



# Mexico's 2012 Elections

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## Summary

Given the close and complex relationship that the United States has with neighboring Mexico, the results of the July 1, 2012 Mexican elections are of interest to U.S. policy makers. As Mexico does not allow consecutive reelection for any office, the results of these elections could lead to significant changes in the country's political landscape and the Mexican government's approach to aspects of its relations with the United States. The top issues being debated in the Mexican presidential campaign—security, economic policy, and energy sector reform—are of crucial importance to Mexico's future and of keen interest to Congress. The policies adopted by the next Mexican President will likely have implications for U.S.-Mexican security cooperation, North American economic integration, and U.S. energy security. The legislative elections are equally crucial, as they will likely determine how easily the next Mexican administration will be able to advance its agenda through the legislature.

The polls have tightened since mid-May 2012, but analysts are still predicting that the Institutional Revolutionary Party (PRI) will retake the presidency after 12 years of rule by the conservative National Action Party (PAN). The PRI could also capture a plurality, and perhaps even a simple majority, in the Senate and Chamber of Deputies. Mexico's security challenges and continuing poverty have left many Mexicans disappointed with the PAN and nostalgic for the order and stability they remember under the PRI, despite the party's past reputation for corruption and undemocratic practices. Recent scandals involving former PRI governors under investigation for corruption and money laundering, and a new student movement protesting, among other things, Mexican media conglomerates' tendency to favor the PRI, have shaken up the race.

Despite the aforementioned developments, a plurality of voters continue to express support for PRI candidates for the Chamber of Deputies and PRI presidential candidate Enrique Peña Nieto, a former governor of the state of Mexico. According to several polls from mid-June, Peña Nieto, running in a coalition with the Green Ecological Party (PVEM), has a double-digit lead over his opponents. Roughly 15% to 20% of the electorate remains undecided, however, and constitutes a bloc of voters large enough potentially to tip the election toward one of the other candidates. Since late May, Andrés Manuel Lopez Obrador, a former mayor of Mexico City representing a leftist coalition led by the Party of the Democratic Revolution (PRD), has moved into second place in most polls ahead of Josefina Vázquez Mota, a former Minister of Education standing for the PAN. Gabriel Quadri, an environmentalist from the small National Alliance Party (PANAL) aligned with the Mexican teacher's union, continues to trail far behind in the polls.

This report provides an overview of the parties and candidates competing in the Mexican federal elections with a focus on the presidential contest, followed by a discussion of key issues in the campaign that could have implications for U.S.-Mexican relations. It will be updated after the election results are tallied. For background information on Mexico and U.S.-Mexican relations, see CRS Report RL32724, *Mexico: Issues for Congress*, by Clare Ribando Seelke and CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

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## Introduction

On July 1, 2012, Mexican voters will head to the polls to elect a president who will serve a six-year term beginning on December 1, 2012. All 128 seats in the Mexican Senate and 500 seats in the lower house of congress, known as the Chamber of Deputies, are also up for election. Senators will serve six-year terms and deputies will serve three-year terms that begin on September 1, 2012. Elections for local and state offices will take place in 14 states (including the Federal District that includes Mexico City), five of which will hold gubernatorial elections (see the map in **Figure 1**).<sup>1</sup> Voters in the Federal District will select a head of government (mayor). Since Mexico does not permit consecutive reelection for any political office, the results of these elections could lead to shifts in Mexico's domestic and foreign policy priorities, which could have implications for U.S.-Mexican relations. For these reasons, Congress may be interested in assessing the following questions:

- How do the various candidates intend to improve security conditions in Mexico while simultaneously maintaining efforts against transnational organized crime?
- What type of economic policies does each candidate endorse and to what extent do they intend to work with the United States to boost growth and competitiveness in both countries?
- How do the candidates intend to address Mexico's declining oil production and could the solutions they endorse increase opportunities for U.S.-Mexican energy cooperation?

This report provides background information on Mexico's 2012 elections and the parties competing in those elections, profiles of the presidential candidates, and a discussion of some of the major policy issues being discussed that could affect U.S.-Mexican relations.<sup>2</sup>

## Background

Twelve years after Mexico experienced a historic transition of power from one party to another after 71 years of rule by the Institutional Revolutionary Party (PRI), Mexican voters appear to favor PRI candidates for the July 1, 2012 presidential and legislative elections. Since before the campaign officially began on March 30, 2012, Enrique Peña Nieto of the centrist PRI has maintained a double-digit lead in most polls<sup>3</sup> over Andrés Manuel López Obrador of the coalition led by the leftist Party of the Democratic Revolution (PRD), Josefina Vázquez Mota of the conservative National Action Party (PAN), and Gabriel Quadri of the National Alliance Party (PANAL). The legislative elections have followed the same trajectory as the presidential race,

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<sup>1</sup> Chiapas will hold its gubernatorial election on August 19, 2012.

<sup>2</sup> See also: Eric L. Olson, *Mexico's 2012 Elections: Key Issues and Critical Questions Now and Beyond*, Woodrow Wilson International Center for Scholars Mexico Institute, June 2012.

<sup>3</sup> One poll published by *Grupo Reforma* on May 31, 2012, showed López Obrador within four points of Peña Nieto, but that poll remains an outlier. A *Reforma* poll published on June 19, 2012, showed Peña Nieto 12 points ahead of López Obrador (after undecided voters and those who will annul their votes were factored out). Polls that have been published by *Reforma* are available at <http://gruporeforma-blogs.com/encuestas/>. A compilation of recent polls from a variety of sources is available at <http://www.adnpolitico.com/encuestas>.

with a plurality of voters favoring PRI candidates followed by the PRD-led coalition, the PAN, and then the PANAL.<sup>4</sup>

Polling conducted after the second and final presidential debate on June 10 showed Peña Nieto with 37.0% support, López Obrador with 23.5%, Vázquez Mota with 21.4%, Quadri with 3.0%, and 15.1% of voters undecided.<sup>5</sup> López Obrador appears to have benefitted in recent weeks from the *YoSoy132* (I am 132) student protest movement that began in Mexico City and has organized itself through social media. Although the nascent movement appears to be intended to have some of the youth voters' concerns—such as perceived media bias—heard by the candidates, the movement's overall impact on the national elections results remains unclear.<sup>6</sup> Capturing the undecided vote, including the youth vote, will be essential for the PAN and PRD presidential candidates, since Mexican law requires only a plurality of votes in a presidential race and does not provide for a second round of voting.

The July 1, 2012, elections are occurring at a time when Mexico is facing significant economic and security challenges and presidential power is being increasingly constrained by a more active congress and Supreme Court, powerful governors, and a vocal civil society.<sup>7</sup> Analysts maintain that Mexico has experienced modest economic growth punctuated by a severe economic crisis (in 2009) and a growing security crisis under two successive PAN administrations that have overshadowed some of the policy achievements of those governments.<sup>8</sup> As a result, economic and security issues are top concerns among the Mexican electorate. The major presidential candidates have all stressed the importance of boosting job creation and improving public security in Mexico, with many arguing that an effective way to reduce the influence of criminal groups is by creating jobs. However, voters appear to believe that the PRI may be best equipped to restore order and restart economic growth, despite some uncertainty about how the party's return to power might impact Mexican democracy.<sup>9</sup>

U.S. analysts and policy makers may be particularly interested in the 2012 Mexican elections given that their results will impact a key ally with whom the United States shares a nearly 2,000-mile border and some \$450 billion in total annual bilateral trade. Mexico's Interior Minister has outlined steps that Mexico's Federal Elections Institute (IFE) and the federal government, in collaboration with state officials, are taking to ensure that organized crime-related violence does not interfere with the electoral process. Those steps include offering protection to any candidate

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<sup>4</sup> According to *Reforma*, 44% of Mexican voters effectively favor the PRI-PVEM for the Senate, 26% support the PRD coalition, 25% favor the PAN, and 5% support PANAL. For the Chamber of Deputies, 43% of voters favor the PRI-PVEM, 27% support the PRD coalition, 25% the PAN, and 5% the PANAL.

