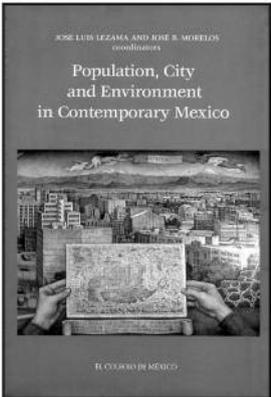


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# Immigration Reform and The Polarization of U.S. Society

J. Jesús Esquivel\*



Robert Galbraith/Reuters

In the context of the immigration reform debate in the U.S., Latino community leaders have positioned themselves as key actors and leaders of immeasurable political weight who believe they have the capacity to exert a decisive influence on the decision-making processes of the legislative branch. But in fact the immigration reform process already underway at the Capitol and its impact in U.S. society demonstrate that the true landscape is completely

different from what these leaders might wish or presume.

On April 10 this year, when massive demonstrations took place in more than 30 cities throughout the U.S. in support of comprehensive immigration reform, mass media around the world registered this historic event, with an exaggerated euphoria on the part of Spanish-language print and broadcast media: “The giant has awakened,” cried out many TV and radio announcers. Millions of people in the streets demanding their acceptance by U.S. society and the legalization of 11 or 12 million undocumented immigrants

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were impossible to ignore at the White House and in the halls of Congress.

Unfortunately for these undocumented immigrants, almost universally motivated by economic need, the absence of national political recognition of the perpetually fragmented and disorganized circles of Latino leadership caused these sectors, together with the Spanish language media, to take advantage of the opportunity to make personal and political hay for themselves. They felt they were the leaders of a cause with humanitarian and social dimensions that has not had any effect on either the most conservative sectors of society or the white-dominated government.

As a result, Spanish-speaking radio announcers in cities like Los Angeles, Chicago, Houston and Miami have come to consider themselves the annointed heroes and leaders of undocumented immigrants and of the Latino community as a whole. And these media, instead of informing their listeners appropriately and objectively, have confused their audiences with their ignorance regarding the complexities of congressional decision-making machinery and their absence of command of the necessary details of the dozens of immigration reform bills pending on Capitol Hill.

These radio hosts frequently highlighted Republican Representative James Sensenbrenner (Republican of Wisconsin) and Chairman of the House Judiciary Committee, as the enemy of undocumented immigrants and as a racist politician. "Go out into the streets to demand the rejection of the Sensenbrenner Bill," was the exhortation directed to Latino and undocumented immigrant communities by these radio announcers days before the April 10 mobilizations. "Bush, tell the Senate to Say NO to the Sensenbrenner Bill,"

Spanish-language radio  
and tv announcers' objective was to demonstrate  
to politicians on the Hill that Latinos  
throughout the country had the ability to  
paralyze the economy.

chanted 30,000 demonstrators in front of the White House. The radio announcers had achieved their goal of confusing and misinforming undocumented immigrant communities.

House Bill (HB) 4437 or the Sensenbrenner Bill was approved by the House of Representatives last December. The bill makes illegal entry into the U.S. a federal crime and also establishes a basis to prosecute individuals, organizations, institutions, corporations and businesses that directly or indirectly provide aid to undocumented immigrants. HB 4437 also authorizes the construction of a double steel wire fence along 700 miles of the U.S.-Mexico border, and says nothing about the creation of a possible guest worker program or the legalization of the estimated 11 or 12 million undocumented immigrants who have lived and worked in the country for years.

The debate and approval of HB 4437 in the House was one of the most difficult and politically divisive processes of its kind in Congress in recent history. The conservative wing of the Republican Party and President George Bush himself pushed insistently for its approval. Paradoxically the most notable absences in this process were Latino community leaders.

Spanish language radio and TV announcers who are incapable of recog-

nizing their mistakes and ignorance regarding congressional procedure, called for the renowned marches and national economic boycott of May 1, building on the success of the April 10 mobilizations. Their objective was to demonstrate to politicians on the Hill that Latino and other undocumented communities throughout the country had the ability to paralyze the economy if the Senate insisted on approving the Sensenbrenner bill and failed to legalize millions of undocumented immigrants and create a new guest worker program.

Unlike the marches on April 10, the May 1 mobilizations were a failure, but despite this Spanish language TV and radio announcers claimed that as a result Congress was facing a dead end. Emboldered, the announcers stated they would remove members of Congress from Capitol Hill if they did not approve a comprehensive immigration reform and reject criminalization of illegal immigration. The defeat of politicians opposed to immigration reform would be combined, in their view, with a political backlash from Latino voters against hard-liners in the congressional midterm elections set for November 7.

But congressional response to the boycotts and marches was nil: undocumented immigrants cannot vote and that 20 percent of residents of foreign origin are naturalized citizens, and, in

Compared to the Sensenbrenner bill, SB 2611 might appear to be a panacea, though insufficient according to Latino radio and TV announcers who continue to misunderstand the legislative process.

any case, their votes are not enough to make the difference in the upcoming congressional elections.

On May 25 the Senate approved Senate Bill (SB) 2611, which is quite different from the Sensenbrenner Bill. This bill classifies the undocumented population into three categories, authorizes the construction of a 300-mile triple steel fence and the placement of 150 miles of movable concrete barriers along the border, and also reaffirms initiatives by President Bush to send up to 6,000 National Guard troops to the border and to increase the Border Patrol to 19,000. It also reduces the worldwide number of employment visas provided annually from 400,000 to 250,000. The legal details of the Senate measure are contained in its 637 page text.

The bill provides that undocumented immigrants with 5 years or more of residence in the U.S. can be legalized, while those who arrived in the country between 2001 and 2004 are eligible for six years of authorized employment and the possibility of subsequent legalization. Those with less than two years of residence in the U.S. will have to leave the country in exchange for a vague possibility of returning as guest workers. All of this is conditioned upon payment of fines for tax evasion and absence of a criminal record.

Compared to the Sensenbrenner bill, SB 2611 might appear to be a panacea, though it continues to be characterized as insufficient by Latino community leaders and some Spanish-language radio and TV announcers who continue to misunderstand the legislative process in the U.S. In Los Angeles, for example, three Spanish-language radio announcers have taken for granted that comprehensive immigration reform has been achieved as a result of the marches and economic boycott.

Representative John Boehner, Republican majority leader in the House, stated during a press conference held just a few days after the Senate passed SB 2611 that only bills that had majority support in the Republican caucus would be submitted to a vote before the full House membership (232 of the 435 seats in the House are held by the Republicans and 203 by the Democrats). According to an internal poll conducted by staff working for Rep. Boehner, 174 of the 232 Republican House members are opposed to SB 2611.

Given this context, it is logical to assume that congressional passage of a bill reconciling the contradictory provisions of HB 4437 and SB 2611, with presidential approval, is impossible, despite the warnings of Latino leaders and their national campaign to register at least 1 million new voters among immi-

grants who have acquired citizenship before the November 7th mid-term elections.

The House and Senate Conference Committee which would have the task of reconciling the House and Senate bills has no immediate future. Boehner's prescription is precise: if the Senate approach is imposed over that of the House, there will be no debate or vote regarding its provisions, at least until after the congressional elections in November.

Political analysts, academics and experts on migration policy are more balanced in their assessment of the prospects for immigration reform, regardless of the role and influence of Latino communities in this process. What the leaders of these communities—who without digging any deeper characterize supporters of the Sensenbrenner bill as racists—do not understand is that in the U.S., as throughout the world, politicians respond and act on the basis of the interests of voters in their districts. This also explains why at minimum 174 Republican members of Congress support the criminalization of undocumented immigrants, since the voters in their districts are very conservative and incapable of accepting an immigration reform package that would benefit immigrants who entered the U.S. in violation of immigration law.

U.S. society is ideologically divided. In the November 2004 presidential elections, of the slightly more than 100 million voters who participated, about 53 million voted for the re-election of President Bush and the balance for Democratic Senator John Kerry. Various polls conducted by mass media in the U.S. indicate that 55 percent of those surveyed oppose comprehensive immigration reform and the remaining 45

percent support measures very similar to those approved by the Senate.

Up until now the only palpable and real effect of the massive demonstrations by Latino communities and of the uninformed and unbalanced statements by Spanish-language radio announcers in the U.S. has been a cosmetic shift by President Bush in the context of the immigration reform debate.

Bush applauded and highlighted the labor of legislators both in the House when they approved HB 4437 and in the Senate when they approved SB 2611, and has maintained one single inalterable stance throughout: support for a guest worker program with six years of authorized employment, culminating

in a definitive return to the country of origin of each worker participating.

The president supports the legalization of some undocumented immigrants but opposes any amnesty program; he also supports the creation of a guest worker program, the militarization of the U.S.-Mexico border and the employment of any measures necessary to stem the flow of undocumented immigrants. The ambiguity of his approach has its origin in his failure to define what he really wants to see promulgated as law.

Latino and undocumented immigrant communities lack objective and detailed information about Bush's position, and thus fail to understand that

the cosmetic shift in his stance simply reflects a political strategy to attract the Latino vote, at least to guarantee a Republican victory in November.

The most plausible hope for the undocumented immigrant cause, beyond the political pretensions of the false leadership of Latino communities, is that the Republicans lose their current majority at least in the House.

For now the Democrats have a more moderate stance regarding immigration reform than the Republicans, although their political enemies are looking to the future when the weight of the Latino vote could determine the result not only of congressional elections but of the presidential contest itself. ■■



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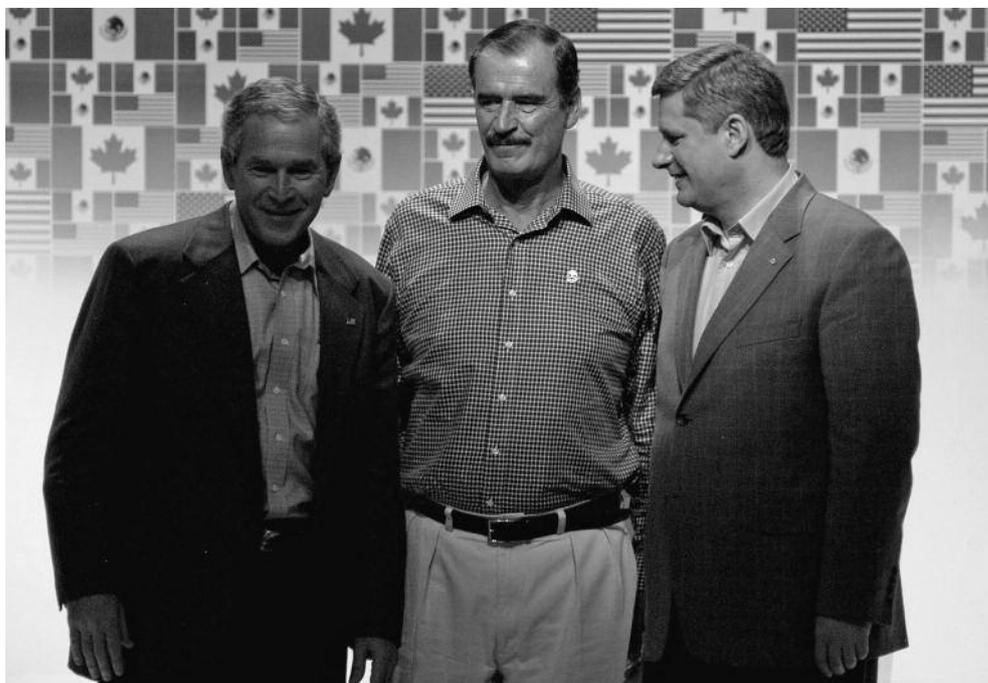
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# Mexico in North America: The Relegated Neighbor?

Raul Rodriguez-Barocio\*



Amaranta Prieto/Cuartoscuro

The three chief executives at the Cancún meeting.

## A REGION WITH GROWING GAPS<sup>1</sup>

Mexico's economic evolution over the past 20 years reveals many contrasts. On the one hand, remarkable achievements in terms of stability; on the other, meager results overall in growth, social cohesion and convergence of income and development levels. It would seem that Mexico has not fully capitalized on 12 years of NAFTA, macroeconomic stability and the modernization of its electoral system.

Despite progress in combating extreme poverty, the country is increasingly fractured be-

tween those who have benefited from two decades of market-oriented policies and those who have not; between those who crave entrenchment and blame current economic policies for every imaginable predicament, and those who suggest that much more has to be done along the same policy lines pursued since the 1980s.

The bottom line is that either Mexico comes up with a new consensus, or failed scripts from the past might again become the roadmap to the future. In the context of rapidly growing competition from the likes of China, the nation needs to refocus and attain a sense of urgency.

Twelve years into NAFTA, both the achievements in economic integration and the failures in convergence coexist. The wage and per capi-

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ta income gaps between Mexico and the United States have not narrowed. Regional integration has not brought about convergence between the countries or within Mexico—the North and the South are increasingly diverging—and prosperity will not trickle down by virtue of open markets alone. Closing these gaps is by far the main challenge Mexico faces.

As in all trade blocks in the world, North America shows a rapid trend toward regional economic integration. In 1980, a third of the three countries' foreign trade was intra-regional; today it represents close to 60 percent. These internal flows grow at unprecedented rates, and their composition changes substantially along the way.

However, convergence is not simply a by-product of integration. Regardless of whether one thinks of globalization and free trade as necessary conditions for development or not, they are clearly not sufficient. To close income gaps, improve social conditions and foster competitiveness, price stability and trade openness are not enough; additional wide-ranging economic reforms are needed.

#### DOMESTIC REFORMS

Sadly and paradoxically, comprehensive reforms fall victim to the inexorable failure of partial reforms. Political trends throughout Latin America seem to suggest that economic stability and openness are the culprits for growing inequities and pervasive poverty, generating a rallying cry against further economic reforms.

Partisan politics in Mexico has also created a strident debate around the need for so-called structural reforms.

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coexist.

But beyond labels, postures and extremes, there is a basic consensus that suggests current conditions are not acceptable. Something needs to change in order to build on a hard-earned platform of stability and connections to the world economy and extend benefits to the bulk of the population.

Assessments conducted annually by organizations like the World Economic Forum and the Institute for Management Development (IMD) capture perceptions on competitiveness. Mexico has consistently ranked very low, but the most disturbing fact is the rapidly sliding trend. This reflects a perception that ultimately diminishes Mexico's allure as a destination for foreign investment, and it depicts the reality of a downward slope in many underlying factors, such as investment in infrastructure. Clearly, Mexico is increasingly uncompetitive in an increasingly competitive world.

Competitiveness calls for objective conditions and the right ethos and attitude. It requires a penchant for excellence and consistent effort.

In Mexico there is a scarcity of clear evaluations and effective plans, and a diminished ability to persuade and create consensus in terms of the reforms required. There is an essential lack of drive and sense of urgency in view of the tremendous dynamism of

countries that have embraced competitiveness as a national priority.

Countries as diverse as Spain, Ireland and Chile have widely different development strategies, but also common denominators in terms of improved productivity and competitiveness through better fiscal and labor regimes, quality of education, good governance, solid institutions, investment in basic infrastructure, environmental accountability and the rule of law. This has allowed them to grow and to do so along more egalitarian paths. Few analysts have provided a comparison with these countries that only a few decades ago were poorer than Mexico, elucidating the common factors that explain their success.

Time is of the essence: Mexico's population is not exempt from the aging trends around the world. The demographic bonus from Mexico's age structure will last 20 years at most. That is the timeframe to achieve radical improvements in productivity, through sweeping reforms in education and infrastructure. Mexico will face incremental costs for closing development gaps as the population ages.

#### CONTRASTS WITH EUROPE

Useful leads for cooperation can be found in the European experience despite its different origin and nature and its marked preference for institutional over market schemes. Clearly, the structural, cohesion and pre-accession funds channeled from rich countries to the poorer regions in Europe have been instrumental in success stories seen in countries like Ireland, Spain and Portugal over the past 25 years. They continue to impact the infrastructure base

throughout the continent, narrowing disparities and bolstering integration and competitiveness remarkably.

But for those resources to flow, Spain, Portugal, Ireland and others had to do their homework. Improved governance and modern institutions at all levels, a reformed judicial system as the basis for rule of law, a revamped educational system and a legal framework conducive to broad private sector participation were prerequisites for those countries' notable evolution, and they are a constant in all rapid development processes.

It is very telling that Spain and Mexico had similar levels of gross domestic product per capita 50 years ago; today Spain doubles that of Mexico. For reasons of history, heritage and cultural affinity, Spain's experience should be particularly relevant for Mexico. If better known in Mexico, it would emphasize the requirements and hard work entailed in Spain's accession and integration process with the rest of Europe.

The convergence process in Ireland, Spain and Portugal has been remarkable. Mexico can concoct many excuses for not closing the gap with the United States, but what can be said when compared to Spain or Portugal?

Beyond a huge contrast in demographic growth, how do we explain that sharp difference in development and convergence paths? In essence, thanks to a basic consensus and a political compact with a commitment to pursue and preserve crucial elements of stability, economic openness and a platform to bolster competitiveness, regardless of which party is in power.

The same has been true in every successful democracy in the world, with broad differences in strategy but concurrence in the central elements.

It is unfortunate that the huge political capital amassed in Mexico in 2000 was not applied to a broad reform of the state and achieving an agreement on the more relevant societal reforms. Historic opportunities of that nature are few and far between.

Throughout Latin America, the contrast with Europe has been explained by the availability of structural and cohesion funds that have flowed from rich to poor regions in that continent over recent decades. There seems to be a rather naive interpretation of that experience.

No doubt, these funds have played a significant role. But one must take into account the great domestic reform efforts by the countries that have joined the European Union. Far-reaching reforms have preceded and conditioned development assistance funding and have allowed for investments in infrastructure and education to be successful and productive.

In any event, North America is not Europe. The history of two world wars was the backdrop in Europe for a determination to integrate. There is no similar feeling of belonging in North America. The asymmetries among countries at the outset were greater in the context of NAFTA. And there has not been a Schuman, a Monnet or a Delors at hand in North America, with the

In Mexico there is a scarcity of clear evaluations and effective plans, and a diminished ability to persuade and create consensus about the reforms required.

vision and arguments to surmount domestic resistance to a more profound and equitable integration.

More importantly, there is a negative reaction in government and political circles in Washington—and to a certain extent in Ottawa—toward anything that resembles supranational institutions. Trust is placed in markets, not institutions that are envisioned as bureaucracies. To be fair, Mexican analysts tend to romanticize the European experience. It is not perfect at all: it is plagued with inefficiencies and squandering of resources. But while Brussels bursts with a cumbersome, profligate and bureaucratic institutional base, North America seems anemic by comparison.

All this does not mean that one cannot take advantage of lessons—both good and bad—provided by the experiences of Spain and other countries close to Mexico by culture and history, both as a reference and a stimulus. A particular challenge that can profit from these experiences is the agenda for cooperation for development.

#### A PARTNERSHIP FOR DEVELOPMENT IN NORTH AMERICA

Despite the huge inflow from oil exports in recent years, Mexico continues to face urgent investment needs in infrastructure and basic services. Many of the vital services for communities—such as water and wastewater—do not have the managerial, political and financial conditions needed to attract private financing and investment. Lags in these sectors will continue to negatively impact development gaps, in detriment to the region's competitiveness.

As reports from the Mexican Institute for Competitiveness and others indicate, public-sector investment in infrastructure as a percentage of GDP has diminished drastically over the past 25 years, and it has not been compensated by the private sector. A decision to leave many of these projects in the hands of the private sector has not been matched with the creation of a legal and contractual environment conducive to an effective private-sector role.

To cater to these lags, some analysts have suggested the creation of development funds for infrastructure and education, with contributions from the U.S. and Canada. Much has been written on the subject.

Several high-level scholarly and business panels —among them, the ones sponsored in the U.S. by the Council on Foreign Relations and the Woodrow Wilson International Center for Scholars— have also debated and published at length on these ideas in recent years, comparing notes with the Europeans along the way.

Based on those discussions, some key considerations for the success of a potential joint agenda for regional development would be:

1. Macroeconomic conditions in the United States that will prevail in the foreseeable future —fiscal and current account deficits— create a particularly difficult environment for the allocation of funds to contribute to Mexico’s development. Furthermore, according to recent opinion polls, improving the standard of living of a developing nation is not exactly a priority for the average American.

An answer must ultimately be found to the most recurrent question in political circles of every stripe

in Washington: “What’s in it for me?” In order to spur a viable and effective cooperation initiative, Mexico will have to factor in U.S. domestic political imperatives and arguments having to do with security, market expansion, immigration, and competitiveness *vis-à-vis* other regions, as well as Hispanic political agendas.

2. Cooperation has not and will not evolve naturally; it needs to be enhanced. The initiative will have to come from Mexico. It will require a capacity to create consensus and persuade within Mexico and abroad.

Some analysts have suggested the creation of development funds for infrastructure and education, with contributions from the U.S. and Canada.

The opportunities and sources of support in the U.S. are not abundant; Mexico must cultivate them. Whether one thinks highly of the results or not, Mexico achieved a significant presence in the U.S. during the negotiation of NAFTA, gaining a voice in government, business, academic and civic circles at different levels. That lobbying capacity —in its broadest connotation— has regrettably dwindled since.

It needs to be rebuilt judiciously. The linchpin for that effort should be the joint gains that could derive from greater cooperation in security, market expansion, energy, regional competitiveness and demographic matters.

The Security and Prosperity Partnership of North America is a positive step and initial framework. It recognizes that infrastructure, transportation, logistics and security are pillars of a competitive North America as a whole. But new initiatives should go beyond simple re-orientation and expansion of existing programs. Moreover, sub-regional initiatives that are proliferating mainly among border states and communities in the U.S. and Mexico represent a valuable addition to a bilateral cooperation agenda, based on the increasing decentralization of Mexico’s political environment.

3. A clear and detailed idea of the purpose and content of a development fund will be needed: what it would be used for, how it would be applied, the potential sources of funds, their management, the covenants, etc. For it to be palatable in most circles north of the border, it would have to be structured as investment, not as aid.

An initial portfolio must privilege projects with the greatest potential for success and with clear positive impacts on both sides. It must aim at leveraging resources for infrastructure, education and technical assistance —the latter, mainly to improve good governance and credit capacity at a local level.

4. So far, the only instance of a bilateral fund for infrastructure development in operation in Mexico with U.S. resources is managed by the North American Development Bank (NADBank). To date, it has applied close to \$500 million non-reimbursable U.S. dollars to projects on both sides of the border. Despite its limited magnitude and focus —water and wastewater along the border

- communities, applied *pari-passu* with Mexican funds—it represents a valuable and effective precedent appreciated by both sides. An important lesson is that these limited funds must be applied in a way that spurs private investment, via seed capital, technical assistance and revolving fund schemes.
5. Only an institutional base trusted by all will allow for further resource transfers and productive interaction. Clearly, political junctures and federal budgets are not propitious for the creation of new institutions; those in existence, such as the NADBank, must be used to their utmost potential.
  6. The European experience must be used as an important reference and source of lessons, but should not be framed as a model. Advocating for a European “model” in Washington and Ottawa is a recipe for disaster. Those who have negotiated and managed financial resources on a bilateral basis can attest to that.
  7. For historical reasons, regional integration and cooperation for development in Europe were driven more by security concerns than by market interests. A federalist project with common governance elements evolved incrementally. NAFTA emerged in a totally different context. Today, the new foreign affairs paradigm in the U.S. revolves around security. Mexico should frame a proposal for a development fund with that in mind.
  8. One must underline that little can be achieved in the absence of improved fiscal, energy, labor, municipal, educational and rule-of-law conditions in Mexico. No foreign assistance would truly be feasible or effective in their absence. A devel-

opment fund should be construed as an incentive for reforms.

9. A national development strategy cannot depend on uncertain cooperation funds that could possibly come from abroad. Nothing exempts a country in today’s world from putting its house in order, call that structural reforms or whatever label one may want.

#### THE INEVITABLE VICINITY

The U.S.-Mexico relationship is one of historical and current contrasts. Nowhere else in the world do two realities as different as these—and yet so interdependent and mutually influenced—cohabit.

These realities require new ways to manage them that, mindful of history, recognize global economic, social and demographic trends, unimaginable in the recent past. A new vision for North America is clearly needed.

Improving the quality of life and income distribution through productivity and competitiveness should represent the core of such a vision on the Mexican side. It must be the focal point of a new regional partnership. This requires first and foremost rethinking the kind of integration that is evolving, structuring a coherent proposal to submit to Mexican society and present to its northern partners, and advancing domestic conditions that the country—and the partnership—require.

For better or for worse, the United States and Mexico are inextricably bound to each other. Geography is destiny. How do we foster today a “common security-common prosperity” agenda?

To begin with, there is a very low public consciousness of shared “North

American” interests. A stronger and more fruitful integration calls for greater awareness and diffusion of the North American experience and its prospects and opportunities, as a basis to articulate a broader vision and to build constituencies to pursue it.

The longest border between the developed and the developing world, where many issues and challenges do not recognize political boundaries, requires a new way for governments at all levels to respond to a reality of complex, varied and far-reaching integration processes taking place. But while a growing proportion of Mexicans not only long for the opportunities available beyond the northern border but actually pursue them there, a substantial portion of the political class has no clear idea of what Mexico aspires to from its North American condition. This must change urgently; otherwise, Mexico will increasingly become the relegated partner.

To close the gaps and to shed the “relegated” condition, cooperation from the U.S. and Canada is clearly desirable. But the challenge for Mexico will continue to be essentially domestic. ■■■

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#### NOTES

<sup>1</sup> This article is an updated version of the author’s speech at the Colloquium on the Joint Statement on the Security and Prosperity Partnership of North America (Mexico City: UNAM/Secretaría de Relaciones Exteriores de México/Universidad de las Américas; November 17, 2005); and Raul Rodriguez-Barocio, “América del Norte: ¿Un futuro de integración sin convergencia?” José Luis Machinea and Andras Uthoff, comps., *Integración regional y cohesión social* (Santiago de Chile: United Nations Economic Commission for Latin America and the Caribbean/Secretaría de Relaciones Exteriores de México, October 2005).

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# Love and Distance Fox and the United States

Leonardo Curzio\*



Pool/News/Reuters

Fox with Arnold Schwarzenegger talking about migratory accords.

Mexico may be very confused and debate may rage about its role in the world, but nobody doubts that its most important relationship is with the United States. The two countries have one of the most complex bilateral relationships in the world. A history of distance and misunderstandings, affronts and prejudices combines now with a strategic trade partnership and a shared population of several million people. It is a relationship that also has diverse institutional development and extremely varied levels of dialogue, but that globally has tended to become more

complex and to move with an initial awareness of interdependence —asymmetrical, but interdependent all the same.

Astrology is not compatible with international relations, but we can borrow the metaphor of the alignment of the stars. At the beginning of the Fox administration, everything seemed propitious for thinking that there would be a significant deepening of economic integration and better understanding between the two countries. To the perennial concern about Mexico's stability was now added another element: alternation in office. The Bush administration began its term with a politically and economically stable neighbor that had become a democ-

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racy governed by a party that supported the ideas of the open market and free enterprise. As good as it gets. In addition, Mexico's new president was Bush's friend and, in theory, that would simplify things.

In the heat of this idyllic state of affairs, the Mexican administration decided to play hard ball and put forward three major issues in a very short time. The first move was proposing a migratory accord with the United States that, among other things, would regularize the situation of the millions of Mexicans living and working there. The second was part of hemispheric affairs: Mexico's withdrawal from the Inter-American Treaty of Reciprocal Assistance (TIAR), an old instrument dating from the Cold War. The third was linked to multilateral issues: our entry into the UN Security Council as a non-permanent member.

It is not very useful to think what would have happened if September 11, 2001 had not occurred. Perhaps things would have been a bed of roses, but reality reared its ugly head, showing that 9/11 was disastrous for Mexico in many ways. In the first place, our round-about, twisted answer to the gravest tragedy our neighbors had ever experienced smashed the idyllic beginnings. The friendly, but severe reproaches that then-U.S. Ambassador Jeffrey Davidow aimed at us for our inability to offer our affection and solidarity still echo in the hallways of the offices where people were making miserable political calculations about what was convenient to say or not to say about the tragedy.<sup>1</sup> To complete the outrage, the Brazilians invoked the TIAR, which, to our great misfortune, we had denounced a few days before, in order to back up the injured United States in every way.

Enmeshed in secular prejudices and political futurism, as well as being out of the game, Mexico could not have been in worse conditions.

It is true that the emotional response was not what our neighbor could have hoped for, but undeniably, from the first days, Mexico became a trustworthy partner in unfolding the border defense strategy, control of foreigners and safeguarding freight and transportation in the entire region.

The consequences of 9/11 were many, but overall, Mexico disappeared from the Bush administration's list of priorities. The migratory treaty and a timid proposal to think about greater

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integration labeled "NAFTA Plus" were frozen out. Neither the political conditions nor the mood existed to reexamine the issues constructively. Bush's unfortunate decision to invade Iraq with no evidence and even contrary to the evidence of the non-existence of weapons of mass destruction complicated things. In the UN, Mexico maintained a very coherent position defending international legality and the system of inspections headed up by Hans Blix, but the frictions with the White House were important and added yet another spot to the tiger.

Relations between the two countries are so broad that even on lower levels

of priority, they continue to have their own dynamic and not all go through government offices. Beyond hurt feelings and mutual misunderstandings, North America exists as an economic, commercial space. The multinational companies established in Mexico and the United States, as well as the financial system, flows of tourism and labor markets have their own dynamic, and, with supplementary regulations, controls and a great deal of coordination, they demanded their space to develop, regardless of the mood of the two countries' presidents.

In any case, the inertia of a trade balance of almost U.S.\$400 billion, a shared population of several million people with two passports, and many other things, like social, academic, religious and business networks, forced things to move forward, albeit more slowly.

Security concerns framed bilateral cooperation, which is how the Action Plan for Border Cooperation, the Alliance for the Border (intelligent borders) and programs for safe repatriation, the containment of illegal Central Americans, the joint fight against smuggling of persons and what was achieved with the OASISS Program came about.<sup>2</sup>

Although with a lower profile than security measures, some other advances were made that are worth reviewing. One has had a significant impact in protecting emigrants' property and the flow of foreign currency into Mexico. Jointly, Mexico worked to register emigrants at its consulates and the U.S. Treasury Department, with Rosario Marin's decided support, loosened the requirements for millions of persons to get bank accounts so they could send their remittances safely and more economically. This is no minor matter.

The Partnership for Prosperity also made it possible to create a treaty with the Overseas Private Investment Corporation (OPIC) to protect investments.<sup>3</sup> Among the Fox administration's achievements is also having solved the 1992-2002 difference about the distribution and debt of water.

As the years passed, and with Iraq looming in the background, the relationship went through some very tense moments, particularly with regard to two issues: 1) insecurity along the Mexican border, particularly in Nuevo Laredo, and 2) the radicalization of sectors of society, the media and parts of the legislature about the question of illegal immigration.

With regard to the first point, the Mexican state's weakness undermined authority in the border municipality of Nuevo Laredo. Daily shoot-outs between drug lords and the subjection of local police to organized crime sparked very harsh statements by the U.S. embassy in our country, which were answered by the Ministry of Foreign Relations in a kind of upward spiral of declarations that severely tensed the climate of bilateral relations for some weeks.

The second issue has several aspects. Some are localized but serious risks, like the actions of the Minutemen, while others have a less visible but more destructive effect. Anti-Mexican sentiment in many television broadcasts has been growing and is increasingly flagrant and intransigent. Some academics began to say that Mexican emigrants were incapable of being assimilated and represented a threat to national identity itself! These pernicious ideas often do more damage than the violence of ranchers angered by illegals' crossing the border. The ideological debate in Mexico has not been anything we should be proud of either. Primitive anti-U.S.

sentiments were expressed increasingly openly in statements by politicians and the media, statements that systematically minimized Mexico's responsibility of containing the smuggling of illegals (an activity sometimes linked to organized crime) and of guaranteeing the rule of law within its borders.

All this anti-emigrant ideology was loudly echoed in the U.S. House of Representatives, which approved the polemical Sensenbrenner bill, which, among other things, includes the building of a fence along some stretches of the border and makes anyone who for any reason helps an illegal a felon. The bill is so profoundly aberrant that the

The basis has been established for making real tri-lateral relations in the framework of the Security and Prosperity Partnership of North America, whose main virtue is putting security and the region's prosperity on the same level.

opposition of an impressive array of social and political forces (which merit a study of their own), business interests and special support from the Catholic Church achieved such an enormous political effect that it did not pass the Senate. The last page remains to be written, but we can already say that for the moment the most recalcitrant, radical tendencies have been neutralized and the possibility of finding a balance between security and migration has gained more political support, significantly that of President Bush and certain sectors of his party.

In the last period of the Fox administration, relations have been marked

by a renewed will to rebuild the agenda in a more cooperative manner. The basis has been established for making real tri-lateral relations in the framework of the Security and Prosperity Partnership of North America, whose main virtue is putting security and the need to jointly advance the region's prosperity and competitiveness on the same level, a prospect that helps us out of the swamp that the security paradigm had sunk us in for almost three years.

Personal attitudes have gone back to being cordial. The difference between the cool, irritated Bush who visited Los Cabos for the 2002 APEC meeting and the friendly, accommodating man who visited Cancún in 2006 is enormous, even though the change will be of little use at this late date.

In short, what's done is done. And the absence of a definite policy for the Mexico of 2000 has led the United States to miss out on a good opportunity to explore another kind of relationship with its southern neighbor. The beginning of the administration could not have been more promising. On its southern border, the United States had for the first time in history a triple combination that may not be repeated for many years: a democratic government, stability and an ideological stance compatible with the opening of markets and economic integration.

Vicente Fox waited in vain for Washington strategists to understand and value that moment, and consequently make it possible to handle relations in a much more cooperative framework that would stimulate a search for bridges that could help mitigate the differences and historic mistrust and develop the basis for a platform to jointly face a large part of the challenges of the twenty-first century, which, as neighbors and

trade partners, we have no choice but to face together.

Mexico's traditionalists, who continue to uphold its classical foreign policy values, gained ground with the public. A recent poll by Zogby International and the Center for Research for Development (CIDAC) shows that 36 percent of Mexicans consider the United States a distant neighbor; 18 percent catalogue it as a threat; while 20 percent consider it a partner and only 12 percent, a friend.<sup>4</sup>

As these pages are being written, we do not know who the next president of Mexico will be. However, I do not think it probable that 2000's favorable conditions will be repeated, and I accept that lack of expertise and uncon-

trollable events made it impossible to get more out of those favorable conditions. Even so, the inertia of the economic, social and cultural actors will force the two governments, no matter what their state of mind or political ideology, to seek out new bridges for understanding since we can do anything but stop being neighbors with a growing number of shared interests. **MM**

NOTES

<sup>1</sup> About this issue, see Jeffrey Davidow, *The US and Mexico. The Bear and the Porcupine* (Princeton, NJ: Markus Wiener Publishers, 2003). [Editor's Note.]

