



July 2020

THE PANDEMIC IN MEXICO

The Scope of the Tragedy

SIGNOS VITALES
EL PULSO DE MÉXICO



VITAL SIGNS (SIGNOS VITALES) is a non-profit, non governmental organization that is structured by a Council built up of people with an outstanding track record, with high ethical and professional level, which have national and international recognition and with a firm commitment to democratic and freedom principles.

The Council is structured with an Executive Committee, an Advisory Committee of Specialists and a Communication Advisory Committee, and an Executive Director coordinates the operation of these three Committees.

One of the main objectives is the collection of reliable and independent information on the key variables of our economic, political and sociocultural context in order to diagnose, with a good degree of certainty, the state where the country is located.

Vital Signs intends to serve as a light to show the direction that Mexico is taking through the dissemination of quarterly reports, with a national and international scope, to alert society and the policy makers of the wide variety of problems that require special attention.



Weak or absent pulse can have many causes and represents a medical emergency.

The more frequent causes are the heart attack and the shock condition. Heart attack occurs when the heart stops beating. The shock condition occurs when the organism suffers a considerable deterioration, which causes a weak pulse, fast heartbeat, shallow breathing and loss of consciousness. It can be caused by different factors.

Vital signs weaken and you have to be constantly taking the pulse.

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EXECUTIVE SUMMARY

The Report THE PANDEMIC OF COVID-19 IN MEXICO, THE SCOPE OF THE TRAGEDY, contains two parts. The first shows an analysis of the management and short-term effects of the COVID-19 pandemic in Mexico, while the second refers to a diagnosis of issues that, due to their importance, significance, and the urgent need for attention within the current context in the country, we have called them Vital Signs Alerts.

The first response of the Mexican government to the COVID-19 pandemic was to downplay it, which resulted in neither the Mexican health system nor the population being prepared to face this disease in what refers mainly to its seriousness and lethality, to the measures of health, hygiene, and social coexistence;

but especially those that have to do with the design of economic and social policy programs to confront it.

Unfortunately, the government narrative has been characterized by contradictory messages between the President of the Republic and the authorities of the Ministry of Health. The first underestimating the danger and consequences of the epidemic in Mexico, and the second offering protection measures that were not even addressed by the President. This made it evident that many of these sanitary measures were improvised and poorly designed due to the lack of budgetary support, or the necessary policies for effective coordination between federal government entities or those of state governments.

The federal government's strategy has been to monitor the pandemic through sampling, allowing herd contagion, indicating that the case fatality rate was very low, considering at all times the contradictory tradeoff between health and economics. Thus, massive tests would not be applied to identify sources of contagion or isolation mechanisms for those who were infected and their recent contacts, considering it expensive and useless. In the same way, social distancing measures would not be applied strictly, nor was action taken in time to avoid the spread of contagion. It was considered that doing so would be an attempt against the economic activity, so the government refused to grant income to people to stay at home. This is where health versus economic dilemma has been. Without that support for families, it was impossible for millions of people to observe social distancing.

There were strong and varied voices that recommended measures to provide emergency income to the population in the informal market, temporarily share the cost of formal payroll among employers, workers, and the government, apply countercyclical macroeconomic measures to avoid the collapse of economic activity and design measures that would allow us to get out of the crisis quickly. In this way, the false di-

lemma between improving health and avoiding unnecessary deaths, and reactivating economic activity as soon as possible to avoid serious social consequences, would be faced. The government's response to the pandemic was weak, late, and segmented. The response to the sanitary and economic proposals of the very diverse groups, institutions, and specialists was an emphatic no. Thus, the government and the country were caught in the dilemma of improving sanitation or improving economics.