<sup>5</sup> Buendía & Laredo, *Panorama Electoral*, June 18, 2012, available at [http://www.buendiyalaredo.com/publicaciones/217/120615\\_PANORAMA\\_ELECTORAL.pdf](http://www.buendiyalaredo.com/publicaciones/217/120615_PANORAMA_ELECTORAL.pdf).

<sup>6</sup> The protest movement formed after some of Peña Nieto's supporters alleged that it was paid outsiders, not students, who demonstrated against their candidate and forced his early exit from a May 11 event at the private Ibero-American University. The students rejected that assertion and protested the major TV networks' apparent backing of the PRI's claims. Using YouTube and other social media outlets, the students began bringing together youth from public and private universities and likeminded outsiders for protests against the perceived media bias in Mexico. While the movement has not backed a particular party or candidate, many of its supporters have expressed antipathy for the PRI and Peña Nieto. Damien Cave, "In Protests and Online, a Youth Movement Seeks to Sway Mexico's Election," *New York Times*, June 11, 2012.

<sup>7</sup> Shannon K. O'Neil, "The Old Guard in a New Mexico: How a Stronger Democracy Will Check the PRI," *ForeignAffairs.com*, June 6, 2012.

<sup>8</sup> See, for example, Pamela K. Starr, "Mexico's Big, Inherited Challenges," *Current History*, February 2012.

<sup>9</sup> Dave Graham, "Mexico's Old Rulers Bounce Back as New Start Beckons," *Reuters*, June 19, 2012.

who feels threatened, not just to presidential candidates.<sup>10</sup> While journalists, a party activist, and a candidate for state legislature have been killed recently, analysts do not expect violence to derail the electoral process.<sup>11</sup> Mexico's electoral institutions have also been reformed so that full recounts will occur in districts where the top two candidates are separated by less than a percentage point, as occurred in the 2006 presidential election. This reform aims to guarantee the veracity of the results quickly so that losing candidates will accept their defeats rather than protesting the results, as PRD candidate López Obrador did in 2006.<sup>12</sup>

In addition to concerns about the electoral process in Mexico, U.S. policy makers are focused on the election results because of their potential impact on the U.S.-Mexico bilateral relationship. U.S.-Mexican relations are affected by the domestic and foreign policy priorities of both governments. In recent years, the bilateral relationship has shifted from focusing on trade and migration issues to emphasizing security cooperation, a top priority of President Calderón. Mexican-U.S. relations have grown closer as a result of the Mérida Initiative,<sup>13</sup> a bilateral counterdrug and anticrime effort first announced in October 2007, but other bilateral issues have received less attention. The election of a new Mexican president may alter the direction of bilateral security efforts and could shift the focus of bilateral relations from security to issues such as economic integration or energy cooperation.

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<sup>10</sup> Gobierno Federal de México, Secretaría de Gobernación, "El Gobierno Federal Continúa Trabajando para Tener un Proceso Electoral Ejemplar, Limpio, y Transparente: Poiré," press release, March 5, 2012; "Analysis-Drug Gang Menace Overshadows Mexican Election," *Reuters*, March 29, 2012.

<sup>11</sup> On the recent violence, see Tracy Wilkinson, "Violence Escalates in Mexico; Candidates and Reporters are Targeted as Elections Approach," *Los Angeles Times*, June 15, 2012. Eduardo Guerrero, a Mexican security analyst, says that local elections are the most at risk of being influenced by organized crime, particularly in Colima, Guerrero, Jalisco, Morelos, Nuevo León, and San Luis Potosí. See Eduardo Guerrero Gutiérrez, "El Crimen Organizado en las Elecciones," *Nexos*, June 1, 2012.

<sup>12</sup> Mexico's Federal Electoral Institute (IFE) planned to announce results of the July 1, 2006 elections the following day, but the vote was too close to call. At the end of the preliminary vote count, Calderón held a slight lead over López Obrador, prompting the PRD candidate to call for a full recount of the votes. López Obrador alleged that there had been fraud at some polling places and illegal interference in the election by then-President Vicente Fox and conservative business groups. Mexico's Federal Electoral Tribunal ordered a recount of 9% of polling places in early August. In a unanimous decision issued August 28, the Tribunal held that although there were some irregularities, the election was fair. On September 5, 2006, the Tribunal ruled unanimously that, although then-President Fox's comments jeopardized the election, they did not amount to illegal interference in the campaign. The Tribunal also found that commercials paid for by some business groups at the end of the campaign were illegal, but that the impact of the ads was insufficient to warrant the annulment of the election. The Tribunal named Felipe Calderón president-elect on September 5, 2006. López Obrador rejected the September 5<sup>th</sup> ruling and led a campaign of civil disobedience, including the blockade of Mexico City's principal avenue until mid-September, that reportedly cost Mexico City businesses over \$500 million in revenue. See CRS Report RS22462, *Mexico's 2006 Elections*.

<sup>13</sup> From FY2008-FY2012, Congress appropriated \$1.9 billion in Mérida assistance for Mexico, roughly \$1 billion of which had been delivered as of the end of April 2012. Whereas U.S. assistance initially focused on training and equipping Mexican counterdrug forces, it now places more emphasis on addressing the weak institutions and underlying societal problems—including corruption and impunity—that have allowed the drug trade to flourish in Mexico. The updated Mérida strategy, announced in March 2010, focuses on: (1) disrupting organized criminal groups, (2) institutionalizing the rule of law, (3) building a 21<sup>st</sup> century border, and (4) building strong and resilient communities. U.S. assistance has shifted from providing expensive equipment to focusing on training and technical assistance and from only supporting the Mexican federal government to also assisting certain key states with police and judicial reform, as well as community-based crime prevention programs. For background on the Mérida Initiative, see CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea.

## Election Mechanics<sup>14</sup>

Since the mid-1960s, Mexico has undergone several cycles of electoral reforms that have gradually helped the country build a modern electoral system that is generally well regarded. Mexico's federal campaigns and elections are administered by a Federal Electoral Institute (IFE), an entity created in 1990 under the Ministry of the Interior that became an autonomous agency in 1996. IFE is governed by a nine-member General Council whose members must be approved by the Chamber of Deputies. Electoral reforms in 1996 also created an Electoral Tribunal (TEPJF) within the federal judiciary to settle disputes between IFE and political parties, certify the results of presidential elections and declare their winner, resolve any legal challenges to federal voting results, and give final rulings on local electoral challenges.<sup>15</sup> State and municipal elections are governed by state-level administrative agencies and electoral courts.