<sup>2</sup> Mexico's Ministry of Foreign Relations, Ministry of the Interior and Attorney General's

Office reported that as one of the measures to protect migrants, avoid impunity and strengthen border security, they had agreed with the Department of Homeland Security's U.S. Customs and Border Protection division to begin the OASISS Program, which consisted of criminally prosecuting traffickers and smugglers of persons in the border region. See the joint press release published August 17, 2005 at <[http://www.embassyofmexico.org/index.php?option=com\\_content&task=view&id=214&Itemid=124](http://www.embassyofmexico.org/index.php?option=com_content&task=view&id=214&Itemid=124)> Consulted May 30, 2006. [Editor's Note.]

<sup>3</sup> Established by Presidents George W. Bush and Vicente Fox in September 2001, the Partnership for Prosperity was forged with the shared vision of "unfettering the economic potential of every citizen so each may contribute fully to narrowing the economic gaps between and within our societies." See <[http://sociedadparalaprosperidad.bog.mx/p4p\\_php](http://sociedadparalaprosperidad.bog.mx/p4p_php)> [Editor's Note.]

<sup>4</sup> *Cómo miramos al vecino*. Report of the CIDAC-Zogby Mexico-U.S. poll, March 2006. See <[www.cidac.org](http://www.cidac.org)>



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# The First Six Months of the Harper Administration

Teresa Gutiérrez-Haces\*



## INTRODUCTION

Traditionally the tone and rhythm of Canadian federal elections are very different from electoral processes in Mexico and the U.S. Unlike either of these, the sitting prime minister of Canada can call for elections at any time, bringing his mandate to an end, regardless of the length of

time he has been in office.<sup>1</sup> Each call for elections reflects a specific set of political circumstances, and the prime minister and his party are frequently re-elected. Prime ministers like Pierre Trudeau, Brian Mulroney and Jean Chrétien governed the country for long periods because each was re-elected several times; the last two, in fact, won consecutive mandates with majority governments. In both cases the prime minister needs to have the political skill necessary to discern the extent to which his administration

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can seek a further extension of its initial mandate, without over-reaching in such a way that their party and the country are plunged into a crisis of incalculable proportions.

In either of these cases the legal and political paradigm that is invoked to justify the decision to call for new elections is that of a “loss of confidence” in the current administration, since without that framework of legitimacy the cohabitation of parties and of the prime minister in parliament becomes difficult and prevents the government from successfully carrying out its program.

Given the political idiosyncrasy of Canadians, who typically place a high priority on moderation and balance and on consensus-building in preference to more polarizing solutions, clearly a call for new elections is always the most appropriate, and perhaps most elegant and peaceful way to bring a poor administration to a close or simply to redirect the nation toward specific shifts in policy that could not be undertaken successfully without a specific electoral mandate.

One example of this is that of conservative Prime Minister Brian Mulroney (1984-1993), who won 211 seats in his first election, an overwhelming majority in parliament. Although Mulroney had noted during his campaign, in reference to U.S.-Canadian relations, that it was difficult to “sleep with an elephant,” in fact he trusted in his majority support in parliament and initiated negotiations which laid the groundwork for a free trade pact with the U.S.

But the CUFTA brought enormous political problems for Mulroney, since Canadians generally felt that such a pact had not been specifically included in their initial mandate for his government. This discontent was further

Unlike some of his more fortunate predecessors  
the new prime minister  
was not able to form a government backed by a majority  
consisting solely of his own party.

complicated by an economic crisis that afflicted the country during this period, blamed by many on the CUFTA. Under these circumstances Mulroney opted to call for new elections, once he realized that his popularity ratings had dropped considerably and that he needed to reinforce his initial mandate if he wanted to carry out the economic and constitutional reforms he had come to consider necessary.<sup>2</sup> Mulroney took advantage of this campaign to divide his opponents who had initially converged in an anti-NAFTA bloc. This coalition had temporarily brought together key members of the Liberal (LP) and New Democratic (NDP) Parties as well as the main union and NGO leaders. Nonetheless this opposition coalition eventually became divided as the country became engulfed in the historic constitutional debate which resulted from the Meech Lake Accords.

It is because of this landscape in which national concerns were divided between free trade and the appropriate distribution of power between the federal government and the provinces, and Quebec specifically, that Mulroney surprisingly obtained a second mandate despite the sharp decline in his popularity, and won 170 seats in parliament. It made him the only prime minister to win two consecutive elections with a significant majority since 1957. This conservative government used its vic-

tory to press forward with its free trade initiatives, including the negotiations which culminated in NAFTA. This case demonstrates that a second and even a third skillfully planned call for elections can revive a failing mandate and enable it to implement significant changes in policy that it would otherwise be impossible to pursue.

The elections held in early 2006 were a very different matter since they evidently included an ineffective prime minister and a governing party that was widely questioned on both moral and political grounds, and which sought to seize the opportunity to reform and in the final instance redefine itself, in the crucible of heated opposition. In this sense, the way former Liberal Prime Minister Paul Martin was forced to resign and call for new elections exemplifies a unique case where the convening of elections was intended to eliminate further risk of the country facing a deeper political crisis.

#### THE MOTION THAT MADE HISTORY

On very rare occasions a no confidence motion<sup>3</sup> has obtained the votes necessary in the Canadian system to compel the dissolution of a government and a call for new elections. Nonetheless by the end of 2005 the loss of confidence by members of parliament in Paul Mar-

tin unleashed a political crisis of such magnitude that a censure motion of this kind drew 171 votes.<sup>4</sup> Canadian voters as a whole responded in kind by withdrawing their initial support for Martin and inflicting a punishing defeat on the Liberals. Stephen Harper's victory as leader for the New Conservative Party (NCP) reflected the overwhelming tide among Canadians and their representatives in parliament against a prime minister and a party that in the past had enjoyed enormous popularity; the Liberal Party had governed Canada without interruption since 1993.

#### THE CONSEQUENCES

The way in which all of this played itself out is illustrative. Although the voters opted for the new Conservative Party, it is equally true that only 64.9 percent of them went to the polls to deliver a strategically conditioned mandate for Stephen Harper.<sup>5</sup> As a result the new prime minister was not able to form a government backed by a majority consisting solely of his own party, unlike some of his more fortunate predecessors.<sup>6</sup>

Much has been written about the causes which contributed to the Liberal debacle. Nonetheless the most important lesson to be learned from this case is that despite a very favorable econom-

ic picture in Canada and that the Martin government had remained independent regarding the Iraq war —supported by Canadian public opinion— these factors were not enough to mitigate the discontent that had been provoked by the scandals and abuses of this party over the last 12 years.

Fiscal irresponsibility, proven cases of corruption, and lack of transparency in the exercise of power by the Liberals carried greater weight with the voters than the independent stance Martin had pioneered for Canada regarding the U.S. government's anti-terrorist policy. Not even the Martin government's official discourse about a "new multilateralism" was enough, nor did its cooperation with the U.S.' anti-missile shield succeed in reversing the negative swing in public opinion about his remaining in office.

#### THE CAMPAIGN FROM A DISTANCE

During the last few months of the campaign the Liberals, aware of their scant possibilities of victory, focused their attacks on the New Conservatives, alluding to the ideological links Harper had forged with hard-core right wing sectors in the U.S.

The Liberals sought to win based on a campaign grounded in Canadian

nationalist sentiments, including their traditional mistrust of the U.S. government, and the fear that Harper would promote a deeper process of integration with the U.S. Their TV campaign ads reflected this "anti-Americanism," and their slogans constantly reiterated that Harper was very popular among the extreme right in the U.S. and was Bush's "best friend." In a desperate effort to revive his popularity, Martin emphatically protested statements by the U.S. ambassador who requested that all candidates abstain from criticizing the U.S., to which Martin responded that no one would dictate to him which themes he should or should not address.

Harper, meanwhile, promoted his proposed government program, which included elements that helped swing the campaign in his favor. Among the most interesting proposals was his pledge to shape a role for the country's provinces in international forums; to increase the defense budget until 2015 and increase troop strength to 75,000; to support the U.S. anti-missile shield initiative; not to veto the recently approved law legalizing gay marriages; to create a national information agency; to arm customs guards; to increase the number of police on street patrol; to grant revenue-collecting authority to tribal governments in order to reduce their dependency on federal funding; and to free all parliamentary votes from party discipline except those regarding budgetary matters.

Many of these campaign promises sought to respond to specific interest groups which had been neglected during 12 years of Liberal government. Evidently the provinces —Quebec, in particular— were receptive to these, as well as the armed forces, who had borne serious budget cuts during the preced-

Some of Harper's promises,  
like legalization of gay marriages, were above all  
motivated by his maneuvering for political support and did not  
reflect a genuine personal commitment.

ing years. The same thing applied to Canada's indigenous peoples, who have historically been confined to reservations, manipulated by subsidies, and by privileges traditionally conceded by the federal government in exchange for their restriction to these territories.

Obviously some of Harper's promises were above all motivated by his maneuvering for political support and did not reflect a genuine personal commitment. The legalization of gay marriages was not a cause close to his heart, but Harper did not want to face the risk of the negative campaign that would result from his opposition to the recognition of these unions. On the other hand, all matters related to national security issues laid the basis for a spectacular reconciliation with the Bush administration and foreshadowed Harper's supportive approach to the Canadian role in the U.S. global "anti-terrorist" war, the collaborative management of shared borders and Canada's participation in the Security and Prosperity Partnership of North America.

#### THE WINNER: WHO IS HARPER?

Stephen Harper has a first rate political biography highlighted by his ability to carve out new spaces for the right wing in Canada. He was originally a member of the Progressive Conservative Party and left its ranks precisely when it was being led by Brian Mulroney. He then initiated a longtime sojourn in Calgary where he joined a group of conservatives who in 1987 formulated the platform of what soon became Canada's Reform Party. In 1989 he began to work in the parliamentary arena as an aide to Deborah Grey, the first Reform Party member of that body; then in 1993

he was elected in his own right as a member of the House of Commons for the district of Calgary-West.

His political history bears the mark of two decisive influences. The first is that left by Preston Manning, one of the most powerful men of the Canadian West, who founded the Reform Party in 1987, which he continued to be a member of until 1997 when he decided to seek out other options along Canada's rightwing spectrum. The second key influence was that of Stockwell Day, the first leader of the Canadian Alliance (CA, whose full name was the Canadian Reform Conservative Alliance), and who came to play a role of equal weight in his political development to that of Manning. Harper had a meteoric career within this party that led him in 2002 to succeed Day as its leader. This catapulted him in turn to leadership in the process of negotiations which sought to bring together all of the parties, groups, and individuals of the Canadian right into a single convergent bloc.

A few months later he was elected to parliament as a member of the CA from the Calgary-Southwest district and became head of the official opposition in the House of Commons on May 21, 2002. From that moment forward, and from his base in the CA, Harper promoted his overall political strategy, which envisioned the formation of a unified rightwing party as a

national force, and its ideological positioning as the vanguard of all center-right forces in Canada. This process culminated successfully in 2003, after overcoming the resistance of the old guard in the Progressive Conservative Party and recalcitrant sectors of the right in the Canadian West.

Finally, with the support of Peter Mackay, a Conservative Party member of parliament, the New Conservative Party was created. It was the product of a merger of the historic Progressive Conservative Party, primarily based in Eastern Canada, with its origins extending all the way back to the period of the establishment of Canada's Confederation in 1867, and the Canadian Alliance, whose greatest base of popularity is in the western regions of the country, and which in turn had its origins in the merger of Preston Manning's Reform Party and Stockwell Day's own Canadian Alliance.

In March 2004 Harper was elected to the leadership of the New Conservative Party and was re-elected as head of the opposition in parliament as a result of the federal elections held in June 2004. During his campaign he distanced himself tactically from the most hard-core rightwing sectors in the province of Alberta, as well as from the Republican Party in the U.S., but this was a purely circumstantial maneuver.

During his campaign Harper distanced himself tactically from the most hard-core rightwing sectors in the province of Alberta, as well as from the Republican Party in the U.S.

Harper is a profound believer in free trade, and he insists that Canada must strengthen its relationship with the U.S., with an eye toward fuller interdependence.

Harper has never hidden his own religious inclinations nor his links to groups that promote a literal interpretation of the Bible. He is a profound believer in free trade, and politically he insists that Canada must strengthen its relationship with the U.S., with an eye toward fuller interdependence. Nonetheless his approach to Canada-U.S. relations does not imply absolute subordination to U.S. interests.

Recently the U.S. government has reasserted its claims to the Arctic, with specific reference to Harper's initiative to place ice-breaking vessels in this region. U.S. Ambassador Wilkins declared that Washington does not recognize Canadian sovereignty over Arctic waters, in alignment with other countries with a similar stance. Harper responded that the U.S. should defend its own sovereignty, and Canada would do the same, since his mandate comes from the Canadian people, not from the U.S. ambassador.

#### THE FIRST SIX MONTHS

One of the most important achievements of the 2006 elections was the fact that Quebec joined the mandate for the New Conservative Party, which for the first time consolidated rightwing gains in Eastern Canada (particularly noteworthy in a province considered

quite liberal, such as Quebec), in part due to a series of alliances between the conservatives and the Bloc Québécois.

For its part the opposition in parliament is wagering that Harper's government will be short-lived and that meanwhile they will have the opportunity to reconstruct their bases and recover popular support. This approach could be costly since Harper knows how to play this game and is determined to impose his vision and program, while the opposition trusts that his time will run out before he is successful.

Harper has inherited a heavy burden of international commitments such as CUFTA and NAFTA, which date from the Mulroney administration, and others from his Liberal predecessors, such as the Security and Prosperity Partnership of North America, the Kyoto protocol, and more recent commitments related to NAFTA and Canada's role in the WTO.

These include some that weigh on him more heavily, such as Kyoto, because he disagrees with their substance, and others in the commercial realm that he is sympathetic to but would rather approach on a more ad hoc basis.

The prime minister's agenda can be summarized in terms of three principal centers of gravity: decentralization, reduction in the size of government and deeper integration with the U.S. In order to pursue these he must activate cer-

tain related mechanisms, such as the Security and Prosperity Partnership. He can try to work along two parallel tracks, activating both the internal reforms he believes are necessary and those related to North America, but if he feels that his domestic measures are faltering, he will opt for a deepening of Canada's relationship with the U.S. This implies an acceleration of measures of economic and military integration with his neighbor, including greater liberalization in terms of U.S. access to Canadian sources of energy and natural resources.

During the recent North American summit held in Cancún in March, besides reviewing the latest advances and planning next steps in terms of the Security and Prosperity Partnership, Harper focused on his main unifying aim: closer relations with the U.S., since he is very conscious of the fact that Mexico's President Fox is about to complete his term in office, and that his own time may be short before he has to call for new elections.

In Cancún both Harper and Fox sought Bush's acquiescence about two problems which, if resolved, imply major political victories for each. President Fox pressured on migration policy,<sup>7</sup> while Harper sought a negotiated solution to the longstanding dispute with the U.S. regarding Canadian soft wood exports.<sup>8</sup> For his part Bush took advantage of his colleagues' expressed concerns regarding security issues to reinforce his policy of building a shared North American Security Perimeter, and "smart" borders.

None of the three proposed to re-open existing provisions of NAFTA for renegotiation, and instead agreed that its impact over 12 years had been positive, and any such steps to re-open its

A triumph by Andrés Manuel López Obrador might facilitate the option that Canada has been prioritizing for some time: the recovery of the exclusively bilateral character of its relations with the U.S.

provisions would be counter-productive. In this fashion they swept aside a long trail of citizen protests that have demanded revision of NAFTA's Chapter XI regarding standards for investment, and the criteria used to select those who serve on the conflict resolution panels provided for in the agreement.

The recent summit meeting offers some helpful insights into the likely dynamics of the Harper administration. The fact that the three governments accepted a work plan according the greatest priority to bilateral meetings by each of the partners with the U.S., with greater emphasis than their trilateral agenda, clearly reflects both Bush and Harper's sentiments. Both of them are very inclined to negotiate matters bilaterally despite the existence of a trilateral framework both as a result of NAFTA and of the evolving partnership.

Even before Harper's taking office, Canada had begun to insist on a strategy for relations with the U.S. leading to a new bilateral agreement for deeper integration. In order to follow through on this agenda Harper must send certain signals to the Canadian population, such as the resolution of the soft wood commercial dispute. Without some spectacular advance along these lines it will be very difficult for the conservative Harper government to move ahead along the road of its own North American agenda. In this context it would also be

important to assess the current state of relations between Canada and Mexico, particularly when Canadian corporations, frustrated by the failure to carry out fundamental reforms in Mexico's energy sector, have decided to look elsewhere for countries where it would be easier to invest their capital.

A possible triumph by Andrés Manuel López Obrador, characterized as a populist, in Mexico's elections might facilitate the option that Canada has been prioritizing for some time: the recovery of the exclusively bilateral character of its relations with the U.S. It is worth considering whether the U.S. government will acquiesce to this approach, or continue promoting a trilateral dialogue which, although imperfect, might enable it to consolidate its geoeconomic strategic objectives in North America. **MM**

#### NOTES

<sup>1</sup> There have been prime ministers like Sir John Macdonald (1867-1873 and 1878-1891) who governed for 19 years; Sir Wilfrid Laurier (1896-1911) who did so for 15; William Lyon MacKenzie King (1921-1926, 1926-1930 and 1935-1948) who served for 22 years; and Pierre Trudeau for 15 (1968-1979 and 1980-1984). Others, such as Joe Clark, served only nine months (1979-1980); John Turner served for three months (1984);

and Kim Campbell, the only woman who has served thus far in this office, who governed for four months (1993).

<sup>2</sup> In 1985, almost two years after being re-elected, polls indicated that 60% of Canadians wanted to replace him.

<sup>3</sup> A no confidence motion is a measure whereby one or various members of parliament can exercise their right to promote the prime minister's removal from office, which implies parliament's withdrawal of confidence in his government and compels the dissolution of the cabinet and a call for new elections.

<sup>4</sup> The no confidence motion was proposed by Jack Layton, leader of the New Democratic Party. The House of Commons approved it by a vote of 171 to 133, with support from three opposition parties: the New Conservative Party, the New Democratic Party and the Bloc Québécois.

<sup>5</sup> Only 64.9 percent of registered voters cast votes for 309 members of the House of Commons. Canada employs the British "winner-take-all" system whereby the only winner in an electoral district is the top vote-getter; the remaining votes are discarded since there is no system in Canada of proportional representation.

<sup>6</sup> The New Conservative Party won 124 seats, followed by the Liberals with 103; the Bloc Québécois won 51 and the New Democratic Party 29; one seat was won by an independent.

<sup>7</sup> Concretely, Fox proposed to President Bush that they share responsibility for the migration issue and seek domestic solutions for improving border security. He also committed himself to shoring up border surveillance with Central America and openly asked the U.S. president for support in the congressional debates for the creation of a temporary worker program.

<sup>8</sup> Trade litigation about soft wood exported to the United States and the return of U.S.\$5 million collected as compensatory duties by Washington were the central topics of the bilateral Harper-Bush meeting. Also touched on was the growing opposition by Canadians to legislation that will come into effect December 31, 2007, which will require the use of a passport designed in accordance with anti-fraud specifications imposed by the United States. Another issue that came up was the need for Harper to give greater backing to the functioning of the North American Aerospace Defense Command (NORAD).

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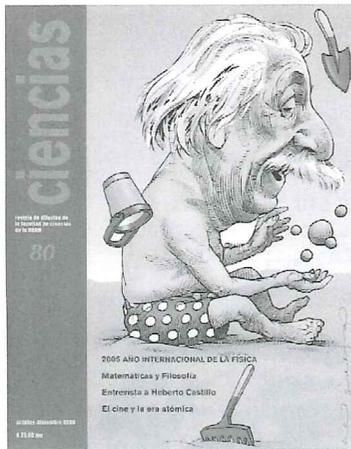
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# *Impure Animals At the UNAM Interview with José Luis Cuevas*

Víctor Hugo Vizzuett\*



▲ *Impure Animal IV*, 4.50 x 1.00 x 1.00 m, 2001 (bronze).



▲ *Impure Animal VII*, 2.50 x 2.40 x .83 m, 2001 (bronze).

For several months 12 “impure animals” reflecting the transfiguration of the imagination of an artist whose works always pose questions for their viewers invaded the vast central esplanade of Mexico’s University City. These beasts were loosed upon us by José Luis Cuevas, one of the most controversial Mexican artists to emerge from the twentieth century. They seized the opportunity to take command of the space provided for them, thereby also transforming our vision of the university’s gardens and buildings.

These “impure animals” were inspired in writings by the Spanish poet José Miguel Ullán, but their development and interpretation reflect essential aspects of the work of José Luis Cuevas, whose art has its origin in decisive influences like his reading of Kafka. “These impure animals in some way are characters undergoing a metamorphosis, and in that sense I would say that they reflect a close relationship to the work of Kafka.”<sup>1</sup> The intimate relationship between Cuevas and these imaginary beings thus evolved on the basis of a metamorphosis that ends up exposing everything that is impure in a human being, and which, upon being revealed, impels viewers to reflect upon their own transformations.

---

\* Mexican writer and photographer.



Elsie Montiel

▲ *Impure Animal XVIII*, 3.00 x 3.00 x 1.00 m, 2001 (bronze).

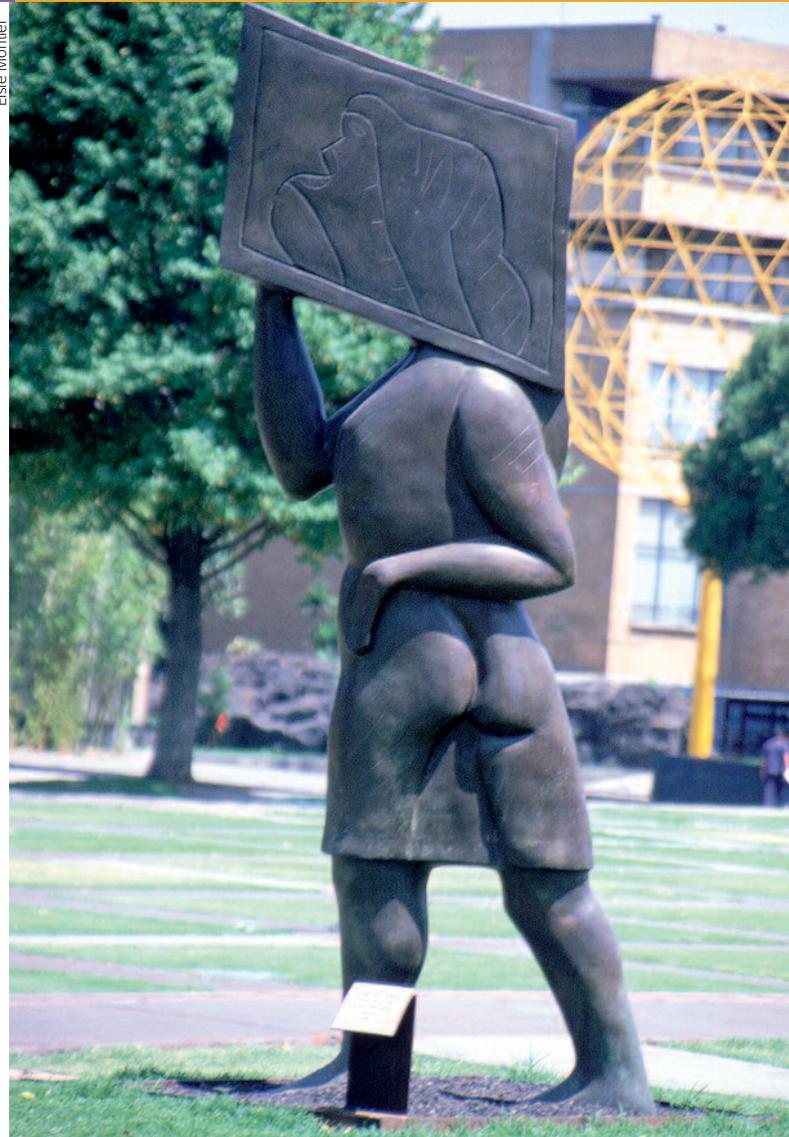
“If we accept that in a certain sense human beings are also animals, then these sculptures reflect an impurity that has a human origin.”

“I was in Seville preparing an exhibit of my work. Ullán came to visit me and shared some 20 poems on this theme of impure animals. The title was the first thing that attracted me. In fact I confessed this to him immediately. I told him that although I hadn’t read his poems yet, their title was already beginning to inspire me to create sculptures and engravings.”

Later the idea of animals as impure beings emerged. “I told José Maria that I definitely did not think that there could be impurity in animals, and he responded that it would be better if I read the poems, because the debate about whether or not animals could be impure was a separate matter.”

Cuevas did not change his opinion about this, but was able to incorporate the theme of animal essence in his creative process: “If we accept that in a certain sense human beings are also animals, then these sculptures reflect an impurity that has a human origin. Between any animal and the human animal there are differences. An example of this is eroticism, which does not exist in animals. They have the instinct which drives them to reproduce, while eroticism is something unique to humans, the result of other kinds of relationships rooted in the imagination.”

Thanks to a close, longstanding relationship with the National Autonomous University of Mexico (UNAM), Cuevas



Elsie Montiel

▲ *Impure Animal VIII*, 3.00 x 1.40 x .40 m, 2001 (bronze).



Euse Montiel

▲ *Impure Animal XV*, 2.50 x 2.20 x 1.30 m, 2001 (bronze).

agreed to exhibit his pieces in the space proposed by the university, where they remained from August 2005 until April 2006.<sup>2</sup> “The space they proposed struck me as splendid. Although the exhibit had already opened, the UNAM s rector agreed to another inauguration with my presence. I have a close relationship with the UNAM, not because I studied there, but ever since a retrospective exhibition of my work was held at the Museum of Architecture, which is almost exactly across from where these pieces were mounted. The retrospective was called ‘Weight, Stature and Color’ and was inaugurated in the early 1970s... Since then I have given talks in virtually all of the university’s schools.”

José Luis Cuevas is always willing to speak freely regarding his artistic work, to share his experiences and approach to life and art. As a self-taught artist, he understands the difficulties of independently learning the activities and details of artistic work without the guidance of a teacher passing on the secrets of his craft. Nonetheless experience taught him to disdain teachers who seek to influence their students, thereby preventing them from developing their own path of artistic creativity. “It is problematic to be self-taught, because you have to learn on your own. This is more difficult than it is to study in an academy where you learn the technical side of things. But on the other hand, by being on your own you can avoid something terrible that happens to art students: bearing the mark of the influence of some teachers who are actually

quite mediocre artists. If you are self-taught as I am, you alone have invented a world or several worlds.”

José Luis Cuevas accepts the fact that his work tends to provoke those who see it, although he also knows that as an artist and creator he can fully live out the process of creation of a work of art but not the effect it produces in others. Among his numerous experiences in this regard, he recalls one in particular which took place during his first exhibition in Washington, D.C., at the site of what is now the headquarters of the Organization of American States. The exhibition was structured around the theme of madness, and every day a certain man would visit it. Cuevas became curious, wanting to understand the motives behind this obsession.

“I remember that the people who worked there talked about a man who would linger for long periods looking at my sculptures. They had already labeled him the ‘crazy man’; he was a clerk at the Library of Congress. And yes, every day when he left work, he would go directly to the exhibition when it was about to close for the night. I decided to surprise him one day, because, before, he would leave as soon as he noticed I was there. But this time I did not give him enough time to leave, and when I spoke to him, he became very tense because I was the creator of all these horrors. I told him that it was a source of great satisfaction to me that he admired my work, and his response was that it was terrible that the exhibition was ending the next



Eisè Montiel

▲ *The Sculptress*, 2.75 x 1.75 x 1.70 m, 2001 (bronze).

day. Then I asked him not to run away from me the next day because I had a gift for him. When I got to my room, I made a drawing for him, and when he asked me what I had for him, I told him that it was something to remind him of me. He said nothing but, 'It's not possible, it is really wonderful!' He grabbed the file, looked at the drawing, and ran off, without saying goodbye or thanking me; he just ran."

José Luis Cuevas, painter, engraver and sculptor, had his international debut at a very early age with exhibitions in Washington in 1954, in Paris in 1955 and in New York in 1957. His career includes individual and group exhibitions in the main cities of the world, and in galleries, museums and art shows. His work has earned him numerous awards and honors such as the International Drawing Award accorded to him at the Fifth Biennial in Sao Paulo; the international engraving award at the Triennial in New Delhi in 1968; Mexico's National Prize for Sciences and the Arts in 1981; and the International Prize of the World Council of Engraving in San Francisco in 1984. In 1991, the French government awarded him membership in the Order of Arts and Letters, and in 1993 he was named an Emeritus Creator in Mexico.

He is recognized internationally as a key originator of the neo-figurative rebellion and in Mexico, his artistic insurgency led him to confront the defenders of so-called social realism. His dedication to drawing and engraving and his controversial, very personal ap-

proach to being an artist helped nourish the "Cuevas myth" and led to his decision to exile himself in France, after deciding that he was sadly misunderstood in his own homeland.

Despite his lengthy career, Cuevas acknowledges that when he enters his studio, he is afraid that he has lost his artistic ability. As he confronts a large blank sheet of paper, he is still haunted by doubts as he engages in the conflict of trying to reflect his ideas on paper and begins to create once more. His emotions seep through his drawings as he transforms his own image and struggles to reflect his changing emotions; this is why his studio is full of mirrors, since they help him find a reason to begin another day of artistic labor beyond the limits of his own insecurity and to transcend the fear of failure that might otherwise paralyze his efforts. Nonetheless, as he plunges directly into the process of artistic creation, all of his doubts disappear. His mind is flooded by images and characters, beings he will not let loose until the final instant when they emerge and are projected beyond him in a finished work. It is only then that he captures a glimmer of the next drawing and becomes certain that his artistic labor is unending.

As he comes to this point Cuevas recognizes that he is transformed by his work, in the same way that Kafka's characters go through a metamorphosis. Kafka is a recurrent influence in his art that goes all the way back to his illustration of his first book in 1957.

"It is problematic to be self-taught, but by being on your own you can avoid something terrible that happens to art students: bearing the mark of the influence of some teachers who are actually quite mediocre artists."



Victor Hugo Vizzuett



Elsie Montiel

▲ *Impure Animal VI*, 2.50 x 1.90 x 1.90 m, 2001 (bronze).

"It was an interpretation of Franz Kafka, which is also related to the themes of my work. It was the first book I illustrated, published in Philadelphia, where I made the engravings, and later distributed by Wittemberg in New York. The owner of the studio where I made the engravings had everything ready for the moment when my inspiration hit. I had read everything by Kafka before I arrived in Philadelphia: *The Castle*, *Amerika*, stories, letters, *The Metamorphosis*, etc. I had made interpretations of all of his books; this is why the book was called *The Worlds of Kafka and Cuevas*. I needed Max Brod's authorization to do this; he was Kafka's friend to whom we owe the publication of his works, since Kafka did not publish any of his books himself." José Luis Cuevas obtained Max Brod's permission to publish these illustrations due to his wide ranging knowledge of Kafka's work.

But not everything could be illustrated by Cuevas. He recalls when he was called by Sydney Shiff, of the Limited Editions Club, to illustrate *The Voices of Marrakesh* by Elias Canetti. "He told me, 'Listen, we have Canetti, who was just awarded the Nobel Prize; it's a book of stories about Marrakesh.' The next day I told him that I could not illustrate Canetti. He asked me if the problem was that he didn't interest me. I said yes, I was interested in reading it, not in illustrating it. He asked me why, and I told him that the book was full of donkeys and camels and I'd never drawn either one, so we forgot about Elias Canetti."

In the end, Cuevas illustrated Kafka's *Metamorphosis* for Shiff. But there was a limitation to what he could do on this project: he was not allowed to draw a cockroach, the key character in the story. "So I said to him, 'But Mr. Shiff, how can this be? The whole story revolves around the fact that Gregory Samsa is transformed into an insect. What do I draw,



Victor Vizuetti

In their unending metamorphosis, these “impure animals” are here to remind us of our own transfigurations and of everything that is impure within us, the human animals.

then?” Cuevas believes that the reason for this limitation is religious, that it is unacceptable for a Jew to represent a human being as an insect. “I took the book and reread the first few lines. Remember? The ones that begin ‘After a restless night, Gregory Samsa woke up and discovered that he had been transformed into a monstrous insect.’ So I said to myself, what can I do? And I thought, well those first three lines are the ones I am going to illustrate: what happens to someone who is undergoing a metamorphosis and still does not understand what is happening to him. Somebody who goes through something like that must have had the most terrible nightmare. In this way I illustrated what Kafka had not written: the images of Gregory’s nightmare. I was not able to resist drawing a cockroach; Shiff approved all of the drawings except that one.”

Finally the artist returns us to the present, to the reality of his “Impure Animals,” but now we understand them more deeply, because now we know that before emerging they have suffered through a cycle of terrible premonitory dreams, and that in their unending metamorphosis, they are here to remind us of our own transfigurations and of everything that is impure within us, the human animals. **MM**

#### NOTES

- <sup>1</sup> All of the quotes are from a personal interview with José Luis Cuevas on June 19, 2006.
- <sup>2</sup> Before arriving at the UNAM, Cuevas’s “Impure Animals” were exhibited in Madrid, along Mexico City’s Paseo de la Reforma, the Calzada de la Virgen in Morelia, Michoacán, the city of Toluca, the International Cervantino Festival in Guanajuato, the Festival de las Almas in Valle de Bravo, Querétaro’s Plaza de Armas, and the National Polytechnical Institute, also in Mexico City.



Elsie Montiel

▲ *Impure Animal VII*, 2.50 x 2.40 x .83 m, 2001 (bronze).

# The Birth of Cuevas's Impure Animals

Isaac Masri\*



Victor Hugo Vizzuett

▲ *Impure Animal IX*, 2.00 x 1.90 x .55 m, 2001 (bronze).



Elicé Montiel

▲ *Impure Animal III*, 2.50 x 1.60 x .60 m, 2001 (bronze). ▶



Victor Hugo Vizzuett

In 1991, José Luis Cuevas traveled to Seville to prepare an exhibition that he had presented a year before at the Mudéjar Pavilion in that Andalusian city with the title “Houses of Jewry”, inspired in the name of the hotel he was staying at. I was lucky enough then to be able to closely follow the project’s preparations and I proposed including a book of engravings by the artist and poems by José-Miguel Ullán.

According to both of them, friends since 1975, they spoke little about the details of this joint book, since they were too busy talking about Valdés Leal, Tongolele and Góngora. However, when Cuevas returned to Mexico, he brought with him 25 unpublished poems by Ullán, and the determination to do the same number of engravings. I tried my best to encourage the artist in this endeavor, and his efforts fortunately came to a felicitous end, and to ensure that the book, *Animales impuros* (Impure Animals), be central to the 1992 Seville Universal Exhibition.

After the exciting experience of “Freedom in Bronze,”<sup>1</sup> in which first-rate painters, including Cuevas, took on the challenge of sculpting, Cuevas continued this work, creating 15 sculptures of impure animals. These were exhibited

\* Art critic and promoter.



Elsie Montiel

◀ *Impure Animal I*, 2.75 x 2.05 x .60 m, 2001 (bronze). ▶

“These impure animals in some way are characters undergoing a metamorphosis, and in that sense I would say that they reflect a close relationship to the work of Kafka.”

very successfully in Madrid for the first time in the framework of a Cuevas anthology curated by José-Miguel Ullán in 1998 at the prestigious Queen Sofía National Art Center Museum.

