



ELECTION WATCH MEXICO

July 2009

On Sunday, July 5, 2009, Mexicans went to the polls to cast their votes in the country's mid-term elections. Following an eight-year period during which the Institutional Revolutionary Party (PRI) played a significantly diminished role after dominating Mexican politics for 72 years, the PRI was resurrected on the national level by more than doubling its presence in the Cámara de Diputados, the lower chamber of Mexico's Congress, winning 237 of the 500 seats. Together with its political ally the Green Party (PVEM), the PRI will now control the legislature.

In a gracious speech given on election night, President Felipe Calderón of the National Action Party (PAN) expressed his willingness to work with the PRI-controlled chamber over the course of the remaining three years of his term. This conciliatory overture punctuates the fundamental shift which has taken place in Mexican politics over the last 24 months; the incumbent PAN finds itself in a rebuilding state while the PRI continues to gain momentum and rediscover political capital which many thought had been lost after 2000. Both PAN and PRI, along with the Democratic Revolution Party (PRD), now set their sights on the 2012 presidential election. However, along the way all three political parties will need to demonstrate how they plan to address Mexico's sinking economy, organized crime and violence epidemic.

ELECTION RESULTS

According to results released by the Federal Elections Institute (IFE) on July 12, the PRI captured approximately 37 percent of the vote, while President Calderón's PAN won approximately 28 percent. The PRD fared the worst of the three major parties, taking only 12 percent of the vote, which will diminish the party's current standing as the second most powerful party in the Lower Chamber. When the new Lower Chamber is sworn in on September 1, 2009, the Mexican Congress will be a changed one. Mexican voters sent a strong message that the economy is their number one priority issue and that Calderón's PAN has not delivered on its promises.

The IFE reports that 34,708,444 of 77,474,205 registered voters cast their ballots in the elections. The PRI won 138 congressional districts, giving it a total of 237 seats in the lower house. Coupled with the seven percent of votes won by its political ally the PVEM, the PRI may control up to 260 of the lower chamber's 500 seats, obtaining a majority. The PAN, which currently controls the Lower Chamber, captured 143 seats, a loss of 63 for the party. The PRD won only 71 seats, which represents a net loss of 56 seats which it currently holds. The Social Democrat Party (PSD) earned fewer than two percent of the ballots cast, thereby losing its national registration as a political party.

PRI's electoral victory is not only evident in the legislative results. PRI also won several key governorships throughout the country as well as seats in state chambers, giving the party enormous political clout in the way President Calderón will handle federal affairs during the remaining years of his presidency. PRI won the governorships in the states of Nuevo León, Campeche, Colima, San Luis Potosí and Querétaro, all of which were predicted to be won by the PAN. In these states, PRI obtained, on average, more than 50 percent of the votes, defeating the PAN by only a few percentage points. Only the governorship in Sonora remains under a PAN government, where the party obtained 49 percent of the votes, against 45 percent obtained by PRI.

Interestingly, the Voto en blanco (Null vote) movement, led from Mexico City by civil society organizations

and several high-profile former politicians which asked Mexicans to annul their votes, symbolizing a rejection of the country's current politics, had a questionable effect on the outcome of the election. On the national level, 5.4 percent of votes were annulled. However, in Mexico City, the votes annulled reached almost 11 percent. This relatively high percentage clearly reflects Mexicans' disenchantment with the country's political parties and their lack of attention to issues of greatest concern.

POLITICAL ENVIRONMENT

This election cycle comes after the highly contested presidential race in 2006 between Felipe Calderón of the PAN and Andrés Manuel López Obrador of the PRD. After nearly 42 million Mexicans cast their ballots, Calderón received 35.89 percent of the vote against López Obrador's 35.31 percent. The remaining 28.8 percent of the vote went to the PRI and candidates of smaller parties. The IFE decision to announce Calderón as the winner by a margin of half a percentage point led to chaos in downtown Mexico City, as thousands of PRD supporters held massive public protests. López Obrador immediately declared himself to be Mexico's "legitimate president," sparking more protests around the country against Calderón's win. In stark contrast to Mexico's 2006 elections when the results were violently disputed, there were no major incidents of violence reported in these elections and all political parties immediately accepted the results.