The role that IFE and the Electoral Tribunal play in administering and arbitrating elections has increased as a result of electoral reforms passed in 2007 that sought to increase equity in campaigns, but have since been criticized as unnecessarily restrictive.<sup>16</sup> The new electoral rules shortened the length of the presidential campaign to 90 days, outlawed propaganda by the incumbent government during the campaign, prohibited political parties from purchasing additional television and radio spots directly<sup>17</sup> and from engaging in negative campaigning, and forbade citizens or private groups from publishing advertisements in favor or against candidates. Internet ads are not subject to the same restrictions as television, radio, or print advertisements. IFE's General Council generally decides what constitutes a breach of these new regulations and how any violations should be punished. IFE's decisions can be appealed to the Electoral Tribunal, which issues final decisions that cannot be appealed. The 2012 campaign, which began on March 30 and ends on June 27, is the first major test of these new regulations. Thus far, the prohibitions on negative campaigning have been largely ignored, as candidates and parties have launched aggressive attack ads, particularly on social media websites.<sup>18</sup>

At the federal level, Mexican elections are conducted as follows:

- The **president** is elected by a plurality vote in a direct election to serve a six-year term with no possibility for reelection.

<sup>14</sup> For background on Mexico's 2012 elections, see International Foundation for Electoral Systems (IFES), *Elections in Mexico: July 1 General Elections, Frequently Asked Questions*, Washington, D.C., March 12, 2012, [http://www.ifes.org/Content/Events/2012/~media/Files/Publications/White%20PaperReport/2012/Elections\\_in\\_Mexico\\_FAQ\\_2012.pdf](http://www.ifes.org/Content/Events/2012/~media/Files/Publications/White%20PaperReport/2012/Elections_in_Mexico_FAQ_2012.pdf).

<sup>15</sup> Detailed background information on how IFE and the TEPJF function is available at [http://www.ife.org.mx/portal/site/ifev2/Internacional\\_English/#2](http://www.ife.org.mx/portal/site/ifev2/Internacional_English/#2).

<sup>16</sup> Leonardo Valdés Zurita, *Reforma 2007-2008 Electoral: Análisis Comparativo de la Reforma Electoral Constitucional y Legal 2007-2008*, IFE, November 2008, available at [http://www.ife.org.mx/documentos/Reforma\\_Electoral/docs/AC\\_RefElect0708.pdf](http://www.ife.org.mx/documentos/Reforma_Electoral/docs/AC_RefElect0708.pdf). Jorge G. Castaneda and Marco A. Morales, "Progress, but to What End? 2007 Electoral Reform in Mexico," *Harvard International Review*, Spring 2008.

<sup>17</sup> Instead, IFE now must approve purchases of air time beyond what is allocated in Mexican electoral law: 30 percent of television and radio spots are distributed equally among the candidates, while 70 percent are allocated according to each party's performance in the last federal elections. The PRI performed better than the PAN and the PRD in the 2009 congressional elections, meaning that it has been allocated more air time than the other parties.

<sup>18</sup> Randal C. Archibold and Elisabeth Malkin, "A Race Recast by YouTube and Twitter," *New York Times*, April 29, 2012.

- **Senators:** 96 members are elected by a plurality vote from state-level party lists with the top vote-getting list obtaining two seats and the second placed list earning one seat per state, while 32 members are chosen through proportional representation from nationwide party lists. Parties must receive at least two percent of the vote to capture a seat through proportional representation. Senators serve for six-year terms and may be reelected, though not consecutively.
- **Deputies:** 300 members are elected by a plurality vote in single-member districts, while 200 members are chosen through proportional representation from closed party lists in five 40-member districts. Parties must receive at least two percent of the vote to capture a seat through proportional representation. Deputies are elected for three-year terms and may be reelected, though not consecutively.

By law, 40% of each party's congressional list must be composed of female candidates, a requirement that several of the parties struggled to meet this year.

State and municipal elections are also taking place in 14 states. Those elections include six gubernatorial contests, five of which will be held on July 1, 2012,<sup>19</sup> and the election of the mayor of the Federal District. Governors' term lengths vary by state, but cannot exceed six years. Governors cannot be reelected.

## Mexico's Political Parties

Mexico has three major political parties—the PRI, the PAN, and the PRD—two of which have formed coalitions with smaller parties for the 2012 federal elections.<sup>20</sup> Another small party formed in 2005 and loosely aligned with Mexico's powerful teacher's union, the National Alliance Party (PANAL), decided to field its own presidential candidate after the PRI broke its alliance with the party earlier this year. See **Figure 1** for a map of the state governorships that are controlled by each of the three major parties. As seen below, three states—Sinaloa, Puebla, and Oaxaca—are currently governed by coalitions composed of the PAN, PRD, and other small left-leaning parties. These “stop the PRI” coalitions were successful in the 2010 state-level contests. However, they did not field candidates in the 2011 gubernatorial elections or in the 2012 elections.

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<sup>19</sup> Chiapas is holding a gubernatorial election on August 19, 2012.

<sup>20</sup> These characterizations are largely drawn from: Emily Edmonds-Poli and David A. Shirk, *Contemporary Mexican Politics* (Lanham, MD: Rowman & Littlefield Publishers, 2009), pp. 151-167.



Figure I. Mexico's 2012 Electoral Map



Source: *El Universal* as adapted by CRS graphics.

The **Institutional Revolutionary Party (PRI)** unified the country after the Mexican Revolution (1910-1920) by organizing the major groups in Mexican society (organized labor, peasants, professionals) into a corporatist party that governed Mexico from 1929 until 2000. The PRI became a centrist party that relied on a hierarchical party structure, strong patronage system, and periodic electoral fraud to maintain its dominance. Through the 1960s, the PRI presided over a period of strong, state-led economic growth. The PRI's popularity declined, however, after its violent repression of student protesters led to the 1968 Tlatelolco massacre, and its financial mismanagement in the 1970s contributed to an economic crisis in the early 1980s. Dissident PRI members split with the party in the mid-1980s, eventually creating a progressive party known as Party of the Democratic Revolution (PRD) after the PRI embraced neo-liberal (market-friendly) economic policies and proved unwilling to adopt more democratic internal procedures for choosing candidates. PRI presidential candidates were often hand-selected by incumbents through a process known as the "tap of the finger" (*el dedazo*) rather than through party primaries or nominating conventions. The PRI was accused of electoral fraud in the 1988 presidential election and has been criticized for corruption and for previously allowing organized crime to operate

relatively freely within certain parameters set by the state.<sup>21</sup> The PRI recently expelled Tomas Yarrington, a former governor of Tamaulipas, from the party after U.S. prosecutors alleged in a civil suit that he bought property in Texas to launder funds for Mexican drug traffickers.<sup>22</sup>

PRI power has waxed and waned over the course of the past 15 years. The PRI lost control of the Chamber of Deputies in 1997 and handed over the Mexican presidency to the PAN in 2000. Even as its power diminished in 2000, the PRI remained the largest party in the Mexican Congress and retained control over several key governorships. The PRI currently controls 19 of 32 governorships, 25% of the seats in the Senate, and 48% of the seats in the Chamber of Deputies. The PRI has formed a “Committed to Mexico (*Comprometidos por México*)” alliance with the Green Ecological Party (PVEM), a small party focused exclusively on environmental protection. With the PVEM, the PRI holds a majority in the Chamber. The PRI is particularly dominant in the north/northeast and in the Yucatán. It competes with the PRD in southern Mexico.