From then until now, this extraordinary exhibit has been shown on Mexico City’s Reforma Avenue; on La Virgin Boulevard in Morelia; at the State of Mexico Cultural Institute in the city of Toluca; at the Cervantino Festival in Guanajuato; in the Festival of the Souls in the Bravo Valley; in the Arms Plaza of the city of Querétaro; at the National Polytechnic Institute, Zacatenco campus; and on the National Autonomous University of Mexico’s Rector’s Esplanade.

The next place that will host the itinerant exhibition is the atrium of the San Francisco Church in Mexico City’s Historic Center, a magnificent sculptural venue where “Impure Animals” will continue its dialogue with viewers. **NMM**

#### NOTES

<sup>1</sup> An itinerant sculpture exhibition that began in 2000 on Mexico City’s Reforma Avenue. Each of the 11 participating artists, including Juan Soriano, Leonora Carrington, José Luis Cuevas, Vicente Rojo, Manuel Felguérez and Gunther Gerzso, contributed eight sculptures to be exhibited in public places. [Editor’s Note.]

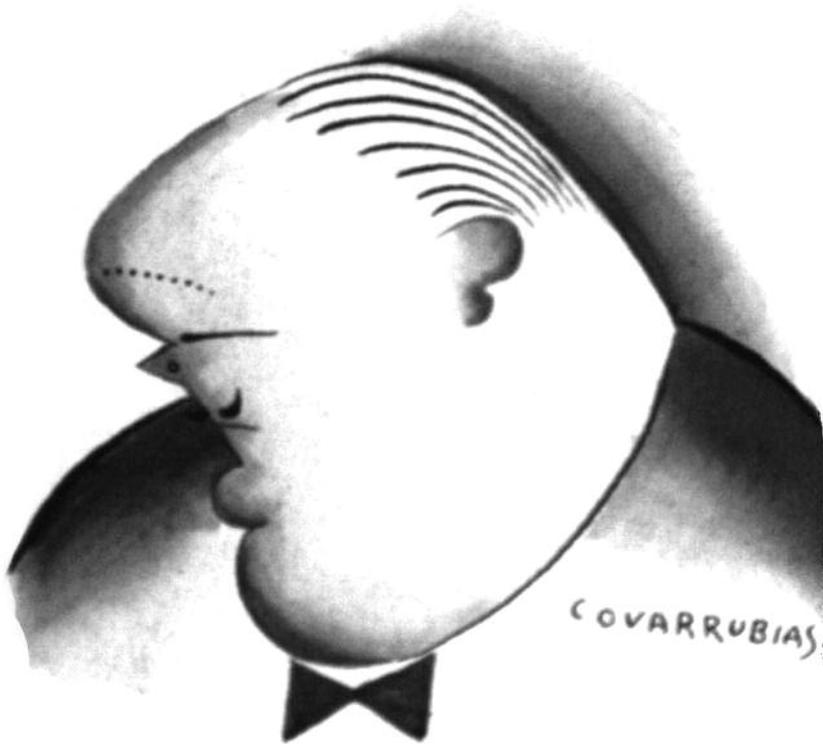


Victor Hugo Vizuetti

# *Miguel Covarrubias* A Genius of Two Cultural Traditions

Alejandro Negrín\*





▲ *Paul Whiteman*  
(Ink on paper). University of the Americas, Puebla,  
Foundation Collection. Courtesy of the Miguel  
Covarrubias Estate.

◀ **Previous page**

*Senator Smith W. Brookhart  
vs. Marlene Dietrich*  
Impossible Interview Series  
No. 10. Original illustration published in *Vanity  
Fair*, September 1932 (gouache and ink on  
board). The Nickolas Muray Collection of Mexican  
Art, Harry Ransom Humanities Research Center,  
The University of Texas at Austin. Courtesy of the  
Miguel Covarrubias Estate.

Between May and July 2006, the Cultural Institute of Mexico in Washington, D.C. housed the work of the multi-faceted Miguel Covarrubias, perhaps our country's only artist who was simultaneously an important part of both Mexican and U.S. cultural traditions. This exhibition, "Miguel Covarrubias: Mexican Genius in the United States," showed that the painter, cartoonist, illustrator and collector—to mention only some of his many talents—captures viewers from both sides of the border with the same intensity.<sup>1</sup>

In the United States, Miguel Covarrubias is pure living history. The Library of Congress in Washington, D.C., the University of Texas Harry Ransom Humanities Research Center and the National Portrait Gallery in Washington, D.C. house three of his most significant collections. His name is familiar in any

\* Historian, diplomat and director of the Cultural Institute of Mexico in Washington, D.C.

used book store or flea market in New York or Washington, D.C. Originals of the many magazines that published his cartoons are auctioned off on the Internet, as are many of his works and the books he illustrated in the United States.

Another trait that makes him exceptional is that, even though he was 18 years younger than Rivera and 21 years younger than Orozco, he was a pioneer in establishing extraordinarily well-executed Mexican art in the United States, a process the muralists would later consolidate.

Born in 1904 in Mexico City, he would die prematurely in 1957. Covarrubias is considered one of the most important protagonists of Mexico's "cultural Renaissance" after the revolution. Biographer Adriana Williams calls him a Renaissance man because of his vitality, the diversity and complexity of his interests and his achievements in all the disciplines he went into. Mexican writer Carlos Monsiváis, a collector of his work, remembers, "Miguel Covarrubias's multiple occupations: cartoonist, painter both of easel paintings and murals, self-educated—but not amateur—ethnographer and archaeologist, first class exhibit organizer, cartographer, scenery designer, occasional engraver, promoter of modern dance, student of and disseminator of great Mexican, Central American and Balinese indigenous art. In each of these disciplines or passions and vocations, Covarrubias is truly exceptional."<sup>2</sup>

A self-taught sketch artist and cartoonist, a follower of the schools of engraver José Guadalupe Posada and muralist José Clemente Orozco, he arrived in New York in 1923 at the age of 19, thanks to help from poet José Juan Tablada. The resume of "El Chamaco" or "The Kid," as he was known, included having already published in the Mexico City newspapers with the widest cir-

cultation. The magazine *Vanity Fair*, then the trend-setter for the canons of U.S. taste and culture, hired him immediately.

It was no time at all, suggests writer Elena Poniatowska, until Covarrubias had conquered the Big Apple. He was not only a friend of Tablada, of Carlos Chávez, of Adolfo de Best Maugard and of painter Rufino Tamayo, all Mexicans who lived in New York at the time, but he was also part of a wide circle of artists and intellectuals that included Edward

Weston, Tina Modotti, Nickolas Muray, Man Ray, Constantino Brancusi and Paul Bowles, just to mention a few. Covarrubias, adds Poniatowska, “was the darling of the Rockefellers and the Vanderbilts,” the *crème de la crème* of New York society.<sup>3</sup>

In 1925 he published his first book, *The Prince of Wales and Other Famous Americans*, with 65 caricatures of politicians, writers, artists, musicians and athletes of the time. *Life* magazine would say that this work “set America laughing and lifted Covarrubias to the pinnacle of United States cartoonists.”<sup>4</sup>

From then on, Covarrubias maintained a permanent presence in the United States. He was the cartoonist and illustrator of *Vanity Fair* (1924-1936), *Vogue* (1936-1949), *The New Yorker* (1925-1950), *Fortune* (1932-1942), *Life* and *Time*, as well as the illustrator of at least 20 books by authors like Herman Melville, John Ridell, Nora Zeale Hurston, Harriet Beecher Stowe and John Huston.

Alan Fern, who organized the first great retrospective of Covarrubias’s work at the prestigious National Portrait Gallery in Washington, D.C. in 1984, highlights an essential aspect, saying, “The art of Miguel Covarrubias is full of paradoxes. Always regarded as a Mexican by his New York friends and colleagues, he seems to us the quintessential commentator on American life in the 1920s and 1930s.”<sup>5</sup>

Between 1923 and 1939, New York was the center of his activities; from there he made many trips before returning to Mexico for good in 1940. His 17 years in the United States, says critic Sylvia Navarrete, were a period of feverish activity: “two albums of caricatures and a travel book; illustrations for more than 10 works of literature; mural maps; exhibitions of his own and others; adver-

▼ *Clark Gable vs. Edward, Prince of Wales*  
Impossible Interview Series No. 12  
Original illustration published in *Vanity Fair*, November 1932 (gouache and ink on paper). The Nickolas Muray Collection of Mexican Art, Harry Ransom Humanities Research Center, The University of Texas at Austin. Courtesy of the Miguel Covarrubias Estate.



tising; designs for theatrical productions...plus a marriage and two trips around the world.”<sup>6</sup>

Covarrubias would live for 17 years in Mexico until his death in 1957. Here, he entered equally successfully into new disciplines. Appointed by the National Institute of Anthropology and History co-director of the excavations of Tlatilco from 1942 to 1943, he collaborated with prestigious archaeologists like Alfonso Caso, one of the pioneers of the discovery of the Olmec culture, Mexico’s oldest. Caso himself would remember that, “Covarrubias gave archaeology something it lacked and that we could not give it: an aesthetic perception of form.”<sup>7</sup>

When he took over the Dance Department of the National Fine Arts Institute from 1950 to 1952, Miguel Covarrubias fostered the Golden Age of Mexican dance. Not only did he revitalize modern practices of dance in Mexico, remembers Sylvia Navarrete, but he also brought together extraordinary musicians (José Pablo Moncayo, Blas Galindo, Carlos Chávez), writers (Juan Rulfo, Juan José Arreola, José Revueltas), photographers (Nacho López, Walter Reuter) and painters (José Chávez Morado, Reyes Meza) to work on the 34 ballets created by Mexican and foreign companies during his administration. The New York company of Sinaloa-born José Limón and the Merce Cunningham and Lucas Hoving companies created choreographies and gave courses in Mexico during this period.<sup>8</sup>

Covarrubias was a unique creator, whose talent fed on two different and even opposed cultures. Practically his whole life, his work maintained a counterpoint between Mexico and the United States. He painted both his famous maps of Florida and the *Pageant of the Pacific* for San Francisco’s Golden Gate



▲ *Helen Wills*  
Original illustration published on the cover of *Vanity Fair*, August 1932 (gouache and ink on paper). The Nickolas Muray Collection of Mexican Art, Harry Ransom Humanities Research Center, The University of Texas at Austin. Courtesy of the Miguel Covarrubias Estate.

International Exposition (1938-1939) in the United States, and the renowned *A Sunday Afternoon in Xochimilco* (1947) and his memorable *Map of Folk Arts* (1951) in Mexico. His most important anthropological and ethnographic works, *Island of Bali* (1937) and *Mexico South: the Isthmus of Tehuantepec* (1945), best sellers of their time and true classics today, were originally written in English with support from Guggenheim fellowships. We should also not forget his noteworthy contribution to the dissemination of the extraordinary Afro-American culture.

Covarrubias’s parallel roads in Mexico and the United States finally met in

other pioneer projects. He promoted the exhibit “Twenty Centuries of Mexican Art” at New York’s Modern Art Museum (MAM) (1940), curating one of its sections. Together with MAM Director René D’Harnoncourt, he also promoted and organized the exhibit “The Indigenous Art of North America” (1945) at Mexico’s National Museum of Anthropology and History.

Miguel Covarrubias’s contributions are enormous. Perhaps one of the most important and definitive was his role in establishing deeper cultural relations between Mexico and the United States. **MM**



*Al Capone vs. Chief Justice Charles Evan Hughes* ▶ Impossible Interview Series No. 11. Original illustration published in *Vanity Fair*, October 1932 (gouache). The Nickolas Muray Collection of Mexican Art, Harry Ransom Humanities Research Center, The University of Texas at Austin. Courtesy of the Miguel Covarrubias Estate.

## NOTES

<sup>1</sup> The collection was made up of 47 sketches from the University of the Americas Miguel Covarrubias Archive; 65 facsimiles owned by the University of Texas Harry Ransom Humanities Research Center; six documentaries directed by José Benítez Muro and produced by Mexico’s Channel 22 television station; as well as original books and magazines loaned by friends from Mexico and the United States.

<sup>2</sup> Carlos Monsiváis, “El renacentista como caricaturista,” *Homenaje Nacional/National Homage, Miguel Covarrubias, Cuatro miradas/Four Visions* (Madrid: Museo Mural Diego Rivera/Museo Casa Estudio Diego y Frida Kahlo/Museo Soumaya/Editorial RM/Conaculta, 2005).

<sup>3</sup> Elena Poniatowska, *Miguel Covarrubias: vida y mundos* (Mexico City: ERA, 2004), p. 26.

<sup>4</sup> Adriana Williams, *Covarrubias* (Austin: University of Texas Press, 1994), p. 45.

<sup>5</sup> Alan Fern, “Foreword,” Beverly J. Cox and Denna Jones Anderson, *Miguel Covarrubias Caricatures* (catalogue) (Washington, D.C.: Smithsonian Institution Press, 1985) p. 12.

<sup>6</sup> Sylvia Navarrete, “Un boy wonder en los Estados Unidos/A Boy Wonder in the United States,” *Miguel Covarrubias: genio de México en los Estados Unidos/Mexican Genius in the United States* (catalogue) (Puebla: Universidad de las Américas, 2006).

<sup>7</sup> Poniatowska, op. cit., p. 104.

<sup>8</sup> Sylvia Navarrete, writer, and Alberto Tovalín Ahumada, ed., *Miguel Covarrubias: retorno a los orígenes/Return to the Origins* (Mexico City: Consejo Cultural Universidad de las Américas/Conaculta/INAH, 2004), pp. 122-130.

## CALL FOR PAPERS FOR A NEW JOURNAL



**NORTEAMÉRICA**  
*Academic Journal of the CISAN-UNAM*

The National Autonomous University of Mexico's Center for Research on North America (CISAN) is preparing to publish the third issue of its biannual journal based on academic excellence, *Norteamérica*, with the aim of contributing to the study and reflection about the political, economic, social and cultural situation of North America. To this end, we wish to invite the national and international academic community to contribute under the following

### GUIDELINES

- The journal's theme is interdisciplinary in the areas of social sciences and the humanities about the North American Region (Mexico, the United States and Canada) and its links to the rest of the world.
- All papers must be previously unpublished.
- *Norteamérica* is a peer-refereed journal, and all articles will be submitted to a board of specialists for review.

### SECTIONS

*Norteamérica* has three sections: "Ensayos" (Essays), "Análisis de Actualidad" (Current Analysis) and "Reflexiones y Miradas" (Reflections and Glimpses). Contributions will be received in Spanish or English and published in their original language, and for each section, the articles must have the following characteristics:

#### ESSAYS AND CURRENT ANALYSIS

- Only articles based on scholarly research will be considered. These two sections will not publish articles on current events or opinion pieces.
- The articles must include relevant, up-to-date source citations.
- Articles must be accompanied by 4 to 6 key words and a 100- to 150-word summary or abstract.  
*Length:* 20 to 40 pages.

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- The interview will be with an outstanding figure from the academic, political, social and/or cultural world.
- Each interview will include between 5 and 10 analytical and comparative questions.  
*Length:* 15 to 20 pages.

##### CRITICAL NOTES

- Academic reflections about a polemical, current issue.  
*Length:* 10 to 15 pages.

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- Essays that review, compare and profoundly analyze from 2 to 5 recently published books on the same theme.  
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- Manuscripts with corrections written by hand, words crossed out, indications on cards, etc., will not be accepted.
- Tables and graphs will also be turned in printed on letter-sized paper and in Microsoft Word and Excel, respectively, and will count toward the final total length.
- Source citation will be done using the author-date citations and references list style, also known as Harvard system. Example: (Diamond, 1995: 49-59).
- *Example of the reference list in the author-date style:*

Diamond, Larry, Seymour Menton and Juan J. Linz, comp.  
1995 *Politics in Developing Countries: Comparing Experiences with Democracy*, Reinner, Boulder, Colorado.

- Longer explanations of the guidelines and norms for presenting manuscripts can be consulted or requested at:  
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## A Look at Mexico's Revenue

The structure of Mexico's foreign currency revenue has changed radically in the last decade. The proportion that oil, exports and services, particularly tourism, used to occupy has ceded room to remittances sent by our fellow countrymen and women from the United States. This is why a detailed analysis of the quality and destination of these revenues is needed to understand the impact they have had and continue to have on the country's economy and development. We should also add the recent boom in oil prices, which in the last three years has made for additional unexpected income and has had an impact on Mexico's political and economic spheres.

In this issue, three specialists reflect on foreign currency revenues from three fundamental sources. In the case of oil, we see how recent surpluses have sparked a test of strength between the main political/institutional actors, the federal government and the state governors. The author also reports about how the current fiscal regimen for oil revenues has led to the undesirable effect of the state-owned Mexican Petroleum Company (Pemex) being technically, financially and administratively unviable. With regard to remittances, we can see how, despite the rapid increase that has made them the country's biggest source of foreign currency, most of this revenue does not contribute to national development or productive investment since it is used above all for families' day-to-day expenses. Lastly, foreign currency income from tourism, although it undoubtedly contributes to creating jobs and participates indirectly—even though in a small way—to investment in infrastructure, ends up completing its natural economic cycle by returning in larger quantities to its places of origin, given the multinational nature of the vast majority of the companies in this sector.

The panorama is not very encouraging. Mexico has become less attractive for foreign investors and its three main sources of foreign currency have not been used to advance its economic development and, therefore, to fight the country's great social inequalities. Profound and urgent changes are required to turn this situation around before we regret it even more.



# Oil Earnings and Fiscal Policy in Mexico

Fluvio C. Ruiz Alarcón\*



Isaac Aguilar/Reuters

In Mexico our oil industry's earnings have been used as a non-conflictive substitute for a progressive fiscal reform. By getting a significantly growing part of its income from oil, the Mexican state refused to make its fiscal policy re-distributive. Those who most benefit from this have been large corporations, which are taxed much less than the average similar company in Organization for Economic Cooperation and Development (OECD) countries. Not to mention speculative capital. What is more, the state changed the place that the

Mexican Petroleum Company (Pemex) had in the regimen of accumulation. From being basically a secure provider of energy, Pemex became the main source of fiscal income. The Draconian fiscal regime to which Pemex has been subjected for many years has resulted in its decapitalization, a dramatic drop in our oil reserves, growing imports of petrochemicals and refined petroleum products, enormous debt and the resulting decrease in Pemex's capacity for productive investment.

To try to alleviate this situation somewhat, Congress approved a series of reforms to Chapter 12 of the Federal Duties Law, commonly known as "Pemex's New Fiscal Regime" (see

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\* Advisor to the Party of the Democratic Revolution (PRD) caucus in the Chamber of Deputies.

TABLE 1  
OIL AND NON-OIL REVENUES IN THE PUBLIC BUDGET (1998 - 2006)  
(MILLIONS OF CURRENT PESOS)

ITEMS	2000	2001	2002	2003	2004	2005	2006
Net Budget Revenues <sup>1</sup>	1,179,918.9	1,271,646.3	1,387,500.4	1,600,589.8	1,771,314.2	1,948,172.9	1,973,500.0
Oil	434,742.7	386,579.1	410,037.7	592,665.7	720,745.6	760,545.6	783,338.7
Federal Government	326,159.9	283,055.1	260,005.7	416,888.8	529,973.6	574,967.2	522,974.7
Pemex <sup>2</sup>	108,582.8	103,524.0	150,032.0	175,776.9	190,772.0	185,578.4	260,364.0
% of oil revenues	36.8	30.4	29.6	37.0	40.7	39.0	39.7
Non-oil <sup>3</sup>	745,176.2	885,067.2	977,462.7	1,007,924.1	1,050,568.6	1,187,627.3	1,190,161.3
Federal Government	534,116.4	656,059.3	729,347.3	716,096.0	740,237.5	838,220.5	836,812.4
Taxes	465,896.3	567,681.7	616,062.3	619,758.0	633,399.9	787,670.7	785,366.5
Non-taxes	68,220.1	88,377.6	113,285.0	96,338.0	106,837.6	50,549.8	34,372.1
Bodies and Companies <sup>4</sup>	211,059.8	229,007.9	248,115.4	291,828.1	310,331.1	349,406.8	353,348.9
CFE	96,076.2	100,436.5	111,924.5	140,078.3	154,966.3	177,259.8	176,820.5
IMSS	85,598.2	95,462.1	100,682.9	115,819.4	122,684.2	132,664.0	141,176.0
ISSSTE	21,190.8	23,817.7	24,610.4	26,220.1	29,008.7	39,662.9	34,814.9
Others	8,194.6	9,291.6	10,897.6	9,710.3	3,671.9	-179.9	537.5

<sup>1</sup> Includes the tax on assets.

<sup>2</sup> By 2000 Pemex revenues included 7.9913 billion pesos in outside operations.

<sup>3</sup> Includes registration fees, ISAN, export taxes, ISCAS, luxury goods.

<sup>4</sup> Does not include federal government contributions to the ISSSTE.

**Source:** Finance Ministry Accounts 1980-2005 and 2006 Federal Revenue Law.

box). The aim was to take the first step toward restoring the state company's industrial vocation, alleviating somewhat a heavy tax burden that, with the regimen in effect until 2005, represented 105 percent of its net cash flow.

#### OIL SURPLUS: THE BATTLE FOR THE (NOT SO) MARGINAL PROFIT

Because of the constant rise in oil prices, particularly since 2004, one of the recurring themes in Mexico's economic and political debate has been the use of the so-called "oil surpluses," that is, the windfall tax monies from the oil industry. To deal with this issue, we should start by saying that, as can be seen in data from the Vicente Fox

administration shown in Table 2, the difference between the real price of Mexican export-grade crude oil and the projections used for designing the budget has grown gradually from 2001 on, until it became very important in 2004.

By 2006, the average projected price was U.S.\$36.50 a barrel. As these lines are being written, the price is over U.S.\$52 a barrel. That is, there is a differential in price similar to that of 2005.<sup>1</sup>

Now, the "oil surpluses" have two components:

1. Greater income than expected, derived directly from higher oil prices than the estimate used for making fiscal calculations to design the earnings budget written out in the Federal Revenue Law.

2. Additional income as a result of an extraordinary duty that Pemex only pays the Finance Ministry when the price of Mexican export-grade crude mix surpasses the estimate in the Federal Revenue Law.

In the first case, surplus oil revenues are added to the income differentials (positive and negative) obtained through all the federal government's tax instruments with regard to what was expected for the year in question. Frequently, the collection of non-oil revenues is less than expected, and therefore greater oil revenues compensate for it. The result of this algebraic sum is generically referred to as "gross surplus income." From these "surpluses" are discounted what we could colloquially call "unforeseen" expenses.

The specification of the items included here may vary from year to year, but they are generally related to the increase in non-programmed spending (financial costs or debt from previous fiscal years), in the cost of fuel used by the Federal Electricity Commission, adjustments to maintain the goal of a balanced budget or even the damages caused by natural disasters. The distribution of the remaining amount (net surplus income) is also decided annually by the Chamber of Deputies in the respective Expenditures Budget.

In 2004, gross surplus revenues came to 55.7096 billion pesos. Once the increase in the non-programmed expenditures had been discounted and an adjustment had been made to maintain a balanced budget, the net surplus was 46.5954 billion pesos. According to the 2004 Federal Expenditures Budget, 25 percent of this money was earmarked for the Oil Revenue Stabilization Fund; 25 percent went to pay off debt; and 50 percent went to the states. By 2005, gross surplus rose to 62.1562 billion pesos and net surplus was 44.6107 billion pesos. Of the gross surplus, 8.294 billion pesos were used to repair the damage from hurricanes that battered the country. In that year, 25 percent of the net surpluses went to the Oil Revenue Stabilization Fund, 25 percent to pay off debt and 50 percent for infrastructure in the Mexican Oil Company. I will explain later the reasons for this change in the distribution of the net surplus.

Let us look now at the second component of oil surpluses. As I already pointed out, when the price of Mexican export-grade oil goes over what was estimated in the Revenue Law, Pemex must pay an additional tax. In the oil fiscal regime in effect until 2005,

Because of the constant rise in oil prices, particularly since 2004, one of the recurring themes in Mexico's economic and political debate has been the use of the so-called "oil surpluses."

this extraordinary payment was made by means of the Surplus Yield Payment (ARE), which was calculated using a 39.2 percent rate on the surplus yield of exports, defined as the difference between the average value and the estimated value of a barrel of Mexican export-grade crude, multiplied by the total volume of exports. Until 2003, this payment went directly into federal coffers. In 2004, according to a proposal from the Party of the Democratic Revolution caucus, 100 percent of the ARE was returned to Pemex in the form of the Payment for Infrastructure fund (AOI), which meant that Pemex received capital from the federal government to the tune of 34.025 billion pesos. By 2005, the states received half of the ARE, that is, 19.6 percent of the surplus from exports of crude. With the change in Pemex's fiscal regi-

men, the "reduced" version of the ARE (6.5 percent of the export surplus) was maintained, unduly so because it had never been considered when making the financial projections of the new fiscal regimen (see table 3)

#### THE DISCRETE CHARM OF DISCRETION

If anything is characteristic of oil surpluses it is the great power that those who control them have to distribute them at their discretion. In the first place is the Finance Ministry, which has an enormous comparative advantage in terms of economic and financial information, administrative control and political weight, allowing it to manipulate the amounts, rhythms of payment and budgetary assignation

TABLE 2  
DIFFERENCE BETWEEN THE REAL AND ESTIMATED PRICE  
OF MEXICAN EXPORT-GRADE OIL  
(DOLLARS/BARREL)

YEAR	ESTIMATED PRICE	REAL PRICE	DIFFERENCE
2001	18.00	18.70	0.70
2002	17.00	21.56	4.56
2003	17.00	24.80	7.80
2004	20.00	31.05	11.05
2005	27.00	42.69	15.69

**Source:** Developed by the author based on the general criteria of economic policy (Finance Ministry), the Federal Revenue Law and oil indicators (Pemex).

of these resources (its instinctive reflex is to put forward financial and macro-economic variables). For state governors the only condition established in the Federal Expenditures Budget is that they use the monies for infrastructure. However, this is not really a practical limitation of any kind, since in general, in the best of cases, local congresses are informed of what the surpluses were used for only after the monies have been spent. This is the reason that both the Finance Ministry and the National Conference of Governors (Conago) insist on promoting mechanisms that foster an absurdly low estimate of Mexican export-grade crude when designing the budget.

Since it has neither budgetary nor entrepreneurial autonomy, Pemex's hands are tied in this dispute over the surplus: with the 2006 budget proposed by the federal executive and passed by the majority of the Chamber of Deputies and with the respective changes in the AREs, our oil company lost a large part of what had been earned in 2004 and 2005. What topped it off was when the Finance Ministry managed to use the 25 billion pesos of tax relief provided for in Pemex's new regimen to increase the primary surplus annually imposed on the company in order to make national figures jibe instead of investing them.

Even though from year to year, oil surpluses appear to be strictly regulated, the reality is that their delivery involves a real test of strength among the different actors of the Mexican state. What happened in 2004 and its consequences illustrate this very well. In that first year of copious extraordinary oil revenues, the Finance Ministry bargained down the size of the payments to the states. The main point of

TABLE 3  
SURPLUS REVENUES RECEIVED BY THE STATES (2004 AND 2005)  
(MILLIONS OF PESOS)

STATE	2004 (50% of net surplus)	2005 (50% of the ARE)
Aguascalientes	243.1	256.0
Baja California	650.8	632.1
Baja California Sur	160.9	155.1
Campeche	295.0	226.1
Coahuila	547.3	505.8
Colima	186.2	165.6
Chiapas	989.8	976.7
Chihuahua	687.2	651.0
Durango	319.3	287.6
Federal District	2,459.3	2,330.2
Guanajuato	899.4	836.7
Guerrero	551.6	519.3
Hidalgo	434.5	399.6
Jalisco	1,347.2	1,392.8
Michoacán	655.5	628.9
Morelos	352.0	331.1
Nayarit	239.0	216.7
Nuevo León	1,026.7	969.8
Oaxaca	597.4	550.8
Puebla	946.1	894.6
Querétaro	419.3	382.5
Quintana Roo	245.9	241.0
San Luis Potosí	451.0	411.0
Sinaloa	601.8	564.9
Sonora	605.9	556.4
State of México	2,995.9	2,790.3
Tabasco	1,256.5	1,283.4
Tamaulipas	641.2	626.2
Tlaxcala	246.8	230.2
Veracruz	1,502.4	1,368.1
Yucatán	356.9	342.0
Zacatecas	289.0	264.6
Total	23,201.0	21,986.4

**Source:** Developed by the author using Finance Ministry quarterly reports on the economy, public finances and the debt.

contention was the amount considered to calculate the increase in the non-programmed spending, which should have been discounted from the total gross surplus. In particular, suspicions arose because of the estimates of previous fiscal debt, whose impact on the

budget should have been calculated way under the 18,2267 billion pesos that the Finance Ministry recognized. Finally, after several meetings, the Conago came to an agreement with the Finance Ministry about amounts and a payment schedule.

This conflict with the Finance Ministry taught the governors something: it was better to receive surplus revenues through the Surplus Yield Payment (ARE) because it is calculated using public information, like the average price and volume of Mexican oil exports. For this reason, the Conago investigated and found out that for fiscal year 2005, the surplus earmarked for the states was 50 percent of the ARE, leaving Pemex the other half and half of the net surplus. This made the company's position fragile since its ability to maneuver politically cannot be compared with the Conago's.

#### A NEW ATTACK ON INVESTMENT IN THE OIL SECTOR

The recent approval of the Budget and Fiscal Responsibility Law (LPRH) is a sharp blow against the urgent need to invest in infrastructure and oil exploration. It restricts the scope and potential of the Pemex's New Fiscal Regimen; it legitimizes the Conago's voracious quest to amass oil surpluses (with the corresponding economic ineffectiveness that this implies); and it confirms Congress's refusal to make the most minimal analysis of the international oil market.

Article 19 of the law confuses—to the point of making them equivalent—the current circumstances of the international oil market (exemplified by a scenario of high prices for crude at least for the medium term) with the conditions of national oil infrastructure, which is very backward and severely deteriorated. Seemingly, whoever wrote this article was thinking of Norway Statoil and not Pemex. It states that surplus revenues

resulting from the Federal Revenue Law, other than those mentioned in Subsection II and III and the following article [which refer to previously earmarked revenues and revenues of the states, respectively] must be used in the first place to compensate for the increase in non-programmed expenditures versus what was budgeted for payments; the financial cost derived from changes in the interest rate or the exchange rate; debts from previous fiscal years to cover the difference between the amount approved in the Federal Expenditures Budget and the limit stipulated in Article 54, Paragraph 4 of this law; and the relief in the cases of natural disasters when the Disaster Fund referred to in Article 37 of this law is insufficient.

The surpluses defined here must also be earmarked for the Federal Electricity Commission “to cover increases in fuel costs *vis-à-vis* the estimates approved in the Federal Revenue Law and its own budget.”

Subsection IV of the same article stipulates that the remainder will be distributed in the following way:

- a) 25 percent to the State Governments Revenue Stabilization Fund;
- b) 25 percent to the Pemex Infrastructure Investment Stabilization Fund;

- c) 40 percent to the Oil Revenue Stabilization Fund;
- d) 10 percent to programs and projects for investment in infrastructure and equipment for the state governments. These resources will be earmarked for the states according to the proportional structure derived from the distribution of the General Apportionment Fund reported in the most recent Public Accounts.

In addition, the same subsection of the law stipulates that surplus income

will be earmarked for the funds specified in this clause until such a time as an appropriate reserve has been reached that will make it possible to successfully deal with a drop in the federal revenues distributed between the federal and local governments or in the federal government and Pemex's oil revenues. The amount of these reserves in pesos will equal the product of the estimated liquid oil and gas production platform for the year, expressed in barrels, by a factor of 1.875 for the case of a) and d), and 3.75 in the case of c), in all cases by the exchange rate of the U.S. dollar to the peso expected for the fiscal period. In the case of the surplus revenues for the fund referred to in b) of this sub-

Even though oil surpluses appear to be strictly regulated, the reality is that their delivery involves a real test of strength among the different actors of the Mexican state.

The Draconian fiscal regime to which Pemex has been subjected for many years has resulted in its decapitalization.

section, these resources will be transferred annually to Pemex so it can constitute its reserve.

The constitution of the funds referred to in Subsection IV implies, on the one hand, that resources derived from the surplus revenues will continue to be sent to the Oil Revenue Stabilization Fund, given that Pemex's new fiscal regimen establishes the Oil and Gas Duty for the Oil Revenue Stabilization Fund. In other words, the fund will be constituted according to the Federal Law on Government Duties based on a duty created expressly for the purpose; therefore, there is no need to continue to feed it by other means, particularly if we consider that, in accordance with this stipulation, the fund begins to be generated starting from when Mexican export-grade crude oil has a cost of U.S.\$22/barrel, a price quite a bit lower than that of recent months.

In addition, the way the funds established in the same clause are constituted implies freezing the use of large sums of money, as though neither Pemex nor the states had any urgent need of infrastructure. For example, considering the expectations established in economic policy's general criteria, the Oil Revenue Stabilization Fund could not be touched before accumulating 54 billion pesos; and the funds for infrastruc-

ture for the states and for Pemex itself could not be touched before they accumulated 27 billion pesos. That is, we are talking about freezing the use of more than 100 billion pesos. Subsection V of Article 19 states that:

Once the reserve referred to in the previous subsection of the law reach the stipulated amount, the surplus income referred to in Subsection IV of this article will be distributed in the following way:

- a) 25 percent to the infrastructure investment programs and projects established in the Federal Expenditures Budget, with preference for spending on priorities in the states;
- b) 25 percent to programs and projects for investment in infrastructure and equipment for the state governments. These resources will be earmarked for the states according to the proportional structure derived from the distribution of the General Apportionment Fund reported in the most recent Public Accounts.
- c) 25 percent to Pemex programs and projects for investment in infrastructure;
- d) 25 percent for the Pension Restructuring Support Fund.

Seemingly, the idea is to charge Pemex for the new fiscal regimen by eroding its alternative sources of revenues. The Conago championed the no vote on the reforms to the Federal Law on Government Duties, and, at the time of this writing, it will be the state governments (who already receive the Extraordinary Duty for Oil Exports) who benefit most by receiving 50 per-

cent of these surpluses that they do not currently receive. In this case, it seems to this author that Pemex should have retained the percentage contained in the distribution of equivalent surpluses stipulated in the Federal Expenditures Budget. In contrast, an idea I think is appropriate is to use oil surpluses to solve the financial problems of the social security system.

As we have seen, as long as Pemex does not have certain budgetary and entrepreneurial autonomy, the use of high oil income will continue to be decided in political spaces where concerns about the company's technical, financial and operational health are relegated to the back burner. In order to strengthen the company, taking advantage of this new stage of high prices for Mexican crude, I think that at least Pemex's Charter should be changed to establish the basis for reunifying it into a single body. It would also be a good idea to analyze the possibility of incorporating in the Sectoral Planning System the fundamental traits of the French category of the "plan contract" and Pemex's obligation to strengthen its strategic planning and operate according to the best practices of the oil industry in order to achieve maximum oil recovery.<sup>2</sup> These elements, together with updating the Oil Works Regulation, would allow for long-term prospects for oil exploitation in our country. **MM**

#### NOTES

<sup>1</sup> The price went up to more than U.S.\$70 per barrel because of the Israeli-Hizbullah conflict.

