

**Global Classrooms: Report from Mexico**  
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**1. Mexico's Economic Profile**

Throughout history, Mexico has faced multiple challenges in social, political and economic sectors. But we are a country stronger for these challenges because our people keep working to make our country a leader despite many challenges. We are still in the process of growing into a leader, yet we have already seen this new day in our growing globalization and more and more bilateral and multilateral engagements where Mexico sits at the table as an equal partner.

For five decades of political turbulence following the independence of Mexico in the 19<sup>th</sup> Century and the four consecutive administrations of President Porfirio Diaz, who brought economic growth to our country, our country started to prosper. President Diaz focused on the growth by foreign direct investment and European immigration, the development of an efficient railroad and the development of natural resources. In the late 19<sup>th</sup> Century, Mexico rivaled Argentina and Uruguay with an economic growth that averaged 3.3% yearly.

The Mexican Revolution (1910) transformed Mexico's political, social, cultural, and economical structure as the country began its quest for greater democracy. This movement erupted because of political repression and fraud, as well as huge income inequalities. Land distribution was also unfair since the *haciendas* were owned by a few but worked by millions of underpaid peasants living in unstable conditions. The reconstruction of the country began and shaped most of 20<sup>th</sup> century.

What followed is known as the "Mexican Miracle" since it was a period of very high economic growth from 1930 to 1970 thanks to the model of import substitution industrialization (ISI). This model paved the way to an economic boom through which industries expanded their production and changes in the economic structure were made. Among the policies implemented by the PRI—the only party to hold office for 70 years—were free land distribution to peasants and rural communities, the nationalization of banks and the oil and railroad companies, the introduction of social rights into the constitution, the creation of large and influential labor unions, and the upgrading of infrastructure.

During the administrations of Presidents Echeverria (1970-1976) and Lopez Portillo (1976-1982), who tried to include social development in their new policies for more public spending, oil fields were discovered when world prices were increasing and international interest rates were low. So the government decided to borrow from the international capital markets to invest in the state-owned oil company which in return would profit to promote social welfare. López Portillo announced that it was time to "manage prosperity", but he didn't foresee what was to come. The international panorama changed during a period of 1981 to 1982 where the oil prices decreased and the interest rates rose. This caused López Portillo to suspend payments of foreign debt, devalue the peso and nationalize the banking system; and many other industries that were affected by this crisis, especially the steel industry. In the late 1980s, the industries in the country were uncompetitive and not very productive because of the nationalization and subsidies policies. Mexico was struck by inflation which reached a historic high at 159.7% after the crisis of 1982.

In order to reconstruct the economy, President de la Madrid (1982-1988) began to implement market reforms. The first step toward the liberalization of trade was the General Agreement on Tariffs and Trade (GATT) in 1986 and then the North American Free Trade Agreement (NAFTA) in 1992, signed by Canada, the United States and Mexico under president Carlos Salinas de Gortari (1988-1994).

During the presidency of Salinas, strict price controls were introduced as well as negotiated smaller minimum wage increments with labor unions with the aim of fighting inflation. His strategy was successful because in the end the inflation was reduced but the growth averaged only 2.8% a year. Salinas also fixed the exchange rate which caused the peso to become overvalued rapidly while consumer spending increased. The outcome was causing the current account deficit to reach 7%. This deficit was financed through "tesobonos", which were a type of public debt instrument that reassured payment in dollars. But in 1994 the assassination of the ruling party's (PRI) presidential candidate, Luis Donaldo Colosio sent a disturbing message to investors and owners of the tesobonos who quickly went to cash their treasure bills. This caused the Central Bank's reserves to run out while the portfolio investment, which made up 90% of total investment flows, left the country as fast as they had come in. This unsustainable situation eventually forced president Zedillo to abandon the fixed exchange rate causing the peso to devalue and the country entered an economic crisis in December 1994. American President Bill Clinton gave Mexico special funding and loans from the U.S. and in less than 18 months the economy was growing again. Over the past 10 years, Mexico signed several FIAs with Latin America and European countries, as well as Japan and Israel – so we are becoming one of the most open countries in the world to trade.

Mexico is highly dependent on the exports to the U.S. which make up more than a quarter of the GDP. As a result Mexico's economy has suffered a slowdown since the present economic crisis. Real GDP grew by 4.8% in 2006 and by 3.3% in 2007, but is expected to grow only by about 2% in 2008 and from 0.5% to 1.5% in 2009.

## **2. Mexico's Strengths and Values**

The World Bank reported in 2007 that Mexico's Gross National Income in market exchange rates was the second highest in Latin America after Brazil. This means that Mexico is now firmly establishing itself as a country committed to growth and developing a strong middle class, even though the growth of our country is considered to be well below its potential.