The **National Action Party (PAN)** is a socially conservative, pro-business party that was formed in 1939 by Catholic activists,<sup>23</sup> professionals, and entrepreneurs who disagreed with the PRI's intervention in the economy and its hierarchical and secularist tendencies. From the 1940s through the mid-1980s, the PAN served as the official opposition to the PRI, but failed to capture any governorships or large numbers of congressional seats. By the late 1980s, however, the PAN had begun to build on the support it had developed in local and state elections to capture governorships in business-friendly northern states and in conservative central western states. Vicente Fox's come-from-behind presidential victory in 2000 marked the party's crowning achievement, but some have become disillusioned that corruption, impunity, and poverty are still pervasive in Mexico after 12 years of PAN rule.<sup>24</sup> Escalating organized crime-related violence, some of which has occurred in response to the Calderón Administration's tough anticrime policies, has also reportedly weakened support for the PAN.<sup>25</sup> The PAN has controlled the presidency since 2000, governs six states alone and three in coalition with the PRD, and holds 39% of the seats in the Senate and 28% of the seats in the Chamber of Deputies.

The **Party of the Democratic Revolution (PRD)** is a center-left party founded by dissident PRI members in the late 1980s that has formed a “Progressive Movement” coalition with the Workers' Party (PT) and Citizens' Movement (PMC), two smaller left-wing parties. The PRD grew out of a coalition of leftist groups that supported the 1988 presidential bid of Cuauhtémoc Cárdenas, son of famed President Lázaro Cárdenas. Its early transition from movement to political party was hindered by the PRI's opposition to its existence and its own internal divisions. The PRD has traditionally been skeptical of neo-liberal economic policies, opposed opening state-owned oil company *Petroleos Mexicanos* (PEMEX) to private investment, and called for greater attention to poverty and inequality. The PRD has built its strongest support bases in and around Mexico City,

<sup>21</sup> See, for example, Luis Astorga and David A. Shirk, “Drug Trafficking Organizations and Counter-Drug Strategies in the U.S.-Mexican Context,” in *Shared Responsibility: U.S.-Mexico Policy Options for Confronting Organized Crime*, ed. Eric L. Olson, David A. Shirk, and Andrew Selee (Washington: Woodrow Wilson International Center for Scholars and the University of San Diego Trans-Border Institute, 2010), p. 34.

<sup>22</sup> William Booth, “In Mexico, Case of Ex-Governor and Narcos Reads Like Crime Thriller,” *Washington Post*, June 14, 2012.

<sup>23</sup> Some of those Catholic activists had roots in the Cristero rebellion. Devout Catholics launched the rebellion in 1927 to protest restrictions placed on the Church in the 1917 Constitution and by Mexico's revolutionary leaders. By the time the conflict ended in 1929, some 70,000 rebels had died and as many as 500,000 Mexicans had been displaced.

<sup>24</sup> See, for example, Pamela K. Starr, “Mexico's Big Inherited Challenges,” *Current History*, February 2012.

<sup>25</sup> Luis Prados, “Mexico's Presidential Race Kicks Off with Predictions of a PRI Comeback,” *El País*, April 5, 2012.

which it has governed since mayors were first elected in the city in 1997, and in the poor states of southern Mexico. The PRD came close to the capturing the presidency in 2006 with Andrés Manuel López Obrador, a popular former mayor of Mexico City, as its standard bearer. The party lost popular support and became plagued by internal divisions, however, after López Obrador refused to accept his defeat. Analysts expressed some surprise that the Mexican left coalesced behind López Obrador's 2012 presidential candidacy. The PRD governs the Federal District and three states alone and three states in coalition with the PAN. It holds 18% of the seats in the Senate and 13% of the seats in the Chamber of Deputies.

The following section provides general information on each of the four presidential candidates (in alphabetical order) and their campaigns. More detailed information on the candidates' stances on particular issues of key concern to the United States—security, trade, energy, and foreign relations—are analyzed in more detail below under the heading “Issues.”

## Profiles of the Presidential Candidates

### Andrés Manuel López Obrador (PRD/PT/PMC)

PRD presidential candidate Andrés Manuel López Obrador, a native of the southern state of Tabasco, studied political science and public administration at National Autonomous University of Mexico (*Universidad Nacional Autónoma de México*) before returning to Tabasco to work with the Chontal indigenous community. In the late 1980s, he aligned himself with Cuahtémoc Cárdenas, founder of the PRD. López Obrador became the PRD party president for Tabasco in 1989, served as national party president (1996-1999), and succeeded Cárdenas as the second elected mayor of the Federal District encompassing Mexico City (2000-2005), an area with a population of approximately 8.7 million. Extremely popular as mayor, he was expected to win the presidency in 2006. He led in the polls until late April 2006, when he lost support due to comments deemed disrespectful of President Fox and his refusal to take part in presidential debates. López Obrador and his supporters rejected the Electoral Tribunal's September 5, 2006 finding that, despite some irregularities, Felipe Calderón won the 2006 presidential elections.

Andrés Manuel López Obrador has sought to moderate his image and his campaign platform to appeal to a broader cross-section of voters than in 2006, but some analysts believe that his recent move to the center may be too little, too late.<sup>26</sup> In 2006, López Obrador's campaign slogan was “for the good of all, the poor first” and focused on poverty reduction, job creation, indigenous rights, and infrastructure investment. Some of his proposals, such as re-opening North American Free Trade Agreement (NAFTA) negotiations to better protect Mexican farmers, alarmed investors. This year, rather than emphasizing the needs of one group over another, López Obrador has pledged to help rebuild Mexico into a “republic of love” that is built upon the values honesty and justice and oriented toward creating jobs and well-being for all. Some of his proposals include combating corruption and wasteful government spending; creating jobs and educational opportunities so that youth will not become involved in crime out of economic necessity; and involving the government, private sector, and social groups in development efforts.<sup>27</sup> While

<sup>26</sup> Mark Stevenson, “Mexico's Left in Disarray Ahead of Election,” *Associated Press*, April 4, 2012.

<sup>27</sup> Andrés Manuel López Obrador campaign website, “Fundamentos para una República Amorosa,” press release, December 6, 2011, available at <http://www.amlo.org.mx/noticias/comunicados.html?id=88655>. Andrés Manuel López (continued...)

López Obrador still disputes the 2006 election results, he has apologized for launching disruptive protests against them and pledged to accept the 2012 election results even if he does not win. Some analysts, though acknowledging his evolution as a candidate, maintain that López Obrador's continued emphasis on state-led economic growth and revolutionary ideals may not appeal to Mexican voters, an increasingly middle-class and urbane electorate.<sup>28</sup>

## Enrique Peña Nieto (PRI/PVEM)

Enrique Peña Nieto has been active in the PRI in his native state of Mexico since 1984, most recently serving as governor from 2005-2011. Peña Nieto obtained a law degree from the Panamerican University (*Universidad Panamericana*) and an MBA from the Monterrey Institute of Technology and Higher Education (*Instituto Tecnológico y de Estudios Superiores de Monterrey*). An attorney, Peña Nieto began working for the government of the state of Mexico in 1993. Prior to his election as governor, he served as the Secretary of Administration for the state of Mexico from 2000-2002 and as a state congressman from 2003-2004. Peña Nieto became the majority leader of his party in the state legislature and speaker of that body.

From 2005-2011, Enrique Peña Nieto served as governor of the state of Mexico, which is home to roughly 15 million people (13.4% of Mexico's population) and constitutes 9.4% of Mexico's Gross Domestic Product (GDP).<sup>29</sup> Peña Nieto's slogan as governor was a "government that delivers" and his programs and activities were frequently covered by *Televisa* as a result of a lucrative deal to buy air time that his supporters reportedly signed with the national network in 2005.<sup>30</sup> In his final state of the state report, Peña Nieto maintained that his government had created 224,000 jobs, increased investments in infrastructure without taking on additional debt, and doubled tax revenues in the state.<sup>31</sup> The report presented a more mixed record in the area of public security, revealing that kidnappings had increased while homicides had declined. After analysts identified inconsistent data in the report, Peña Nieto revised the report's assertion that the state's overall homicide rate had declined by half during his administration, noting that the rate had remained fairly stable through 2010.<sup>32</sup> In July 2011, Peña Nieto's chosen successor was elected governor with more than 60% of the vote.

