

Mexico's Fox Sends College Grads Out To Sell Tacos on the Street

by Ronald Moncayo Paz

On the evening of July 2, 2003, the night of Vicente Fox's Presidential victory in Mexico, the youth who were said to have been the deciding factor in the vote, shouted excitedly to the President-elect, "Don't fail us! Don't fail us!" Theirs were false hopes, however, as the Fox government's economic policies proved to be an aggressive continuation of the anti-national, and even fascist, policies of the three previous administrations, which *EIR* has been warning against ever since the signing of the North American Free Trade Agreement in 1994.

Already in 1991—and contrary to established popular opinion at the time—*EIR* explained that NAFTA would not only destroy the Mexican workforce, but that the kind of economic thinking which spawned NAFTA had already managed to shrink the absolute number of jobs year after year, and that NAFTA would therefore cause a vast flood of unemployment.

This forecast has now become reality. Hopelessness, frustration, unemployment, and starvation wages have led to 224 suicides in the first half of 2003, and in the second week of August, three more suicides took place, by unemployed youth who could find no entrance to the universities.

During July, the critical unemployment situation became even more dramatic for Mexicans, when it was announced that 2,100 new layoffs had been occurring on a daily basis during the previous four months. In July, official jobless figures, according to the National Institute of Statistics, Geography, and Information (INEGI), indicated that unemployment had reached its high point under the Fox Administration. The Fox government broke its own 2002 record of more than 350,000 newly unemployed in one year, by achieving that absolute number in just the first six months of 2003. In June alone, there were 200,000 new unemployed!

However, the official figures of *open unemployment* in Mexico (see box) are the laughingstock of the entire world. *EIR* has documented that whereas *official* unemployment runs in the 3-4% range, *real unemployment* surpasses 50% of the Economically Active Population. In the face of the shocking level of unemployment in Mexico and denying that the real cause is the anti-growth economic model he promotes, Fox himself, together with some of his ministers, cynically an-

nounced that the solution to the problem is a series of measures which offer no solution at all. They can be summarized as follows:

1. Urgently approve the looting of national assets and of the national workforce, through "structural reforms," among these the "labor reform" which would put an end to all labor benefits and security, along with the unions, and application of "labor flexibility" to generalize miserable "hourly wages" instead of salaries.

2. "Mr. University Grad, set up your taco stand and be happy," is the best way to translate the government's promotion of informal labor. This involves getting unemployed university graduates and professionals to promote their own "self-employment." To facilitate this program, the World Bank is offering to each taker a \$50 loan to buy his or her own *changarro*, or street vending license. If the Fox government has its way, Mexico will soon see doctors specializing in *quesadillas* and other Mexican street-stand culinary delights.

3. "Go to the bank, go to the slaughterhouse"; this involves sending small and medium-sized companies to private or development banks, where they "gain access to the 370 billion peso credit market" (about \$37 billion) of high-interest loans, to place their products in a highly recessive market, where the only thing they are guaranteed is *not* recover their costs of production, and to be trapped by "bankers' arithmetic," whereby the more they pay, the more they'll owe. The fact is, these businesses do not want this kind of credit, nor are the banks interested in lending to those who have no secure means of repaying the loans. The banks prefer government bonds, which are more "secure."

4. Application of a "special labor fund," which boils down to a government fund of 100 million pesos for "training and helping the unemployed." This hundred million represents crumbs, providing a mere three months of assistance.

Looting the Labor Force

The Mexican Constitution, in Article 123, guarantees that "every person has the right to dignified and socially useful work; to this effect, the creation of jobs and the social organization of labor, in conformity with the law, will be promoted."

According to this, and the increase in the Economically

INEGI's Absurd Definition Of Official Unemployment

Here is how the National Institute of Statistics, Geography, and Information (INEGI) paints its picture of official unemployment.

1. **Economically Active Population (EAP):** "All persons 12 years of age or older who carry out some kind of economic activity (employed population), or who are actively seeking to do so (openly unemployed population) in the two months prior to the week in question."