The strongest components of Mexico's economy are: the service sector followed by the industrial sector and finally the agricultural sector. But the real strength in Mexico lies in the hands of its people. Faced by three different crises throughout the history of Mexico it is safe to say that we are stubbornly learning from past mistakes and our leaders do not take action for the benefit of the people but for the benefit of the country as a whole. As a result Mexican people have learned to fend for themselves creating opportunities where they see fit. A clear example of this is people crossing borders trying to find a way out leaving their families behind. In 2004 remittances coming from the United States became the second largest source of foreign income after crude oil exports. This creates problems for our culture, since family plays a huge role in it. With the separation of families (society's nucleus), the values which are implemented into each and every citizen such as: respect, honesty and self integrity, as well as religion are at risk.

The Industry sector has been accounted for almost 90% of all export earnings. Among the most important industrial manufacturers in Mexico is the automotive industry whose standards are internationally recognized. The third largest cement corporation in the world, CEMEX, belongs to Mexico as well as the world-renowned companies like Grupo Modelo and Femsas which own famous breweries like Corona and Tecate. The industrial sector has also benefited and created a landmark for trade from the maquiladoras which are factories that take imported raw materials and produce goods for export.

The service sector currently employs 59% of the population even though Mexico is still facing an unemployment rate of 4.1%. This sector includes transportation, restaurants and hotels, arts and entertainment, health, education, financial and banking services, as well as public administration. Tourism may fit in as well since it is the fourth largest source of foreign exchange for the country -- Mexico is the eight most visited country in the world.

The agricultural sector has been declining slowly and can be compared to that of a developed nation. Nonetheless it still employs a considerably high percentage of hand labor - 15.1%. Crops in Mexico rely on high production cost and lack of investment since the government focuses on the growth of the industrial sector so the agricultural sector is lacking money and technology and depending on rustic appliances to work the land. The oil production is also taking a hit since its exports have been steadily fallen since 1980 where they accounted for 61.1% of total exports to 7.3% by the year 2000. Mineral resources belong to the nation by law. Since the government does not have enough money to improve the technology used to extract the oil as well as the infrastructure, and it being protected constitutionally from private and foreign investment, it is predicted that the company PEMEX may soon face its collapse.

### 3. What do Mexican students dream?

Mexican people are known to be ambitious and hard workers since they always find a way out when the economy takes a toll on their profits. It is because of this that the future leaders crave to be larger than themselves so they can provide more than enough to their families. Throughout the recent history of Mexico we have faced three economic crises including the current one, so it is safe to say that the likelihood that our country will emerge from this one even stronger is huge.

Enormous gaps remain between the urban and the rural population, the northern and southern states, and the rich and the poor. It is extremely alarming that there is no existence of a real middle class in our economy. Some of the government's challenges include the upgrade of infrastructure, the modernization of the tax system and labor laws, and the reduction of income inequality which separates the rich from the poor. These enormous gaps contribute to the lack of education in the rural areas where poverty is prevalent.

For too many young people, education is a luxury not a right, so after students learn how to read and write, the parents may take them out of school and ask them to work, seeing no further gain in keeping their breadwinner in school. Since education is not a priority for more than 40% of the population who live in poverty; these families have to choose between education or survival when they cannot afford to send their kids to high school let alone to university. Yet for the remaining percentage where education is affordable the situation is quite different.

Private schools have plenty of funding for books and materials including computers. Students who attend these schools have enough teachers for each subject taught with class sizes ranging from 25 to 30 students. Students focus their sights on becoming engineers, business people, lawyers and majoring in social studies such as International Relations and Public Relations. The popularity of these majors is quite obvious since the interest to develop our country internally and externally and become a sustainable Mexico is in all of our visions for the future. Seeing that many students look forward to major in law and go into politics may mean that we have a sense of leadership and believe that we are not the ones to follow others but to be followed by others. Also believing that the way to a better Mexico is through the making of new laws and improving our financial systems -- and putting an end to the corruption cloud which hovers over our leaders.

When asked how, as a student, you can develop and define your values and vision for the future, here is what some students answered:

"My vision for the future is both clear and unclear. Even though I don't know what the future holds, I do know that somehow it will be related with the global community and its development. This makes a liaison with the values, for the vision comes from the values. I will study International Relations so that I can make a bigger impact in my country and in the world. This feeling that I have about doing something to make this a better place comes from the diversity I see in Mexico. Seeing how this country and its people are so different from each other makes me wonder how we can use this diversity to change what we need to change and what makes me wonder even more is what we can do on a bigger scale and breaking the frontiers to other countries. Better opportunities for the Mexican people come from pro-activism; better opportunities for the world come from knowing that I'm not only a citizen of Mexico, but also a citizen of the world.

