

### Mexico Gets No Respect!

By Dr. Richard Rhoda



“What images or thoughts come to mind when people hear the word Mexico?” To most gringos, Mexico is associated with illegal immigrants, drug wars, fabulous beach resorts, tacos & tequila, deserts & cactus, bargain prices, third world poverty, Carlos Slim (the world’s richest person), swine flu, and pre-Columbian ruins. These views are essentially true, but they do not begin to capture the real importance or significance of Mexico. Furthermore, they suggest that gringos do not have much respect for Mexico, perhaps because it is overshadowed by its very large, very wealthy and very loud northern neighbor.

***Is Mexico important?*** To answer this question, we can look at Mexico’s place in the world in terms of demographic, economic, and geographic size as well as its diversity and recent reforms.

***How many Mexicans are there?*** Mexico’s population is about 108 million, ranking it 11<sup>th</sup> in the world. In the 1970’s overpopulation was a serious concern, but an aggressive family planning program has reduced the total fertility rate to about 2.3 children per woman, nearly equal to that in the US. Counting Mexican-born residents of the US, there are about 120 million Mexicans. If

we also count Mexicans born in the US the total is perhaps 140 million. The Mexican population is expected to peak at about 130 – 140 million in 2045. This is a big spread, because accurately estimating immigration to the US is difficult.

Immigration has exploded since 1970 when there were less than one million Mexican-born residents of the US. Now there are over 12 million. About 85% are of working age. Most are employed in construction, manufacturing, food processing, cleaning and maintenance, home care, and agriculture. A surprising 44% live in owner-occupied dwellings.

The net flow of migrants peaked at about 550,000 in 2006. That year over one million Mexicans entered the US and just under 500,000 returned to Mexico. Net flow in 2009 was only about 200,000. There is a very close negative correlation between net immigration and US unemployment rates. When this recession ends and jobs are again plentiful in the US, net immigration will probably jump back up to about half a million.

Mexico has incredible indigenous diversity. Sixty indigenous languages are spoken every day in Mexican communities, placing it fourth in the world behind Papua New Guinea, India, and Indonesia. A total of six million people speak these languages including a million that cannot speak Spanish. This year Google added two Mexican indigenous languages to its search protocol: Maya and Nahuatl, the language of the Aztecs. Each language has about 1.5 million speakers. In conclusion, Mexico is among the world leaders in population and indigenous diversity.

***How big is the Mexican economy?*** Mexico's GDP in 2009 was about \$1.5 trillion, ranking it 11<sup>th</sup>

in the world. This is based on

*Purchasing Power Parity*

, which compiles the total amount of goods and services produced in an economy, independent of exchange rates and differences in cost of living. For example, if the same quality haircut costs \$20 in the US, \$5 in Mexico and \$2 in China, the haircut is assumed to contribute \$20 to the GDP of each country.

Mexico's economy is somewhat smaller than that of Brazil or Italy, but larger than that of Spain, Canada or South Korea. On a per person basis, it is about \$14,000 per year, about a third that of the US but over twice that of China and four times that of India.

In the late 20<sup>th</sup> century Mexico lurched from one financial crisis to the next. These were characterized by hyper-inflation and massive devaluations. To avoid big risks, many foreign investors stayed away from Mexico and wealthy Mexicans often kept their assets offshore. In the 1990s, President Ernesto Zedillo took steps to stabilize the economy by ensuring that the Central Bank was more independent from politics, making the peso a free floating currency, and controlling foreign debt. These steps gave the economy much needed stability and helped attract foreign investment.

Zedillo also implemented impressive and surprising political reforms that significantly reduced the power of his office, the Presidency, and his own political party, PRI. These moved Mexico from what previously had been largely a one party state, tightly controlled by the President, to an open multiparty democracy with real separation of powers. Everyone living in Mexico today is benefiting greatly from the reforms of the Zedillo administration.

Mexico has many world class multinational corporations. CEMEX based in Monterrey is the world's third largest cement maker. In 2004 it received a prestigious international award from the Wharton Business School for its advanced information technology applications. Bimbo is the largest bread maker in the Americas and the fifth largest food company on the planet behind only Nestle, Kraft, Sara Lee and Unilever. American Movil is the largest cell phone operator in Latin America with over 200 million subscribers. Grupo Mexico is the world's third largest copper company.

Mexico has serious income distribution issues; Carlos Slim and other billionaires get far more than the average. The standard of living of the top 20% of Mexicans, that's 22 million people, is higher than the vast majority (the middle 60%) of those in the US or Canada. Mexico has a large and growing middle class. However, poverty remains a serious problem, particularly during this deep recession. About 18% are below the food based Mexican national poverty line. Income distribution in Mexico is even more unequal than it is in the US.

The only major world countries with greater inequality are South Africa, Brazil, Colombia, Venezuela, Peru and Argentina. Despite its distribution issues, Mexico is important in world economics.

**How big is Mexico?** It is the world's 14<sup>th</sup> largest country in area, stretching almost 2,000 miles

from east to west. Did you realize that Tijuana is closer to Juneau, Alaska than it is to Cancún? By the same token, Cancún is closer to Nova Scotia than it is to Tijuana.

Size is important because it is an indicator of a country's natural resources. Everyone knows that Mexico has lots of oil; in 2008 it was the world's seventh largest oil producer. But Mexico is running out of oil; it currently accounts for less than 5% of its total economy.

Mexico's climate is arguably its most important natural resource. While most gringos think of Mexico as sunny and arid, it has an incredible diversity of climates from deserts in the north, ideal living conditions in the central highlands, and tropical rainforests in the south. Interestingly, Mexico actually gets more annual rainfall than either the US or Canada. Climate diversity gives rise to biological diversity.

***How much biological diversity is there in Mexico?*** Most Mexicans and gringos are astonished to learn that Mexico is one of the most biologically diverse countries in the world. Mexico has 30,000 different types of flowering plants, compared to only 18,000 in the US and 12,000 in all of Europe. It has more species of pine trees and oak trees than any other country; however with deforestation some of these species may be endangered. Given its deserts, it is not surprising that Mexico ranks first in the world in number of cactus and reptile species. It ranks fourth in number of amphibian species. I was amazed to learn that it ranks second in number of mammal species, behind only Brazil.

Some Mexican mammals are majestic, like the jaguar, but most small and unimpressive like bats, shrews and rodents. Over half of Mexico's species are endemic; they exist only in Mexico. In terms of overall biological diversity, Mexico is perhaps only surpassed by India, Indonesia and Brazil. In summary, Mexico is one of the world's larger countries and a clear leader in biological diversity.

***Is Mexico important?*** As discussed above, Mexico ranks 11<sup>th</sup> in population, 11<sup>th</sup> in economic production, and 14<sup>th</sup>

in geographic size. Where does this place Mexico on the world stage? It is one of only six countries that rank in the top 15 in all three. The other five are the US, China, India, Russia, and Brazil. Mexico may not be as important as these other five or as Japan, Germany, Britain, or France; however, a strong case can be made that Mexico is among the top ten countries in the world. In short, it is far more important than most people realize. Mexico deserves more respect.

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Note: Taken from Geo-Mexico: the Geography and Dynamics of Modern Mexico, Richard Rhoda and Tony Burton, 2010, Sombrero Books, Ladysmith, British Columbia, <http://geo-mexico.com>

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