Enrique Peña Nieto is the candidate of the "Committed to Mexico" coalition composed of the PRI and the PVEM. Peña Nieto's campaign is pointing to his achievements as governor of the state of Mexico as evidence that he is an effective leader and administrator, while his opponents have questioned whether he indeed completed all of the projects that he promised to deliver. The five national commitments he has outlined in his presidential platform include restoring peace and

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Obrador, "Carta a Joseph Biden," March 3, 2011, [http://www.lopezobrador.org.mx/documentos/carta\\_joseph.pdf](http://www.lopezobrador.org.mx/documentos/carta_joseph.pdf).

<sup>28</sup> Stevenson op. cit.

<sup>29</sup> Mexican government data as cited in: JP Morgan, *Mexico Economic Comment: What to Expect From the Upcoming General Elections*, March 30, 2012.

<sup>30</sup> For more information, see Duncan Wood, *The Rise of Enrique Peña Nieto and Return of the PRI*, Center for Strategic & International Studies, October 2011.

<sup>31</sup> For a summary and analysis of the report, see Laura Islas, "6to Informe: Peña Nieto, los 10 Datos Claves de su Sexenio," *El Universal Estado de México*, September 5, 2011.

<sup>32</sup> "Crime in Mexico, the Governor's Miraculous Achievement," *The Economist*, September 22, 2011; Enrique Peña Nieto, "Homicidios Dolosos en el Estado de México," *La Razón*, September 27, 2012, available at <http://www.razon.com.mx/spip.php?article93100>.

liberty (by reducing homicides and kidnappings by 50%), tripling growth in order to create more and better jobs, reducing poverty and making Mexico more inclusive, providing access to quality education for all, and restoring Mexico's leadership position in the world.<sup>33</sup> Peña Nieto has outlined a ten point economic plan for Mexico that includes opening up PEMEX to private investment and a four-pillar security strategy that emphasizes reducing violence and focusing enforcement and prevention efforts in the most violent areas.<sup>34</sup> As when he was governor, Peña Nieto's team is running a media-savvy campaign that has been bolstered by its ties with Mexico's leading television networks. Supporters maintain that the Peña Nieto represents a "new PRI" that is free from the corruption that characterized the party in the past, but critics have questioned how truly independent he is from old-time PRI power brokers.<sup>35</sup> In response to critics and protesters who have argued that a PRI government would govern undemocratically, Peña Nieto released a "democracy manifesto" pledging his commitment to govern in a way that protects freedom of speech and expression, human rights, transparency, and accountability.<sup>36</sup>

### Gabriel Quadri de la Torre (PANAL)

The least well known of the candidates, Gabriel Quadri, a native of Mexico City, is an environmentalist and researcher who was reportedly surprised when he was approached by PANAL leaders in February 2012 to serve as their presidential candidate after the PRI ended its electoral alliance with the party. Despite the unconventional and apparently undemocratic way he was selected to run for president, some analysts predict that Quadri's candidacy may help the PANAL broaden its appeal beyond supporters of Elba Esther Gordillo<sup>37</sup> and the national teacher's union.<sup>38</sup> Quadri obtained a degree in civil engineering from the Iberoamerican University (*Universidad Iberoamericana*) and an M.A. in economics from the University of Texas at Austin. He has served as director of environmental planning for Mexico City (1989-1993), president of the National Institute for Ecology (1994-1997), and director general of the Business Council for Sustainable Development in Mexico (1998-2003). Since 2003, he has been associate director of an environmental consulting firm and of a think tank devoted to sustainable development.

<sup>33</sup> CRS translation of information from Enrique Peña Nieto's campaign website: <http://enriquepenanieto.com/compromisos-nacionales>. These broad pillars are fleshed out in a book published by the candidate in 2011 that can be accessed via the campaign website. Enrique Peña Nieto, *México, la Gran Esperanza: un Estado Eficaz para una Democracia de Resultados*, (Mexico City: Grijalbo, 2011). Hereinafter Peña Nieto, 2011.

<sup>34</sup> "Mexican Presidential Frontrunner's 10-Point Plan," *Reuters*, October 10, 2011; Enrique Peña Nieto, "11 for 2011: How Should Mexico Deal with Violence," *Financial Times*, January 6, 2011.

<sup>35</sup> E. Eduardo Castillo, "Mexico's Vanquished Ruling Party, Once the 'Perfect Dictatorship,' Poised for Comeback," *Associated Press*, March 30, 2012; "Mexico's Presidential Front-Runner Builds Huge Lead as Fresh Face for old Ruling Party," *Associated Press*, May 2, 2012.

<sup>36</sup> For criticism of Peña Nieto and the PRI, see John M. Ackerman, "The PRI Peril in Mexico," *Los Angeles Times*, May 22, 2012. Peña Nieto's manifesto is available here: <http://www.enriquepenanieto.com/dia-a-dia/entrada/por-una-presidencia-democratica-manifiesto>.

<sup>37</sup> Elba Esther Gordillo is a powerful politician who heads the PANAL party and the 1.5 million member Mexican teacher's union. Gordillo, a former Secretary General of the PRI, was expelled from the party in 2006 after supporting the candidacy of Felipe Calderón. She has been widely criticized for thwarting efforts at education reform in Mexico and for corruption, but her ability to mobilize union voters has made her a key power broker in Mexican politics. María de las Heras, "La Incómoda Alianza Entre Calderón y Gordillo," *El País*, July 4, 2011.

<sup>38</sup> Arturo Gallardo, "Candidate Lands Presidential Nomination Over Dinner," *San Antonio Express-News*, February 26, 2012.

Quadri has developed a detailed platform that includes 17 priority areas of action. His primary proposals focus on reforming education, promoting sustainable economic growth, opening up PEMEX to private investment and reducing the government's dependence on PEMEX revenues, and improving citizen security by expanding the federal police and privatizing some prisons.<sup>39</sup> Despite the detailed proposals he has put forth and his solid performance in the first of two presidential debates, held on May 6, 2012, few observers are predicting that Quadri de la Torre's long-shot candidacy will garner significant popular support.<sup>40</sup>

## Josefina Vázquez Mota (PAN)

Josefina Vázquez Mota has embraced her status as the first female presidential candidate to represent a major political party in Mexico. Her slogan, "Josefina: Different," stresses the uniqueness of her candidacy, and also seeks to subtly distinguish herself from the current Calderón government. Born in Mexico City, Vázquez Mota obtained an economics degree from the Iberoamerican University and completed a program in Executive Business Administration at the Panamerican Institute for Executive Business Administration (*Instituto Panamericano de Alta Dirección de Empresas*). She has worked as a columnist on economic issues for several Mexican newspapers (*Novedades*, *El Economista*, and *El Financiero*) and served as an advisor to business associations such as Coparmex (*la Confederación Patronal de la República Mexicana*). A longtime PAN party activist, Vázquez Mota was first elected to Congress in 2000 where she served as the deputy chair of the economic policy committee. Vázquez Mota left Congress in December 2000 to serve as Minister of Social Development for the Fox Administration, becoming the first woman to occupy that position. Josefina Vázquez Mota then served as Mexico's first female Minister of Education during the first half of the Calderón Administration (2006-2009) before being reelected to Congress in July 2009. Prior to her presidential bid, Vázquez Mota had been serving as the leader of the PAN delegation in the Chamber of Deputies.