"Being born as a Mexican there's not a single day that I don't get amazed by what my country has to offer; like I said, its diversity is a big advantage. I also think that the Mexican people are among the most "warm" and passionate people there could be. We don't give up easily. Whether it is an economic crisis, a flood, an economic status, or an earthquake, the Mexicans have proven to have solidarity, and to be great workers. Because of this, (geographical situation, cultural background, economic situation...) I am fully convinced that the Mexicans have an enormous vision for the future, and are willing to do everything to make it become a reality.

"Living under the shadow of our "neighbors of the north" is not easy for us to look up to other forces like China, and the European Union. No matter how the country grows, we are still living with the "American dream" image right above us. For some this may sound like its crazy, and it certainly doesn't apply to everyone, but I do think that this is a motor for some people. Why can't we become more powerful? Why can't we be a better country? Why can't we make our own "Mexican dream"? Well, for the past decade, I think we have accomplished it, we still have a lot to work on, but I do think we're on our way. We have everything in our favor.

"I know the diversity of land and the people is the major strength I see in Mexico. From vast deserts to dense jungles, from turquoise waters to snowy mountains, Mexico truly is the "New World" as Cortes himself described it. From centuries back, people have been amazed by what this land has to offer and the cultural background we Mexicans hold. The will of the Mexican people is even more amazing, the solidarity, and the love of for our country.

"As my stage in high school comes to an end, I begin to think about what University will be like. I am sure that this will be a step forward to the vision I have of becoming an agent for change, someone with the power to make things better. I'm sure it's going to be hard, and because of this I have been preparing myself: from stages in other countries, to volunteering and social work. I try to try anything that gets me into action and a way not only from my indifference, but also from other people's indifference from the world community". - Hiram Villarreal [mtz\\_villiram@hotmail.com](mailto:mtz_villiram@hotmail.com)

"As an individual I define my vision for the future basically on two things; the first one is the current situation I am living in. For example, being conscious of what my country is going through economically and socially has made me

aware of the challenges I will face in the near future, when I will begin to lead a more independent life. The second one is my own hopes and goals which act as a counterpart to the current situation as they provide me with the necessary optimism to work and overcome the many difficulties I know I will have to face. I am a firm believer that values are obtained from a combination of the education received and the experiences lived.

"The history of Mexico is characterized by being very chaotic at times, a quality still preserved in many of the current events here in Mexico. However it is these historic events that have helped define the values of the Mexican people. The Mexican people have been able to bear it all, developing a moral strength that has defined itself as one of their essential values. Through these historic experiences many other values have derived, among which a strong sense of solidarity between fellow countrymen stands out. I believe that the combination of historic experiences and the values acquired by them have defined throughout the years the Mexican people's vision of the future. It is a vision sometimes plagued with pessimism but still manages to preserve a strong group of individuals who are willing to work and hope for a brighter future.

"Mexican people find great inspiration based on social experiences. They have a great heart and find themselves very moved with stories dealing with overcoming an obstacle or a very traumatic experience. It is then that that we realize just how much we can do for ourselves and our country as well as the world.

"In the near future, I plan to start a career in International Relations. Through this career, I hope to be able to represent my country on a very wide range, and through my work remind the world of the great strength it distinguishes itself with". - Catalina Garza [caty\\_garza1218@hotmail.com](mailto:caty_garza1218@hotmail.com)

"Mexico's strength comes from its great diversity of people, land and cultures. That is why our three major sources of income come from these three strengths. First of all Mexico has been blessed to be a nation rich of oil and has been able to exploit its natural resources but there still is room for improvement in this area. Also hard working Mexicans who travel to the United States make our second source of income and our third but not last strength is tourism, the land and varied cultures in Mexico make our country a fun and interesting place to visit.

"Mexico is still a new country that is full of economic promise, my vision of Mexico in the future is that is still going to be a free and just country, where people of all cultures and sexes are treated as equal and share equal opportunities, a country that has an important role in world issues, especially in Latin America where it is a born leader. A country full of economic prosperity, and specially a country that even do it is part of the globalist effect, it would never lose its culture and values.

"That is the vision in which I intend to lead all my hard work to, now as a high school student, the next years as a law student, and finally as a professional. I want to study law because I believe that if used correctly it can be a fulfilling profession that can make a lot of justice and good to people in need of it, and because I've seen in many other lawyers in history like Cicero that change is possible even if its from a lot of little cases, but those cases can also make a big difference" -- Eloy Cantu [eloy\\_ca90@hotmail.com](mailto:eloy_ca90@hotmail.com)

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