Economically and socially, the outlook is just as desolate. Economic activity is forecast to contract at least 8% in 2020 and to recover very slowly in 2021 and subsequent years. The fall in industrial activity and a good part of services such as hotels and restaurants (with a lot of employment) have collapsed. According to INEGI (National Institute of Statistics and Geography for its acronym in Spanish), on April 12 million people stopped having incomes for various reasons; The Institute for Equity Studies of the Universidad Iberoamericana estimates that by the end of 2020 there will be close to 95 million people in poverty, with greater food deficiency, and it is women and children who bear the greatest weight of the crisis. Family violence has multiplied, as has food scarcity. Therefore, poverty and inequality in Mexico are

getting even worse since April and will continue in the coming months and years.

The forecasts of various research institutes on the number of deaths from the first wave of the pandemic put it at least 45,000, and in some scenarios, it can reach 80,000 and even more than 100,000 people killed by COVID-19. The economic situation will be a prolonged recession. Poverty and inequality, already very serious in 2018, will continue to be a constant in our country, probably worsened, for the next few years.

The second part of the Report presents ten Signos Vitales (Vital Signs) Alerts that are summarized below.

1. Budgetary hyper-presidentialism. President López Obrador has sought to concentrate his discretionary power to exercise the federal budget. This has generated friction with different political actors. The fact that legislators and citizens, in general, do not know where and how it is spent, weakens democratic relations between the rulers and the ruled.
2. Fiscal Federalism. The ordinary tension in relations between President López Obrador and a group of governors has worsened. These confrontations are

anchored, fundamentally, in the disproportionality of the fiscal system and the political control that the Federal Executive achieves thanks to the budget.

3. Militarization and public safety. The security strategy with military support was initiated by the Felipe Calderón government and maintained and replicated by the Enrique Peña Nieto government. Although the current administration promised to return the armed forces to their barracks, the new security strategy does the opposite.
4. Control over public expression. The violence coupled with the fight against organized crime took with it the lives of many journalists who were silenced along the way. During this government, violence against journalists and attacks by the media on the media continues. The federal government has also been accused of promoting aggression in the new battle arena, social media.
5. Trusts. The extinction of public trusts by presidential decree breaks the legal value of the country and increases uncertainty due to the potential breach of contracts in which the interests and rights of individuals and companies are deposited.
6. Wellness Census. The new government's "welfare" policy is based on new direct cash transfer

programs and with them, it is also trying to respond to the emergency of COVID-19. However, the “Wellness Census” used to select the beneficiaries of these programs presents problems of opacity, political bias due to the electoral structure of Morena that raised it, and serious limitations due to technical and operational incapability.

7. Education in the times of COVID-19. The education sector has been one of the most affected by COVID-19 pandemic. During this contingency, the use of information and communication technologies has had to be resorted to in the face of the disease. In addition to this, the federal educational authority has made decisions that disturb and delay efficient and effective decision making.
8. Immigration containment. The increase in migratory flow from Central America is attributable to the humanitarian crisis caused by organized crime and its precarious economic situation. Donald Trump successfully lobbied President López Obrador’s administration to implement containment mechanisms that dramatically reduce the flow of migration to the United States.
9. Employment. Mexico faces the most serious employment crisis in its modern history. The duration

and depth of the crisis are not precisely known. However, determining the country’s economic sectors and regions can shed light on what measures to implement to mitigate its effects.

10. The cost of upholding PEMEX. The federal government in Mexico has strengthened its strategy to benefit the domestic oil production market, especially gasoline and diesel. However, in its effort to achieve this, it is generating long-term negative externalities in economic, environmental, and, most serious, health.



FIRST PART:

THE PANDEMIC IN MEXICO

Management and impact

INTRODUCTION



The health crisis caused by a new coronavirus called SARS-CoV-2, an easily transmitted virus between people and with a visibly high case-fatality rate, has drastically changed the lives of billions of people around the world. The implications that the pandemic has had cover practically all areas of human life, ranging from public health and the economy to intra-family violence and migratory flows. For this reason, it is evident and necessary to make a general balance of the causes and consequences that the COVID-19 pandemic has had in Mexico.