Vázquez Mota's campaign started on a high note as she decisively defeated the other candidates running for the PAN nomination in February 2012, but she has since struggled to gather momentum due to internal disputes within her party and problems within her own team.<sup>41</sup> The PAN's decision not to hold internal elections to select its candidate until February put Vázquez Mota at a disadvantage compared to the two other major party candidates who had been selected by their parties in November 2011. Despite that, excitement over her historic candidacy and her apparent ability to relate to Mexican voters led observers to predict that the race would become much more competitive as the campaign got underway.<sup>42</sup> Vázquez Mota is proposing to build an inclusive government that can form cross-party coalitions within the Mexican Congress to help the country complete its transformation into a just, competitive, and vibrant multi-party democracy. She has warned voters not to support candidates who might represent a return to the authoritarianism or populism of the past because Mexico's transition has been incomplete, but she has struggled to hone her own message and to disseminate it to voters.

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<sup>39</sup> Gabriel Quadri de la Torre's platform is available here on his campaign website: <http://www.nuevaalianza.mx/plataforma.php>.

<sup>40</sup> The second and final presidential debate is scheduled to be held on June 10, 2012.

<sup>41</sup> Mexico's Chance at First Female President Slims as Ruling Party Fails to Make Candidate Shine," *Associated Press*, May 3, 2012.

<sup>42</sup> Shannon K. O'Neil, "Vázquex Mota and the 2012 Mexican Election," *Foreign Affairs*, February 8, 2012.

Distinguishing Vázquez Mota's proposals from those of the current Calderón government, particularly in the security realm, has been particularly difficult.<sup>43</sup> Vázquez Mota's platform includes 400 concrete actions under four pillars. They include security (including violence reduction and combating street crimes); well-being (improving the quality of education and healthcare and expanding access to credit); productivity (boosting growth and competitiveness, supporting small businesses, diversifying export partners); and taking advantage of Mexico's natural assets to build a "better Mexico" that is a regional leader and global player.<sup>44</sup>

## Issues

### Security

Increasing violence perpetrated by drug trafficking organizations (DTOs) and other criminal groups is threatening citizen security and some aspects of governance in Mexico. While the illicit drug trade has been prevalent in Mexico for decades, an increasing number of DTOs are fighting for control of smuggling routes into the United States and resisting the Mexican government's campaign against them. During the Calderón Administration, government enforcement efforts, many of which have been led by military forces, have taken down some of the leaders of each of the major DTOs, either through arrests or deaths during operations to detain them.<sup>45</sup> At the same time, the government's focus on dismantling the leadership of the DTOs appears to have contributed to brutal succession struggles, shifting alliances among criminal groups, and the replacement of existing leaders and groups with others that are even more violent. According to Mexican government estimates, organized-crime related violence resulted in more than 47,500 deaths between December 2006 and September 2011.<sup>46</sup> The toll now may now exceed 55,000.

The Mexican government's efforts to combat organized crime have been hampered by persistent corruption within the country's police and judicial institutions. Police reform efforts have advanced further at the federal level than at the state and municipal level, but even agents in the newly reconstituted Federal Police (FP) have been accused of corruption and human rights abuses.<sup>47</sup> Many observers have expressed concern that constitutional reforms passed in 2008<sup>48</sup> aimed at making Mexico's judicial system more flexible, transparent, and efficient are being

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<sup>43</sup> "Energy Flat, Attendance Down as Mexico's Female Presidential Candidate Works on a Comeback," *Associated Press*, April 17, 2012.

<sup>44</sup> Josefina Vázquez Mota's platform is available at [http://josefina.mx/mexico\\_diferente.php](http://josefina.mx/mexico_diferente.php).

<sup>45</sup> Although they have received less attention, other pillars of the Calderón government's security strategy have included increasing the operational and technological capacities of the state, initiating legal and institutional reforms, strengthening crime prevention and social programs, and bolstering international anticrime and counterdrug cooperation, particularly with the United States.

<sup>46</sup> Mexican government data for 2007-2010 are available here: <http://www.presidencia.gob.mx/base-de-datos-de-fallecimientos/> and data for January through September 2011 are available here: <http://www.pgr.gob.mx/temas%20relevantes/estadistica/estadisticas.asp>.

<sup>47</sup> In April 2012, a Ciudad Juárez businessman who had accused 10 FP of extorting, kidnapping, and torturing him was found murdered in his home.

<sup>48</sup> Under the reform, Mexico has until 2016 to replace its trial procedures at the federal and state level, moving from a closed-door, inquisitorial process based on written arguments to a public trial system with oral arguments and the presumption of innocence until proven guilty. In addition to oral trials, judicial systems are expected to adopt additional means of alternative dispute resolution (ADR) and other complementary reforms.

implemented in several states, but have stalled at the federal level.<sup>49</sup> Due to reported deficiencies and corruption within some law enforcement and public prosecutor's offices, the impunity rate for murder in Mexico stands at roughly 81%.<sup>50</sup>

Criticism of the Calderón government's security strategy has increased as organized crime-related homicides have risen, but the presidential candidates have thus far backed similar anticrime approaches, albeit with a greater emphasis on reducing violence and combating street crime (such as kidnapping and extortion).<sup>51</sup> As an example, all of the presidential candidates have pledged to continue the fight against organized crime and said that maintaining some form of military-led counterdrug strategy will be necessary, at least in the short term, despite concerns that some military officers engaged in anticrime efforts have committed human rights abuses.<sup>52</sup> While López Obrador initially pledged to withdraw military troops from anticrime efforts within six months of taking office, he has since said that he would gradually withdraw troops as federal police forces are stood up, a position similar to that of President Calderón.<sup>53</sup> All of the candidates have also talked about continuing to increase the size of some sort of federal police force and Peña Nieto, Quadri, and López Obrador have endorsed the formation of state-level police commands that would absorb some or all municipal forces. Other proposals backed by all of the candidates have included improving intelligence-gathering, reducing prison overcrowding, increasing anti-money laundering efforts, and bolstering prevention efforts. All of the candidates ostensibly support implementation of the 2008 judicial reforms, with Peña Nieto emphasizing that the state of Mexico is one of only three states fully operating under the new adversarial, oral criminal justice system.

In their platforms and public pronouncements,<sup>54</sup> the candidates have made the following proposals:

<sup>49</sup>As of April 2012, 15 of 32 Mexican states have passed new criminal procedure codes and ten states have either fully or partially implemented the reforms. The Mexican Congress has yet to approve a new federal criminal procedure code, a key element needed to guide both federal and state reform efforts.

<sup>50</sup> In other words, about 91% of murderers have not been brought to justice. Mexico Evalúa, *Seguridad y Justicia Penal en los Estados: 25 Indicadores de Nuestra Debilidad Institucional*, March 2012, p. 50.

<sup>51</sup> In his analysis of the May 6, 2012 presidential debate, Alejandro Hope, a top Mexican security analyst, maintained that all of the candidates backed the key components of the Calderón government's security strategy in one form or another. Alejandro Hope, "Apuntes Sobre el Debate," May 7, 2012, available at <http://www.animalpolitico.com/blogueros-plata-o-plomo/2012/05/07/apuntes-sobre-el-debate/>.

<sup>52</sup> Human Rights Watch, *Neither Rights nor Security: Killings, Torture, and Disappearances in Mexico's "War on Drugs"*, November 2011.

