Upcoming July 2 Elections Include Battle For Control Of Congress

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The battle to gain control of the Mexican Congress is expected to be every bit as fierce as the presidential race in the upcoming July 2 elections. At stake are all 500 seats in the Chamber of Deputies and 96 of the 128 seats in the Senate. Voters will elect 300 deputies for the lower house, with another 200 seats distributed based on the proportion of the popular vote received by each party. Deputies will serve for a single three-year term and are not eligible for re-election. In the Senate, voters will elect 64 senators directly, with another 32 distributed based on the proportion of the vote received. Senators elected in July will serve for a six-year term, joining the 32 senators whose term expires in 2003. The system of distributing seats based on a percentage of the popular vote was developed to give smaller parties representation in Congress. Under this system, any party that wins at least 1.5% of the popular vote can qualify for one or more of the seats allocated in the Chamber of Deputies. One party expected to benefit from the process is the Partido de Democracia Social (PDS). PDS presidential candidate Ricardo Rincon Gallardo is given little chance of winning the presidential election, but his strong performance in the first presidential debate probably won the PDS enough popular support to gain a handful of seats in the next Congress. The Partido Revolucionario Institucional (PRI), Partido Accion Nacional (PAN), and Partido de la Revolucion Democratica (PRD) support proportional representation because it gives the three dominant parties the chance to recycle veteran politicians, some of whom may not win a directly elected seat. For example, the PRI list of candidates for proportional seats in the Senate includes party president Dulce Maria Sauri Riancho, former Puebla governor and presidential candidate Manuel Bartlett Diaz, and former Cabinet secretary Emilio Gamboa Patron.

No party expected to gain absolute majority in lower house

Some political analysts believe the distribution of seats in the Chamber of Deputies is going to be more equitable than ever, which will create the need for the various parties to seek coalitions. "No party is going to have an absolute majority in the Chamber of Deputies," Rincon told the daily newspaper Reforma. "Because of this, Congress will become a fundamental tool to curb the power of the executive." Jaime Veloz, a political columnist for the weekly news magazine Proceso, said the Mexican Congress could become a more democratic institution than the executive branch. "This could be a Congress that is truly plural and without a dominant majority," said Veloz. He noted that the Chamber of Deputies has begun to develop a tradition not commonly found in the executive branch: the process of negotiation. The PRI held an overwhelming majority in the lower house for several decades, but was forced to relinquish it after the 1997 midterm elections, when the combined opposition won more seats than the governing party (see SourceMex, July 9, 1997). In those elections, the PRI won 236 seats through direct election and proportional representation, compared with 264 for the coalition comprising the center-left PRD, the conservative PAN, and two other minor parties. The vote for Congress is expected to mirror the presidential race, where a large percentage of voters are likely to vote against the governing party. Most public-opinion polls indicate a tight race between Francisco Labastida Ochoa of the PRI and Vicente Fox of the...
PAN. Cuauhtemoc Cardenas of the PRD experienced a small rebound in the polls in early June, but this support may not be sufficient to win the presidential election. In most polls released in mid-June, Labastida was leading Fox by only a few percentage points. If this holds through the election, Labastida will still have to face the reality that most voters rejected the governing party, splitting their votes between Fox, Cardenas, Ricon, and Manuel Camacho Solis of the Partido del Centro Democratico (PCD).