Under this global scenario, Mexico has had to face the worst economic-health crisis in its history, with an unlimited number of deficiencies in infrastruc-

ture, medical equipment as well as insufficient human resources, information for decision-making, among many others. Never before have so many elements been brought together where the health of all Mexicans was so susceptible and compromised at the same time, by a depleted, fragile, and slumping economy. The level of uncertainty with which millions of Mexicans have had to make decisions has been regrettable.

In crises like this one highlights the indispensable role that the State must play. The State must be the main guarantor of the security of citizens, their health, their heritage, and their well-being. It is the institution that must intervene with all its force and with

all its instruments to face the pandemic and its economic and social consequences, in such a way that it can ensure that the conditions of each of the citizens are the best possible in the short and the medium term. Its sphere of action is in all areas and it must integrally face the crisis since the implications of a pandemic of the characteristics of COVID-19 are such that it affects life in all its expressions. The role of the government in turn is, therefore, fundamental.

Of course, the government is not the only one that must act in a crisis like this. Social and civil organizations, guilds, unions, churches, and citizens in general also have a role to play and must contribute with all possible tools to alleviate the crisis. Citizen behavior is key to confronting an epidemic. For this, the coordination of efforts between the three levels of government with society is crucial. And who should guide those efforts is, as established in the Constitution, the President of the Republic and the executive agencies that depend on the presidency.

This report shows that the behavior and management of the federal government and many of the state governments have been regrettable in the face of this health crisis and its economic and social implications. The COVID-19 pandemic is fatal, caused by pa-

The State must be the main guarantor of the security of citizens, their health, their heritage, and their well-being.

thogens beyond our control. But while there can be no one to blame for its emergence, at least one that Mexico could avoid, the pandemic is not the only cause of the crisis that we are and will face in Mexico. Although the consequences of COVID-19 are not the sole responsibility of any particular actor, since it is partly the result of individual behaviors that are difficult to predict, the measures that the authorities have implemented to combat this crisis, within their legal powers, It represents a sample of the limited technical capabilities that the Mexican government has, and of the contested responsibility and will to face a challenge of these dimensions.

The consequences have been serious in health and economics. How many deads could have been avoided by taking other measures to deal with it? What could have been the impact on employment, poverty, and survival of companies if public policy actions

had been taken to protect them? Worse still, as of the time this report is presented, the pandemic remains out of control and therefore the forward scenario is still uncertain.

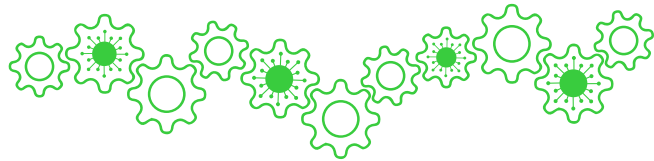
In this first part of the Vital Signs Report, the objective is to make a general diagnosis of public policies and other actions that the Mexican government carried out to overcome the sanitary and economic crises. The impact of the pandemic on poverty, health, labor, and economic activity, education, violence, migration, and remittances, as well as the reopening strategy implemented so far, is also reviewed.

Undoubtedly, this will have to be an analysis that is bound to have to be extended in the following reports, given the importance and context in which it is framed. However, it is intended to set a precedent where the same document addresses various and different issues that have been impacted by the development of the pandemic, as well as the routes that are being proposed to get out of this painful crisis. The questions that this Signos Vitales (Vital Signs) report tries to answer can be summarized as follows: How did we get to the current situation in which the pandemic in Mexico is out of control while other countries have managed to contain it? What

decisions have led to the existing conditions? What is the real data in the health, economic, social, and governance that shows the pulse of the country at this stage of the pandemic?