<sup>53</sup> "Decálogo Íntegro de AMLO Sobre Seguridad Pública," *Red Política—El Universal*, April 11, 2012. Hereinafter Decálogo, 2012.

<sup>54</sup> These security proposals have been summarized in Spanish by the Ethos Foundation at <http://www.arenaelectoral.com>. For Vázquez Mota's strategy, see also: [http://josefina.mx/mexico\\_diferente.php](http://josefina.mx/mexico_diferente.php), pp. 8-18. For Enrique Peña Nieto's strategy, see Anahi Rami and Dave Graham, "Mexico's Peña Nieto Plans new Police to Fight Drug Gangs," *Reuters*, April 9, 2012; Peña Nieto, 2011, p. 129; and Enrique Peña Nieto, "11 for 2011: How Should Mexico Deal with Violence," *Financial Times*, January 6, 2011. For Andrés Manuel López Obrador's security strategy, see Decálogo, 2012 and Andrés Manuel López Obrador, "Carta a Joseph Biden," March 3, 2011. Gabriel Quadri's strategy is drawn from his campaign platform which is available at <http://www.nuevaalianza.mx/plataforma.php>.



**Andrés Manuel López Obrador  
(PRD/PT/MC)**

- Combat poverty, inequality, and a lack of job and educational opportunities for youth
- Create a new federal police force, have a unified police command in the states, and gradually withdraw the military from the streets
- Punish corruption and human rights violations by security forces
- Convene daily meetings of security cabinet
- Create an institute to promote citizen participation in violence prevention efforts

**Enrique Peña Nieto (PRI/PVEM)**

- Develop a proactive crime prevention strategy that focuses on addressing the underlying causes of crime, such as poverty and unemployment
- Increase the size of the federal police to 50,000, create a national gendarme comprised of some military forces currently engaged in fighting organized crime that will be under civilian control, and establish 32 unified state police forces
- Hasten implementation of judicial reform
- Focus anticrime efforts and social and economic programs in the most violent areas of the country
- Develop a National Strategy to Reduce Violence that will contain binding commitments for all levels of government, along with civil society, to accomplish

**Gabriel Quadri (PANAL)**

- Increase the size of the Federal Police tenfold, while also keeping the military engaged in the fight against organized crime
- Establish unified police commands in the states and dissolve municipal forces
- Reduce the use of preventive detention in prisons, separate dangerous inmates from low-level offenders, and privatize minimum security prisons
- Make the Attorney General's Office an autonomous institution with an independent advisory board comprised of well-respected citizen experts

**Josefina Vázquez Mota (PAN)**

- Build a federal police force of 150,000 and adopt a national police model that will “respect federalism” and retain high-performing municipal forces, but also keep the military engaged in anticrime efforts
- Consolidate the independence of the Attorney General's Office (PGR)
- Adopt and homogenize new federal and state criminal procedure codes
- Punish officials convicted of ties to organized crime with life in prison
- Establish a national pact and program against crime and violence focused on education and culture

The candidates have not commented much on the Mérida Initiative directly, but have made general statements to the effect that they would each continue security cooperation with the United States if elected, albeit with a different focus than under Calderón. Vázquez Mota maintains that, in addition to stepping up anti-money laundering efforts, the countries should develop complementary intelligence, enforcement, and prevention efforts. Peña Nieto gives higher priority to more intelligence-sharing than larger amounts of U.S. security assistance, but his four pillar strategy resembles the Mérida Initiative's four pillars, albeit with an explicit emphasis on violence prevention and reduction. His advisors have mentioned the importance of both Mexico and the United States working more closely together to assist Central American governments struggling to contain violence and insecurity. López Obrador emphasizes development aid to combat the root causes of crime and violence over security assistance. All the candidates have said that they would push the United States to do more to honor its domestic commitments under the Mérida Initiative to combat drug demand, bulk cash smuggling, and weapons trafficking. López Obrador has also pledged not to allow any U.S. intelligence or law enforcement operations that would introduce weapons or bulk cash into Mexican territory.

**Economy**

Over the past 12 years of PAN rule, Mexico has experienced macroeconomic stability and low inflation and unemployment, but continued to post relatively high rates of poverty and inequality.<sup>55</sup> Analysts credit the Calderón government with deftly handling the 2008-2009 global financial crisis, improving Mexico's business climate (through investments in infrastructure and reducing bureaucratic red tape), and moving forward on some energy and competitiveness reforms. Still, economic growth has averaged just 1.8% per year under Presidents Fox and Calderón, and poverty rates have not declined significantly over the last decade.<sup>56</sup> Observers have expressed disappointment that structural reforms needed to boost growth and competitiveness in

<sup>55</sup> Duncan Wood, “Mexico's Elections and the Economy—Voters Face a Tough Decision,” *Center for Strategic & International Studies*, May 2012.

<sup>56</sup> According to the U.N. Economic Commission for Latin America and the Caribbean, the percentage of Mexicans living in poverty fell between 2000 and 2006, but rose again between 2006 and 2008 to include almost 45% of the population. Recent Mexican government data show that the percentage of Mexicans living in poverty increased again between 2008 and 2010 to include 46.2% of the population, or roughly 52 million people. See Consejo Nacional de Evaluación de la Política de Desarrollo Social, *Medición de Pobreza 2010*, July 29, 2011, <http://www.coneval.gob.mx/>. Some analysts dispute those findings, maintaining that Mexico has already built a relatively large middle class. See Luis de la Calle and Luis Rubio, *Mexico: a Middle Class Society: Poor no More, Development Not Yet*, (Washington: Woodrow Wilson International Center for Scholars—Mexico Institute, January 2012).

Mexico—fiscal reform to raise tax revenue and reduce dependence on oil revenues, labor reform, and educational reform—have not been enacted. Increasing insecurity, persistent corruption, and a weak law enforcement and judicial system still in need of reform may also be limiting foreign investment in Mexico.<sup>57</sup>

The presidential candidates have all pledged to boost economic growth and competitiveness in Mexico in order to create more formal sector jobs and reduce poverty. **Josefina Vázquez Mota's** economic platform aims to build upon the hard-earned financial stability that she says Mexico has experienced under PAN governments. Vázquez Mota aims to boost growth by increasing labor market flexibility and labor productivity, opening up to greater competition sectors that have historically been protected, supporting small and medium-sized businesses and farmers, and using public-private partnerships to boost investment in key sectors. Throughout the campaign, Vázquez Mota has variously emphasized her experience as an economist, as a Minister of Social Development and a Minister of Education, and as a mother to prove that she can relate to—and help solve—the economic challenges facing average Mexicans. She also stresses the need for fiscal, energy, and education reform.

**Enrique Peña Nieto** acknowledges that the PAN has maintained the macroeconomic stability that began in the mid-1990s during the PRI government of Ernesto Zedillo, but criticizes the past two administrations for allowing Mexico to fall behind faster-growing countries like Brazil.<sup>58</sup> He identifies several reasons why Mexico's economic growth has lagged: low productivity, insufficient access to credit, deficient investment in infrastructure, monopolies, a large and expanding informal sector, and a continued over-reliance on the U.S. market. To counter these deficiencies, Peña Nieto advocates a 10-point economic plan that includes, among other measures: implementing recently-passed legislation to counter monopolistic practices, passing fiscal reform, opening up the oil sector, making farmers more productive, and doubling infrastructure investments. Peña Nieto also endorses an active international trade policy aimed at increasing Mexico's trade with Asia, South America, and other markets.