<sup>2</sup> The concept of "plan contract" is used by the French government to establish medium-term objectives for public companies, at the same time that it commits itself to provide them with the resources they need to meet them.

### PEMEX'S NEW FISCAL REGIMEN

Under the previous fiscal regimen, Pemex gave the Finance Ministry 60.8 percent of all its revenues. The fundamental change that the new arrangement brings about is the introduction of a differentiation between the fiscal framework for extraction and industrial activities. This is explained as follows for the different companies that make up Pemex:

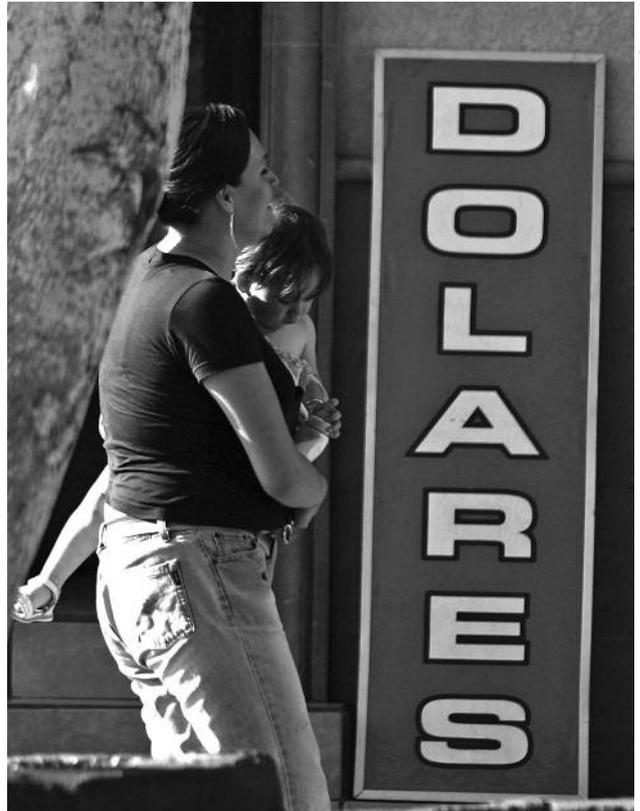
- a) Pemex-Exploration and Production (PEP) is mandated to pay the following duties:
- *Ordinary Gas and Oil Duty (DOH)*. This is the fundamental instrument for transferring oil revenues to the state. The taxable amount is calculated by deducing the following from PEP's total revenues:
    1. what is paid in duties and contributions explained in detail later;
    2. investment in exploration, secondary recovery and non-capitalized maintenance, as well as a percentage that varies between 5 percent and 16.7 percent of the investment made in other substantial activities of the company;
    3. production costs of up to a maximum of U.S.\$6.50 per barrel of crude and U.S.\$2.70 per thousand cubic feet of natural gas. These ceilings will be reviewed annually after the fifth year that the new fiscal regimen has been in effect.

A 79-percent tax will be applied to the resulting taxable amount.

- *Gas and Oil Duty for the Oil Revenue Stabilization Fund*. PEP will pay this duty when the price of export oil exceeds U.S.\$22 a barrel, according to a rate that increases one percentage point for every dollar that the price exceeds the U.S.\$22 "floor", to a maximum of 10 percent, calculated on the basis of the total value of oil production. Given that the 2006 Revenue Law stipulates an estimated price of U.S.\$36.50 and that, according to the second transitory article of Pemex's new fiscal regimen, the amount of this duty until that 2006 estimate can be budgeted, the 2006 Federal Expenditures Budget includes about 53 billion pesos that had not originally been considered.
  - *Extraordinary Duty on Crude Oil Exports (DEEP)*. PEP will pay this duty when the price of the Mexican export mix exceeds the estimate in the Revenue Law. It will be calculated using a 13.1 percent rate, applied to the difference between the price and the estimate of exported crude oil. The entire amount of this duty will be paid to the State Government Revenue Stabilization Fund.
  - *Payments*. In addition, PEP will make a payment equal to 0.05 percent of the value of all oil and gas pumped to support the Mexican Oil Institute's scientific and technological research, and another 0.003 percent of the same amount to contribute to supervisory activities of the Federal Auditor's Office.
  - *Surplus Yield Payment (ARE)*. In principle, this payment should have disappeared with Pemex's new fiscal regimen; however, it was maintained as a concession to the governors who pressured through the National Governors Conference (Conago) up until the last moment against passing the bill. The difference is that this payment will be 6.5 percent of export surpluses, which, added to the 13.1 percent of the DEEP, makes for an equivalent of 19.6 percent, which the states received in 2005.
- b) Pemex's other subsidiaries, Pemex-Refining, Pemex-Petrochemicals and Pemex-Gas and Basic Petrochemicals will be subject to the 35 percent Tax on Oil Yields applied to their profits. While today these companies are in the red, by 2006, it is expected that Pemex will be paying this tax amounting to almost 5 billion pesos. Thus, the industrial activity that is not now generating fiscal revenues will begin to do so little by little (see table 1).

# Remittances in Mexico

Cristóbal Mendoza\*



Henry Romero/Reuters

Remittances sent by Mexican migrants residing in the United States to their relatives in Mexico (family remittances) came to U.S.\$20.0349 billion in 2005 according to provisional figures from the Bank of Mexico.<sup>1</sup> In that same year, remittances surpassed foreign direct investment (FDI) and were equivalent to 71 percent of the value of the export of crude oil, 128 percent of the surplus in the trade balance of oil products, 25 percent of wages paid in the formal sector of the economy and 2.6 percent of the gross domestic product (GDP). This

underlines how important remittances are to the country.<sup>2</sup>

The U.S.\$20 billion figure represents a 20.6 percent increase over 2004, and a 374 percent increase over 1996 (see table 1). This rapid growth is linked to several factors. In the first place, the Bank of Mexico admits that part of the increase is due to better accounting of the flows since 2001. Secondly, Mexican migration to the United States has continued to grow. Based on Mexican and U.S. sources, Rodolfo Corona estimates a net migratory flow of between 277,000 and 315,000 Mexican migrants a year between 1990 and 1996.<sup>3</sup> Based on the 2000 Mexican Population and Housing Census I have estimated the figure at 263,021 emigrants

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a year.<sup>4</sup> In the third place, the costs of sending remittances have dropped given greater competition among intermediaries, an increase in electronic transfers and decided support from some state governments for the attempt to reduce the cost of sending money.<sup>5</sup> This drop in costs has meant that a greater number of transactions have been incorporated into the formal market that previously were carried out through informal channels.<sup>6</sup>

MEXICO IN THE LATIN AMERICAN AND WORLD CONTEXTS

In 2004, Mexico was the world's third destination for remittances, surpassed only by India and China (see graph 1). India, the country that receives the largest amount, was sent U.S.\$21.7 billion, followed by China with U.S.\$21.3 billion. Although this might seem like something that pertains only to developing nations, the fact is that among the top receiver nations are France, which comes right after Mexico, Spain and Portugal.

In Latin America, Mexico received five times more remittances than those sent to Brazil in 2004 (U.S.\$3.6 billion) or Colombia (U.S.\$3.2 billion) (see graph 1).

However, when compared to the gross domestic product, remittances are more important in smaller countries, as Graph 1 shows. For example, in countries like Tonga, Moldavia or Lesotho, they make up one-fourth of GDP. In Latin America, in 2004, Haiti headed up the list of remittances/GDP, with 24.8 percent, followed by El Salvador (16.2 percent), Honduras (15.5 percent), the Dominican Republic (13.2 percent) and Nicaragua (11.7 percent).

TABLE 1  
FAMILY REMITTANCES IN MEXICO

	YEARLY TOTAL (BILLIONS OF DOLLARS)	PERCENTAGE CHANGE	INDEX	AVERAGE REMITTANCE (DOLLARS)
1996	4.22367	—	100.0	319.8
1997	4.86485	15.2	115.2	316.3
1998	5.62684	15.7	133.2	290.1
1999	5.90956	5.0	139.9	282.5
2000	6.57274	11.2	155.6	365.0
2001	8.89526	35.3	210.6	320.5
2002	9.81445	10.3	232.4	327.5
2003	13.39621	36.5	317.2	319.8
2004	16.61284	24.0	393.3	326.0
2005	20.03490	20.6	474.3	340.5

Source: Created by the author using data published at [www.banxico.org.mx](http://www.banxico.org.mx).

In Mexico, remittances constitute 2.6 percent of GDP.

The costs of sending remittances have dropped given greater competition among intermediaries, an increase in electronic transfers and decided support from some state governments for the attempt to reduce the cost of sending money.

HOW THEY ARE SENT

From 1996 to 2005, the way remittances are sent to Mexico has changed substantially. In 1996, only 50 percent of the total were sent by electronic transfer and about 40 percent came via money order; by 2005, money orders were practically non-existent (less than 10 percent), while electronic transfers accounted for almost all the money sent to Mexico (see graph 2).

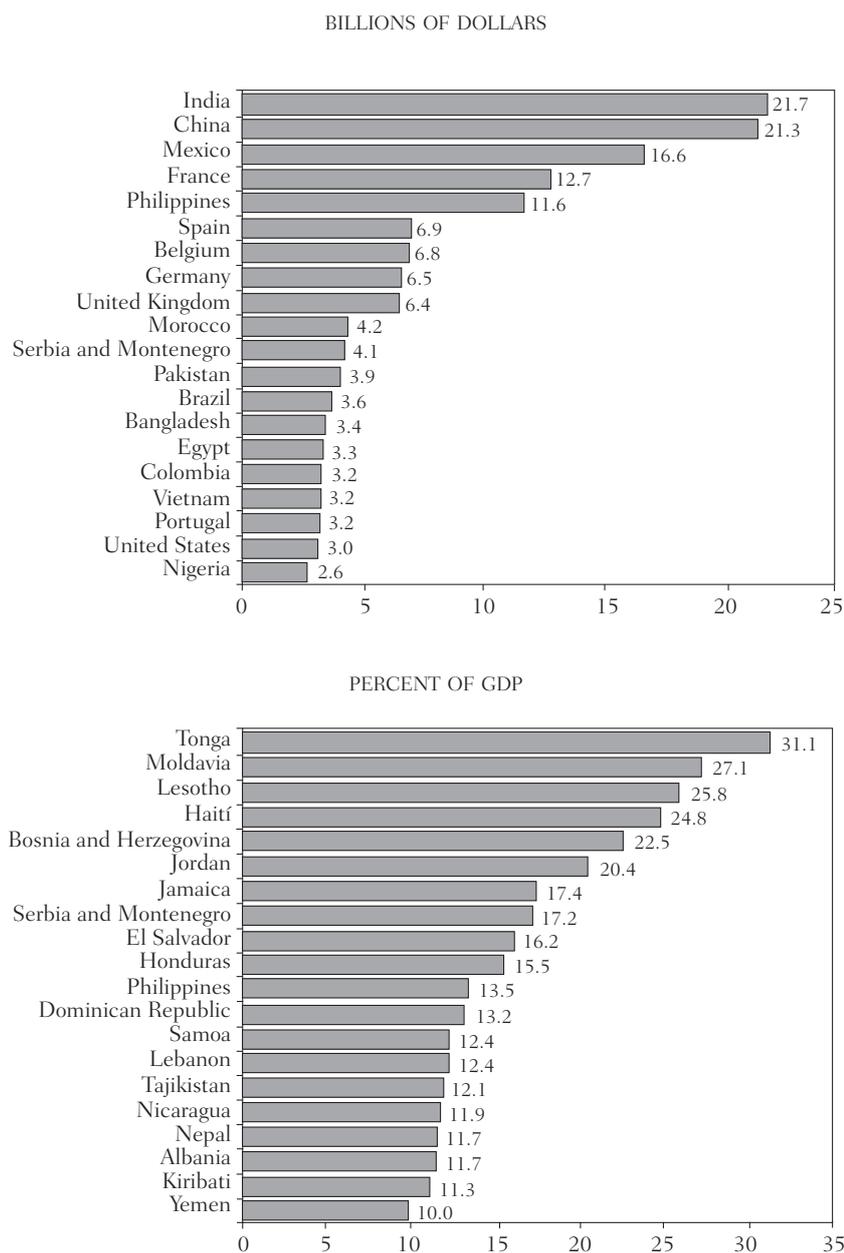
On the other hand, despite the considerable increase in volume, there has

not been a substantial variation in the average amount sent between 1995 and 2005: the figure remains at between U.S.\$320 and U.S.\$350 (see table 1). Therefore, the increased total is not due to an increase in the amount sent by each migrant, but to the number of migrants sending monies, linked to the fact that Mexican migration to the United States continues to grow.

REGIONAL DESTINATIONS

Michoacán is the state that receives the greatest volume of remittances from the United States. In 2005, the amount reached U.S.\$2.595 billion, 13 percent of the total received in the country as a whole.<sup>7</sup> Other western states follow: Guanajuato, with U.S.\$1.715 billion or 8.6 percent of the national total, and Jalisco, with U.S.\$1.693 billion, or 8.5 percent. These three states are part of the region that for more than 100 years has traditionally sent Mexicans to the United States, and they concentrate one-third of all the remittances received by Mexico (see graph 3). In addition,

GRAPH 1  
COUNTRIES THAT RECEIVED THE HIGHEST REMITTANCES IN 2004



**Source:** World Bank (2006) based on International Monetary Fund figures and World Bank estimates. In the case of Mexico, the information was published by the Bank of Mexico in 2006.

they have also contributed a large part of the total migratory flow from Mexico to the United States, approximately 30 percent in the 1990s.<sup>8</sup>

A second tier of remittance reception includes the State of Mexico and

Mexico City's Federal District. These two, together with the three other states, accounted for 46 percent of the country's total. The State of Mexico and the Federal District's volume of remittances is noteworthy, however, because they

have only recently become major sources of international migration. Their importance must be understood in the framework of increased migration to urban areas; interesting literature is available on this point.<sup>9</sup>

The states that receive the smallest amounts of remittances are, in descending order, Baja California Sur, Campeche, Quintana Roo and Tabasco. Those that receive none at all are located on the Gulf of Mexico, with the exception of Veracruz, and in northern Mexico.

In relative terms, the ratio of remittances to the GDP for each state puts Michoacán once again at the top, with 15.6 percent. It is followed at a great distance by Zacatecas (8.6 percent of GDP), Oaxaca (8.3 percent), Hidalgo (7.2 percent) and Guerrero (7.2 percent) (see graph 3). In general, this ratio is higher in states with a weak productive base and where large parts of the population are employed in the primary sector.

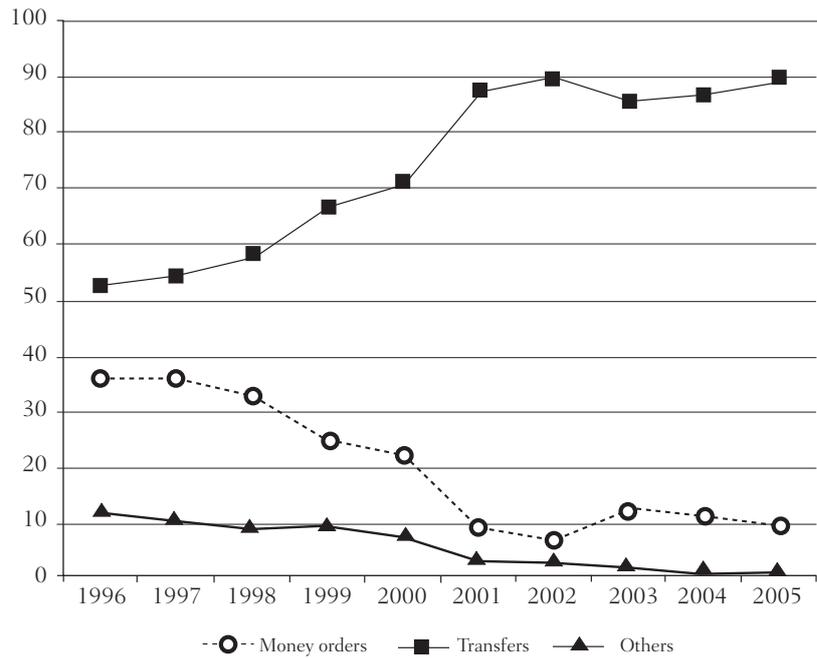
#### REMITTANCES AND HOUSEHOLDS

Based on the information obtained from the National Survey of Household Income and Spending for 1998, 2000 and 2002, the Chamber of Deputies Research and Analysis Service calculated that the 1,171,989 house holds received remittances in 1998; 1,252,493 in 200; and 1,401,986 in 2002.<sup>10</sup> The percentage of households that received remittances nationwide went from 5.3 percent in 1998 to 5.69 percent in 2002.

Based on National Survey of Household Income and Spending figures, Rodolfo Tuirán identified certain traits of the homes that received remittances: a) absence of a male head of household

(an average of one in every five households); b) a greater presence of women and older adults; and c) greater dependence.<sup>11</sup> Many of these households (about 40 percent) are highly vulnerable to any sudden interruption of the remittances since they are dependent on them as their only source of income.<sup>12</sup> Similarly, based on the 2000 Population and Housing Census, Fernando Lozano estimated that in households receiving remittances, they make up 36 percent of all income; in rural areas, this percentage jumps to 43.6 percent, while in urban areas it drops to 30.3 percent.<sup>13</sup> Another interesting piece of data this researcher contributes is that 44.8 percent of remittances sent to Mexico go to the households with the country's lowest incomes, specifically, the tenth lowest decile.

GRAPH 2  
REMITTANCES SENT TO MEXICO BY MEANS EMPLOYED (%)



Source: Created by the author using data published at [www.banxico.org.mx](http://www.banxico.org.mx).

REMITTANCES AND  
LOCAL DEVELOPMENT

A large part of the literature about the impact of remittances on migrant communities in Mexico has concluded that their ability to stimulate the development of receiving communities through investment is limited. Case studies show that more than investing in production, the great majority of this money has been used for consumption.<sup>14</sup>

However, since they focus exclusively on the relatively small percentage of remittances destined for investment, these studies have ignored the multiplying effects of this injection of cash into consumption, into household income on a micro-economic level and at the aggregate level of the entire Mexican economy.<sup>15</sup> In that sense, based on an accounting matrix, Irma Adelman and J. Edward Taylor estimated

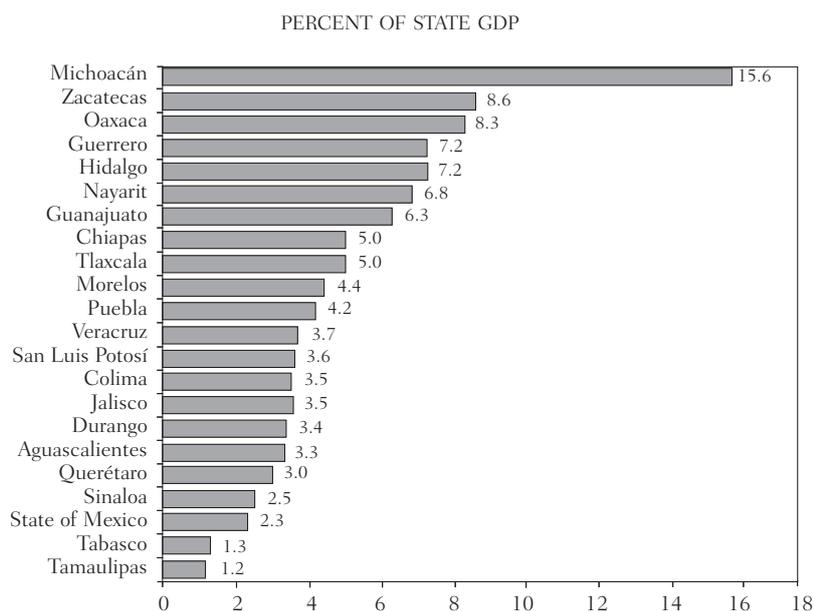
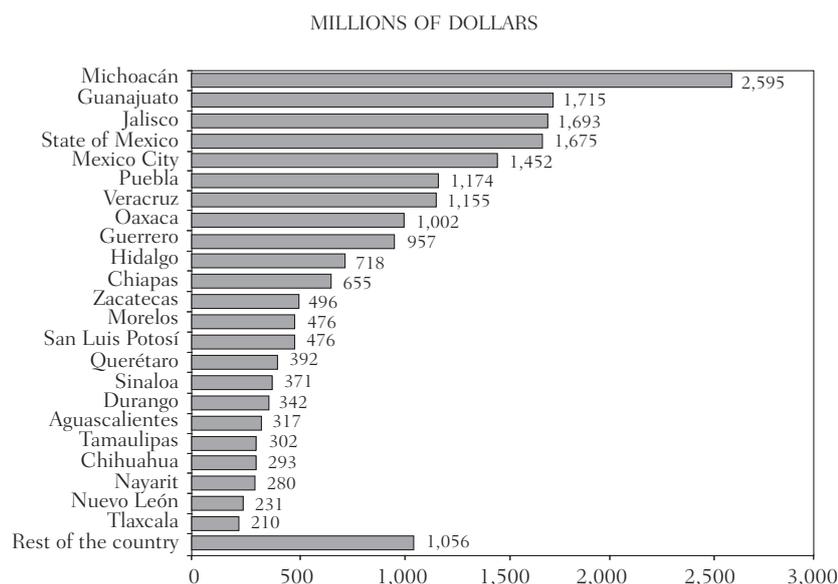
It is probable that remittances have a greater multiplying effect in cities and metropolitan areas than in rural areas.

that each dollar that enters Mexico produces a U.S.\$2.90 increase in Mexico's GDP and a U.S.\$3.20 increase in production.<sup>16</sup> The Bank of Mexico shares this opinion, underlining the positive effect in income and household welfare through the stimulation of consumption (3 percent of the country's private consumption stems from remittances) and greater investment in edu-

cation and sanitation. The same researchers estimate that 20 percent of micro-business capital in urban areas comes from what migrants send.<sup>17</sup>

However, the multiplying potential of remittances has also been questioned by several researchers. For example, Jesús Arroyo and Isabel Corvera say that this potential depends partly on the communities' economic base; that is, on the territory's economic capability to obtain investment and make it productive.<sup>18</sup> For this reason it is more probable that remittances have a greater multiplying effect in cities and metropolitan areas than in rural areas. Along those same lines, some authors have emphasized the dependency of some Mexican communities on remittances, to the point of considering them an "addiction" or a "dangerous dependency."<sup>19</sup>

GRAPH 3  
FAMILY REMITTANCES BY STATE (2005)



Source: Bank of Mexico (2006).

#### COLLECTIVE REMITTANCES

Collective remittances are sent by groups of migrants, normally through clubs or organizations. They are used in a variety of ways, depending on the lo-

cality, the club and the state and municipal governments. A large part of these funds have been used to improve infrastructure in the community of origin (for example, paving or lighting public streets or building hospitals and

schools), although their use for festivities, processions or cultural events organized around community saints' day fiestas is also important.<sup>20</sup> The investment of these collective remittances in production has been limited. For example, in Zacatecas, in the framework of the 3-for-1 Program,<sup>21</sup> only 7.1 percent of the 868 projects carried out between 1993 and 2002 (whose cost came to 464 million pesos and benefited 200 localities) were productive.<sup>22</sup>

#### CONCLUSIONS

Summarizing this article, we can conclude that:

- In 2005, remittances surpassed U.S.\$20 billion, which puts Mexico in third place worldwide, after India and China.
- Total remittances have grown steadily. From 1996 to 2005, there has been a 374 percent increase linked to several different factors. Undoubtedly, the main one is that Mexican migration to the United States continues to grow despite restrictive U.S. control policies. On the other hand, average remittances remained stable from 1996 to 2005.
- Most remittances are sent by electronic transfer and the use of money orders has dropped noticeably.
- Three states in western Mexico receive 30 percent of all the money sent from the United States. They are also the places of origin of most migration to the United States. Mexico City's Federal District and the State of Mexico, for their part, absorb about 20 percent of total remittances in a context in which urban residents are joining the ranks of international

migration (it is noteworthy, however, that these remittances' ratio to Federal District GDP is only a low 0.8 percent).

- Remittances constitute 36 percent of household income in those homes that receive them. The poorest households

(the lowest income decile) concentrate almost 50 percent of all remittances sent to Mexico.

- Effects on development, understood as the use of family and collective remittances for investment in production, have been limited. The money

is used basically for household consumption. The multiplying effects of injecting this money into consumption is a matter for debate among specialists, although it is clear that remittances help improve household and community-of-origin well-being. ■■■

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- Zacatecas has been the most active state in using specific programs to gather collective remittances. Concretely, in 1992, the state government implemented the 2-for-1 Program, later turned into the 3-for-1 Program, which consist basically of the municipal and state governments matching collective remittances peso for peso for investment.
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# Foreign Currency Income From Tourism

Daniel Hiernaux\*



Amaranta Prieto/Cuartoscuro

## GENERATING FOREIGN CURRENCY IN TOURISM: BASIC CONCEPTS

Recognizing that tourism contributes a large amount of foreign currency to the country's economy has been part of the official discourse and also the opinion of the man in the street for several decades now. This implies that it is seen as an extremely healthy activity for any economy, particularly developing ones.

It is a good idea, then, to ask ourselves about this process of "attracting foreign currency" to understand how it works and its implications for Mexico's economy and society.

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The starting point is recognizing that tourism is a very special activity in several senses. First of all, there is no kind of "tourism" activity as such: taking a plane, staying at a hotel, enjoying a beach or a restaurant is not something reserved for "tourists," but can be done by anyone. There is, therefore, no activity that can be considered exclusively tourism; rather, so-called "tourism" is made up of a series of activities that can be done by anyone during his or her free time. This implies that it is particularly complicated to delimit what is tourism and what is not, and that any quantitative approximation is essentially imprecise.

From another point of view, tourism or the group of activities we understand as "tourism", which can be classified in four categories (transportation, accommodations, food and beverage services and recreational activities), is interpreted by economists as an export service that must

be consumed where it is produced.<sup>1</sup> Although it sounds paradoxical, this is easily clarified: the service provider offers a service but it must be consumed where it is produced, which implies that the consumer must move around.

This has implications on all geographical scales: when a national tourist (someone who does not cross the borders of the country where he/she resides) travels to another region, he/she spends money using resources produced in another region, where he/she resides. In other words, he/she “exports” resources, transferring them from one region to another.<sup>2</sup>

On the international level, the same pattern is reproduced, but in this case, the international tourist brings resources from another country and, therefore, imports foreign currency that benefits the destination country that hosts him/her.

This brief explanation is the basis for understanding how a country obtains the currency generated by international tourism.

#### FOREIGN CURRENCY INCOME FROM TOURISM IN MEXICO

As I already pointed out, the fact that international tourism generates foreign currency has been one of the main reasons for promoting it, particularly since the 1960s when intense economic growth centered on import substitution prompted a high demand for imported goods without being balanced by substantial exports that could compensate for the need for foreign currency required to pay for the imports.

The opening of the Mexican economy begun in the 1980s has perhaps made the demand for foreign currency from tourism less pressing since other

TABLE I  
TOURISM BALANCE OF PAYMENTS, 1980-2004  
(MILLIONS OF DOLLARS)

YEAR	SPENDING OF ALL VISITORS		BALANCE OF PAYMENTS (3)=(1)-(2)	RATIO (%) OF OUTGOING TO INCOMING (4)= (2)/(1)*100
	INCOMING (1)	OUTGOING (2)		
<b>Total</b>	<b>144,444.24</b>	<b>105,348.18</b>	<b>39096.06</b>	<b>72.93</b>
1980	3,201.25	3,062.55	138.70	95.67
1981	3,332.64	4,056.13	-723.49	121.71
1982	2,642.87	2,207.69	435.18	83.53
1983	2,761.47	1,592.91	1168.56	57.68
1984	3,319.73	2,168.56	1151.17	65.32
1985	2,948.66	2,258.33	690.33	76.59
1986	3,025.73	2,177.20	848.53	71.96
1987	3,545.40	2,365.22	1180.18	66.71
1988	4,048.07	3,200.75	847.32	79.07
1989	4,821.80	4,247.39	574.41	88.09
1990	5,526.38	5,518.68	7.70	99.86
1991	5,959.01	5,812.40	146.61	97.54
1992	6,084.79	6,107.43	-22.64	100.37
1993	6,167.01	5,561.82	605.19	90.19
1994	6,363.00	5,337.99	1025.01	83.89
1995	6,179.50	3,170.71	3008.79	51.31
1996	6,756.17	3,387.16	3369.01	50.13
1997	7,376.19	3,891.46	3484.73	52.76
1998	7,493.13	4,209.13	3284.00	56.17
1999	7,222.90	4,541.26	2681.64	62.87
2000	8,295.03	5,499.47	2795.56	66.30
2001	8,400.60	5,701.88	2698.72	67.87
2002	8,857.99	6,059.70	2798.29	68.41
2003	9,361.73	6,253.31	3108.42	66.80
2004	10,753.19	6,959.05	3794.14	64.72

**Source:** Developed by the author using information from Datatur, Mexican Ministry of Tourism.

branches of the economy, particularly industry and the perennially large contribution of foreign currency from the sale of oil, generate a goodly part of Mexico's foreign currency income. We must also not forget the role of dollar remittances from our compatriots living outside Mexico, a point I will refer to further along because of their impact on foreign currency inflows.

#### A FAVORABLE TOURISM TRADE BALANCE FOR MEXICO

Table 1 presents the quantification of the foreign currency balance of pay-

ments between 1980 and 2004. In the first place, we should note that the positive contribution of international tourists visiting Mexico is strongly counterbalanced by the expenses of Mexicans in their trips abroad; the foreign currency that leaves the country in this way was equivalent to 73 percent of the foreign currency that entered the country in this period.

From a certain angle, this is a positive sign since it shows that Mexico is sufficiently developed to be able to allow its citizens to make trips abroad. However, undeniably the balance of payments of foreign currency is not very favorable due to this situation. It is even

striking that at the moments of greatest national economic bonanza, the balance sheet can turn negative: this can be seen in both 1981, at the height of the oil boom, and in the middle of the Salinas administration in 1992, although less intensely in the latter case. In addition, in recent years, after the 1994 crisis, marked by economic and, particularly, monetary stability and by growing integration with the two other countries of North America in the context of NAFTA, there is greater stability and substantial growth of the foreign currency balance of payments in favor of Mexico. In this way, the ratio between foreign currency entering and leaving the country was 64.7 percent in 2004, compared to the 73 percent overall in the 24 years examined.

#### VARYING BALANCE OF PAYMENTS BY KINDS OF TOURISM

These totals deserve more attention; it is significant that each kind of tourism performs differently. The first distinction is between international tourism (travelers who stay overnight in the country) and international same-day visitors (who cross the border and return the same day to their country of origin). International tourism can be divided into non-border tourism and border tourism; the former reach destinations in the interior of the country (beaches, colonial cities, metropolises, medium-sized cities, etc.), and the latter stay within the border area. Same-day visitors can travel to border areas or be passengers on cruise ships.

Table 2 is very instructive in this regard. While international tourism contributes a significant amount to the tourism balance of payments, the specific balance of payments for same-day

The hotel chains,  
through different legal  
means or tricks, have  
managed to repatriate  
to their offshore headquarters  
a substantial part of  
the foreign currency they  
had taken in.

visitors is unfavorable to Mexico. While there is a favorable total balance of U.S.\$39 billion in 24 years, international tourism contributes U.S.\$62 billion, but that amount is offset by the very negative balance sheet of border same-day visitors, with a deficit of almost U.S.\$26 billion, which has a substantial effect on the total.

#### THE GEOGRAPHIC DIMENSION OF THE TOURISM BALANCE OF PAYMENTS

One issue not dealt with in great depth in the literature on this topic is the geographic dimension of the tourism balance of payments. In the context of this article, I will only formulate two basic questions in this regard. The first is what is the role of Mexican residents abroad in contributing foreign currency? And the second has to do with the main countries and regions that contribute more to the accumulation of foreign currency.

The first question is unavoidable because of the growing participation of emigrant compatriots in the Mexican economy.<sup>3</sup> We must respond both quantitatively and qualitatively. On the one hand, we must take into account that 86 percent of international tourism demand *vis-à-vis* Mexico, and therefore,

the kind that “contributes foreign currency,” is generated by U.S. residents, which means that the United States is the main tourism market for Mexico despite all the efforts made to diversify. The Latino population in the United States is growing steadily, but, in addition, we know that the percentage of legal and illegal Mexican residents in the United States is also growing. This inevitably plays a significant role in the tourist market: according to official figures, the participation of Mexican residents abroad in non-border tourism in Mexico is a little over 20 percent.

Undoubtedly, it would be necessary to consider the proportional part of the foreign currency accumulated as one more aspect of the remittances from Mexican residents abroad in the sense that it is a service they come here to consume and a significant contribution to the Mexican economy.

On the other hand, from a qualitative point of view, it is clear that the behavior of the “*paisano*” tourist — as they are called in Mexico — meaning the visiting Mexican migrant, is different from that of the traditional WASP tourist: they are more likely to visit relatives during their vacations outside of traditional beach or other non-border destinations. Everything seems to indicate (although we lack the necessary study of this particular segment of tourists) that Mexicans residing abroad tend to spend less on international structures (hotel chains, for example, or even airlines) and more, though perhaps a moderate sum, on the consumption of local goods, the purchase of crafts, etc. In summary, tourist expenditures of Mexican residents abroad when visiting Mexico may be more directly applied to the country’s local development, as opposed to the to a certain extent

TABLE 2  
TOURISM BALANCE OF PAYMENTS BY KIND OF TOURISM  
TOTAL 1980-2004 AND 2004

	TOTAL 1980-2004	% TOTAL	TOTAL 2004	% TOTAL
<b>Earnings (millions of dollars)</b>				
1. International visitors to Mexico	144,444.24	100.0	10,753.19	100.00
a. International tourists	107,173.15	74.20	8,382.23	77.95
a.1 Inbound non-border tourism	95,145.01	65.87	7,783.47	72.38
a.2 Inbound border tourism	12,028.18	8.33	598.79	5.57
b. International same-day visitors	37,271.11	25.80	2,370.95	22.05
b.1 Same-day border visitors	34,543.42	23.91	1,992.53	18.53
b.2 Cruise-ship passengers	2,727.60	1.89	378.44	3.52
<b>Spending abroad (millions of dollars)</b>				
2. Mexican visitors abroad	105,348.18	100.00	6,959.05	100.00
c. International tourists	44,971.72	42.69	3,227.33	46.38
c.1 Outbound non-border tourism	38,952.46	36.97	2,910.94	41.83
c.2 Outbound border tourism	6,019.67	5.71	316.39	4.55
d. Same-day border visitors	60,376.37	57.31	3,731.70	53.62
<b>Balance of payments (millions of dollars)</b>				
3. International visitors [1-2]	39,096.06	100.00	3,794.14	100.00
e. International tourists [a-c]	62,201.43	159.10	5,154.90	135.86
e.1. Non-border tourism [a1-c1]	56,192.55	143.73	4,872.53	128.42
e.2. Border tourism [a2-c2]	6,008.51	15.37	282.40	7.44
f. Same-day international visitors [b-d]	-23,105.26	-59.10	-1,360.75	-35.86
f.1. Same day-border visitors [b1-d]	-25,832.95	-66.08	-1,739.17	-45.84
f.2. Cruise-ship passengers [b2]	2,727.60	6.98	378.44	9.97

**Source:** Developed by the author using data from Datatur, of the Mexican Ministry of Tourism.

more “multinational” expenditures of the WASP tourist. This point, of course, is presented here only as a hypothesis and deserves greater research.