The management of the pandemic



The COVID-19 pandemic anticipated its arrival before reaching Mexico. There were at least two months of notice of some of its characteristics, such as its lethality and contagion power. There were also reactions from various governments that faced it in different ways. Some decided to confront it with the application of massive tests, separating the infected individuals and at least warning their contacts of the last two weeks; Others confronted it considering that it was preferable to promote a controlled contagion of part of the population to achieve herd immunity and thus break the natural chain of transmission, hoping that warning to vulnerable populations would

be sufficient to minimize the loss of human life. Still, others followed mixed strategies, applying tests to those with symptoms and allowing a certain level of contagion. So far, everything seems to indicate that the best strategy, given the characteristics of the virus, was that of strict social distancing along with the massive application of tests to identify sources of infection and isolate them early. Mexico followed a strategy of very few tests and relaxed confinement, for a relatively short timeframe. As of the writing of this report, it can be stated that the pandemic is out of control and the contagion curve is not seen to flatten soon.

In the same way, the reaction of various governments to address the economic crisis, unprecedented due to its impact on supply and demand simultaneously and only comparable in terms of its severity with the Great Depression of 1929, also prevented the Mexican authorities. From an early age, the seriousness of the economic impact of the crisis and the type of economic policy decisions that had to be adopted were known. There was no doubt about the severity of the blow to production and supply chains to certain sectors such as transport, tourism, and entertainment, to companies of all kinds and sizes, and employment due to not being able to attend work. There was also no doubt about the type of policies that should be adopted, even in different situations and conditions. A minimum income had to be guaranteed to all the inhabitants to be able to save the confinement, minimize the loss of job sources, facilitating the hibernation of the companies, and avoid any contagion to the financial system. Very little of the above was done in Mexico and the consequences were immediately apparent.

Finally, the management of the pandemic itself has been confusing, uncoordinated, and far from uniting the country, polarization has increased. The veracity of the official figures of the pandemic has been con-



Image: <https://www.milenio.com/politica/comunidad/pese-emergencia-sanitaria-negocios-esenciales-abiertos>

tradicted by various media and actors and its credibility has been questioned, with the consequent reduction in the effectiveness of communication to the population.

INITIAL GOVERNMENT REACTION

At the time of the outbreak of the pandemic in China, Mexico had initiated an administrative transition from the Health System. The government was transitioning to the National Institute of Welfare (INSABI by its acronym in Spanish) that replaced the Popular Insurance and centralized, as a voluntary possibility subject to the approval of local governments, the provision of health services throughout the country. The decision involved the use of current and investment expenses of the Accumulated Catastrophic Expenses Protection Fund of the Social Health Protection System Trust (the so-called Popular Insurance). INSABI would start 2020 with a total budget of 128 thousand 589 million pesos.¹

Before the announcement, several governors disagreed and negotiated with the federal government the distribution of functions and resources for that purpose. In fact, to date, nine states have not signed the “accession agreements” that establish the new provisions: Aguascalientes, Baja California Sur, Guanajuato, Jalisco, Nuevo León, Chihuahua, Coahuila, Michoacán, and Tamaulipas. The negotiations were then overshadowed by the reduction of funds to the

health sector in the 2019 budget and exercise, by around 2% equivalent to 2,300 million pesos, and the regulatory provisions derived from the change in the General Health Law of November of 2019 had not been published. There was concern that such a budget would be further reduced selectively.²

The government reacted institutionally with a considerable delay regarding the detection of the first case of COVID-19 in Mexico. Under the Constitution and the General Health Law,³ in emergency health situations the Executive must convene, establish, and agree on measures by the General Health Council (CSG by its acronym in Spanish).

El CSG es un órgano colegiado que depende directamente del Presidente de la República y tiene el carácter de autoridad sanitaria, con funciones normativas, consultivas y ejecutivas. The CSG is a collegiate body that reports directly to the President and has the character of a health authority, with regulatory, advisory, and executive functions. The provisions it issues are general and binding in the country. The Organization and operation are governed by its Internal

1.

