

In the Wake of the H1N1 Pandemic: Mexico's Ailing Economy is in Critical Condition

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Last Thursday, after nearly a month of pandemic panic, the "sanitary alert" code went from yellow to green. It reminded me, of the color coded alerts which U.S homeland security used to maintain its citizenry in an ever vigilant state of impending doom, in case of another possible terrorist attack in the wake of 9/11 events.

In other words, things have returned to some semblance of normalcy whatever that means in this chaotic context of events. The surgical mouth masks worn by commuters at the height of the "health emergency" are hardly visible anymore, on the streets and public transport system of the capital. Taxi and bus drivers no longer wear rubber and plastic gloves to protect themselves and others. No longer does one feel here, like a character in Albert Camus' metaphorical novel on the Nazi occupation of France, entitled "The Plague or La Peste".

The post mortem or picking through the flu's human wreckage

Thankfully for most of us residing and working in this city, the self imposed quarantine seems to be over, at least for now. This week, in the aftermath of this most recent "natural disaster" Mexico City's Mayor Marcelo Ebrard told everyone to relax a little. That is to go out and party as if nothing ever happened. To head for the clubs, bars and restaurants and just have a good time. He probably saw for himself, the devastating toll the draconian measures imposed by officials had taken since the swine flu outbreak. Almost 2,000 eateries and restaurants which closed, for a week due the flu decree imposed during the epidemic have since ceased operations for good. They're gone forever. The operator of one diner in the up marker Polanco district decries the current situation. "I lost 300,000 the week we had to close," Mireya Ruis Vilar told "The News" (1). "If sales don't pick up, we'll close for good," she added.

Ironically just when the skittish populace began to take it easier, on Friday afternoon, a 5.6 earthquake jolted the capital. Like most "capitalinos", I along with my office colleagues exited the 4 storey building where we work in an expedited manner after the second tremor. Earthquakes are a common occurrence here. For the locals they almost seem like a distraction from everyday mundane routine. The human viruses, however, are more unusual occurrences. With about 80 deaths attributed to the swine flu so far in Mexico, the worst is apparently over for now at least. However, as for the health of the ailing Mexican economy the worst is still to come. It's gravely ill and the condition might be terminal. The secretary of finance Augustin Carstens declared this past week that Mexico has officially entered into a recession. It is as if the country has until now been spared the sorrows of the current global capitalist crisis, but no longer.

According to the big man (physically, Carstens is huge weight wise), who oversees spending at finance, the worldwide downturn has finally come to Mexico . Carstens went on to say the rate of overall industrial production fell a staggering 8.2 % in the first trimester of this year. Such a drastic contraction has not been experienced since the infamous Tequila crisis (1) or the December error in 1995. The fiancé secretary said the only remedy to this crisis is some good old "shock therapy" in the form of more "structural reforms", encoded words for further privatization and spending cuts in health education and government social programs. All sectors of the economy have taken a hit in the past months. Figures showed falls in construction, tourism (due to the perverse effects of the swine flu) and manufacturing as well. Exports such as pork products have been blocked by a major trading partner, like China because of the swine flu. The worst is yet to come however. That is higher unemployment; some 600,000 jobs are expected to be lost in coming months. In addition, Carstens said there's a huge gaping hole in the state's treasury, to be filled by higher taxes, which would be suicidal in these dire economic times. The fiscal deficit is also due to the fall of oil prices, a major source of revenue. PEMEX, the state owned Petroleum Company has always provided in the form of "stabilization funds a shock absorber in hard economic times. But now Mexico is fast running out of oil and cash.

The recession has arrived and apparently with a vengeance. It is predicted to stick around for some time to come. Though the country is mired in a quasi civil war waged between the army and drug traffickers and now faces an economic calamity, all the bad news doesn't seem to phase the Mexican head of state. In fact, president Calderon remains quite optimistic about his country's future, as if his fellow citizens were living in the best of all possible worlds. His very favorable outlook is regrettably, overshadowed by very bleak, cold hard statistics. It been estimated by various economic forecasters that GDP will decline by about 5.5 % in 2009. Mexico is entering deeper into this economic morass. Never the less, Calderon has publically and boldly predicted an imminent economic upturn or financial recover in the coming months. This of course seems like shameless electioneering. The nation goes to the polls to reelect deputies and congressmen and women in early July. Any words of positive reassurances no matter how hollow or lame they may sound and which may save Calderon's party from an electoral disaster are most welcome in these trying times. The PAN (National Action Party) is expected to be trounced in the upcoming elections. High abstention rates are also envisioned.

Perhaps this is the end of an epoch for the ruling PAN party as one " La Joranda " columnist puts it. Or perhaps Calderon's overly optimistic exaltations are really, the last grand gasps of an exhausted regime which as Luis Hernandez Navarro writes "lives its last stertorous breaths".

NOTE

(1) "Epidemic's toll: Up to 2,000 D.F. restaurants" by Nacha Cattan, The News. (05/23/09)

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