Geography’s contribution to foreign currency income is quite clear given the figures about tourist flows from Mexico’s federal Ministry of Tourism. On the one hand, as was stated above, this is essentially foreign currency contributed by North American residents, essentially from the United States. In the second place, it is noteworthy that tourists to Mexico come mainly from certain states, particularly along the border: California and Texas together made up 48 percent of non-border tourism in 2004. This may be related to the

greater historic contact with Mexico, the shorter distances and the growing presence of a population of Mexican origin in those states.

Finally, it is clear that Mexico’s tourism policies have been the incentive for certain privileged tourism destinations: apart from the traditional Acapulco (with its considerable drop in attracting non-border tourism), we can cite the so-called “planned tourism destinations” —to a great degree a euphemism— like Cancún, Ixtapa, Los Cabos and Huatulco, and places like Vallarta, Cozumel and Manzanillo, among others.<sup>4</sup> Although it would be a good idea to use detailed data to construct the information about foreign currency spend-

ing by destination (given the variation in expenditures according to destination), in a preliminary way we can say that the Cancún-Mayan Riviera micro-region is the destination *par excellence* for attracting foreign currency; public and private efforts have been concentrated here for its development, although with somewhat moderate results in several areas, particularly the environment and social aspects.

#### COLLATERAL DAMAGE: KINDS OF TOURISM AND FOREIGN CURRENCY

Something usually little taken into account but fundamental to attracting

TABLE 3  
ORIGINS OF NON-BORDER TOURISM (1980-2005)

NON-BORDER TOURISM	THOUSANDS OF TOURISTS	% TOTAL
<b>Total</b>	<b>179,420.70</b>	<b>100.00</b>
From the United States	154,920.85	86.35
Total foreign nationals	143,098.78	79.76
Total Mexican nationals	36,322.67	20.24

**Source:** Developed by the author using data from Datatur, of the Mexican Ministry of Tourism.

foreign currency is the form the tourism model takes: that is, the kind of tourism. The results are very different if an international tourist stays at a five-star international chain hotel or if he/she uses local infrastructure (small hotels, for example).

Since the 1960s, the evolution of Mexico's model of tourism has been characterized by a strong push toward a luxury, transnational model.<sup>5</sup> This implied that preference was given to investments in luxury hotels that had to be operated as part of a chain. Also, the "sun and beach" model, almost exclusively promoted by authorities in the tourism sector and by business organizations for decades until recently, has fostered a certain type of tourist consumption with specific characteristics: high-rise hotels, international food, operations using international models, which led to growing consumption of imported products, both by the tourist directly (meals, for example) and by hotels themselves, and different services (furnishings, physical installations, etc.).

All of this has played a leading role in foreign currency leaving the country: the chains, through different legal means or tricks (over-billing or inflated payments to employees or subsidiaries, for example), have managed to repatriate to their offshore headquarters a

substantial part of the foreign currency they had taken in and that could have been used in the national economy if there had been a kind of tourism that was more akin to the national and regional supply. The foreign currency drain due to these mechanisms is so high that a few decades ago, a high Mexican government official said off the record that the tourism balance of payments was probably zero because of the effects of collateral drain.

Undoubtedly a kind of tourism more suited to the national situation, that is, closer to the production of local goods (traditional regional food, for example), and not highly "industrialized" (demanding air conditioning, elevators, speed boats and other goods not produced or only partially produced in Mexico), has fewer negative effects on the attraction of foreign currency. In addition, it generally creates local jobs, which is particularly positive when it takes place in relatively non-developed areas. In that sense, eco-tourism and other forms of alternative tourism may not attract much foreign currency because of their small but growing participation in the market, but they seem to be more beneficial even from the macro-economic perspective, in addition to their well-known environmental or social advantages.

## FINAL THOUGHTS

Undoubtedly, tourism is and will continue to be a beneficial activity economically, socially, environmentally and generally for both national and regional development. Specifically, attracting foreign currency is often seen as one of its main advantages, and there can be no doubt about that. However, it would be a good idea to study mechanisms so that the process does not include financial "drains," or at least to lessen the drains, in addition to improving other aspects of tourism to favor host countries. ■■■

## NOTES

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<sup>3</sup> See Cristóbal Mendoza's article about remittances in this issue. [Editor's Note.]

<sup>4</sup> See Daniel Hiernaux, "Cancún Bliss," Dennis Judd and Susan Fainstein, *Tourist Cities* (New Haven: Yale University Press, 1999), pp. 125-139; Daniel Hiernaux, "Mexico: Tensions in the Fordist Model of Tourism Development," Lily M. Hoffman, Susan S. Fainstein and Dennis R. Judd, eds., *Cities and Visitors. Regulating People, Markets and City Space* (Oxford: Blackwell Publishing, 2003), pp. 187-199; and Ludger Brenner, "State-Planned Tourism Destinations: The Case of Huatulco, Mexico," *Tourism Geographies* 7, no. 2, 2005, pp. 138-164.

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# NAFTA, Mexico and The China Factor

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Andy Clark/Reuters

The North American Free Trade Agreement (NAFTA) came into effect in January 1994. The parties, Canada, the United States and Mexico, thereby formed the world's largest free trade area.<sup>1</sup> This agreement was unique in other respects insofar as it was the first formed between a so-called undeveloped

country like Mexico and highly developed countries such as Canada and the United States.

From the Canadian and U.S. business perspectives cheaper labor in Mexico looked inviting, and for Mexico, with its population of 105 million and a GDP only 5 percent of that of the U.S., the lure of the U.S. market was an attractive magnet. U.S.-sourced and other foreign direct investment (FDI) initially flooded into Mexico, often into *maquiladora* companies along the U.S.-Mexico border. These compa-

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nies, frequently in assembly industries, were seen by many on the northern side of the border as repositories of low cost labor where menial tasks could be outsourced, or resourced more cheaply by FDI. Soon after these kinds of investment were made the businesses were very quickly impacted by the People's Republic of China's (PRC's) emergence as a manufacturing base and some of this FDI was uprooted and relocated to China.<sup>2</sup>

Since 2000, according to Farrell, Puro and Remes, more than 270,000 Mexicans have lost assembly jobs, hundreds of factories have closed their doors and Mexico's trade deficit with China has grown to more than U.S.\$5 billion. These authors report on research which shows that non-*maquiladora* investments have generated a wide range of benefits for Mexico's economy by creating jobs, boosting competition and productivity, lowering prices and enhancing consumer choice. Economists at the Federal Reserve Bank of Dallas have shown that increases in Mexico's wage costs relative to non-Chinese competitors and the decline in the Mexico-based U.S. industrial production together account for 80 percent of the *maquiladora* jobs lost since their peak in 2000. Rather than fixating on jobs lost to China, Mexico should focus on creating jobs that add higher value. That is Mexico's primary strategic industrial challenge.

As an example of value added strategies in Mexico, Delphi, a maker of car-parts, once part of General Motors (GM), is the largest foreign-owned manufacturer in Mexico, with 55 factories. It is especially proud of its research and development unit at Ciudad Juárez, on the Mexico-U.S. border close to El Paso, Texas. This, the largest of 31 such cen-

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ters around the world is attributed with having developed 50 American patents, with others pending. According to *The Economist*<sup>3</sup> this is proof, given its mainly Mexican workforce, that the country can compete in high value, high-technology businesses. However, this recommendation stems from a less than credible source: Delphi Corp. filed for bankruptcy in October 2005 and lost a further U.S.\$127 million in the remainder of 2005. Its former parent GM declined to provide a financial bailout and is posting its lowest share price in two decades.

Yet, Mexico's short term successes were not limited to the type of problems that beset the U.S. auto industry. Rather quickly, China developed its relative competitive position and some types of investment quickly migrated swiftly from Mexico to China.<sup>4</sup> China's U.S. exports grew 20 percent during 2004, and it passed Mexico as the second largest exporter to the U.S. behind Canada.<sup>5</sup> Exports of Mexican products such as textiles, toys and even religious icons have been hard hit after China took over these profitable markets in the United States. And, seemingly Canada will have to grow accustomed to no longer being the largest trading partner of the U.S. as it cedes that position to China.<sup>6</sup>

According to the U.S. Department of Commerce, China overtook Mexico as the second largest exporter to the United States during August 2002 to January 2003. In this period, China exported U.S.\$72.2 billion in goods to the United States, while Mexico exported U.S.\$69.4 billion.<sup>7</sup> As Dobson reports, Canada and China are to a large extent complementary; however China and Mexico have similar export baskets, especially in terms of light manufactures. It is apparent that after the NAFTA trade agreement was created, Mexico's exports increased rapidly, but since 2000, some sectors' imports have been decreasing following China's accession to the World Trade Organization (WTO) inducing Mexico's economy to stagnate.

Mexico's close links to the United States' economy through NAFTA means that just as it benefited from an earlier boom, it is now suffering from the slowdown across its northern border. Moreover, Mexico's transport network remains so bad that A.T. Kearney estimates that proximity to the United States now yields an advantage over China of no more than five cents for every dollar of product.<sup>8</sup> Many of the obvious logistical border challenges have not been dealt with. For example in the consumer products industry a 500-kilometer truck journey would normally involve a 5-8 hours transit time with normal cost of transportation and a necessity for basic documents. Should that 500-kilometer journey involve crossing the U.S.-Mexican border, transit time increases to 10-24 working hours and shippers incur further demurrage delays, excessive paperwork and concomitant costs.<sup>9</sup> Further, Tim Bennett, of the American Electronics Association trade group, argues that Mexico is already years

behind China in its efforts to attract higher-value manufacturing.<sup>10</sup>

The issue is a matter of concern for Mexico. It was aptly expressed by a panel of economic experts which addressed the American Chamber of Commerce (Amcham) National Convention in November 2004. They expressed views that Mexico must improve its education system, undertake radical economic reforms and use the threat of China as an impetus if it is to compete effectively on the international stage. Much of this was beyond Mexico's immediate control. As one expert observer put it, "NAFTA was well-intentioned, but I do think we've had two major punctuations since then: one of them is China and the other one is 9/11 .... The call went out [to subsidiaries and departments]: cut costs however you do it. So investment that had already gone to Mexico was reevaluated; and investments that may have gone to Canada were also reevaluated."<sup>11</sup> The imperative that Mexico must respond by moving higher up the value-added ladder is reinforced by Fitzgerald.<sup>12</sup>

According to Oppenheimer,<sup>13</sup> what makes countries progress in the twenty-first century, is not simply signing trade agreements, but becoming more competitive *per se*. The competition that Mexico and other emerging economies are facing with the expansion of China in the global markets is not only a reality, but an inevitable and progressive process. Its impact on global economic activity should awaken those who are lagging behind and serve as an example for intelligent policy implementations and restructuring of internal business, niches of production and markets. Perhaps we are witnessing such an awakening, for as Bussey reveals,<sup>14</sup> Mexico has begun to evolve a strategy to coun-

teract its progressive replacement by China by focusing in particular niches in the U.S. market and applying high duties to protect Mexican industry. Bussey informs that Mexico's Foreign Trade Bank has also opened an office in Beijing to boost Mexican exports.

In theory, countries will export products that are intensive in the relatively abundant factors of production.<sup>15</sup> It follows that countries where cheap labor is abundant will export labor-intensive goods, and similarly for capital intensive goods. According to the Inter-American Development Bank, many Latin American countries, Mexico included, have a greater comparative advantage in capital-intensive rather than labor-intensive markets.<sup>16</sup>

Mexico is evidently losing competitiveness in all areas and has been since the beginning of the decade. Oppenheimer described Mexico as "the country that has fallen asleep." In the world ranking of competitiveness, from the World Economic Forum, Mexico slipped from forty-fifth place in 2002 to fifty-fifth in 2005. This ranking is a measurement that takes into account economic, institutional and technological strength. Oppenheimer reveals that in the Confidence Index for Foreign Investment, developed by the multinational consultancy A.T. Kearney, Mexico

plummeted from fifth to twenty-second place in the world ranking in the past five years. In the ranking from the Center of Worldwide Competitiveness, Mexico dropped from number 14 in 2000 to 56 in 2005. Clearly Mexico is seriously challenged in halting an irrevocable decline.

As of 2003, China's labor force totaled 791 million people, whereas Mexico had 43.4 million.<sup>17</sup> Clearly, China has a comparative advantage due to its abundant low-wage, high quality labor market, which has been one of the key drivers of its economic boom.<sup>18</sup> The wage differential in Mexico and China is noteworthy. "The average compensation for Chinese manufacturing labor is about one quarter that of Mexico's."<sup>19</sup> The Chinese government has supported and made strong investments in higher education and research and development to counterbalance its relative disadvantage in capital intensive goods. Farrell, Puron and Remes argue that since capital-intensive production is highly sensitive to factor costs, Mexico must invest in infrastructure similarly to China.<sup>20</sup> Increases in research and development of technology have relatively greater effects on capital-intensive manufactures than on labor-intensive goods. The Chinese boom has affected Mexico and other countries in Central America that specialize in light manufacture.<sup>21</sup> That China's manufacturing sector has been the primary impetus behind its economic growth demonstrates the PRC government's strategy has been effective insofar as investment in education and technology have boosted growth. If China has succeeded and developed in sectors for which it did not have a recognized comparative advantage by reinforcing investment in infrastructure and development, then the

China's accession to the WTO has not only left Mexico lagging behind, but it has also rendered insignificant the slight benefits gained after NAFTA.

formula may also work for those countries that have more capital-intensive niches. Furthermore, it may not be too late for Mexico to begin restructuring.

In terms of attracting foreign direct investment (FDI), China has become the leader among developing nations.<sup>22</sup> Its stock of FDI has risen 400 times since 1990.<sup>23</sup> In 2004, it even surpassed the United States as the preferred destination for FDI,<sup>24</sup> while Mexico's FDI inflows have been decreasing since 2001. The annual gross domestic product (GDP) for China has far surpassed Mexico's. That is without taking into account the understatement of the economy's growth in the official statistics. Some estimates say that China could become the world's largest economy by 2025 in terms of purchasing power parity or PPP,<sup>25</sup> others by 2040,<sup>26</sup> and that its share of global output will rise from 11 percent in 2001 to 20 percent in the next two decades.<sup>27</sup>

Given the critical nature of this issue, especially with respect to Mexico, it is surprising that, based on ABI-Inform and EBSCO database searches, there is little treatment in the literature, beyond news reports. In fact a dearth of in-depth analysis exists. So, by way of redressing this issue, in some small way, and given that Mexico's advantages relative to China are so slender, indeed negative,<sup>28</sup> as a first step we developed these propositions:

*Proposition 1:* After the formation of NAFTA, Mexico's exports into the United States would accelerate across many sectors.

*Proposition 2:* China will intrude into the NAFTA arrangement by utilizing its competitive advantage over Mexico, despite Mexico's tariff and apparent

Canada and China are to a large extent complementary; however, China and Mexico have similar export baskets, especially in terms of light manufactures.

proximity advantages. These will show clearly in the U.S. import trend lines by way of a decline in Mexican exports contrasted to increases in China's.

*Proposition 3:* Analysis of these trade patterns may suggest some areas of focus whereby Mexico may develop competitive advantage.

Our intention is to use these propositions as a framework for appraising, from a Mexican perspective, the impact of China on trade experience within NAFTA and the implications for competitive policy on the part of Mexico.

#### METHODOLOGY

In order to explore the above propositions we obtained import statistics from the Office of Trade and Industry Information, a branch of the International Trade Administration within the U.S. Department of Commerce. The data were specifically gathered from the site <http://tse.export.gov/> in the form of a program called TradeStats Express. This program allowed the gathering of aggregate merchandise imports from any selected global market. The data is categorized by the "Harmonized System (HS)" or "Harmonized Commodity Des-

cription and Coding System," developed by the World Customs Organization. We chose this classification because of its broad use in over 177 countries as a basis for custom tariffs and collection of international trade data.

After downloading, the raw data was converted into an Excel file. The data was arranged according to the items 1-99 that comprise the data set. From that point each country was grouped together according to item. For example, China imports of item 1, Canada imports of item 1, and Mexico imports of item 1 one row after another and then on to item 2. Each item is linked to a category of merchandise and an HS code, for example: Item 03-Fish; Crustaceans & Aquatic Invertebrates. This allowed us to turn the data into graphical representations. The graphs enable visual appraisal of the fluctuations in the imports to the U.S. from each of the three countries.

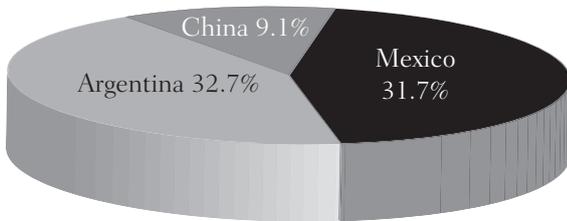
The 99 graphs were then filtered to find those items showing increases in one country and decreases in another in any given year. For example, a decrease in imports from Mexico in 2001 for item 3 and an increase in imports from China in the same year for item 3. From here, the goal is to try to infer informal causal relationships between world events and these fluctuations found in the graphs.

#### RESULTS

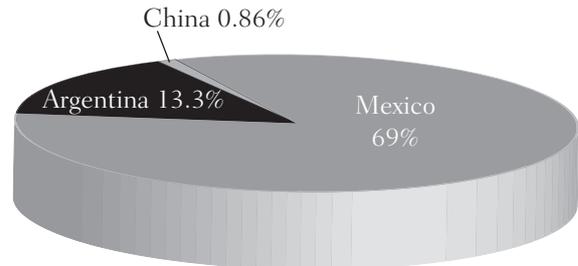
In order to contextualize our results we shall stress that even though China surpasses Mexico as a trading partner of the United States, Mexico's largest trading partner remains the United States. In 2004, the total exports from Mexico to the U.S. were U.S.\$165.1 billion, which accounts for 87.8 percent of its

GRAPH 1  
MEXICO'S GARLIC EXPERIENCE

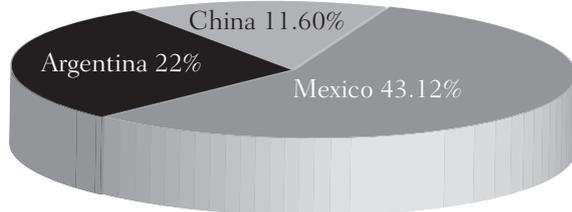
TOTAL U.S. FRESH GARLIC IMPORTS IN 1990



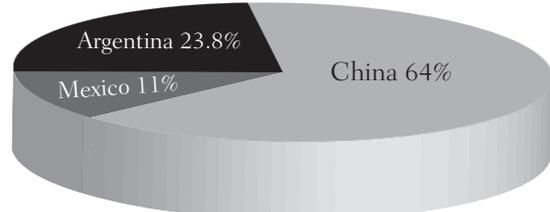
TOTAL U.S. FRESH GARLIC IMPORTS IN 1995



TOTAL U.S. FRESH GARLIC IMPORTS IN 2001



TOTAL U.S. FRESH GARLIC IMPORTS IN 2005



**Note:** The pies represent only Argentina, Mexico and China's garlic exports to the U.S. and therefore do not add up to 100 percent.

total exports. Among Latin American countries, Mexico is the country that has most suffered the impact of China's success.

In agriculture, for example, China's exports almost doubled in four years and Mexico's grew at an average of 7 percent since 2000. We will illustrate the salience of the "China factor" by a short case study of the garlic sector, a precursor to the main research reported on in this paper, with respect to China's emergence in the U.S. market and its commensurate impact on Mexico's market share.

GARLIC CASE

Since 1990 the three major exporters of fresh garlic to the U.S. are Mexico,

Oppenheimer described Mexico as "the country that has fallen asleep." In the world ranking of competitiveness, Mexico slipped from forty-fifth place in 2002 to fifty-fifth in 2005.

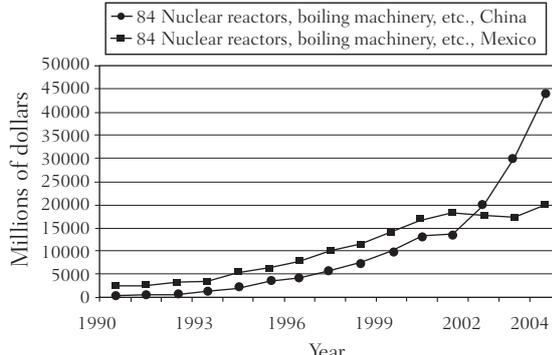
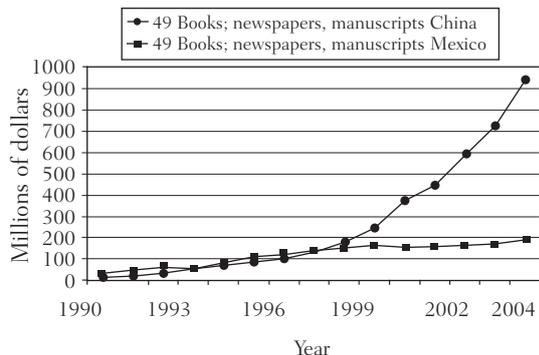
China and Argentina, accounting for between 73 and 98 percent of the market of this produce. In 1990, Mexico accounted for 31.4 percent, Argentina, 32.7 percent, and China with 9.1 percent of the garlic market. By 1995 Mexico had gained 69 percent of the total market share, leaving China with only 0.86 percent and Argentina with 13.3

percent.<sup>29</sup> During the period 1995-1997 the currency crises in Asia and Latin America caused negative impacts in all three countries. However, these impacts were much stronger in China and Argentina than in Mexico. From 1996 until the year 2000 the market share pattern did not change significantly, and during this period Mexico retained the largest market share.

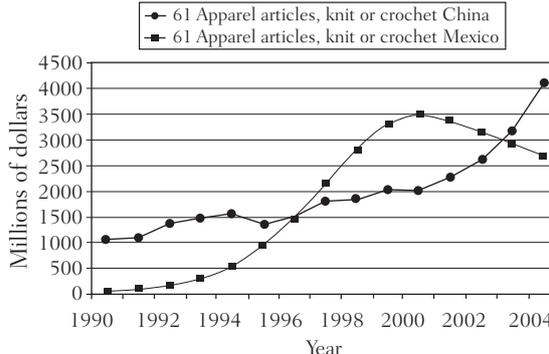
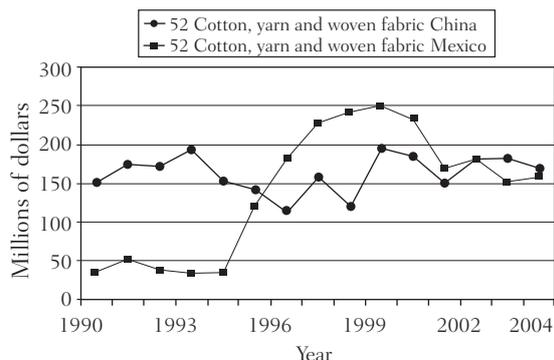
In 2001 China experienced a spurt equivalent to 4,620 percent, taking it to an 11 percent market share. During the following four years, Jimenez maintains, China's exports soared, delivering a 67 percent market share by the end of 2004, with Mexico and Argentina holding 17.84 and 9.4 percent respectively. From January to May of 2005, China exported 63.6 percent of all the fresh garlic that the U.S. imports, while

GRAPH 2  
MEXICO AND CHINESE EXPORTS TO UNITED STATES

MEXICO RUNS FIRST BUT IS OVERTAKEN BY CHINA



JOCKEYING FOR POSITION: CHINA ENDS UP AHEAD



Mexico only exported 10.9 percent and Argentina 23.7 percent.<sup>30</sup>

Argentina's garlic exports have been gradually recovering since 2002, but Mexico has been squeezed out of the market. Graph 1 provides a visual description of the further changes of fresh garlic in the U.S. and the impact China has had on Mexico and Argentina. The effect is dramatic (see graph 1).

If the garlic case is part of a generalized phenomenon, the loss of com-

petitiveness experienced by Mexico since the beginning of the decade must be profound. Further, the following analysis shows that despite its NAFTA advantages in the mid-1990s, many fields have become dominated by China with apparent ease, especially since that country's accession to the WTO. Assessment of the growth in exports to the U.S. from Mexico and China reveals the magnitude of the impacts entailed in this Chinese expansion.

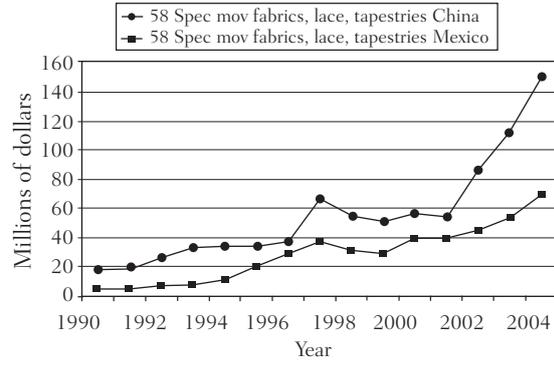
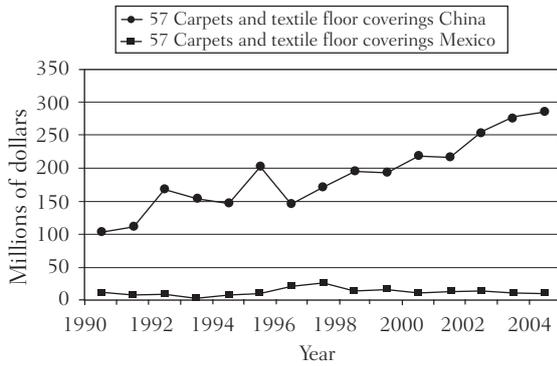
HS2 ANALYSIS

HS2 stands for harmonized system or harmonized commodity description and coding system. HS2 is a broad aggregation of imports and exports; 177 countries use this system for international trade data.

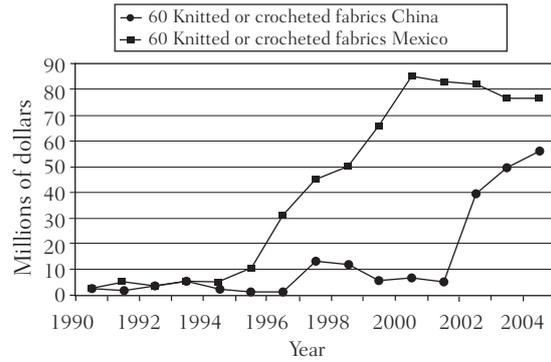
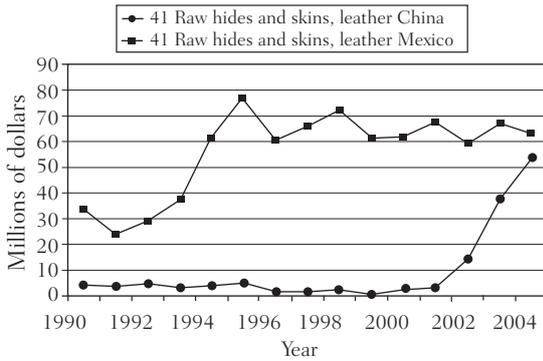
In some categories, as graph 2 shows, Mexico started in 1990, with a lead into the U.S. market, however slight. The record shows that in each of these cate-

GRAPH 2  
MEXICO AND CHINESE EXPORTS TO UNITED STATES  
(CONTINUED)

CHINA BETTER IN ALL



MEXICO BETTER THROUGHOUT



gories China has overtaken Mexico. For example, exports of newspapers, manuscripts and printed books from China have quadrupled since 1998; whereas Mexico's corresponding growth is around 10 percent in the same period. The increase in technological innovation coupled with low cost of labor in China combined with the poor performance of technology development in Mexico has bolstered this trend. Some 24 charts were generated from our data analysis.

These illustrate the pervasiveness, across product categories, of the decrease in Mexico's relative competitiveness with respect to China. For the sake of brevity, a convenience sample of eight of these charts is included in Graph 2.

China has become the world's leading exporter in natural pearls, precious metals and stones since the beginning of the decade. The pattern is clear: its accession to the WTO also boosted its rapid growth after 2001.

Graph 2 is informative: U.S demand for Chinese nuclear reactors and boiling machinery (this is a spurious description and refers to more general engineered products) tripled since 2001. Mexico experienced a steady growth after NAFTA came into effect, but after 2001, its exports to the U.S. have grown by an average of only 10 percent. Until 2004, Mexico was the leading exporter of "electric machinery, TV and sound equipment" (not depicted in graph 2);

China and Mexico had shown similar growth trends until the beginning of the decade, when China's growth climbed beyond Mexico's.

Our analysis also shows how China has continued to dominate many categories regardless of NAFTA and in most cases has progressively widened its lead over Mexico. China overshadows the global industry in lac, gums, resins, explosives and pyrotechnics. Mexico has never been a main exporter of those products; it is evident that the growth patterns after China's accession to the WTO has not only left Mexico lagging behind, but it has also rendered insignificant the slight benefits gained after NAFTA. For instance, in the category of fur skins, vegetable fibers, nesoi, tin, base metals, miscellaneous metal articles, musical instruments, works of art, collector pieces and antiques, China's exports have also soared after the WTO accession. This is similarly true of carpets and special fabrics, shown in graph 2. Mexico remains very uncompetitive for all these products.

Graph 2 also shows a pattern where China and Mexico reverse positions as their relative competitiveness shifts to and fro, over time, due to market and other forces. The exports of fish and crustaceans, as well as corks and derived articles have also shown the same trend after NAFTA and China's accession to the WTO. In the case of the cork industry, China has become the second largest exporter to the U.S.

Although in contrast to China the Mexican economy has not grown profoundly, it has performed better in some products such as sugar and confectionery products, vinegar and beverages. This is mainly due to the fact these Chinese products are globally uncompetitive, with unstable prices or low

quality. This is not indicative of an inherent comparative advantage on Mexico's part. However, there are products in which Mexico has been performing better, but China has been catching up rapidly. This is the case of knitted or crocheted fabrics, raw hides and fur skins (graph 2). Mexican industry should not misjudge this trend; China has shown its growth potential in many other areas and the trend could continue to expand.

We shall now review the results of our analysis against the three previously established propositions:

*Proposition 1:* After the formation of NAFTA, Mexico's exports into the United States will accelerate across many sectors.

This proposition is demonstrated. We have seen China's exports to the U.S. accelerate across a wide band of product categories, and these are visually obvious as the sample from the wider group from which they were drawn indicates (graph 2). For example, graph 2 exhibits a Mexican progressive upward trend in some categories. But while Mexico had an initial advantage over China, the latter quickly displaced the former. While the graph shows a spurt in the relative standard of Chinese export performance in some sectors, it also demonstrates a class of categories where China performed better overall at the beginning and thereafter. Graph 2 also reveals some switching of positions but even then China ends up ahead. It further shows two examples from four categories in which Mexico performs better overall, but the gap appears to be closing in China's favor.

*Proposition 2:* China will intrude into the NAFTA arrangement by demonstrating a competitive advantage over Mex-

ico, despite Mexico's tariff and apparent proximity advantages. These will show clearly in the U.S. import trend lines. Visual examination reveals a dramatic acceleration of China imports into the U.S. across a wide range of categories.

*Proposition 3:* Analysis of these trade patterns may suggest some areas of focus whereby Mexico may develop a competitive advantage.

The arenas in which Mexico surpasses China appear to be based rather more on China's lack of advantage as opposed to distinctive strengths for Mexico. It seems possible that China could easily intrude into these sectors; indeed it is closing the gap in the latter two arenas of raw hides and knitted or crocheted fabrics. Overall this amplifies the concern regarding Mexico's strategic position given that its a secure retreat of defendad position appears so precarious.

#### STRATEGIC IMPLICATIONS AND CONCLUSION

This study and our analysis of the data have illustrated, without a doubt, the impact that China has inflicted on Mexico's trading performance. This illustration should serve to encourage Mexico to respond and to do so quickly before it is too late.

Mexico, it seems, is failing to take the necessary steps to remain globally competitive. Yet, China's expansion will likely continue and extant trade agreements will be insufficient to bolster Mexico's competitiveness. As it is, the world is dividing into three major commercial blocks; North and Central America, the European Union and a China-dominated Asia, including ASEAN (which groups the major South East

The Chinese government has supported and made strong investments in higher education and research and development to counterbalance its relative disadvantage in capital intensive goods.

Asian countries of Indonesia, Malaysia, Singapore, Vietnam, the Philippines and Thailand). Even though the largest in terms of GDP will for a long time continue to be North America, those countries that do not have access to the major trading blocks will remain marginalized. Relying mainly on regional blocks will be insufficient to face the global competition as it has been seen from the NAFTA experience that such benefits apply only temporarily.

China's growth trends and the impacts it has had in the past few years, have clearly demonstrated its growth potential to all. Indeed, time is running against Latin America;<sup>31</sup> Mexico and other emerging economies should expand their trade horizons and strategize and invest effectively to remain competitive in global markets. China's strategy was to invest in hard infrastructure, higher education, development and innovation of technologies. The combination of these factors has made possible lower manufacturing costs that will continue to have significant worldwide impacts. As evidenced by the garlic experience, the potential inroads that China may make on the inherent industries in Mexico is great. Mexico must therefore address the reality of globalization now before it is too late. As the Chinese say, "Dig the

well before you are thirsty," and, "What you cannot avoid, welcome."

If research could come close to yielding an exhaustive list of world events—i.e. 9/11, China's entering the WTO, formation of NAFTA, etc.—the HS system could be used to pursue the goal to match up companies in the respective countries that could have possibly contributed to the fluctuations. It should therefore be theoretically possible to glean how these companies were able to be successful in one country exporting to the U.S. when a supposed equal counterpart in another country was unsuccessful. We could determine best business practices that enabled companies to endure fluctuations in world economic events and then relay these best practices to those companies that were unsuccessful during those same events and thus enable preparation for similar future occurrences. This is rather an ideological outcome, but if the results of the study even came close, the impact could be great. ■■■

#### NOTES

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- <sup>2</sup> Diana Farrell, Antonio Puro and Jaana K. Remes, "Beyond cheap labor: Lessons for developing economies," *McKinsey Quarterly* no. 1, 2005, pp. 98-109.
- <sup>3</sup> "The sucking sound from the East," *The Economist*, July 26, 2003, pp. 35-36.
- <sup>4</sup> "Happy Birthday, NAFTA," *Business Week* no. 3863, December 22, 2003, p. 112.
- <sup>5</sup> Narayanswamy Anupama, "China's exports challenge Mexico," *Knight Ridder Tribune Business News* 1, September 29, 2005.
- <sup>6</sup> Wendy Dobson, "Taking a Giant's Measure: Canada, NAFTA and an Emergent China," *C.D. Howe Institute* 202, September 2004, pp. 1-30.
- <sup>7</sup> USDA GAIN Report 2003, "Mexico Agricultural Situation," *USDA attaché reports*.
- <sup>8</sup> *The Economist*, 2003, op. cit.
- <sup>9</sup> David McHardy Reid and Mark Gavoor, "NAFTA: The China Factor," *NAFTA: The China Factor Symposium* (Rochester: Center for International Business, Rochester Institute of Technology, 2005).