The omnipresent theme for all Mexicans during the 2009 electoral period was the rapidly declining economy. Mexico's gross domestic product contracted 8.2 percent in the first quarter of 2009, with the hardest-hit sectors being manufacturing, commerce, and services. Such high levels of contraction have not been seen since the 1995 economic crisis, which is considered to be one of the worst fiscal crises in modern Mexican history. In the first quarter of 2009, Mexican exports dropped 30 percent, which contributed greatly to an average loss of 2,600 formal sector jobs per day. By Election Day, unemployment had risen to approximately 5.5 percent; in July 2008, Mexico's unemployment rate was 3.24 percent.

In the period leading up to the July 5 legislative elections, each of the country's main political parties developed their campaign platforms around what they considered to be the country's key problems. Since President Calderón of the PAN declared a public war against Mexico's drug cartels in 2006, cartel-related violence has claimed 10,500 lives. Accordingly, the PAN took a strong stance in this campaign, reinforcing the importance of Calderón's security policies to safeguard the country against narcotrafficking. Despite the dire state of Mexico's economy, the PAN elected to not incorporate economic revitalization into its campaign themes and strategy, effectively ignoring the topic which touches the daily lives of the entire Mexican population. What proved to be an overemphasis on national security and disbanding the drug cartels did not resonate with the population as a whole.

The opposition PRI, on the other hand, based its campaign on improving the economy, emphasizing the detrimental nature of rising food prices, the nation's increasing unemployment, the decline in valuable remittances sent from abroad and the questionable handling of the A/H1N1 flu crisis which greatly affected the tourism industry and overall economy. The PRI recognized the economy's effects on Mexico, and responded with its *Primero tú* (You first) campaign, centering on improving Mexicans' personal economic well-being. Contrasting with the PAN's campaign, the PRI portrayed itself to be the party which could bring positive change to the economy and its people, and move away from security policies it deems to have been thus far ineffective.

The PRD's campaign emphasized greater opportunity for Mexicans, focusing in particular on traditionally marginalized sectors of society. This campaign strategy did not outline many specifics for how the PRD would bring opportunities to citizens, a problem which voters expressed by low levels of support for the party. The PRD's nebulous platform is a stark contrast from its well organized campaign in the 2006 presidential election, which garnered 35.31 percent. Following López Obrador's defeat in 2006, the internal fighting, culminating with his support of non-PRD candidates in the 2009 congressional races, left the party disorganized and unable to inspire confidence among Mexicans, manifested by the 12 percent of the ballots the party won.

IMPLICATIONS FOR THE PARTIES

These results are indicative of several key changes in Mexico's political panorama. For example, PAN President Germán Martínez, hand-picked by Calderón in 2007, has stepped down as a direct result of the PAN's poor performance during the legislative elections. Accordingly, the National Executive Committee of the PAN has been called into session and is in the process of organizing the party's internal election for president, which will take place no later than August 10, 2009. An informal group of past and present PAN leaders are encouraging experienced individuals to run for the party presidency. Although there are no obvious frontrunner candidates, party loyalists have confirmed that the new party president will have to meet three

key criteria. First, the party will likely seek someone outside President Calderón's inner circle. Second, the party is seeking a tested negotiator who will be able to strike a positive dialogue with the PRI leadership in Congress. Finally, PAN is seeking more overall strategic direction from their leadership, so the party will look for someone who possesses those skills.

The PRI will also face internal restructuring, as party president Beatriz Paredes is poised to assume the title of Coordinadora de Bancada in the lower chamber. Paredes' victory is not certain; she will still have to face her congressional colleagues in a vote for the position. Paredes holds the reputation of a strong leader and well respected tactician within her party, but these characteristics may not be the most effective for a leadership position in the Lower Chamber which requires patience and conciliation.