Given his background as an environmentalist, it is unsurprising that PANAL candidate **Gabriel Quadri's** economic plan emphasizes sustainable growth and development. Quadri, like the other candidates, pledges to maintain macroeconomic stability in Mexico, but also stresses the importance of enacting a “green” fiscal reform. Elements of that reform would include increasing tax revenues and ending some energy subsidies to allow for increased investments in public transport, education, and renewable energy; allowing states and municipalities to levy more taxes to support local priorities; and making public spending more efficient and transparent. Quadri is also a strong supporter of energy sector reform and reducing government taxes on PEMEX. He would also replace traditional subsidies to rural farmers with support aimed at promoting their involvement in environmental conservation and increasing their productivity.

While the other candidates endorse similar reforms aimed at making Mexico's market-friendly economy more competitive, **Andrés Manuel López Obrador** identifies neo-liberalism as one of the primary reasons why social conditions in Mexico have deteriorated. López Obrador blames the PRI's adoption of neo-liberal policies in the mid-1980s and the PAN's maintenance of those policies for Mexico's sluggish economic growth and anemic job creation rates. Although he has

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<sup>57</sup> Presentation by Ambassador James R. Jones, Chairman & CEO, MannatJones Global Strategies, at the Center for Strategic & International Studies, May 9, 2012.

<sup>58</sup> Peña Nieto, 2011, pp. 57-63.

toned down some of the anti-business rhetoric he voiced in 2006, López Obrador continues to favor state-centered economic policies to market-based solutions. If elected, he promises to launch an austerity program and an aggressive anti-corruption drive to free up government funding for investment in infrastructure projects and social development programs. López Obrador argues, perhaps more forcefully than any other candidate, that reducing poverty and inequality will help solve Mexico's crime problems. López Obrador supports the provision of energy subsidies and other perks to Mexican producers and protecting the interests of Mexican producers in international trade negotiations.

## **Oil Sector Reform**

The future of oil and gas production in Mexico is of great importance for Mexico's economic well-being and for U.S. energy security, a key congressional interest. Oil continues to be important for the Mexican economy, representing almost 14% of overall export earnings in 2010.<sup>59</sup> The state oil company, PEMEX, contributes more than a third of the federal government's budget. Mexico was the third largest supplier of crude oil to the United States in 2011 after Canada and Saudi Arabia, accounting for about 11.7% of U.S. oil imports.<sup>60</sup>

Oil production in Mexico has declined significantly since the mid-2000s, with some predicting that if PEMEX is not reformed, the country could become a net oil importer as soon as 2015.<sup>61</sup> There are concerns that Mexico's proven oil reserves are declining because of insufficient funds available for maintenance and exploration. In part because of the Mexican government's heavy fiscal demands, PEMEX has had financial difficulties, with its debt increasing and the company registering an annual operating loss since 1998. PEMEX lacks the technology and expertise needed to perform the deep-water exploration and drilling that is needed to tap into new reserves or to exploit its extensive shale gas deposits. Energy reforms passed in 2008 allowed PEMEX to enter into incentive-based service contracts with foreign oil companies, but did not permit PEMEX to enter into joint ventures in exploration and production or private companies to build and operate refineries or pipelines in Mexico. In February 2012, the United States and Mexico signed a transboundary hydrocarbons agreement that clarifies how oil in the "western gap" portion of the Gulf of Mexico can be developed, including how U.S. companies may implement certain projects with PEMEX.<sup>62</sup>

Many U.S. observers are interested in whether the next Mexican Administration will push for further reforms to increase private involvement in PEMEX. Three of the four presidential candidates (Peña Nieto, Vázquez Mota, and Quadri) have endorsed further opening up PEMEX to private investment. All three candidates have suggested that PEMEX might follow the example of Petrobras in Brazil. In the 1990s, Petrobras increased private involvement in exploration, production, and refining; implemented reforms to boost its competitiveness; and then gradually opened itself up to private minority ownership. Enacting further reforms to Article 27 of the Mexican Constitution would likely be required in order to allow private companies to partner

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<sup>59</sup> U.S. Energy Information Administration (EIA), *Country Analysis Brief- Mexico*, July 2011.

<sup>60</sup> U.S. Department of Commerce, Census Bureau, via Global Trade Atlas.

<sup>61</sup> Duncan Wood, "The Administration of Decline: Mexico's Looming Oil Crisis," *Law and Business Review of the Americas*, vol. 16, Fall 2010.

<sup>62</sup> U.S. Department of State, "Fact Sheet: U.S.-Mexico Transboundary Hydrocarbons Agreement," press release, February 20, 2012.

with PEMEX, a task which Peña Nieto's campaign manager has said would be an immediate priority for a Peña Nieto administration.<sup>63</sup> In contrast to his opponents, Andrés Manuel López Obrador opposes deepening private involvement in PEMEX. Instead, he has proposed ridding PEMEX of corruption, boosting investment in exploration, constructing five new refineries, and lowering crude oil exports so as to fulfill domestic energy needs first.<sup>64</sup>

## Mexico's Broader Approach to Relations with the United States

Until the early 1980s, Mexico had a closed and statist economy and an independent foreign policy that was often at odds with the United States. Those policies began to shift, however, under President Miguel de la Madrid (1982-1988), and changed even more dramatically under President Carlos Salinas de Gortari (1988-1994) and President Ernesto Zedillo (1994-2000). President Salinas opened Mexico's economy to trade and investment and negotiated NAFTA, while President Zedillo enacted electoral reforms to make Mexican politics more competitive and increased cooperation with the United States on drug control and border issues. The U.S.-Mexican relationship has continued to grow stronger and more institutionalized during the PAN Administrations of Vicente Fox (2000-2006) and Felipe Calderón, with security gradually overtaking trade and immigration as the primary focus of the bilateral relationship. The increasing importance of the U.S.-Mexican relationship has been evidenced by the fact that recent U.S. presidents have convened pre-inaugural meetings with their Mexican counterparts.

Some Members of Congress may be concerned that leadership changes that result from the July 1, 2012 Mexican elections could have a significant impact on U.S.-Mexican relations, particularly if the elections result in a change in the party in power. However, few analysts are predicting that the elections will result in any seismic shifts in bilateral relations. After meeting with the three leading presidential candidates in early March 2012, Vice President Joseph Biden predicted that U.S. cooperation with Mexico would not be significantly altered by the election of any of the three.<sup>65</sup> Of the major candidates, Andrés Manuel López Obrador has proposed the most dramatic shift away from current policies, but even he has promised to respect NAFTA and continue combating criminal groups in Mexico, albeit from a prevention and development focus. While one might expect the most continuity in bilateral relations should the PAN retain the presidency, Josefina Vázquez Mota has pledged to move away from focusing largely on migration and security matters to emphasizing education, economic, and cultural cooperation. Enrique Peña Nieto has sought to reassure U.S. policy makers that a PRI administration would continue to combat organized crime, while also successfully implementing structural reforms that have stalled under the PAN. He also supports increased bilateral and trilateral (with Canada) economic cooperation.<sup>66</sup> Given the daunting security crisis and persistent economic and social challenges that Mexico is facing, it is likely that next president of Mexico will pursue relations with the United States as a means of overcoming his or her country's domestic challenges.

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<sup>63</sup> "Excerpts: Luis Videgaray; 'We Will Maintain the Fight Against Organized Crime,'" *Wall Street Journal*, April 27, 2012.

<sup>64</sup> Carina García, "Presenta AMLO Plan Energético; Rechaza Privatización de PEMEX," *El Universal*, April 10, 2012.

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