

## **Frank Priess: The Light and Dark Side of Reform**

One of the key points of the reform programme of Mexico's government is the reformulation of the electoral legislation. Supported by the PAN, the PRI, and the PRD, the project, albeit a matter of considerable debate, has by now gone on its way. While some people rejoice at the 'reforms of the third generation', others call it a 'blow against Mexico's fragile democracy'.

Originally, the debate about governmental and electoral reforms was supposed to focus on six issues – electoral legislation, federalism, the governmental system, the judiciary, social security, and the tax system. At the end, it arrived at a consensus package which nevertheless comprises radical innovations: Thus, Mexico's presidential election campaign is to be limited to ninety days. Political parties will be barred from buying radio and television air time. During the election campaign, the executive, legislative, and judicial branches will not be allowed to broadcast radio or television advertisements. Private and corporate third parties will generally be prohibited from advertising in these media. From now on, party funding will be assessed by multiplying the number of voters entered in the Federal Electoral Register by 0.65 percent of the daily minimum wage. What is more, there must be no more so-called negative advertising by the political parties.

Nor have the Federal Electoral Institute, the IFE, and the election mode itself been spared: It was decided to dismiss the current IFE *consejeros*, and that the members of the institute were to be elected in stages. The IFE's rights to control the transparency of finances will be expanded. Citizens will be granted a right of reply embodied in the constitution. Independent candidatures will no longer be unconstitutional but will remain limited. Regional and local elections are to take place in years for which no presidential elections are scheduled. The electoral court will be strengthened. And, finally, the trade unions will be prohibited from interfering with the parties' political life.

These reforms represent explosive material, especially the early dismissal of the current IFE leadership and the regulations concerning the media. One thing the political parties have in common is their anger at the power of the few populist corporations in the audiovisual media industry. Many politicians see themselves as vassals of media access, and the setback of the *Ley Televisa* is still having an effect – a package of media laws which was adopted under pressure from Televisa and TV Azteca in the election campaign of 2006, favouring the two providers and making them immune from any competition.

The prohibition of smear campaigns is indeed problematic, as it opens the floodgates to censorship. Still, the key problems of Mexico's electoral system were not tackled, such as the effective prohibition of directly re-electing MPs and mayors, the decimation of parliament, the selection of list candidates, and the hurdles opposing the registration of parties,.

Another reform supported by the PAN and the PRI is the tax package. The uniform flat corporate tax (IETU) is to be increased incrementally from 16.5 percent in 2008 to 17.5 percent in 2010, earning the state a revenue of around 100 million dollars. Moreover, the mineral-oil tax is to be raised by 5.5 percent. To be sure, the original plans of the minister of finance, Agustín Carstens, were more ambitious. However, the result is presentable and the Wall Street Journal acknowledged the initiative as a 'victory for President Calderón' who, in his first year, 'pushed through more key legislation projects than his predecessor, Vicente Fox, during his six-year mandate'.

At the same time, the Social Security Institute for Government Workers (ISSTE) was reformed successfully. It was decided that a transition should be made to a system of individual accounts for all newly insured persons, while the situation of current pensioners was to remain unchanged. These new regulations will cost the state dearly at first, but in the long run, they will secure the financeability of the pension system. If, however, the trade unions are to be believed, pensions will reach only around 35 percent of a person's earlier income after the planned conversion to individual accounts. What also gives rise to concern is that, according to data of the Faculty of Economics of the UNAM, almost 20 million workers will be without pensions or secure access to the health system in the near future.

In spite of what has been achieved, supporters of a modern Mexico urge additional reforms, such as improving the country's international competitiveness. Thus, the IMF ranks Mexico only 15<sup>th</sup> among the world's national economies; its per-capita GDP ranks 58<sup>th</sup>, and the country is oppressed by debts. Its poor competitiveness mostly results from the monopoly structures existing in key areas. Therefore, Pérez Motta, president of the national competition commission, demands that a 'real market economy' be introduced.

Another burning issue is the future of the national oil company PEMEX and the reorganisation of the energy sector as a whole. The fact is that – should new oil strikes fail to appear – Mexico's oil reserves will last only for about nine more years, and that between 1995 and 2006, the country fell back from rank seven to rank fifteen among the countries with the biggest confirmed oil reserves. While the government's analysis of this matter has not been challenged by any of the political parties, there is no consensus on the question of what kind of response this analysis requires.