The PRD, on the other hand, is in serious turmoil. While many are calling for Jesús "Chucho" Ortega's resignation as party president, he has decided to continue in the party's presidency. Calls for his resignation are coming from opponents who lost a bitter, nine-month internal election that ended with an electoral tribunal ruling Ortega the winner in 2008. López Obrador also lost political clout in this last election cycle by backing Labor Party candidates. With the two most visible members incurring the ire of rank-and-file party members following the July 5 elections, party leadership will likely have to redefine its strategy and goals as the party's political capital has significantly diminished.

THE ROAD AHEAD

In the evening of Election Day, President Calderón graciously acknowledged the PAN's defeat, encouraging new members of the Lower Chamber to put political differences aside and begin to work together for the good of the country on key initiatives such as bolstering the economy, creating jobs and improving public safety. Many across Mexico are amazed by PRI's robust comeback, given the party's waning clout since 2000 and its disappointing performance in the 2006 presidential elections. With its renewed power, it is likely that the PRI will use the momentum from this election to drive its priorities in Congress. Calderón and the PAN members in the Cámara de Diputados will likely face stronger resistance from their opposition in Congress in the implementation of Calderón's agenda and will be forced to negotiate with Congress on all pieces of legislation, not solely those on the President's agenda. This is especially important, as the Lower Chamber's functions include approving the military budget, an integral part of Calderón's war against narcotrafficking, and levying taxes, another key mechanism to fund his security policies. Without the support of the PRI-controlled Lower Chamber, some fear that the gains made in Calderón's first three years in the presidency - such as tax and pension reform, as well as the semi-privatization of PEMEX, Mexico's state oil company - could be in jeopardy.

The repudiation of the policies championed by Calderón and the PAN in this election will likely have far-reaching effects, as the parties begin to prepare for the 2012 presidential election. In the period leading to the next presidential election, the PAN will have to reanalyze and reevaluate its policies if it wants to continue to drive national policy. This will likely involve moving to the political center, a difficult maneuver to execute without ostracizing the party's base. The PAN will also have to improve its local support by increasing and improving grassroots outreach techniques, particularly in rural areas. Lastly, as funds from the Mérida Initiative enter Mexico, Calderón will have to work to curtail cartel-related violence throughout the country, thereby vindicating the policies on which the PAN ran.

Within the party, PAN loyalists are wishing outgoing Germán Martínez luck as he leaves the party presidency. Accordingly, the party will distance itself from Martínez, but will still continue to be loyal to President Calderón, as Mexico's president also unofficially functions as party leader. Under the circumstances, Calderón will not have carte blanche to appoint a successor, but he will be consulted and the party will continue to follow his direction. Most pressing for the PAN at this moment is its election of a party president, election of coordinadores de Bancada and National Executive Center secretaries, as well as the creation of a legislative agenda and strategies to work with the PRI in the nation's lower chamber of Congress. Because its internal structure is currently being redefined, there are no early frontrunners for the 2012 presidential election.

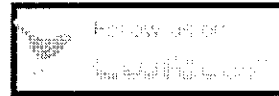
All political parties will soon prepare for another set of elections scheduled throughout 2010 in which 10 governorships and 14 state legislatures and corresponding municipalities are to be held. These elections will surely impact party standing as individuals begin to place themselves under the microscope for 2012. Indeed, the 2010 elections will be an early barometer on the PRI's ability to build support in the period leading up to the presidential elections. Since the PRI traditionally has been the party with the strongest grassroots support, chiefly due to the networks of political support it established throughout the seven decades it ruled Mexico, the party stands to put itself in a strong position. However, if Mexicans are not satisfied with the PRI's achievements following the 2009 elections, other political parties, particularly the PAN, stand to gain the support of Mexicans.

IRI IN MEXICO

In Mexico, the International Republican Institute (IRI) conducts local governance programming with funds from the National Endowment for Democracy, building the capacities of public officials to more effectively deliver services in response to citizen needs and institutionalizing transparent and accountable governance at the state and municipal levels.

IRI also works with the support of the U.S. Agency for International Development with the three major parties - PAN, PRI, and PRD - to strengthen institutional capabilities and increase the participation of women and indigenous populations.

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