A tight election does not bode well for the PRI. Labastida could well win the presidential race with slightly more than 40% of the vote. This would be a smaller percentage than the 50% obtained by President Ernesto Zedillo in the 1994 election (see SourceMex, July 24, 1994). Political columnist Raymundo Riva Palacio, in a piece published in the weekly news magazine Milenio, said the PRI's goal as recently as January was to win both the presidential and congressional elections with comfortable margins. But the governing party has modified its goal and is now seeking to win 42% of the popular vote. This would give the party a chance to win 172 to 176 seats in the Chamber of Deputies. "The PRI will now be satisfied with winning a simple majority that would prevent deadlock in the Congress," said Riva Palacio said. The PRI is already preparing for a possible loss of control in the Senate in 2000, mostly because of anticipated losses in states governed by an opposition party. In an internal memo, party leaders were worried about the party's poor prospects for the directly contested Senate seats in 12 states. The memo, obtained by the daily newspaper El Universal, said the PRI could win only 46 to 49 of the directly contested seats. This is a strong contrast to the 1994 election, when the party won almost all of the 64 directly contested seats. The memo said the governing party could fail to gain any Senate seats in the Federal District, Baja California Sur, Nayarit, and Tlaxcala, all states governed by the PRD or a coalition governor. The PRI is expected to gain only one seat in PRD-governed Zacatecas, and one in each of the six PAN-governed states of Aguascalientes, Baja California, Guanajuato, Jalisco, Nuevo Leon, and Queretaro.

**Disputed election having impact on Mexican peso**

The close presidential race, meanwhile, has led the PRI to begin using its traditional tactics to maintain a hold on the constituencies that have supported it in the past. The PRI has been accused of making massive use of patronage programs to bribe voters to support Labastida and other PRI candidates (see SourceMex, June 7, 2000). The opposition candidates, particularly Vicente Fox, have denounced the PRI practice and have warned of massive unrest if the governing party is perceived to have stolen the July 2 election. Fox has threatened civil disobedience if there are signs of irregularities in the vote. "The PRI has resorted to using scare tactics to pressure and threaten voters," Fox said. Fox's statements have sparked a war of words with Labastida, who has called on his supporters to show up in force on election day to ensure a huge margin of victory for the PRI and ward off the threat of Fox-led civil disobedience. "Fox should pledge publicly to accept the July 2 results, regardless of who wins, so as not to provoke the instability we've lived through in recent days," Labastida said in an interview with Reforma. The possibility of post-election unrest is beginning to have some effect on the Mexican economy. The war of words between Fox and Labastida, and the threat of postelection instability, led many investors to sell pesos in the foreign-currency market. This caused the Mexican currency to decline steadily during a one-week period in June.
On June 8, three weeks before the election, the Mexican peso had plunged to 9.99 pesos per US $1.00, its lowest level since February 1999. The peso recovered on June 9 and June 12, after the Banco de Mexico's chief governor Guillermo Ortiz Martinez said the central bank would intervene in the market as many times as necessary to prevent the peso from collapsing. Ortiz's comments caused the peso to recover to 9.79 pesos per US$1.00 on June 9. But economists predicted that the currency would continue a volatile ride through the July 2 elections. "Obviously, the elections could exert pressure on the markets in Mexico," said market analyst Damian Fraser of UBS Warburg in Mexico City. "Uncertainty as to whether there will be protests over the results is a risk factor." Other analysts expressed similar concerns. Ian Laming, Latin America strategist at Morgan Stanley Dean Witter, said the general consensus is that many citizens and PAN candidate Fox would charge fraud if the PRI gained a narrow victory in the election. "The worst-case scenario from the standpoint of the market is for Labastida to win by a narrow margin," said Laming. Electoral concerns, however, are only one factor driving the market, said Francisco Avila Heredia, president of the Instituto Mexicano de Ejecutivos de Finanzas (IMEF). Heredia said recent US economic developments may be just as responsible for causing concern among investors in Mexico. "There is a growing risk for a sharp downturn in the US economy," said Avila, who also noted concerns that the US Federal Reserve would boost interest rates again. (Sources: Milenio, 05/29/00; Notimex, 06/03/00; The News, 06/07/00; Proceso, 06/11/00; Reuters, 04/05/00, 06/08/00, 06/10/00, 06/12/00; La Jornada, 04/07/00, 06/12/00, 06/13/00; El Universal, 04/11/00, 05/31/00, 06/09/00, 06/12/00, 06/13/00; Excelsior, 04/14/00, 05/04/00, 06/09/00, 06/13/00; Reforma, 04/18/00, 06/12/00, 06/09/00, 06/13/00; El Financiero, 06/09/00, 06/13/00; El Economista, 06/09/00, 06/12/00, 06/13/00; Novedades, 06/12/00, 06/13/00)