2. **Economically Inactive Population (EIP):** "All persons 12 years of age or older who during the week in question did not participate in economic activities, nor were part of the openly unemployed population."

	(Millions)		Total Population
	EAP	EIP	
1995	35.6	28.4	92.0
1996	36.6	28.4	93.6
1997	38.3	29.4	95.1
1998	39.5	29.9	96.6
1999	39.8	31.2	98.1
2000	39.6	31.6	99.6
2001	40.4	33.3	101.0
2002	40.8		

Sources: National Job Census, StyPS, and INEGI.

3. The EAP, in turn, is divided between the "employed" and the "openly unemployed."

	(Millions)		Openly Unemployed
	EAP	Employed	
1995	35.6	33.4	1.7
1996	36.6	35.2	1.4
1997	38.3	37.4	1.0
1998	39.5	38.6	0.9
1999	39.8	39.1	0.7
2000	39.6	39.0	0.7
2001	40.4	39.6	0.8
2002	40.8		

Sources: National Job Census, StyPS, and INEGI.

3.1. The "employed" are: "all persons of 12 years of age or more who during the week in question participated in economic activities *at least one hour or one day in the week, in exchange for a monetary or specie income, or who did so without receiving payment*; those who did not work, but have a job; and those who began some job at the end of a month. This also includes workers in the United States of America whose form of economic activity is unknown."

3.2. The "openly unemployed" are: "all persons of 12 years of age or more who, without being employed during the week in question, sought to enter into some economic activity during the previous month to the week in question, or from between one to two months, even if they haven't been seeking during the past month due to causes linked to the labor market, but who are prepared to begin work immediately."

Active Population (EAP) in Mexico, the Fox government should have created at least 3.6 million new jobs, since the year 2000, to provide work to the 1.2 million Mexicans who entered the labor force in each of those years. In reality, the government has not created these new posts, but has caused more than 2 million more unemployed. And that is why the situation has become explosive. By aggressively following the labor policy of the past three Revolutionary Institutional Party (PRI) governments, the current National Action Party (PAN) government of President Fox has been dismantling the economic institutions of the nation, systematically destroying jobs and wages.

Mexico currently has 102 million people, while its Economically Active Population is 42 million; but of these, only 14 million are registered as officially and formally employed. If we take these 14 million from the 42 million in the EAP, we are left with 28 million, who find themselves in every aspect of so-called "informality," ranging from street-vend-

ing, semi-employment, crime, and the officially dubbed "open unemployment."

It is also officially calculated that nearly 400,000 nationals go annually to the United States (where 20 million people who can find no place for themselves in the Mexican economy now live; 8 million are of Mexican birth and another 12 million are their children, born in the United States).

But being "employed" no longer means having a dignified life-style, since according to the INEGI itself, 9% of the employed population labor under "critical conditions"—starvation wages of less than \$4 a day, while 26% have worked without any labor benefits since 1997. In the *maquiladoras*, the assembly-for-export factories near the border with the United States, the labor situation is worse, since these have become virtual "concentration camps," where benefits do not exist and working conditions are tantamount to slavery.

The Fox government has dedicated itself to administering an economic depression, but even that is now careening out

of control, given the massacre the productive sectors of the national economy have suffered since NAFTA went into effect in 1994.

To offer a recent example, the rubber industry had 10,000 employees in 2000, but today it employs only 2,700 people. During the same period, the toy, clothing, and textile industries have become virtually extinct, due to both the arrival of Asian products costing at least five times less than those produced nationally, and to contraband. These industries have suffered at least 100,000 layoffs, as a result. Processing industries have lost 169,000 jobs, and manufacturing has lost another 127,000. On top of this, poverty in the countryside has forced 400,000 rural unemployed annually into the cities, causing a vast growth in the army of urban unemployed.