- <sup>10</sup> *The Economist*, 2003, op. cit.
- <sup>11</sup> Smrity Jacob, "NAFTA symposium looks at China's impact on trade," *Rochester Business Journal* 21, no. 7, 2005, p. 13.
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- <sup>13</sup> Andrés Oppenheimer, *Cuentos chinos. El engaño de Washington, la mentira populista y la esperanza de América Latina* (Buenos Aires: Sudamericana, 2005), p. 28.
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# The Juárez Neighborhood

Edgar Tavares López\*



▲ Londres Street (1904). On the right, the house that is today the Wax Museum.



▲ Bruselas Street (1904). Today it is exclusively for foot traffic.



▲ Berlin Street (1904). Unfortunately, none of these buildings remain standing.

This year we Mexicans celebrate the 200th anniversary of the birth of Don Benito Juárez García, perhaps our country's most important historical figure. Many avenues, parks, plazas, hospitals, schools, auditoriums, buildings and monuments throughout the country honor his illustrious name. Let us look no further: one of our capital city's first urban suburbs was named after President Juárez.

The Juárez neighborhood is significant in the history of Mexico City for two reasons: first, because this and other developments began the enormous growth of our city; and second, because it was undoubtedly the most representative of all the neighborhoods built in the early twentieth century during the *Porfiriato*, the 30-year dictatorship of General Porfirio Díaz preceding the Mexican Revolution. The idea

\* Architect and researcher.

Photos on this page were taken from the book *México 1904*, Guillermo Kahlo (Mexico City: Iberoamericana University, 2004). Photos of the Juárez neighborhood today by Mauricio Degollado.

behind it was to strengthen the image of progress and refinement achieved by the entrenched government, making it the most distinguished neighborhood of its time: an authentically wealthy neighborhood reserved for the families of the Porfirian aristocracy, capitalists and foreign diplomats. Its elegance was comparable only to the elegant suburbs of the great capitals of the Old World: Paris, Vienna, Brussels, Prague. It is enough to look at photographs from the early twentieth century to see that Mexico City once had a truly marvelous, signorial wealthy residential suburb.

#### ORIGIN AND CHARACTERISTICS

This residential neighborhood was built on the site that had been the former Candelaria Atram-

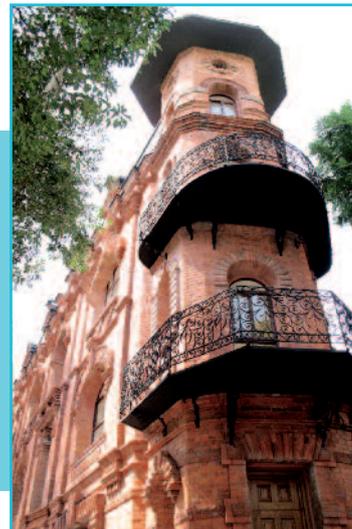
established by Emperor Maximilian of Habsburg in the mid-nineteenth century.

In 1890 there were already some buildings in what would later be the Juárez neighborhood: three swimming pools (Blasio, Pane and Osorio); two bullrings (Colón and Bucareli); an electric generating plant; and a depository of narrow-rail trains, where the palace of the Cobián family, today occupied by the Ministry of the Interior, would later be built. At the end of the nineteenth century, small neighborhoods like Limantour and Bucareli began to be erected in the wedge of land bordered by Bucareli and Reforma Avenue, and others like the Del Paseo or Americana neighborhoods and Nueva del Paseo to the southwest.

The “official” foundation of the Juárez neighborhood, however, can be pinpointed on April 27, 1898, when Mrs. Adela Marquet de Limantour,



▲ The La Mascota Building on Abraham González Street.



▲ Brick building at Versailles and Berlín.

pa pasture. The land was swampy and frequently flooded. However, the three areas surrounding the pasture land were sufficiently attractive to build there. The first street was Bucareli Avenue, built by Viceroy Antonio María de Bucareli, a wide, tree-lined boulevard that had been a recreational and rest area since 1775, where high society’s carriages and horsemen regularly paraded. The second was the Chapultepec aqueduct, vitally important because it supplied the city with water; and last, the Imperial Causeway, today Reforma Avenue,

the mother of Don José Yves Limantour, then minister of finance, asked the municipal government to divide the Candelaria Atrampa pasture land that her children had inherited from their father into city blocks.

Its urban development was determined by the rectangular lay-out of the Limantour and Bucareli neighborhoods, which was the same as the rest of the city, and that of the Paseo or Americana neighborhoods and the Nueva del Paseo, whose lay-out was rectangular in part and parallel and per-

pendicular to Reforma Avenue. All these little neighborhoods were incorporated into the Juárez neighborhood, so named March 21, 1906 in honor of Don Benito Juárez on the first centennial of his birth. Its streets were an average of 20 meters wide, and the original lots varied between 15 and 20 meters wide by 35 or 40 meters deep. They were extraordinarily expensive, soaring from a few cents per square meter when the land was a pasture, to more than 200 pesos per square meter.

As was befitting its aristocratic origins, drinking water, drainage, paved streets, sidewalks and electric public lighting were all covered satisfactorily by municipal authorities. It is thought that the neighborhood does not have a main plaza because it was flanked on two sides by such important boulevards as Reforma and Bucareli. It only had a round-about (Denmark Plaza), renamed Washington Plaza in

Versailles, Lisbon, etc. Salvador Novo says of them, "Those who had gone to Europe emphasized it by living in the resplendent Juárez neighborhood, full of Hamburgs, Viennas, Liverpools, Londons and Naples."<sup>1</sup> But it had not always been like this. In the beginning, for example, Abraham González Street was called Limantour; Versailles Street, Congreso Street; Atenas had been Salazar y Ortega; Lucerna was formerly known as Las Fuentes Brotantes; and Lisboa, as Gobernadores Street. Some names, like Donato Guerra and Morelos, were left as they were.

#### DISTINGUISHED RESIDENTS

The Juárez neighborhood was originally inhabited by the capital's most distinguished families;



▲ Restored house at 33 Tabasco St.



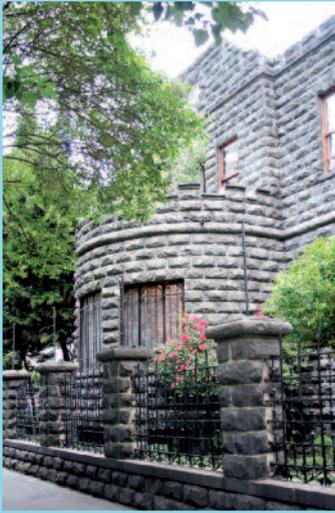
▲ The National Chamber of Commerce at 42 Reforma Avenue.

1910, where a bronze of U.S. founding father George Washington was placed, designed by Pompeo Coppini and cast in New York at the Roman Bronze Works. The occasion was the first centennial of Mexico's independence.

#### NOMENCLATURE

Juárez's street nomenclature follows the names of Europe's most famous cities: Berlin, Marseilles,

the wealthiest foreigners; top politicians; and, above all, diplomats and capitalists of different nationalities, such as Americans, French, English and German. For this reason, it was home to several embassies, legations and chancelleries, like those of Great Britain and Japan. Public figures of the period built their mansions in this neighborhood, like John R. Davis, the manager of Walter Pierce Oil Company; E.M. Brown, the general superintendent of the Mexican National Railroad; J.M. Frazer, the treasurer of the Central Railroad; Lloyd



▲ Stone house at 58 Havre Street.



▲ Building at 13 Londres Street at the corner with Berlin Street.



▲ The Foundation for Mexican Letters at 16 Liverpool Street.

R. Hamer, the owner of a linen factory; the engineer José H. Elguero; Guillermo de Landa y Escandón; Paul Hudson, the manager of the *Mexican Herald*; and E. Tuclan, the director of Mexico's mail service, among others. Don Francisco I. Madero, an important figure of the beginning of the revolution, lived for a short time in a mansion on Liverpool Street, at the corner of Berlin Street, a building that caught fire and was demolished in 1913.

#### TESTIMONY OF A GLORIOUS PAST

Given that we did not have the chance to see the Juárez neighborhood at its height, today we can use our imaginations and read the testimonies left by people who did see it in its full splendor. Famed writer Don Jesús Galindo y Villa wrote a wonderful chronicle of this wealthy neighborhood in 1906. "The Reforma and Donato Guerra neighborhood is aristocratic, truly a small city of palaces, in which large superb buildings of the most precious kinds and architectural styles have been erected, boasting the richest and most beautiful materials (jasper, onyx, marble, granite, iron and bronze all artistically carved); the glass painted and beveled; gardens with fountains and exotic plants; spacious, ventilated stables; magnificent drainage; smooth, resistant, clean pavement; electric street lamps; all the comforts, in the end, of cleanliness, wealth and art."<sup>2</sup>

#### ARCHITECTURE

The Juárez neighborhood reached its greatest splendor around 1910, with the authentic mosaic of architectural styles of its first constructions: beautiful Alpine chalets, houses that looked like castles made of rock or medieval forts, patrician villas topped with grey mansard roofs, pointy towers that evoked Paris's elegant suburbs. This variegated architectural dressing was the product of the two cultural trends that dominated Europe for a large part of the nineteenth century: romanticism, oriented to the archaic and exotic, nostalgic for anything far away in time and space; and historicism, which contributed a theoretical support to legitimize the imitation or reproduction of all the styles of any period or place, making free use of their elements. The first mansions cost between 9,000 and 12,000 pesos.

The Art Nouveau style can be seen in two small houses, one at 39 General Prim Street and the other at 41 Florencia Street. Many of the buildings were constructed by U.S. engineer Lewis Lamm; architects De la Lama and Zwicker, Emilio Donde, Manuel Cortina García and José Luis Cuevas, among others. At the celebration of the first centennial of our independence, Porfirio Díaz made much of the great progress achieved by his government in matters of housing and urbanism citing the Juárez neighborhood.

## TODAY'S IMAGE

Today, the Juárez neighborhood, no longer that luxurious, wealthy area, has become a commercial district full of service providers, stores and offices. Taking a walk around its streets is sufficient to see that nothing remains of that lordly ambiance that emanates from early twentieth-century photographs. It is difficult to find a street that preserves something of its original architectural unity since, like some of its contemporaries, it did not escape being filled with all kinds of buildings in later years: offices, hotels, stores, banks, etc. Let us say that what was one period's example of progress and refinement is now an example of urban degeneration.

Despite this, we can still admire the authentic isolated gems that made it famous and prestigious, like the extraordinary group of homes of the La Mascota Building, erected by engineer Miguel Ángel de Quevedo in 1913; the mansion at 6 Londres Street (today the Wax Museum), by the architect Antonio Rivas Mercado; the stately mansion previously occupied by a bonding company at Berlin and Londres; the residence at 67 Abraham González, by architect Rafael Goyeneche; the mansion at 43 Berlin that still wears its great silver mansard; and, of course, the Cobián Palace, today the Ministry of the Interior, created by engineer Manuel Sánchez Facio at 95 Bucareli. On Havre Street, the houses at numbers 58 and 64 to 72 are exam-

ples of typical Juárez neighborhood residences and should not be missed.

Of the few period buildings that remain on Reforma Avenue are the one owned by the *Excelsior* daily newspaper, at number 18, built by the Italian Silvio Contri in 1922; the one owned by Mexico City's National Chamber of Commerce at number 42, created by architect Manuel Cortina García in 1913; and the one that belonged to the Gargollo family, built by architect José Luis Cuevas in 1903, now home to the University Club.

Of the 262 buildings catalogued in the 1980s by the National Fine Arts Institute as artistic monuments built between 1900 and 1939, some have been renovated and turned into cultural centers, state government delegation offices or the offices of private companies and institutions. Their remodeling and adaptation to modern needs, respecting as much as possible their original facades, ornamentation and spatial distribution, allows capital residents to continue to enjoy the extraordinary architectural patrimony of this neighborhood 100 years after its foundation. ■■■

## NOTES

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Unless otherwise specified, photos by Maurício Degollado



# A Walk Down Juárez Avenue

Ángeles González Gamio\*

Juárez Avenue is the main access to what is today known as the Historic Center or historic downtown area. Until the mid-nineteenth century, the Historic Center comprised Mexico City in its entirety. This avenue borders the city's oldest, most traditional park, founded in 1592, when Viceroy Don Luis de Velazco ordered that "an alameda be made, to be filled with a fountain and trees, which would be ornamental for the city and a center for the recreation for its inhabitants." It was called Alameda Park because only poplars (*álamos* in Spanish) were planted there, although they were later replaced by more leafy, resistant ash trees.

Initially, the park was square, but in the eighteenth century it became rectangular with the addition of two lateral plazas, the Santa Isabel Plaza and the San Diego Plaza, the latter of which had

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\* General secretary of the Mexico City Chronicle Council and chronicler of the city's historic downtown area.

been used as one of the Tribunal of the Holy Inquisition's places of execution by burning. For almost 600 years, the Alameda Park has been the preference of capital residents from all classes. However, there was a time in which anyone "broken, dirty, unshod and uncovered" was forbidden to enter, which temporarily eliminated the poor, now the majority of its visitors. Today, it is one of the favorite days out for families of limited means and young people of both sexes who, decked out in their finery, make the old, traditional park their own on Sundays.

For several centuries, Juárez Avenue was home to the sinister Accords Tribunal, whose extreme efforts to combat crime led it to commit tremendous injustices. It was housed in a beautiful building erected by Pedro de Arrieta, a noteworthy architect of the viceregal period, named "first architect of the Inquisition."

Undoubtedly, however, the avenue's crowning jewel is the old Corpus Christi Church which today,



The Alameda, one of the oldest and most traditional parks in Mexico City.



Today, the Alameda is one of the favorite days out for families of limited means and young people of both sexes who make the old, traditional park their own on Sundays.



The Corpus Christi Church still houses ghosts and legends.

finely restored, houses the Historic Archives of Notaries. During the renovation work, a fascinating discovery was made that speaks to the fact that behind legends, no matter how fantastic they might seem, there are often traces of reality. The church belonged to a convent of the same name founded in 1720 by order of Viceroy Don Baltasar de Zúñiga, the marquis of Valero and duke of Arión. The viceroy supported the petition of a group of indigenous women who until that time had not been allowed to belong to any religious order because they were considered “tender souls,” incapable of withstanding the rigors of convent life. However, everything worked out in the completely opposite way: their performance was noteworthy despite the fact that to prove themselves worthy, they had to

accept innumerable special prohibitions imposed upon them. One of these prohibitions was that they could not drink chocolate, a truly difficult burden to bear, since at the time all of society had taken to drinking the delightful beverage at all times of day.

With the support of opulent strongmen, it was decided that the same architect, Pedro de Arrieta, the builder of the Accords Tribunal and the Palace of the Inquisition on the Santo Domingo Plaza, should be hired to design the convent and church. The convent has been demolished, but the church still stands, restored for all to admire.

Now to the legend: during a solemn mass in the cathedral for the health of King Felipe V, attended by the viceroy, a beautiful young woman appeared; for a moment, her eyes met those of Don Baltasar,

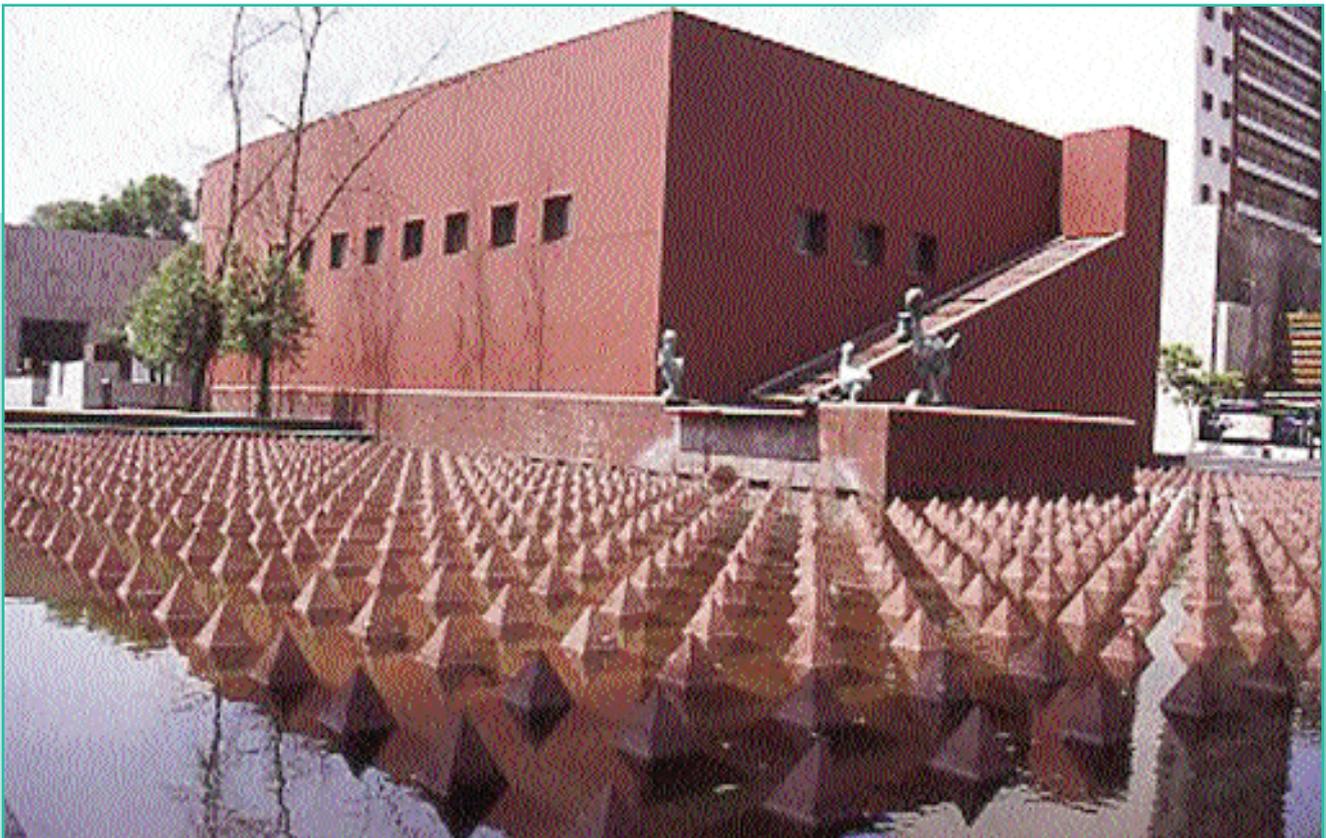
who was smitten with her. Unfortunately for him, no one was able to identify her, until one fine day he saw her pass under the balcony of the palace in an elegant carriage, luxuriously dressed. He immediately ordered his servants to find out who she was. It was with great disappointment that he discovered that her name was Doña Constanza Téllez and that she, in the company of her godmother, the countess of Miravalle, was saying good-bye to her friends because she was going to enter the Santa Isabel Convent, where she would take the name of Sister Marcela of Divine Love.

A little later, when the Corpus Christi Convent was founded, nuns from several convents were transferred there, one of them, Sister Marcela. This is undoubtedly one of the reasons the marquis gave so generously to this religious institution, which became one of the city's most opulent.

When he finished his term of office, the viceroy was called back to Spain, where he went, aggrieved. When the nuns heard about his impossible

love, as consolation, they sent him the turquoise stone from the ring that Sister Marcela had worn when she entered the convent. A short time after his departure, the marquis became gravely ill; he stipulated in his will that upon his death, his heart and the turquoise stone should be sent to his beloved Corpus Christi Convent. Centuries later, during the church's restoration, his well preserved heart was found in a small lead chest. Out of respect for the duke of Arión's last wishes, the heart was returned to a small niche that it is hoped will preserve it forever.

Juárez Avenue is a space of contemporary urban art harmoniously mixed with buildings and spaces from other centuries, an exemplary model of twenty-first century Mexico which combines its rich past with its future.



The modern Juárez Plaza just opposite the Alameda Park. Fountain designed by artist Vicente Rojo.



Left: The Palace of Fine Arts. Right: Detail of the facade.

The beautiful Corpus Christi Church is now surrounded by modern buildings on the glamorous Juárez Plaza, which occupies the enormous space that had been left in ruins after the 1985 earthquake. Finally, five years ago, it began its transformation with the restoration of the old baroque church and the construction of buildings to house the Ministry of Foreign Relations and the Superior Court, which occupy two beautiful towers designed by Ricardo Legorreta, one of Mexico's foremost architects. An impressive fountain designed by Vicente Rojo, formed by dozens of small metallic pyramids surrounded by bubbling water and an enormous mural-sculpture of small colored mosaics by painter David Alfaro Siqueiros, decorate the complex.

Next to this monumental group of buildings stand several towers housing 600 modern apartments with all the conveniences (laundry room, swimming pool, meeting room and gymnasium).

Two hotels have been built to accommodate visitors to the city: first, the luxurious Sheraton hotel, among whose main attraction is one of the city's finest Mexican restaurants, the Cardenal. For more modest budgets, a few steps away is the modern Fiesta Inn with complete installations. Next to the hotels is the Alameda Park mall with shops, restaurants and a gaming center.

The street ends at the Eje Central avenue; on this corner is the Fine Arts Palace, whose beauty and importance in Mexico City's cultural life deserves a separate story.

The new buildings and plazas that adorn Juárez Avenue have turned it into a space of contemporary urban art harmoniously combined with buildings and spaces from other centuries, like the Corpus Christi Church, the Alameda Park and the Fine Arts Palace; it is an exemplary model of twenty-first century Mexico which combines its rich past with its future. ■■■

# Benito Juárez A Living Memory

Ángeles González Gamio\*



Photos by Mauricio Degollado

The Seated Statue at the National Palace.



The Juárez Semicircle in the Alameda Park.

One of Mexican history's most outstanding figures, whose image has remained alive down through the years, is Benito Juárez: a Zapotec Indian, born in a small town in the mountains of Oaxaca, one of the country's poorest states, who learned to speak Spanish at the age of 12 and became president during one of the nation's most conflictive periods. Juárez, one of the most lucid Liberal minds of his century, faced off Mexico's Conservatives, who, with the support of the French empire, put an Austrian emperor on the throne in Mexico.

After a bloody three-year struggle that forced him to flee throughout Mexico's vast territory, the group headed up by Juárez finally managed to defeat the foreign monarch and reestablish the republic, which exists to this day. Juárez was in office for five years until a heart attack took his life in his rooms in the National Palace. A moving account of the doctor who treated him describes the fortitude with which he lived out his last days, accepting stoically, for example, the treatment that consisted of pouring boiling water on his chest in the hope of stopping the progress of the condition.

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\* General secretary of the Mexico City Chronicle Council and chronicler of the city's historic downtown area.

His death, however, did not obliterate his legacy of honesty, rectitude and courage. His life was austere, his thoughts consistent with his actions. Together with outstanding fellow Liberals, he passed the Reform Laws, which, among other transcendental measures, confiscated countless goods from the Catholic Church, with its enormous economic and political power. One example is that they owned more than half the real estate in Mexico City: in addition to churches and large monasteries and convents, they owned a myriad of houses that they rented out, and in the countryside, they possessed haciendas and ranches. This enormous wealth allowed them to be the city's main money lenders, a service they sometimes even extended to the government. Juárez decided that the monasteries, convents and rental houses should be divided up and sold to private citizens. Many of the convents and monasteries were torn down to build houses; this changed the face of mid-nineteenth century Mexico City, replacing the severity of the high walls surrounding the immense monasteries with houses with balconies facing the street decorated with wrought-iron curlicues and carvings in stone and plaster. But, the external austerity of the monasteries bore little resemblance to their luxurious interiors: many

of them were famous for the paintings by the best artists that adorned their walls, the gold-covered altars, the candelabras, the gold and silver goblets and shrines, the jewels gracing the images and their splendid libraries.

Another transcendental measure was making education and services like marriage and the certification of deaths secular: Juárez founded the civil registrar's office and created norms for the functioning of cemeteries. Along with all of this, freedom of religion was decreed. As might be imagined, such radical actions encountered a great deal of opposition, but with the support of the vast majority, Mexico started out on its road toward modernity.

With the death of Benito Juárez, his presence in Mexico City increased; the city made him its own, and it is here that his remains lie. In addition to countless streets, avenues and a borough named after him, the city pays homage to him in monuments like the one on the street also named after him that borders the Alameda Park in what is now called the Historic Center, which when he was alive comprised almost the entire city. The most

important monuments in the Historic Center are a bust in the National Palace, the Homage Space, the monument in the Alameda Park called the Juárez Semicircle and his tomb in the San Fernando Cemetery.

#### THE SEATED STATUE AND THE HALL OF HONOR

Using the metal from the cannons used by General Miguel Miramón in the battles of Silao and Calpulalpan, Porfirio Díaz had a statue of a seated Don Benito made which was dedicated March 21, 1891 to celebrate the anniversary of his birth. The bronze sculpture depicting half the subject's body was placed near the north entrance of the National Palace, close to the rooms where Juárez and his family had lived during the last years of his presidency. The Hall of Honor was built in those very rooms, reproducing the library, living room, bedroom and other rooms where historic objects, jewels and mementos are displayed, in addition to a



The Juárez Mausoleum in the San Fernando Cemetery.



showcase containing his death mask. The space is very interesting: it shows the simplicity of his lifestyle despite living in the monumental building constructed atop the palace of Aztec Emperor Moctezuma, who lived in great splendor, and home to the viceroys who governed for three centuries during Spanish domination and several Mexican presidents after independence. Juárez and his family's rooms differ little from those of any relatively comfortable family; they eschewed luxury and ostentation with authentic republican austerity. The hall was inaugurated July 18, 1957 by Adolfo Ruiz Cortines, then president of Mexico.

#### THE SEMICIRCLE

It was Porfirio Díaz, the general who held power for 30 years, who finally accepted the idea proposed since Juárez's death: building a mausoleum in his honor. Díaz intended to inaugurate it during the festivities of the centennial of independence. In 1905, the national commission to commemorate the centennial of the birth of the Oaxacan founding father was created.

Among other activities, this commission called for a contest to decide what design would be used for the monument; the jury was made up of archi-

itects Nicolás Mariscal and Antonio Rivas Mercado and the engineer Manuel Velázquez de León. They picked a project presented by architect Guillermo de Heredia.

The concrete foundations began to be laid in November 1909; a few months later, the 1,620 marble blocks that make up the elegant monument had already been laid, under the supervision of the engineer Ignacio León de la Barra. The total cost was 229,438 pesos. The architecture was executed in Italy by Zoccagno, the sculpture by Lazzaroni, demonstrating once again Porfirio Díaz's preference for Italian architects and artists (Suffice it to recall Adamo Boari, who designed the Fine Arts and Postal Palaces, and Silvio Contri, who did the Palace of Communications).

The Semicircle is built in the neoclassical style, with seats on the inside of the great Carrara marble half-circle. It has 12 doric columns and a great pedestal at the center, flanked by two lions. The sculpture shows a seated Juárez being crowned by an angel, and a third allegorical figure holds the sword of justice and a torch. As planned, it was inaugurated by Porfirio Díaz in 1910 as part of the festivities for the centennial of Mexico's independence.

The mausoleum was erected in the place in the Alameda Park that had previously been occupied by the Moorish pavilion that had been Mex-



The Hall of Honor at the National Palace.



ico's exhibit at the 1904 St. Louis World's Fair. After being moved, the pavilion became a symbol for the elegant Santa María de la Ribera neighborhood.

#### THE MAUSOLEUM AT THE SAN FERNANDO CEMETERY

When Don Benito died and after his funeral, the discussion began about where his remains should lie permanently; this debate lasted several years. There were those who thought that it would be best to take them to his native Oaxaca, but it was finally decided that he should rest in the cemetery that had belonged to the San Fernando Monastery. Originally, the idea was to turn it into what we now know as the Rotunda of the Illustrious in the Dolores Cemetery, where the remains of Doña Margarita Maza de Juárez and the children who preceded him in death already lay.

From that time on, the cemetery became a secular cemetery, although it maintained the name of San Fernando. On the eighth anniversary of the death of Juárez, who had already been called "the man with the greatest merits in the Americas," the brothers Juan and Manuel Islas were commissioned to design the monument. They designed a classical

platform in white Carrara marble with 16 columns holding up a roof and a statue of Don Benito on top of a female figure representing the Mexican homeland.

The mausoleum is protected by a simple fence, and on its cornice is the phrase that he made famous the world over as a statesman when Mexico achieved its victory over the French: "Respect for the rights of others is peace." Paradoxically, in the same cemetery is buried Tomás Mejía, a Conservative general, who was shot in 1867 together with Maximilian of Habsburg. Benito Juárez had been to visit his remains when they were being embalmed in the San Andrés Hospital in the building now occupied by the National Art Museum on Manuel Tolsá Plaza.

Today, on the occasion of the bicentennial of his birth, just like when he made his triumphant entrance into Mexico City in 1867, the capital is celebrating Benito Juárez. It is cleaning its monuments, organizing lectures and tributes, publishing and republishing books about his life. However, it would be more important if the fundamental principles of his liberal ideology —honesty, commitment, austerity and a profound love for Mexico— were turned into an effective model for government officials and citizens who often emulate his words but never his deeds. ■■■



Historic books and documents displayed in the Hall of Honor.

# A Page of History Under the Brushstroke Of the Opposition

Carlos Mújica Suárez\*

*Scarce and happy are those times  
when one can freely say what one feels.*

Benito Juárez

In Mexico, political cartoons had their origin in censorship and the need to convey criticism of society and government through grotesque images. The era of Mexican President Benito Juárez (1857-1872) was generally characterized by freedom of the press, and cartoons were employed as ink weapons against political rivals, but also to orient the general public regarding the nation's destinies and its rulers' attitudes.

The pictorial language of cartoons tends to exaggerate the physical characteristics of public figures to convey a sense of moral disorder, using drawings to communicate ideas. Nineteenth-century Mexican cartoons also had the intention of transmitting a dual comic effect to readers when accompanied by satirical verses.

President Juárez could not escape the pen of leading cartoonists: Constantino Escalante, Santiago Hernández and Alejandro Casarín, without a doubt the most insistent and ingenious artists of this genre. Each left an endur-



Constantino Escalante "A Page of History under the Brushstroke of the Opposition," *La Orquesta*, October 12, 1867, facsimile.

ing mark on the press of their day, in publications like *La Orquesta* (The Orchestra), *La Tarántula* (The Tarantula) and *El Padre Cobos* (Father Cobos). None of them was trained at the nation's leading art school, the San Carlos Academy, but instead learned from leading newspaper's cartoons drawn in France and England.

The first of the cartoons depicting Benito Juárez in *La Orquesta* was drawn by Constanti-

\* Curator of "A Page of History under the Brushstroke of the Opposition," a graphic exhibition at the Benito Juárez Hall of Honor.

no Escalante (under the pseudonym of Tolín) on March 9, 1861, just two months after his triumphal return to Mexico City. By that time Mexico was undergoing a difficult economic crisis resulting from the political instability that had affected the country since the war for independence and intensified by the recent civil war during the period of the Reform (referring to the anti-clerical and land reforms promoted by the Liberals under Juárez's leadership, beginning in 1855). Juárez and his finance minister, Guillermo Prieto, decided to levy taxes that immediately sparked a harsh response from the Liberal press. Escalante contributed with numerous cartoons depicting the government's contempt for the people together with a portrayal of Juárez at best as out of touch with popular sentiments.

This crisis was further deepened by the results of the June 11 presidential elections, won by Juárez, who had previously ruled by decree. Some papers were indignant, but *La Orquesta* granted the president-elect the benefit of the doubt. Escalante appealed to the people's conscience in a cartoon published just days before the election.

The storm was gathering. Juárez declared the suspension of payments on Mexico's foreign debt to England, France and Spain, which in turn responded by breaking off diplomatic relations with Mexico and threatening to declare war.

Between December 1861 and January 1862, British, Spanish and French fleets disembarked in Veracruz to demand payment. Eventually the British and the Spanish reached a settlement with the Mexican government involving the temporary suspension of debt payments, but France refused a similar arrangement and went to war against Mexico.

*La Orquesta*, for its part, set aside its differences with the Juárez administration and called upon all Mexicans to join together

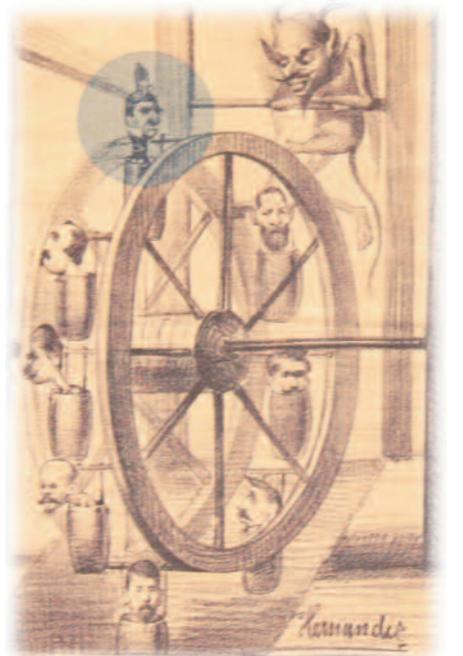
against the invaders. Constantino Escalante followed the path of Mexican troops to Puebla with his pen and riotously depicted the French defeat in the battle of May 5, 1862 in his drawings.

The echo of French bayonets could still be heard when longstanding Mexican monarchists like José María Gutiérrez de Estrada and Juan Nepomuceno Almonte offered Habsburg Archduke Ferdinand Maximilian a supposed throne as emperor of Mexico. Maximilian and his wife Carlota of Belgium arrived in Mexico in early 1864, to set up the country's Second Empire (the first had been installed briefly under Agustín de Iturbide in 1823) after he accepted the throne upon the erroneous assumption that his coronation had widespread popular support. But, to the dismay of his Conservative backers, Maximilian adopted policies supported by the Liberals and named several moderate Liberals to his cabinet. *La Orquesta* portrays these surprising twists in the story, with Escalante depicting Juárez as strangely intertwined with the Empire, in order to definitively obliterate the country's most reactionary sectors, and at the same time to celebrate the growing patriotic resistance movement against the invaders.

In order to restore constitutional rule, Benito Juárez called elections on August 18, 1867. These included a plebiscite on proposals to amend the 1857 Constitution, to re-establish the Senate, grant the president veto power on congressional measures and restore political rights to members of the clergy. These were part of Juárez's emerging political platform, but according to *La Orquesta*—and to opposition sectors in general—these measures had authoritarian and opportunistic intentions revealed by the combination of presidential elections and the plebiscite regarding these specific measures.