Against the background of all this, the population's main problem still is internal security, which is of even higher priority than the fear of unemployment and poverty. What the people fear in particular are the drug cartels. The more than 1,000 murders that have been committed this year, even on policemen and soldiers, must be seen in the context of *narcotráfico*. President Calderón won praise from Washington for turning Mexican drug criminals over to the USA; however, the *Drug Report* of the US Foreign Ministry also states that violence, corruption, and drug consumption have increased in its southern neighbour, and that Mexico is the most important transit country for the drugs that reach the USA. In many respects, it seems that Mexico has taken over from the Colombian drug cartels.

What also needs to be reformed is the police and the judiciary. Thus, the federal police PFP, which is recruited from the military, is to be built up, and prosecution is to be improved. Given the fact that the police and the judiciary are very prone to corruption, there are hardly any other options available. The same holds true for increased military intervention.

The human-rights situation in Mexico remains a problem as well. What is especially alarming is the violence against journalists but also the fact that the offenders go unpunished most of the time. Ten of the 150 media representatives who lost their lives in 2006 were Mexicans. After the wave of attacks that were committed in mid-September on the gas pipeline system of the state-owned oil company PEMEX, the Mexican guerrilla, especially the Ejército Popular Revolucionario (EPR), has become active again – another factor which threatens human rights. Does that mean that Mexico's drug mafia is trying to protect its interests by means of guerrilla activities? The EPR officially explained that it took this action to force the government to prove that their leaders, Reyes Armaya and Cruz Sánchez, who were arrested in Oaxaca, were still alive.

The former national party, the PRI, is the one which benefits most from the overall political situation in Mexico. Being the one that tips the scales, the PRI has shaped several governmental projects, such as the tax reform and the changes to electoral legislation. The ‘dinosaurs’ are back: In Yucatan, the candidate of the PRI reconquered the governor’s office the party had lost in 2001. In the congressional elections in Oaxaca, the *PRIistas* prevailed in all 25 constituencies. The PAN suffered some setbacks in the local and congressional elections in Aguascalientes, and in Veracruz, the PRI won 155 of 212 mayoral offices, while only 31 went to the PAN and 15 to the PRD.

A situation *sui generis*, on the other hand, prevails in Baja California where the PAN was able to maintain its supremacy and to keep the governor’s office it obtained for the first time in 1989. In the election campaign, the PRI there was not an option even for its own supporters, as in this region it embodied practically all the things it stood for during the many decades before the disaster of 2000. Another factor responsible for this result was the low turnout, which may be mostly due to the large number of voters registered in Baja California who moved away from Mexico to American California a long time ago.

The clear defeat of the left-wing party PRD in all regional elections this year are remarkable. In Baja California it obtained only around two percent of the vote, and in Aguascalientes it remained insignificant. In Oaxaca the party’s success was impaired by internal disputes, among other things, and in Veracruz the PRD came in at only 50 percent of its former percentage. It is not to be expected that it will free itself from the fetters of the political visions of its leader, Andrés Manuel López Obrador (AMLO), in the medium term, especially as this leader has just recently ruled out any dialogue with the government.

The party congress that was held in August of this year, at which the PRD defined itself as a ‘modern pluralist socialist left-wing party’ but factions clashed nevertheless, was marked by a lack of internal cohesion. What also remains open is its relations with the coalition of the Frente Amplio Progresista (FAP), the PT and the *Convergencia*, and the Convención Democrática Nacional (CND) which López Obrador has apparently tailored to his own person. What AMLO will focus on in the end, and how Marcelo Ebrard will position himself as mayor of the capital is still a mystery. He is probably speculating that the Calderón government will lose popularity and that the general situation of the country will deteriorate. As the next presidential elections in Mexico are scheduled for 2012, we have no way of knowing at present whether the situation he wishes for will materialise, and whether the strategy of Mr Ebrard will succeed who, intending to crack down on crime, endeavours to woo his own supporters with his fight for legalising same-sex cohabitations and for permitting abortions for social reasons.