Youth: Unemployed and Without a Future

There can be little doubt that the disillusioned Mexican youth, who in 2000 had shouted “Don’t fail us!” to Fox, are now asking themselves, what kind of government is this, which is neither producing jobs and nor fostering educational aspirations? Elena Zuñiga, general secretary of the National Population Commission (Conapo), reviewed the situation on Aug. 5, when she declared that “the future is desolate for 21 million youth in our country, and calls for the efforts of the authorities.” She stressed that official *open unemployment* among the youth is greater than 4.5% (as per the ridiculous definitions indicated in the box), while their educational alternatives are few. Migration, marginalization, and racial segregation are growing among youth, as well. Of all youth between 12 and 14 years of age, 45% are laboring in the “informal market,” or are underemployed, while within the 25- to 44-year-old stratum, 33% are in the informal sector.

To this hopelessness of joblessness, must be added the sad reality that thousands upon thousands of youths are unable to enter state universities, while the few who do enter are receiving a deficient education. Upon graduation, the lack of employment opportunities is turning these youth into taco vendors.

During July, for example, 233,000 contenders for entrance into Mexico City’s three leading universities, the UNAM, IPN, and UAM, flocked to the capital city. Of these, only 45,000 were allowed in, leaving 188,000 out on the street, plus another 56,000 who could find no space in high schools. These figures are a clear reflection of the government’s disinterest and abandonment of the country’s own future, as represented by these youth. To give opportunities to just these aspirants, the government last year would have had to *at least* double the university infrastructure, while increasing infrastructure for high schools by 70%.

Fox promised to create 1.2 million new jobs a year, but, like Presidents Carlos Salinas de Gortari and Ernesto Zedillo before him, he is not interested in the future of these youth.

On Aug. 6, speaking before President Fox himself, during an awards ceremony for academic excellence at the Presidential residence of Los Piños, a young professional from the National Polytechnic Institute, María Isabel Wong Baeza, charged, “Each time we learn that a professional is working at something other than their specialty, at something for which they that did not even have to study, we feel that the entire system has failed; that the link between education, training, and employment has been broken.”

The truth is that, since the very beginning of his government, and as part of a plan to subvert the institutions of the nation-state, the Fox administration has radicalized deregulation—that is, the state’s withdrawal from vital national functions, which are then transferred to a group of multinational pirates. This operation has been called “structural reforms,” which is nothing but the deregulation of education, energy, telecommunications, federalism, and finances, as well as in taxation, the budget, the judiciary, labor, and social security.

In all these areas, the federal government has caused chaos and abandonment, for the purpose of “demonstrating” that government participation in these sectors is counterproductive and inefficient. It similarly seeks to create the pretext needed for beginning the deregulation, and eventual destruction of these sectors, demanding that the Congress approve the necessary constitutional amendments to facilitate its ten “structural reforms.” In the areas of education, labor, and energy, in particular, the Fox government has already unleashed total chaos with its proposals.

Fox has insisted that the solution to the unemployment problem is to encourage a “new labor culture that will favor productivity and remuneration,” and the usual myopic business circles has voiced its approval in chorus. The banker president of the Business Coordinating Council, Héctor Rangel, has said that “if the economic model changes, it will be a disaster. The country is not submerged in a crisis,” and for that reason, new investments will depend on the approval of structural reforms. Others, like Leon Halkin, president of the important business entity Concamin, while recognizing that the crisis does in fact exist, nonetheless insist that structural reforms are the answer: “The companies are disappearing, others are becoming smaller, and the bigger ones are becoming more competitive, but with less direct labor employed. That is why structural reforms are necessary.”

What really is required is a total change, from the neo-feudal economic model of NAFTA, to one based on the principles proposed by U.S. statesman and economist Lyndon H. LaRouche, in his New Bretton Woods proposal. That is, an intensive program of infrastructural development and great projects, one of which should be development of the so-called Great American Desert, as detailed in *EIR* (May 9, 2003). That is what the people of Mexico require to solve the problems of economic depression and unemployment, and to put the country back on the path of development and hope for the future.