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Mexico City Government Evicts Street Vendors from Historic District

by LADB Staff

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In the latest chapter in the battle between the Mexico City government and participants in the informal economy, Mayor Marcelo Ebrard's administration in early October moved to clear the historic Zocalo square of street vendors. The action reduced congestion in the historic district and appeased the local business community but set the stage for a possible showdown between street vendors and the Mexico City administration.

As part of the action, Ebrard, a member of the center-left Partido de la Revolucion Democratica (PRD), relocated about 15,000 street vendors from the historic district to other designated locations outside the area. Authorities dispatched hundreds of police officers to remove the vendors from 87 streets in the downtown area. The action could have turned violent, but the operation was mostly peaceful. Authorities said they took the action in response to complaints from owners of local shops, city residents, and tourists about the street vendors, whose stalls cluttered sidewalks and whose products sometimes included pornographic materials for sale in view of children.

Vendors vow to return

Despite the relatively violence-free removal of the vendors, the potential exists for future confrontations. Many vendors are unhappy with their new sites and have pledged to return to the historic district. Many vendors contend that their new sites are far from their customer base. The displaced vendors also could face some competition in their new locations.

The Mexico City chamber of commerce (Camara de Comercio, Servicios y Turismo de la Ciudad de Mexico, CANACO) estimates that as many as 35,000 people are involved in street sales in one form or another near the downtown area of the capital. "[The city government] was not thinking that these people don't have jobs," said Alejandra Barrios Richard, leader of the Asociacion Civica Legitima Comercial, one of the largest street-vendor organizations in Mexico City. "What do they think these people will do?"

Many displaced vendors, who are represented by powerful organizations, have vowed to return to the historic district in time for the start of the holiday shopping season in November. The Mexico City public safety department (Secretaria de Seguridad Publica del Distrito Federal, SSPDF) said removing the street vendors improved conditions greatly in the historic district, with a decline in thefts and similar crimes evident immediately.

Authorities reported only 17 crimes in the area on the weekend following the operation, compared with an average of 37 crimes before. "These numbers are significant because they show that criminals were taking advantage of a lack of public space to commit their crimes," said Mexico City police chief Joel Ortega Cuevas.

Shop owners in the historic district were also pleased with the results, with merchants reporting increases of 25% to 40% in sales. Some business owners had complained for years that street vendors had cut into their sales. Jose Taurillo Herrera, president of the Camara de Comercio, Servicios y Turismo en Pequeno de la Ciudad de Mexico (CANACOPE), said music retailers in Mexico City, for example, lost about US\$100 million in potential sales in 2006 because street vendors were selling bootleg compact discs and cassettes.

Some vendors engaged in small acts of civil disobedience after their expulsion, including taking over a nearby secondary school and blocking streets in the downtown area. David Arevalo Mendez, who heads the Frente Nacional de Comercio Informal (FNCI), warned that Mexico City did not have enough cell space to hold all the street vendors should they decide to conduct a massive action. "Marcelo Ebrard would have to set aside a large budget to construct jails to hold all the street vendors, who are simply attempting to support their families," said Arevalo.

Arevalo urged Ebrard to engage in dialogue with the street-vendor organizations rather than take unilateral actions. "We are not the bad guys in a movie," said Arevalo. "It's the private sector that is manipulating the Mexico City government in an effort to make us disappear." Ebrard is not the first mayor to attempt to remove street vendors from the Zocalo and impose some regulations on the informal economy. In 1997, former mayor Oscar Espinosa Villarreal tried to remove hundreds of members of the informal economy from the same area (see SourceMex, 1997-02-05). Most of the street vendors eventually returned to the area.

Long-term solutions needed

The problem for the Ebrard administration is that the number of Mexicans who have turned to street sales in Mexico City has grown significantly during the past two decades because of a lack of employment opportunities in the formal economy (see SourceMex, 2002-03-13 and 2005-02-09). One study by the Universidad Nacional Autonoma de Mexico (UNAM) indicated that the number of street vendors in the capital more than doubled between 1988 and 1995 to about 1.5 million by the end of 1995 (see SourceMex, 1998-03-15).

Some analysts suggested Ebrard and the administration of President Felipe Calderon should look at long-term solutions rather than short-term actions. "Under ideal circumstances, the national economy would be able to accommodate the displaced street vendors with secure permanent jobs," analyst Miguel Angel Velazquez said in a column in the Mexico City daily newspaper La Jornada. In addition to losing their rights to sell in the Zocalo, some street vendors are facing other pressure from the federal government.

The recently approved changes to the tax code include a tax on bank deposits over a certain level. This is partially intended as a mechanism to obtain taxes from people who operate businesses and make significant profit in the informal economy (see SourceMex, 2007-06-27 and 2007-09-19). The percentage of street vendors who fall into this category is very small, however.

Some officials in Mexico City have also proposed imposing some tax on street vendors, which could affect more than the high earners. "Some brainless bureaucrat in the Mexico City government offered a proposal for street vendors to pay taxes, which would expose many of them

to bankruptcy," said Velazquez. The majority of street vendors obtain inventories from suppliers through credit, which they repay from their sales revenues. "They do not have any capital...and their earnings barely allow them to reach subsistence levels," said Velazquez.

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