▲ "Juárez's Reelections," based on the original cartoon by Santiago Hernández, "The Plan of Noria [the well]," *La Orquesta*, December 2, 1871.



▲ Santiago Hernández, "The Plan of Noria [the well]," *La Orquesta*, December 2, 1871.



Constantino Escalante, "The Empire Is Peace,"  
"Respect For the Rights of Others Is Peace," *La Orquesta*, August 3, 1867.

Escalante specifically expressed the idea that Juárez's dual call for the presidential elections and the plebiscite sought to cloak his authoritarian intentions in his drawing of a cat standing on a vessel full of oil, which symbolized political trickery and the president's demand for veto powers over Congress, protected by the "umbrella of extraordinary powers" which cast a shadow over the Constitution.

During the era of triumphant Liberalism, the 1857 Constitution had become the "sacred book" of the Conservative opposition which accused the Juárez administration of having betrayed its spirit. *La Orquesta* incessantly accused him of having transformed the presidency into a "constitutional dictatorship."

Following the sudden death of Constantino Escalante in 1868, Santiago Hernández became *La Orquesta's* cartoonist. He soon measured up to the legacy of his predecessor in terms of political and satirical humor. It was Hernández who first depicted the vices of Juárez's authoritarianism and that of his cabinet ministers as they strode toward dictatorship.

But Don Benito himself appeared to be immune to such attacks. The glory he had earned during the civil wars of the Reform period and of the French intervention had already placed him in the realm of patriotic history. As a result, the satirical press tended to direct its pens against the ministers around him, such as, most notably, Sebastián Lerdo de Tejada, who had headed several different ministries and had served as chief justice of the Supreme Court, but who above all enjoyed Juárez's full confidence, supposedly had undue influence over the president and was accused of having secret ambitions to power.

The cartoons of Santiago Hernández in *La Orquesta* and of Alejandro Casarín in *La Tarántula* portrayed a perverse asso-

ciation between Juárez and Lerdo de Tejada, motivated by their desire to perpetuate power over the nation.

Presidential re-election was tacitly forbidden by the 1824 Constitution but not by that of 1857. In fact, on occasions when constitutional order had been suspended during the civil war in the Reform period and by the French intervention, Juárez had concentrated its powers in his person and carried it with him in his carriage during his internal exile. Once republican rule had been re-established in 1861, the itinerant president called for elections to restore the constitutional order, first in 1861 and again in 1867. Nonetheless both electoral processes were surrounded by political scandals.

Juárez ran in both elections, opposed by Jesús González Ortega and Porfirio Díaz, respectively. His prestige was a decisive factor in the defeat of his rivals, but these electoral processes left behind them a full measure of suspicions in the opposition press, reconfirmed by the 1871 elections which reaffirmed Juárez's possession of the presidency for the remainder of his life.

Santiago Hernández and Alejandro Casarín, who by 1871 was a cartoonist with *El Padre Cobos*, were implacable: the presidential chair was the functional equivalent of a royal throne and had not only poisoned Juárez but his political rivals.

Although Juárez had been a defender and promoter of freedom of the press, the opposition press was alert to the most minimal sign of any limits that he might impose on free expression. They had good reason to be, based on measures adopted by Congress in May 1868 and then in January 1870, which granted extraordinary powers to Juárez in response to the political violence that was shaking the country, and which Juárez took advantage of in order to briefly suspend press freedoms.



Santiago Hernández, "Because She Wasn't Vaccinated," *La Orquesta*, January 17, 1872, facsimile.

These were exceptional measures, however, which did not usher in an era of generalized repression and which helped stimulate a vigorous defense and exercise by the press of its own rights. In the face of overwhelming criticism, the government attempted to defend itself by subsidizing publications aligned with its views, but the opposition press was merciless: Santiago Hernández and Alejandro Casarín incessantly insisted on depicting the government's machinations.

The peace briefly ushered in by the Juárez regime was broken by armed rebellions which erupted in several different regions of the country, and which were harshly repressed. Juárez's minister of war, Ignacio Mejía, and his most faithful generals, Ignacio Alatorre, Sóstenes Rocha and Mariano Escobedo, squelched these rebellions. The threats to the government were considered so serious that they led to the creation of a rural police force on April 13, 1869, intended to repress both rural criminality and agrarian rebels. The country's crisis was further deepened by Porfirio Díaz's decision to rise up in rebellion under the banner of the Plan of Noria against the government after Juárez's reelection in 1871. This rebellion was also extinguished, but it further stoked the fires of the opposition press. Santiago Hernández, in *La Orquesta*, for example, depicted the supposed glories of Juárez's "pacification" of the country as resting on the dual weaponry of wealth and bayonets.

By the beginning of the fateful year of 1872 Juárez's regime was deteriorating in the whole country. His prolonged and obstinate presidency had gradually ceded space to the printed and armed opposition, to the point that he sought to obtain extraordinary powers and the suspension of individual rights from Congress, with related limits on press freedoms. Santiago Hernández, whose pen had become



crueler, depicted Juárez's political allies as smallpox pustules scarring the face of an afflicted nation whose nose was represented by Benito Juárez's portrait.

Don Benito's health was deteriorating, too. In March he had a heart attack, and another on July 8. Although he seemed to recover by the July 18, he was plagued again by severe chest pains which finally culminated in his death, which resonated deeply throughout the country. The opposition press joined in mourning for him, and it was none other than Santiago Hernández, who in his cartoon entitled "Glory to Juárez" on July 24 dedicated the first historical monument to him, under headings reflecting the ideals of the Liberal reforms he had promoted, including freedom of the press. In effect, by the time of Juárez's death, Mexico was a sovereign nation that undoubtedly enjoyed freedom of the press. The presidential chair was bedecked with ribbons of mourning, but Sebastián Lerdo de Tejada and Porfirio Díaz stood close by, ready to occupy it. **MM**



Santiago Hernández, "God Save our Homeland!!!" *La Orquesta*, July 20, 1872, facsimile.

# The El Carmen-Big Bend Conservation Corridor A U.S.-Mexico Ecological Project

Cecilia Simon\*



The El Carmen-Big Bend region, a cross-border mega-corridor between the Mexican states of Coahuila and Chihuahua, and Texas in United States, is one of the largest, wildest and most biologically diverse areas in North America. Accordingly, this region is undoubtedly a global conservation priority and an international endeavor aimed at demonstrating what the human race can accomplish when working together.

This region's geographical location and wide-ranging topography give rise to its biological diversity. Located in the northeastern part of Mexico's Western Sierra Madre, a mountain range that extends north to the south Texas plains, this region is home to numerous species of neo-tropical flora and fauna which flourish at these latitudes. Furthermore, very few places in North America encompass rich desert environments and high sierra temperate forests, all within a few miles of each other. These "sky islands" are distinguished by diverse types of vegetation including desert shrubs, chaparrals, grasslands, pine-oak forests and fir forests. Water is plentiful in the area and, because of an elaborate canyon sys-

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Photos by Patricio Robles Gil.

tem, floodwaters are able to reach the desert floor, and ultimately the Rio Grande.

This region also has significant healthy populations of flora and fauna, many endemic or very rare. More than 80 species of mammals, including puma, desert bighorn sheep, black bear and cliff chipmunk; over 450 species of birds, including wild turkey and golden eagles; nearly 70 species of reptiles, such as the Texas horned lizard and the Mexican racer snake; and numerous amphibians, including many species of frogs and toads, have been recorded to date in this region. Additionally, more than 1,200 species of plants have been documented, including oaks located in pine-oak woodlands, firs in high forests and yuccas in desert grasslands.

Accordingly, this region's importance has been highlighted by key international environmental organizations, since this trans-border conservation corridor includes part of the Great Chihuahuan Desert Eco-region, one of the 20 most important eco-regions in the world as described by the World Wildlife Fund's Living Planet campaign. Furthermore, this territory's pine-oak forests have recently been listed by Conservation International as a global hotspot due to its extraordinary levels of endemism and serious levels of habitat loss. Likewise, because of their remoteness, some corners of this landscape appear on the Wildlife Conservation So-



Although many important efforts are being made to promote this mega-corridor's conservation, many challenges still exist. The largest is land fragmentation.



ciety's "The Last of the Wild" map, which includes the lands that currently represent the largest, least influenced wildlife areas in the world. Lastly, substantial portions of the region were listed as priority terrestrial regions by the National Commission for the Knowledge and Use of Biodiversity (Conabio) since they represent rich ecosystems with a significant functional ecological integrity and a real opportunity for conservation.

It is then no surprise that the preservation of this vast tract of land requires effective conservation efforts since the dream of protecting this international conservation network has, for many years, been a vision of only a few. Nevertheless, recent conservation efforts have grown, evolved and adapted to the region's difficulties, and are now yielding tangible results. The upshot of this is that today we are witnessing the rebirth of the original dream of protecting this binational corridor.

It all started 70 years ago, when the U.S. Congress passed legislation to acquire land to develop a national park in the region. Since then, different models have been implemented to protect half a million hectares of land in four different areas of Texas: the Big Bend National Park (1944), the Black Gap Wildlife Management Area (1948), the Rio Grande Wild and Scenic River (1978) and the Big Bend Ranch State Park (1988).

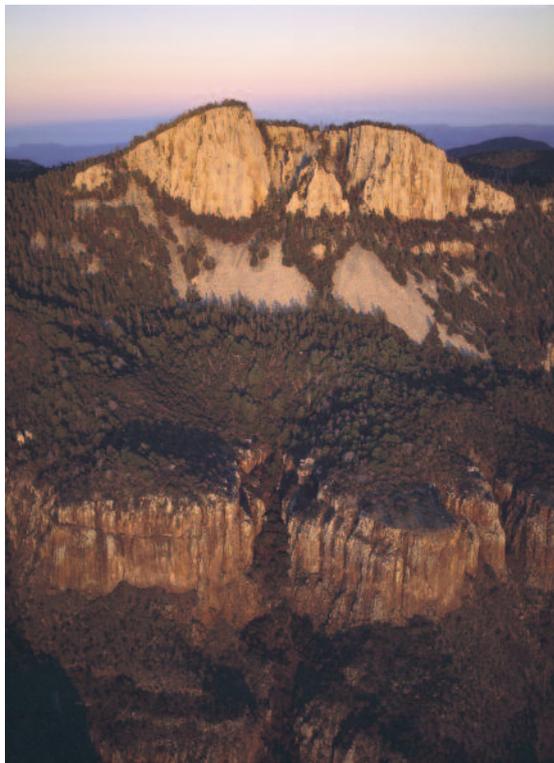
In Mexico, the response was much slower. After Big Bend became a National Park, President Franklin D. Roosevelt

wrote a letter to Mexico's president, General Manuel Ávila Camacho, stating that in order for Big Bend to be complete, it needed a similar counterpart on the other side of the river and that the creation of an International Peace Park should be pursued. Unfortunately, the project did not flourish, probably due to the country's struggling economy at the time.

It was not until 1994 that two Flora and Fauna Protection Areas were declared in Mexico, Cañón de Santa Elena in Chihuahua and Maderas del Carmen in Coahuila, both of which lie along the banks of the Rio Grande. In a more recent turn of events, the government is planning to establish a new reserve later this year, to be called Ocampo, located between these two protected areas.

Not only government bodies from both countries have been involved in the conservation of this area. Without a doubt, there have been no better conservationists than individuals with a deep understanding and appreciation of their

Other hazards include the continued expansion of exotic fauna populations, some of which have completely replaced native species.



own land. Inside the Serranías del Burro in Mexico, in the eastern corner of this great trans-border mega-corridor, a group of ranchers has protected the land for approximately 40 years. These ranchers have lived their entire lives in harmony with the environment and are genuinely committed to wildlife protection and the conservation of the region.

Similarly, another group is actively involved in the region, a rare but great example of the private sector's involvement in conservation, and a new model of commitment born six years ago to guarantee the long-term protection of the region. Cemex, an international cement corporation, acquired more than 70,000 hectares of land inside the Flora and Fauna Protection Area Maderas del Carmen and has entered into conservation agreements with neighboring private landowners. Great strides forward have been made since Cemex became involved in the region, including the removal of domestic livestock, the elimination of miles of barbed wire fence and rewilding of the area through the reintroduction of flagship species like the desert bighorn sheep, which had been extinct in the area for more than 60 years.

The "El Carmen-Big Bend Conservation Corridor Initiative" was born of the collective efforts of various stakeholders and a unique partnership between the Sierra Madre Group, a Mexican non-governmental organization (NGO), and Cemex. Today, El Carmen's advisory board is made up of leading NGOs, respected conservationists and local ranchers, and focuses on guaranteeing the permanence of the ecological corridor in order to ensure its vital role of interconnecting different protected areas and mountain ranges.

As a result, this vast trans-border landscape now encompasses approximately 1.5 million hectares including a variety of protection mechanisms which require innovative policies and working relationships among federal and state government agencies in both countries, enabling them to work toward a

common goal hand in hand with NGOs, private ranchers, *ejido* collective farms and the private sector. Accordingly, this variety of conservation models represents one of the binational corridor's most important strengths.

Although many important efforts are being made to promote this mega-corridor's conservation, many challenges still exist. The largest of these today is land fragmentation, which directly affects fauna and flora diversity and divides wildlife populations. Furthermore, the continued division of land can represent a real threat if new landowners do not share the same conservationist vision. Other hazards include the continued expansion of exotic fauna populations, some of which have completely replaced native species, and accordingly pose a major biological threat to native biodiversity.

Finally, a significant challenge that must be addressed is the large difference between both countries' protected area models. In this sense, the scarcity of public land within Mex-

Ranchers in the region  
have lived their entire lives in harmony  
with the environment and are genuinely  
committed to wildlife protection.



ico has resulted in protected areas being created on private *ejido* collective farms or communal lands, where land use has legally been oriented toward conservation and human sustainability, rather than opting for the expropriation of land. Due to this situation, the government has had to “convince” landowners inside protected areas to protect and preserve their natural resources. In comparison, in the United States, successful natural conservation areas have been developed from the existence of vast federally-owned tracts of land available for conversion into parks and protected areas, in addition to being able to acquire private land for public uses such as parks and reserves.

The growing demand that modern society is placing on natural resources represents a great threat and creates a big responsibility for mankind. The establishment of this mega-corridor represents an opportunity for strengthening the relationships between both countries, forging alliances among different stakeholders and creating an international model which will act as a source of inspiration for other similar regions around the world. More importantly, this example of joined forces will be able to address one of the greatest challenges mankind faces today, the conservation of wilderness. ■■

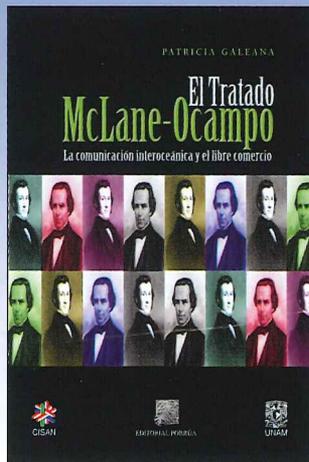


CISAN

p u b l i c a t i o n s

***El Tratado McLane-Ocampo.  
La comunicación interoceánica  
y el libre comercio***

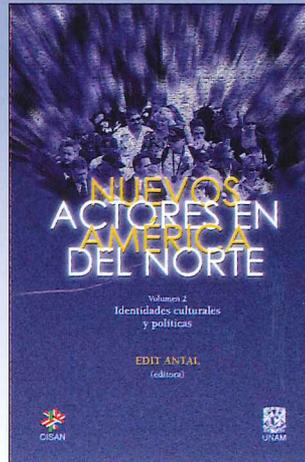
Patricia Galeana



The difficult relations between Mexico and the United States in the second half of the nineteenth century, the dispute among the great powers over inter-oceanic traffic, the rivalry among Mexico, Nicaragua and Panama over what would be the center of world trade and the debate between protectionism and free trade are just some of the topics this book deals with. It also contains previously unpublished reports by the U.S. representative in the diplomatic negotiations that followed, some of the most difficult Mexico ever experienced.

***Nuevos actores en  
América del Norte (vol. 2)  
New Actors in North America (vol. 2)***

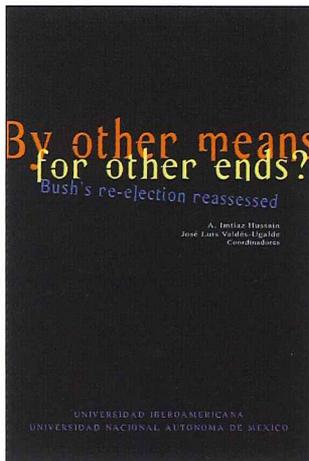
Edit Antal, editor



This work analyzes new and pre-existing actors in North America and the dynamics of their relationships. With a multidisciplinary focus and from their own point of view, the actors themselves evaluate the role they have played while the authors try to understand the mechanisms they use to create societies of a new kind. The book is structured by topic, with four cross-cutting themes: energy resources and security; economic and environmental issues; cultural identities (including indigenous questions); and problems linked to social actors' political identity and empowerment.

***By other means for other ends?  
Bush's re-election reassessed***

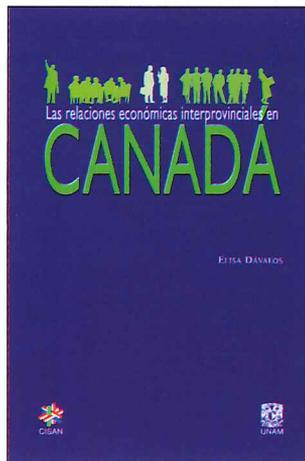
A. Imtiaz Hussain and  
José Luis Valdés-Ugalde, editors



This book explains the results of the 2004 presidential elections, pointing to the changes in U.S. society after the 9/11 terrorist attacks. Taking into account factors like the expansion of international violence and terrorist activities, as well as domestic socio-political variables, the authors analyze society's reaction to the perception that there was a crisis of survival. This book is the result of a very up-to-date research project, citing specialized journals, influential U.S. newspapers and magazines, web sites of the most influential political and social actors and documents that aim to explain the U.S. political scene.

***Las relaciones económicas  
interprovinciales en Canadá  
(Inter-provincial Economic  
Relations in Canada)***

Elisa Dávalos



The decentralization of the Canadian state gives autonomy to the provinces in matters that in other countries are only decided by the central government. Issues like the ability of provinces to regulate aspects of their economies, which has created some inter-provincial barriers to trade and a certain fragmentation of the national market, or the constitutional jurisdiction of the provinces over their own natural resources are studied in this work that analyzes the provinces' regionalist behavior, highlighting their economic interrelationships and performance.

**For further information contact**

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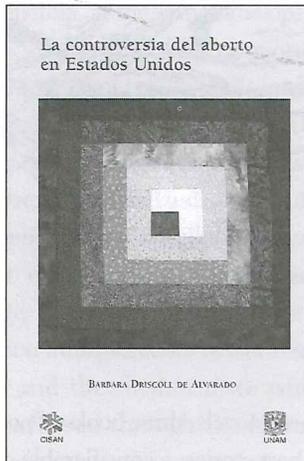


CISAN

p u b l i c a t i o n s

**La controversia del aborto en Estados Unidos**

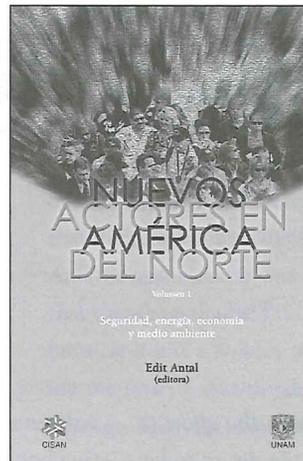
Barbara Driscoll de Alvarado



Examining the role of abortion in contemporary U.S. history opens up an important window for understanding that country's political development: the conservative agenda, the emergence of religious groups, the challenges for liberals, political parties and even scientific research in certain areas, given that this issue has transcended the sphere of private life and medical practice and has become an important symbol in the moral and, above all, political controversy.

**Nuevos actores en América del Norte**

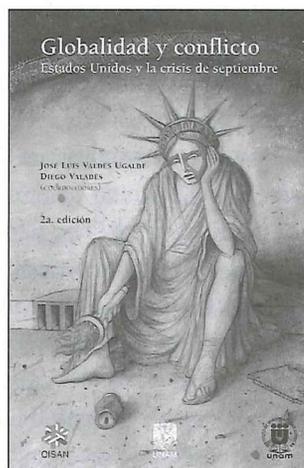
Edit Antal, ed.



New regional actors (networks, social movements, companies and institutions) have emerged in recent years in North America that academic analyses must take into account. This book is an indispensable contribution to a multidisciplinary focus on their activities and the process of their interaction.

**Globalidad y conflicto Estados Unidos y la crisis de septiembre Second edition**

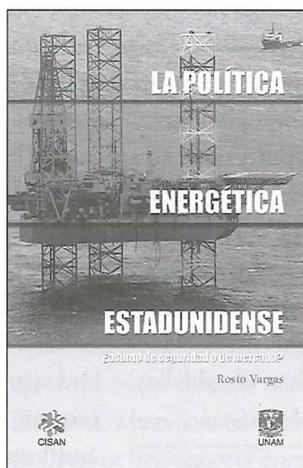
José Luis Valdés-Ugalde and Diego Valadés, coordinators



The wound opened up by 9/11 has not yet closed and is still having an impact worldwide. Specialists from the fields of political science, philosophy, sociology, economics and internationalism contribute in this book to the debate about the whys, the wherefores and the scope of that impact, asking questions and seeking answers about the short and long-term effects for the U.S. and the world.

**La política energética estadounidense: ¿asunto de seguridad o de mercado?**

Rosío Vargas



This work contributes to the understanding of the origins, causes and implications of declining oil production in the United States. Events such as the 1970s oil crisis and the current invasion of Iraq demonstrate the role that energy resources can have in changing history. The book combines history, the current situation, an analysis of the international oil market and domestic energy policy in the United States.

**Forthcoming**

*El Tratado de Libre Comercio de América del Norte a los diez años  
Recursos naturales estratégicos: los hidrocarburos y el agua  
Procesos de integración en las Américas*

# Plot and Variations in the Writing Of Aline Pettersson

Gloria Prado G.\*



*Human beings waver between the effort to  
exist and the desire to be.*

PAUL RICCEUR

Her name notwithstanding, Aline Pettersson is a Mexican writer who occupies a prominent place on the horizon of her country's twentieth-century literature. Born in Mexico City in 1938, her first novel *Círculos* (Circles) was published in 1977, although she had written it many years before and did three drafts that she corrected and fine-tuned until she decided it was ready to publish. From then on, she has

written nine more novels, three books of poems, two books of short stories, a considerable number of essays of literary, social and political criticism and on other extremely varied topics, in addition to a sizeable quantity of children's literature. Clearly, her body of work is not small, and her writing is not brief.

Both her poetry and her narratives are tight, spare, with a careful style which neither displays excess nor lacks anything. The demand to describe minutely, a constant concern with plain-spokenness, with the precise, strict use of nouns and adjectives, an abbreviation of lexicon and syntax and the care to not go overboard in creating discourse make her writing well-honed and fortunately condensed. However and despite—or perhaps due to—the constant linguistic and rhetorical subjection, the lyrical, metaphorical, sensual and heuristic registers both in

\* Professor emeritus at the Iberoamericana University and a member of the Diana Morán Literary Theory and Criticism Workshop since 1984.

Drawings in this section by Héctor Ponce de León.

her fiction and her essays never disappear, consequently giving her work great strength.

Delving into her narrative and poetical work implies penetrating an interior world in which the emotional registers, the moods, the internal vicissitudes take center stage in the enormous drama of life, far from any lightweight, superficial conception. In it, tragedy plays a preponderant role, coming to the foreground and pushing everything naïve, obvious, immediate out of sight.

Daily life is the stage on which the characters act and existence is resolved, but that field that seems so familiar suddenly becomes sinister. Chance, illness, madness, death, the unexpected all burst in by surprise to upset the apparent calm and security that daily events seem to offer and introduce uncertainty and peripeteia, at the same time opening up the possibility for memory by promoting evocation and yearning. As a result, a discourse of enormous flights of lyricism flourishes (*La noche de las hormigas* [The Night of the Ants]), contrasting with thematic, stylized, colloquial speech (*Querida familia* [Dear Family]). In both registers, Aline not only carefully handles and polishes her language, but, much in the manner of a musical composition interpreted by two or more voices, the melody and the rhythm mate while singing. An effect achieved through the harmonious combination of sounds, the construction of unexpected meanings through the creation of original tropes, of surprising thoughts, of visions in which that tragic feeling of life previously referred to crouches, intertwines and is embodied. This happens thanks to the author's profoundly developed capacity of perception, suggested to her characters, who by unfolding, like in the case of the main character of *Circles* (1977) or *Sombra ella misma* (Shadow Herself) (1986), or by a counterpoint of voices in *Dear Family* (1991), *Mistificaciones* (Mystifications) (1996) or *The Night of the Ants* (1997), to cite only a few of her novels, create that polyphonous multiple-voiced-ness that gives the characteristic texture to all her stories:

*Get up, Ana. Good morning, grandfather, a very good morning to you. I'll get ready fast. I like coming with*

*you. The early walk. The fresh air. It's been so many years. So many years of walking through Forgetfulness. So many years. I would like to dance listening to the birds, looking at the clean, bright morning. It seems like every day everything is new at this time. How much time has gone by! Today everything seems old to me. The same. The wet plants. I love to stand on the wet grass. To feel the cold. To wake up. I wish vacations would never be over, grandfather. To be able to stay here. Forgetfulness...I still remember the countryside as though it were full of music. It made you want to dance or sing. No, grandfather, I'm not going to trip.<sup>1</sup>*

Adelina, the main character in *Shadow Herself*, writing in a diary that she will later destroy, says:

If I said it was a fifth of May, it might be true, but it might not be. Things can't be dated like that, even though I do it just for convenience, because in the stationary shop I have no choice. But, I insist, despite the fact that everything belies what I say, that things never start on the day they're registered. And, nevertheless, it was a fifth of the month, of that there's no doubt; I was on my way to San Luis because it was a holiday, and later I started counting the time; it was the day before yesterday, four days ago, Thursday of last week, Thursday two weeks ago, three weeks ago, the fifth, the fifth. Well, I must admit that Thursday and the fifth ended up standing out from the rest of the numbers or the days. But that's how everything is; I'm sure the paths taken begin before and continue without taking into account the date. It's as though I said that the tuberoses began to change their smell tonight.<sup>2</sup>

In *Dear Family*, Sara, an old maid whose niece lives with her, keeps up a constant monologue directed at her maid, Soledad, with whom she talks, fights and argues even though we never hear a single word come directly out of the maid's mouth. However, when Sara talks, she repeats, questioning, the lines or fragments of lines that Soledad has said:

By the way, what did you tell me the other day about Rosita? That they're going to throw her out of her

house? Landlords have no heart, don't you think, Soledad? And then her own children don't take care of her. Days go by and I don't see anybody go in or out; the poor thing is always so alone. Her life is as sad as ...What's the name of that woman in the soap opera? I'm forgetting names; I used to have such a good memory. Do you think Mr. Lust will like them? Maybe after supper he'll sit down and watch TV with us. But foreigners have other customs, even though the stories are so interesting. ...Let me tell you something, Soledad, I'm going to be ashamed if I start crying; you cry, too, you silly, don't tell me you don't.<sup>3</sup>

In *The Night of the Ants*, Alfonso Vigil, a successful doctor, is mugged and fatally injured in a Mexico City park. In the time it takes him to die, he remembers and reconstructs his life and the people he is emotionally tied to: his teenaged son and daughter, his ex-wife, his lover, Eloísa, an artist, a tapestry weaver. Eloísa is making a tapestry called "Iphigenia's Wedding."

At the same time that her dying lover experiences a stream of consciousness, she does the same while she weaves her tapestry. Both discourses intertwine through memory:

*Yes, Iphigenia, you're afraid. Afraid of the beings that people the night, and you once again implore Artemis for her protection. But your soul also stirs at the future that is about to come into being. What will Achilles be like? What will your life be like at his side? Will there also be a place in his heart for you?...*

*And will the hand that drop the sword at night be able to find in its touch the softness you desire? You know your mother's strength, and you know that you come from a line of fearless women. But, will you also be as strong?*

The man is frightened by the sound of his own voice that he does not seem to recognize. In his clamoring for help, he has called for his mother with the blind trust of childhood. Alfonso Vigil, inflexible, hard, who rejects sentimentality, has called for his mother. But anyone would have under these circumstances. Because, with time distorted, only the voices remain, the moments in which parental protection is omnipotent.<sup>4</sup>

Despite the constant linguistic and rhetorical subjection, the lyrical, metaphoric, sensual and heuristic registers both in her fiction and her essays never disappear, consequently giving her work great strength.

Aline is thus a virtuoso not only in the musical handling of the language, but she is skilled in perception and capturing the dimensions of meaning that life offers or that each person (as a human being, as a character) is capable of constructing. Aline, who possesses an exquisite ear and enormous anxiety, endeavors—and fully achieves—as a writer to imprint on her literary work that combination of the desire to be a writer, a woman, a lover in the full meaning of the term, and the difficulty of existing. That day-to-day existence in which no great events seem to take place, in which we see no spectacular actions, but only that flow of going to the market, waiting on people in the stationary store, being an employee in an institution, being a professor, taking responsibility for the housework, writing, weaving tapestries, reading, being a doctor, talking to your grandfather, your aunt, your friend, your cousin, your male or female lover, your parents, your spouse, which suddenly becomes strange, sinister. And everything can happen to reach that dimension that animates and pervades tragedy, even when here it is not a matter of characters that belong to royal families, heroes or demi-gods, but of ordinary people who have a conventional, established, in any case, petit bourgeois life.

The minimum details perceived by the magnifying glass of her sensitivity, the smells, the tastes, the sounds, the images, the touch configure a world based on the interiority that is projected on the scene of a supposed exterior reality that at the same time refracts on consciousness. Memory, woven by nebulous strips of uncertain remembrances, re-elaborates moments, situations, characters, fragmented stories. In the same fashion, discourse is engendered by a free flow, a space of different

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voices, perspectives, times, relations, a throng of circumstances in which sensuality gambols, fights and triumphs. The female characters' point of view usually prevails and moves in circles both on the level of the action and that of thought itself. In these revolutions, we move through a labyrinth that is difficult to get out of and in which at every turn, the monster of one's own consciousness threatens, ready to devour unmercifully the meager sustenance that is given on existing. And in this fragile world built in and by the interiority, the promising, hopeful threads that lead to the protagonists plunge them, paradoxically, into heart-rending loneliness. And then, death in that same day-to-day existence happens not as a far-off event, something in the future, alien, but as a facet of this same circular existence, present at each moment: biological death, psychic death. Death of the being that is consumed and consumes in existing. One's own death in the death of one's child (*Los colores ocultos* [The Hidden Colors], 1986); in the freedom of suicide (*Shadow Herself*, 1986); through madness (*Dear Family*, 1991); caused by murder (*Dear Family*) or by a terrible earthquake (*Piedra que rueda* [Stone that Rolls,], 1999); hidden in illness (*Proyectos de muerte* [Projects of Death], 1983); allied to Eros (*Shadow Herself*, *Dear Family*); inseparable from day-to-day events, instantaneous in life, experienced as an obsession, delirium, interior voices...framed in the dynamic, changing existence, in which no moment is the same as any other and moods follow one another in an arbitrary and contradictory manner.

From *Circles* (1977) to *The Night of the Ants* (1997) there is a relish for detail markedly echoing Proust, that turning over on oneself (whether male or female), the intimate tone and the voices that people the stories, the poetry, the novels are heard intermittently from the chiseled interi-

ority and the reconstructed memory of the characters in a circular trajectory of eternal return:

Always beginning again; the memories gradually join an underground current, sometimes so cloudy that it seemingly cannot be seen, until the magdalen and those tastings make them emerge, luminous, on the surface. Like many-sided, polished diamonds that reflect the light of so many perspectives, to unify in the end in the solidity and unity of the stone, and thus they revive by living another moment. It is impossible to avoid what has been lived, what has been imagined. Perhaps it is imagined so; just so, and not in another way because of the memory behind it. Elena's happy moments with René, for example, were very happy, and she lived life again, like the first time, because at bottom, the previous happy moments also belonged, the others, remembered or not; it's all the same. Magical childhood moments of discovery. Nature that had the ability to exalt it, take it out of itself to throw it to the very bottom of her, of Elena, of nature. The ambiguity of words...<sup>5</sup>

The narrator of *Hidden Colors* says:

The memory inscribed on the mind but beyond it, on the body. "The body assumes what the mind does not reach."<sup>6</sup>

The body, humid in anticipation, was drying, but with a few words, in the next encounter, Daniel managed to excite her again...Skin is so changing, perhaps like the mercury of the thermometer, soft, smooth, fleeing, changed by the fingertips. And the same skin at another time, numbed under the day-to-day hand of Carlos, awakened with new contacts. The thermometer that from the freezing winter soars to summer.<sup>7</sup>

Starting from a stream of consciousness—as I said before—these memories engraved on the body before or more clearly than on the mind are scattered, following whimsically from one register to another of memory, of the past, meshing with the present, to project into the future in an imaginative pageant similar to the one effected by

memory, only to rectify and return, immersed in absolute melancholy, to their place in some present that perhaps, or certainly, never happened. And it often happens that in those internal journeys, the notion of being is frequently lost, along with the dimensions of time and space, the meaning of corporeality:

Not knowing where you are, what's happening. Nothing, nothing. Haven't you ever been riding in the car and you don't know where you're going? You look at the clock and you don't know if it's eight in the morning or eight at night? You look at the street as though you'd never seen it before? And every one of your steps takes you to other places where everything is clear, somewhere you can never return from, somewhere you never want to return from?<sup>8</sup>

In this way, consciousness becomes a fragile structure that is easily cracked, erased in the tangled plot of remembering. And lost there, in that instant, it makes anyone —man or woman— who ventures into the stream of consciousness not commanded by reason, the mother of all orders, seem lost.

The main characters in Aline's novels —mostly, but not all, women— often suffer from being “lost” in this way. Lost in their interiority, they move away from the day-to-day world that governs them and in which they are totally immersed to venture into a hell of anxiety and questioning, out of which they emerge because of the reminiscence expressed in supposed healing, pleasurable memories. And again circularity makes itself felt: you end up where you began, even though you can never start again because you actually never started. Writing, music, painting, the framework of tapestries are positioned, then, in the foreground. The literary intertextuality, the presence of colors, the forms, the volumes, the textures prodigiously configured on a canvas, a tapestry, in a piece of writing; the rhythm, the melody of the musical creation come to the fore to rescue you from the day-to-day grayness, the meaninglessness, the terrible anxiety of living, and become part of the re-creation of your very life,

the effort to exist as a possible promise of realizing the desire to be.

Aline Pettersson's writing is, then, a colorful, tight, virtuoso tapestry of figures taken from reminiscence, from melancholy, from the yearning for what was (?) and will be no longer, from a previous tableaux of sensations synesthetically perceived, transmuted into metaphors and brilliant but subtle oxymora, like the east of the pearls, by the touch of unique sensibility of the individual, as the mother-in-law of one of the protagonists says. A sheen given by the goldsmith, the trade of poet scribes,<sup>9</sup> of reading, the “*silva de varia lección*.”<sup>10</sup> Because Aline's writing is similar to the work of a jeweler: she creates her designs, and then, with infinite patience and firm, meticulous handling of the tools and instruments, she strings the gems, inserting links, providing clasps and tips, chiseling settings, polishing and burnishing her fine, delicate, exquisite pieces to display them before the expectant eyes of her readers. And in this gold work, the material of her designs comes from introspection, loneliness, the awareness of life and death, the demands of creation, the difficult, almost impossible task of living and the careful sheltering of memory. ■■■

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#### NOTES

<sup>1</sup> Aline Pettersson, *Círculos* (Mexico City: UNAM, 1977), p. 22.

<sup>2</sup> Aline Pettersson, *Sombra ella misma* (Xalapa: Universidad Veracruzana, 1986), p. 73.

<sup>3</sup> Aline Pettersson, *Querida familia* (Mexico City: Editorial Diana, 1991), p. 7.

<sup>4</sup> Aline Pettersson, *La noche de las hormigas* (Mexico City: Alfaguara, 1997), pp. 79 and 58.

<sup>5</sup> Aline Pettersson, *Los colores ocultos* (Mexico City: Grijalbo, 1986), p. 77.

<sup>6</sup> *Ibid.*, p. 49.

<sup>7</sup> *Ibid.*, pp. 53-54.

<sup>8</sup> *Ibid.*, p. 46.

<sup>9</sup> The trade of poet scribes refers to the medieval trade of poetic creation, divided into that of popular poets (or troubadours) and cultured poets, many of whom lived and worked in monasteries. The text refers to the latter. [Translator's Note.]

<sup>10</sup> “*Silva de varia lección*” is the name of a classic work of Spanish sixteenth-century literature by Pedro de Mexía, which was partially the basis for Marlowe's *Tambourlaine*. [Translator's Note.]



# *The Deaths Of Natalia Bauer* Aline Pettersson's Most Recent Novel

It is not the first time that writer Aline Pettersson ventures into Canada. In her children's story *Ontario, la mariposa viajera* (Ontario, the Traveling Butterfly) (Mexico City: Alfaguara/CNCA, 1993), she had already done it, though in a very different way.

*Las muertes de Natalia Bauer* (The Deaths of Natalia Bauer) (Mexico City: Alfaguara, 2006) places its main character in the globalized, computerized beginnings of the twenty-first century, but very far from automatism, the rush and the coldness that characterize it. The book is divided into five parts, each with its own narrator and with a different narrative technique that completes the kaleidoscope that is each human life.

The novel opens and closes in the north of the American hemisphere. Why does Pettersson choose those scenes to situate us in the last months of Natalia Bauer's life? Perhaps because from this chaotic south, Canada is always a fantasy linked in our mind's eye with a place that has achieved development and tolerance without destroying the environment.

From Canada, Natalia uses e-mails to tell us how she is trying to settle into a new environment, rested, calm, surrounded by luxuriant nature, full of possibilities for creativity and intellectual growth. All of this, without neglecting those who have been left far behind, to the south, with their roots in the asphalt of our beloved and hated Federal District. Aline Pettersson contradicts those who think that the art of letter writing must be lost because of cyberspace, although she does reaffirm that on the screen, writing is stripped bare.

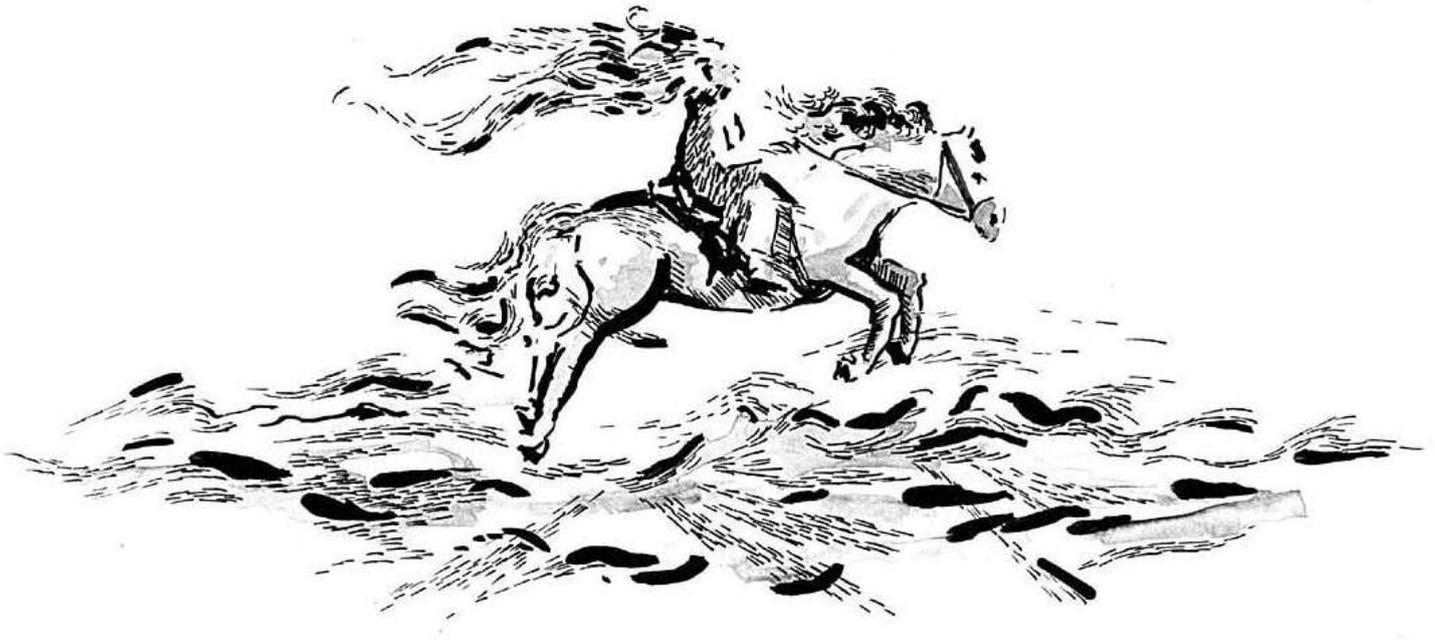
The beginning of the novel is full of good-byes—the nostalgic and brief good-byes of a narrator conscious of her illness—and then unfolds into a long retrospective look in which Natalia alive, goes from being a mature woman, the writer of diaries, to an intense, enthusiastic young woman who rejects social impositions to follow her own personal and political convictions. The end, a surprise, leaves the reader full of questions.

Like in the rest of her work, the precision of language and the intensity in creating characters and environments characterize this, her most recent novel; a novel of endings that are, however, always doors opening onto new beginnings. ■■■

Graciela Martínez-Zalce Sánchez  
Researcher at CISAN

# Four-Handed Story\*

by Aline Petterson



To Hernán Lara Zavala

The Infanta, Doña Leonor, thought she would faint; it had already been many hours of riding under a sun that burned her blond ringlets. Her wimple fluttered like the pennants girdling the cutlasses of the men, those bloodthirsty beasts, who fled with her as their captive. Doña Leonor trembled to think about what was waiting for her at the end of the road. Two tears rolled down over her parched lips. The damsel held them with the blushing tip of her tongue and then, she drank them anxiously. The air felt thick, impregnated with the strong odor of the skin of men and horses. In the distance only the

thundering voice of the captain could be heard and, quite near, a continual buzzing as though a swarm of invisible bees were crossing there. She was enveloped by the murmuring of an infinite number of wings, the clanging of the helmets and the trembling that despite the scorching heat, shook her virginal body. With all the strength of her soul, she wanted to stop thinking about what soon awaited her. But it was useless.

Leonora raises her eyes in time and manages to escape the teacher's gaze. Her hands come up to place them innocently on the top of her desk, crisscrossed by old and new scars. Her freckled face instantly adopts a beatific expression. Silvia does not manage to escape equally unscathed. The complicit looks, the tacit agreement, the unending game of fantasy have all

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\* Short story printed in Aline Petterson, *Tiempo robado* (Mexico City: Alfaguara, 1999), pp. 123-131. The editors of *Voices of Mexico* thank the author for her permission to translate and reprint this text.

been left far behind. "Would you like to tell me what you're doing?" triggers a difficult moment, which is resolved with "Nothing, miss, I was looking for my handkerchief." Fortunately, the white waving of the Swiss cotton, with her later, convincing runny nose, drives danger away for the moment. And the girls' hands return to the clandestine underworld of the papers. The dull murmur in the classroom starts up again immediately.

The battle had been terrible; Moors and Christians fought resolutely to the death. The cross and the crescent moon were raised and lowered unceasingly. Both armies had demonstrated their unlimited boldness. But the last battle had gone against the Christians. So, the Infanta Leonor, the younger sister of Doña Urraca de Castilla, was taken by Silván-al-Hassan as the greatest trophy of the cruel struggle. The damsel would be added to the Great Sultan's harem.

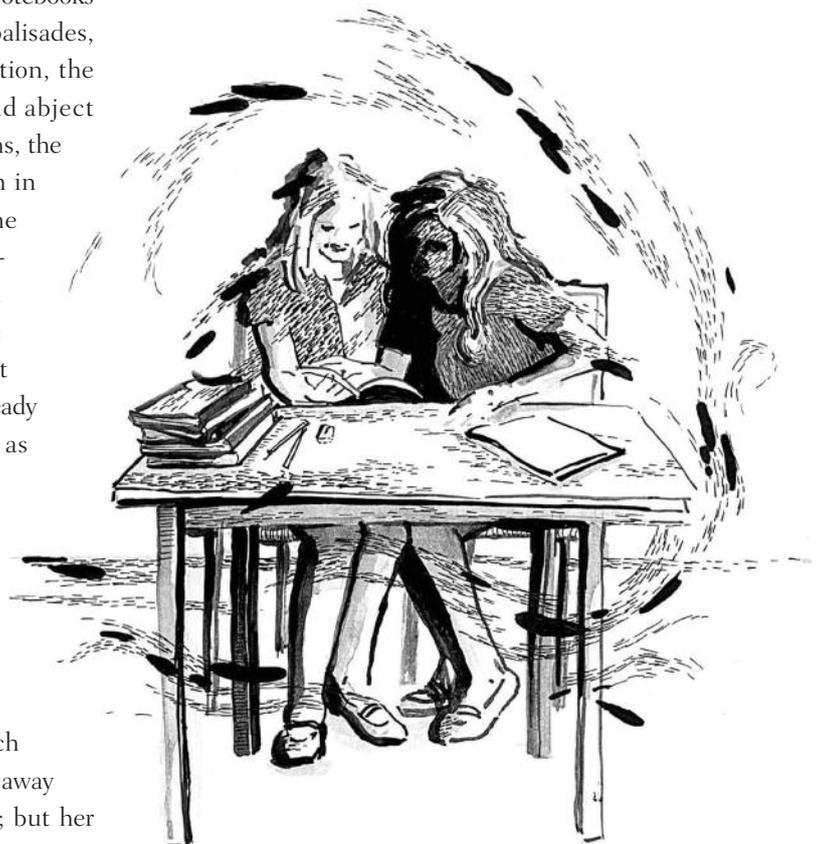
In the darkness under the shared desks, Silvia and Leonora, each in her section, have built and walled the Christian castle and the infidel fortress. The two of them have managed to design labyrinths leading to the blackest dungeons. Notebooks and books are turned into walls, dykes, palisades, that rise around the corresponding bastion, the moat, the drawbridge. Pencil stubs and abject erasers are the infantry, the stone columns, the signposts, the towers. And, well hidden in the depths dwell the main character, the beautiful captive, and two monarchs, arch-enemies, in whose defense their serfs and soldiers are willing to offer their lives. "The Cross or death!" "Blood and fire against the enemies of Allah!" But they are also ready if necessary to recover their existence as pencils, erasers, notebooks.

The heat was unbearable and the Infanta felt how the fine muslin became moist, the muslin that hid the barely blossoming rosebuds of her breasts protected by the corselette. She felt how her corollas hardened at the touch of the cloth. She wanted to touch them, calm them, smooth them out, take away their fever, erase their painful sensitivity; but her

hands were tied. Her black outer skirt ended up getting tangled between her legs as they hung over one side of the saddle. She was riding side-saddle. A strong shiver went through her; so she squeezed her thighs to stop the trembling. There, at the very center, she carried her hidden treasure.

Leonora moves around in her seat and leans first to one side, then the other. She arranges the pleated skirt of her uniform that is now beginning to be a little small on her. Then, a pleasant itch starts between her legs. She wants and doesn't want to feel it because her hands are still busy organizing the line of erasers and pencils in an attack strategy. The other two hands are similarly busy underneath the other desk. At that moment, someone is about to be called to the blackboard to read. The murmuring rises in volume with the wait. The two girls bend their heads down as far as possible, shielded by the bodies of those in the front row. They must not be discovered!

It was going to be Silván-al-Hassan himself, the Great Sultan's completely trusted, faithful lieutenant, who would take the captive to kneel at his



feet, and, after the preparations were finished, to the royal bedchamber.

Silvan-al-Hassan galloped swiftly to the front of the victorious army while his cape waved proudly in the wind. He wanted to arrive as soon as possible to prostrate himself at the feet of his sovereign and lay before him the treasures he had wrested from the enemy: coffers of gold and silver coins; precious stones and strings of beautiful pearls; silks and brocades; swords tempered in the river of the purest waters.

But, above all, he wanted to present him with the supreme treasure: the Infanta, Dona Leonor, with whom the powerful sultan would share his bed for a night. The damsel would be at his mercy, and he could enjoy her as he pleased. The sovereign would do with the Infanta what his royal will dictated, and, if he sometimes behaved with virile sweetness, other times he was hard and cruel. But every night, without exception, a virgin had to be waiting for him between the sheets, covered with veils.

Suddenly, Dona Leonor’s gaze met Silvan-al-Hassan’s for an instant and the beautiful young woman felt that a fever rose up inside her from between her legs.

Under the desk top, the drawbridge is raised, displaying its blue-black

grooves. Silvia’s long-fingered hands lower the bridge and the notebook cover at the same time to make way for the undefeated army. Little yellow pencil stubs and blue and white erasers are lined up along the books and notebooks. The smallest are shoved between the pages to give the palace volume. To raise up the walls. A folding and folded metal glass is used as a sorter. There, around that, the four hands flutter; they almost seem to fly to where the harem is located, guarded by the pink eraser eunuchs. “Leonora, what is wrong with you today? I’m talking to you. Come up front to read.”

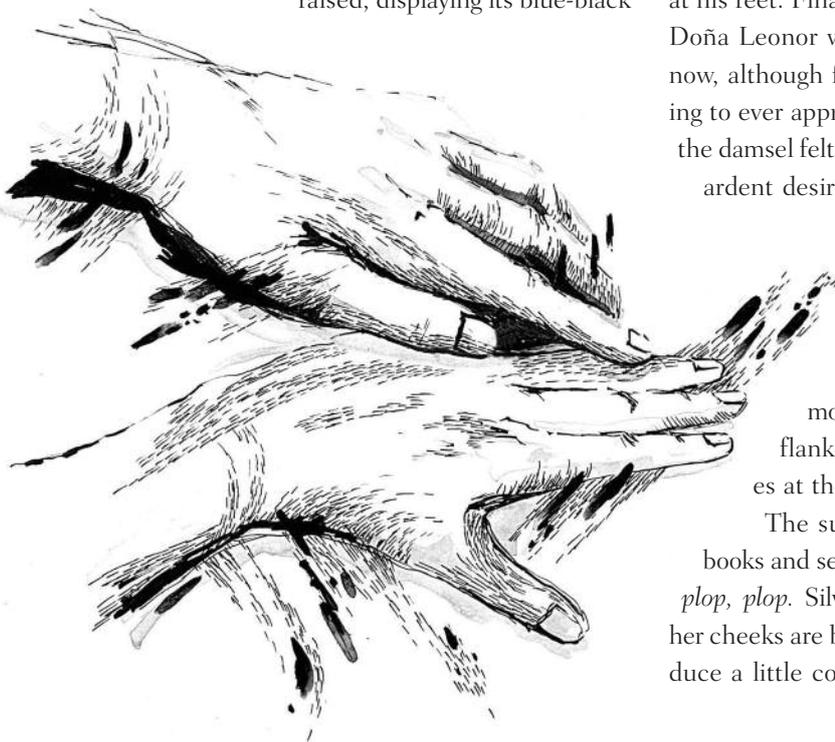
Panting like her mount, that Silvan-al-Hassan was now leading by the bridle, Dona Leonor trembled as she heard the beast’s shoes pounding on the strong tree-trunks of the drawbridge. *Clop, clop, clop* went its hooves and, with her hand on her chest, the pounding of the Infanta’s heart.

At the back of the inner patio, the Great Sultan was seated on a golden throne adorned with large emeralds, sapphires and rubies. Two enormous Nubians with strong backs, as jet black as the night, wearing beautiful turbans inlaid with gold and silver thread, held the scimitars crossed over the sovereign’s crown.

The slaves placed the splendid booty of war that Silvan-al-Hassan had torn from the enemy at his feet. Finally, the turn came for the charger Dona Leonor was riding. A page was leading it now, although far from the throne, without daring to ever approach the Great Sultan. However, the damsel felt the piercing gaze of the monarch’s ardent desire. When the display finished, he

withdrew to his chambers together with his vizier and ministers to listen to the military details. A strong, completely blind slave helped the Infanta dismount at the doors of the gynaeceum, flanked by large eunuchs with cutlasses at their waists.

The surprise makes Leonora move the books and several pencils roll to the floor. *Plop, plop, plop*. Silvia bends down to pick them up; her cheeks are bright red but she manages to produce a little contrite smile. Leonora, with shin-



ing eyes, takes her notebook and walks nervously to the blackboard. The story had been going so well....Sitting at her desk, the teacher prepares to listen to her.

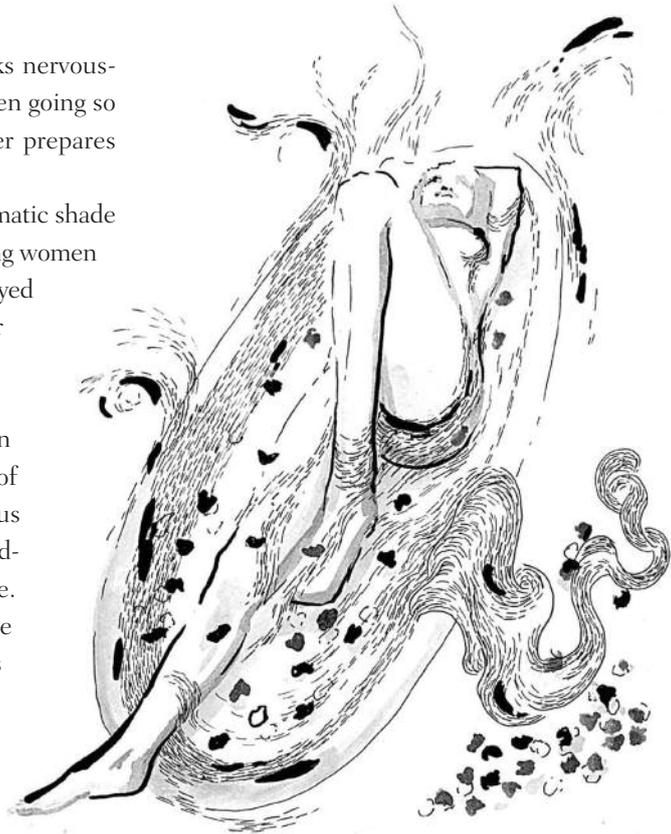
Around the fountain, under the aromatic shade of the flowering orange tree, some young women dressed in transparent veils sang and played and laughed. Doña Leonor lowered her eyes to her thick woolen garb as a shiver went through her. Was that her destiny?

The slaves took her to a chamber; in the center was a large marble tub full of perfumed petals. A slave with enormous hands took off her wimple, and her golden hair tumbled down over her bodice. The eunuch put his fingers in between the strands of her hair, and then the fingertips spread with warm oil softly caressed her head. The damsel closed her eyes to keep in the sensation of restfulness that the fingers were lavishing on her.

So, with her eyes still closed, she felt how the hands undid the ties of her bodice. Her breasts immediately were on guard, tensing up. Along this same road, very soon the hands came to the crumpled muslin that covered the damsel's tremulous flesh. Again, a drop of oil meandered sweetly through the white doves of her breasts, by the dark crown, by the two tiny peaks, upright and hard like dagger tips. And at that precise moment, the slave leaned over a delicate earthen bowl of rose water. And, with his lips moistened in the liquid, he deposited a kiss on each of the thirsty peaks, which, despite themselves, trembled with pleasure.

"Well, Leonora, you read very badly. Are you hoarse? What's the matter with you? You haven't raised your hand a single time. So what are you thinking about? The pot at the end of the rainbow?"

The breathing of Doña Leonor, the Infanta, began to speed up. She seemed to be drowning in the perfumed vapors wafting up to her from the water. The slave's hands traveled to her waist in an attempt to quiet her. At the slight pressure, the pair of doves became feverish. The hands then rose very slowly to the swan's neck. The tips of



his middle and index fingers began wandering, arriving at her lips, which parted. His fingertips touched her ivory teeth until they separated. Once inside, they played with the humid, shy tip of her tongue.

Back in her seat, Leonora breathes deeply trying to catch her breath again. First she closes her eyes, and then she opens them again and sees Silvia, who at that moment is looking at the teacher. Silvia's hands and Leonora's hands rest almost inertly on the desk tops. Leonora's legs are pressed tightly together trying to retain the smart, pungent pain. The air in the classroom is very thick.

Doña Leonor has let herself be led to the cushions spread out on the floor. With the security of one who knows what he is doing, the slave took off her black outer skirt that twisted like a serpent to the feet of its owner. Then he continued untying the drawstrings of the first inner skirt, the second, the third. Three dunes of the finest sand were piled on the floor. And there, in the middle, emerged, shining, the fearful nudity of the Infanta.

The whole classroom is bent over their notebooks. A few minutes to turn the Arabic figures



into Roman numerals. The V for victory and then three soldiers at attention. The cross leaning against the likewise leaning crescent moon. Silvia and Leonora's pages quickly fill up with capital letters of rather doubtful accuracy. Later, the two pairs of hands descend cautiously into the darkness.

In a blink of the eye, the slave's hand pushes her softly, very softly, onto the cushions. It was the last part of the purification, before helping the maiden to lower herself into the warm perfumed waters of the marble tub.

Leonora joins her hands by the wrists while the palms open up trembling and the fingers remain together flanking the entryway. Silvia's index finger enters wisely. At the two girls' agitated wriggling in their seats, their knees knock against each other. This also takes the two of them by surprise. Their breathing is labored, panting.

The slave's expert hands separated her thighs, and again he let a few drops of oil mixed with musk fall onto his right hand as it rose, little by little, extremely gently, to the center, barely guarded by docile golden down. His fingers followed the path as they purified the entrance to the treasure. Doña Leonor remained still for a good while, her heart beating at the contact of that hand that was readying her for the Great Sultan.

Silvia's finger squirms in the exact place where Leonora's hands join. Both close their eyes and began to move in their seats to renew the intense tickling.

Suddenly the slave picked up a little alabaster amphora and held it over the place where he had put his other hand. A thin trickle of honey began to drip down until it touched the dark, timid berry hidden in the lawn that the slave's hand had uncovered. Then, he bent down and his lips and tongue cleaned the spilled sweetness. At the end of the room, the myrrh-drenched steam in the tub awaited Doña Leonor's trembling body. Nearby were to be found the transparent veils that would cover her. And then...

Silvia withdraws her hand from her friend's and puts a honey candy in the palm of her hand as she puts another into her mouth. For the first time, the childish armpits exude a strong pungent smell. The game is about to be over. Tomorrow, Silvia will be the Russian princess Silvinka and Leonora, the Lion of Damascus, but also the slave Muley-el-Kadel.

Suddenly, next to them there is a disagreeable, dissonant shriek, terrifying them. Their four hands jump in unison. But perhaps they do so too late. **MM**

# Reviews

## **Wetback Nation: The Case for Opening The Mexican-American Border**

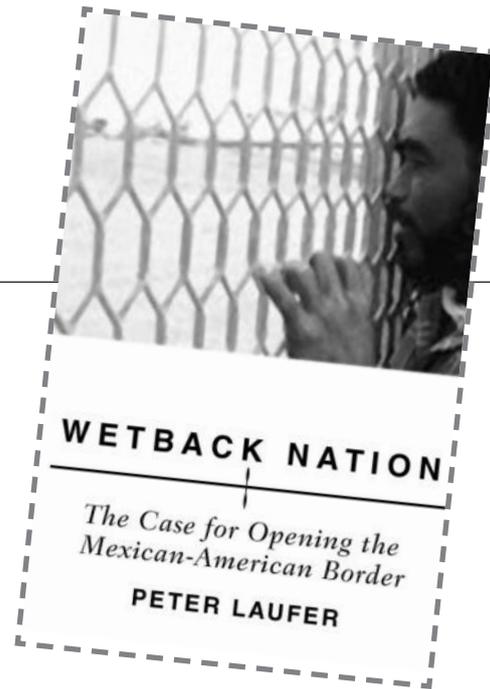
*Peter Laufer*

Ivan R. Dee, publisher  
Chicago, 2004, 302 pp.

MEXICO-U.S. CONNECTEDNESS  
A FASCINATING PARADOX<sup>1</sup>

It has always been thought that borders would be fertile if not pure spaces for the virtue and harmonious understanding between supposed equals, between countries that have to face common problems. For a long time, however, the border between Mexico and the United States has simultaneously been a wound, a window of opportunity, a space for the meeting of two worlds as immense as they are diverse and asymmetrical, limited and deeply troubled in their daily interaction. The border will nevertheless continue to be the possibility of reaching agreements about the many pending issues that require the best determination and intelligence on the part of both government and society to be solved to the satisfaction of all parties. But, above all, it continues to be a space that has prompted writing and reflection about a wealth of varied topics.

Authors from both countries have dealt with and analyzed this critical connectedness from the vantage point of journalism and academia. In both cases, the testimonies have allowed us to explain—but above all to elucidate—the immense complexity of our common existence. Both the explanations and the facts are a reflection of this complexity's having been constructed over a period of many decades, partially fed by the vision and the position that we Mexicans and Americans assume *vis-à-vis* the *other*. This is a link that takes the form of a paradoxical fascination, particularly on the Mexican side, an enchantment related in the first place to the process of modernization, always defined *vis-à-vis* the United States, whether favorably or not. As Octavio Paz says, the result has been that the passion of our political class and of some sectors of society “for U.S. civilization goes from love to bitter rancor, from adoration to horror.”<sup>2</sup> All this shows that connectedness is a historical category that gives a new and extraordinary dimension to the exegesis of the border and is, in addition, the immediate example of this universality. In today's United States, we Mexicans could see a vision of our future: “A mirror teller of tales: like the stepmother's mirror in the fairy tale. Every time we ask to see ourselves in it, it shows us the image of the other.”<sup>3</sup>



In *Wetback Nation's* 24 chapters, Peter Laufer offers a finely drawn picture of the border's turbulent activity. He does this using the fresh approach of free reporting, including fascinating testimonies, the mark of good journalism, representing a varied group of micro-histories that go to make up the great history of the saga of Mexican migration to the United States. If Laufer's book shows anything, it is that our complex and fascinating relationship with the Colossus of the North is not only unavoidable, but also can be taken good advantage of. What is more, by virtue of the enormous past that unites, inserts and positions Mexico and "what is Mexican" in the United States, more than that of the United States in Mexico, ours is a connectedness with many more links between societies than between governments. This is due to the several generations of Mexicans living in the United States and the constant pilgrimage of our countrymen to that country; all of this means that Mexico has a significant presence in U.S. daily life, an even greater presence than recalcitrant members of U.S. political and academic life accept, and of course, much greater than U.S. migrants in Mexico have.

Laufer's book demonstrates what has been a palpable fact since the nineteenth century: Mexicans have undertaken an interesting process of obtaining territorial, economic, cultural and political spaces, above all in the U.S. South, and with this dynamic, they are forging a vigorous sub-culture.

*Wetback Nation*—an undisputable, provocative title—is at the same time a premonition. Of the 12 million undocumented migrants who live, work, consume and pay income tax and social security, almost 78 percent are of Mexican origin. This book also underlines that this population is increasingly integrated and adapted to cultural diversity in U.S. territory. Other aspects of the phenomenon could not be underestimated and strong chapters explain the great suffering "wetbacks" face when trying to enter the country. The book also proposes through testimonies of Mexicans residing in the U.S. that the only way of regularizing their status as "wetbacks" will be with a broad, realistic migratory accord that takes into account the conditions existing in a migratory dynamic based to a large degree on the supply of and demand for cheap, irregular labor.

In effect, now that the discussion has taken place in the Senate about migratory reforms, testimonies like Laufer's could be key reference points for decision making in Washington. U.S. politicians would be wise to take advantage of the opportunity offered by the critical moment regarding migratory issues and, just as they quite rightly recognize the importance of promoting legal migration to their country, accept that border crossings and irregular Mexican migration to the United States are not the product of human whim. They are part of a world dynamic, which, in the specific case of these two nations, has essential economic explanations—among many others—that shed light on this phenomenon and this moment in history. ■■

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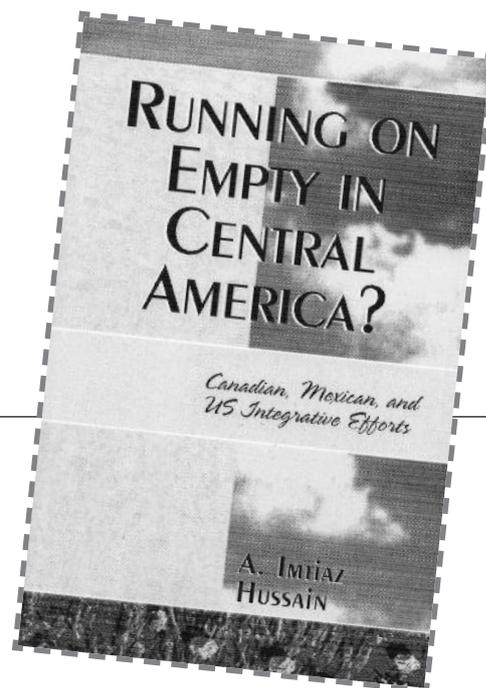
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#### NOTES

<sup>1</sup> A version in Spanish of this book was published in Mexico by Editorial Diana last February, under the title *Nación de mojados*. [Editor's Note.]

<sup>2</sup> Octavio Paz, *One Earth, Four of Five Worlds: Reflections on Contemporary History* (London: Carcanet Press Ltd., 1985), p. 141.

<sup>3</sup> *Ibid.*, p. 148.



**Running on Empty in Central America?  
Canadian, Mexican and US Integrative Efforts**

A. Imtiaz Hussain

University Press of America

Lanham, Maryland, 2006, 174 pp.

The year 2001 is a benchmark in North American regional history not only because it puts security issues at the top of the agenda but because it offers a valuable lesson in a topic that is becoming increasingly relevant in a more and more competitive world: regional integration. Concerned with this matter, Dr. Imtiaz Hussain presents a meticulous investigation on Canadian, Mexican and U.S. efforts to integrate with the Central American region.

The book begins by asking: Why was the U.S.-Central American Free Trade Agreement (CAFTA) signed in record time while Canada's Central American Four Free Trade Agreement (CAF4TA) was a sonorous failure and Mexico's Puebla-Panama Plan is still struggling to avoid the same fate? Dr. Hussain uses a hybrid model that borrows from several prominent scholars of international negotiations (Fen Osler Hampson, Richard Feinberg, and Mark Habeeb, among others) to conclude that the relative success or failure of each of the North American Free Trade Agreement (NAFTA) partners' efforts depended as much on the *ends* as on the *means*.

With this in mind, the book goes through every single aspect of the negotiations, departing from the pre-pre-negotiating process and arriving at the ratification stage, not without first observing internal and external dynamics, comparing NAFTA partners' experiences, contrasting country-specific negotiating styles and exploring some of the most relevant (and thorny) issues, like agriculture, telecommunications, textiles, the environment and labor.

This comprehensive investigation shows the reader several situations that determined the result of each of the negotiations. It becomes clear that Canada's excessive focus on principles rather than interests constrained its negotiating room. In dealing with labor and environmental concerns, it simply was not as flexible as its NAFTA counterparts. In turn,

Mexican and U.S. negotiators proved more pragmatic, acknowledging that less developed countries' comparative advantage lies in sectors (such as *maquiladoras*) with more permissive labor and environmental regulations than those of developed countries.

Nevertheless, it must be acknowledged that the difference in focus regarding principles and interests derives from different objectives and levels of (inter)dependence. Mexico's main goal with the Puebla-Panama Plan was to secure its own northern *maquiladoras*' competitiveness by relocating them south instead of having them migrate across the ocean. The U.S. simply took the opportunity to secure greater market access and to advance the hemispherical integration process under the Free Trade Area of the Americas (FTAA), a goal shared by all NAFTA partners. In contrast, Canada sought to position itself as a hemispheric and humanitarian leader.

Nonetheless, objectives depended on empirical constraints such as trading relationships, historical experiences and capacities for exerting pressure. Evidently, the U.S. was the most significant partner for the Central American region politically, historically and economically. Absorbing between 57 percent (Guatemala) and 70 percent (Honduras) of Central American exports, the U.S. is much more likely to exercise pressure on the region than Canada, whose economy barely exported U.S.\$188 million in 2002 to the area. Again, Mexico is somewhere in between, with modest trade relations but deep historical engagements.

*Running on Empty* is also sensitive to asymmetries, considering the Central American perspective during the three negotiating processes. Among the discoveries stands out how countries devastated by years of civil war (like Nicaragua) are on more fertile ground for signing free trade agreements than countries like Costa Rica where a long democratic tradition has favored the consolidation of pressure groups with vested interests—telecommunications is a good example—that oppose what Merino del Rio calls “the unholy trinity of market fundamentalism”: market opening, deregulation and privatization.

Needless to say, signing free trade agreements (FTAs) with the giant of the north will have several implications for infinitely smaller Central American countries and particularly for people from the rural areas. As Dr. Hussain explains, U.S. demands for market access and defenses against imports may drive small Central American producers as well as large farms out of business, leaving us with a situation that “resemble[s] a time-bomb”.

At the same time, integrative efforts between North and Central American countries will influence regional and hemispheric integration initiatives. Through NAFTA-plus or FTAA, Canada and Mexico are likely to bandwagon successful U.S.-Central American negotiations. Besides, if CAFTA is fully ratified, other Latin American countries, such as Brazil, will come under greater pressure to join hemispherical integration. However, many loose ends must still be considered: Will a hemispheric FTA exacerbate inequality and social injustice among already divided Latin American societies? Is the gap between state and society growing wider? What will be the effect on integration of this new “wave” of leftist governments emerging across Latin America?

Yet, the main question remains: Is Central-North American integration running on empty? Or is there still fuel for a long journey? *Running On Empty in Central America? Canadian, Mexican and US Integrative Efforts* enlightens researchers, students and both integration enthusiasts and opponents.

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