¹ <https://tinyurl.com/y8akkzwk>

² <https://tinyurl.com/yab2yn4d>

³ <https://tinyurl.com/yd7sf8h8>

Regulations as established in article 16 of the General Health Law. Its members are included in articles 15 of the General Health Law and 3, 4, and 5 of the Internal Regulations of the General Health Council. The functions of said Collegiate Body, are located in articles 17 of the General Health Law and 9 of the Internal Regulations of the General Health Council. Currently, its president is the Secretary of Health, Dr. Jorge Carlos Alcocer Varela, and its Secretary is Dr. José Ignacio Santos Preciado.

The following table shows the dates on which the CSG met, attending to the issue of COVID-19 for the first time in the year for a late and inappropriate manner. This represented, for many experts and connoisseurs of the Mexican Health System, a surprise given the speed of contagion that the virus has. For March 19, for example, countries such as Italy or Spain were in full crisis and with reports of growing numbers of cases, 41,035 infections and 3,405 deaths, and 17,963 infections and 830 deaths, respectively. For other countries such as China, the contagion and death curve was already fully under control. In Mexico, a process of recognition and acceptance of the severity of the virus was just beginning.

Taking as reference the first contagion in the country,

Taking as reference the first contagion in the country, it took the Executive 20 days to establish the first session of the CGS

which was detected on February 27, it took the Executive 20 days to establish the first session of the CGS,⁴ ignoring the context of international health scenarios, as well as the restrictions and warnings that practically all the countries of the world were implementing. At that time, the number of infections in the world was 209,842⁵ with 9,827⁶ deaths; while in Mexico there were already 164 infections and the first death was being reported. It is important to note that despite its establishment, the CSG (General Health Council for its acronym in Spanish) had only met three times until May 12,⁷ designating the evening press conferences as the official channel for the dissemination and communication of the pandemic.

⁴ <https://tinyurl.com/y8no2zzj>

⁵ <https://tinyurl.com/y8x3npcp>

⁶ <https://tinyurl.com/y8kapubo>

⁷ In a newspaper article, Raymundo Riva Palacio spoke of the existence of a “Situation Room” established on March 31. According to the newspaper article, said room is chaired by Foreign Minister Ebrard and is also made up of the secretaries of National Defense (Luis Cresencio Sandoval), of the Navy (José Rafael Ojeda), of Health (Jorge Alcocer) and Government (Olga Sánchez Cordero). The existence of this instance of decision has not been made public and therefore does not act with the authority that should.

TABLE 1. SESSIONS AND MAIN ACTIONS OF THE GENERAL HEALTH COUNCIL

DATE	ACTION
March 19	<ul style="list-style-type: none"> » It recognizes the epidemic of disease due to the SARS-CoV2 virus (COVID-19) in Mexico as a serious disease of priority attention. » It sanctions the measures of preparation, prevention, and control of the epidemic of COVID-19 designed, coordinated, and supervised by the Ministry of Health, and implemented by the agencies and entities. » The Ministry of Health will establish the necessary measures for the prevention and control of the COVID-19 epidemic.
March 23	<ul style="list-style-type: none"> » The General Health Council recognizes the epidemic of disease due to the SARS-CoV2 virus (COVID-19) in Mexico, as a serious disease of priority attention, as well as the activities of preparation and response to the said epidemic.
March 30	<ul style="list-style-type: none"> » The epidemic of disease generated by the SARS-CoV2 virus (COVID-19) is declared a health emergency due to force majeure. » Publication of Health Security Measures, immediate suspension of non-essential activities from March 30 to April 30, 2020 » Publicación de las Medidas de Seguridad Sanitaria, suspensión inmediata de actividades no esenciales del 30 de marzo al 30 de abril 2020
April 20	<ul style="list-style-type: none"> » Determination of extraordinary measures to deal with the health emergency generated by the SARS-CoV-2 virus (COVID-19). » Presentation of the draft Guide for the Allocation of Resources in a Contingency Situation, for evaluation and analysis. » A Ninth Article is added to the Agreement that establishes as mandatory the certification requirement of the General Health Council for private hospital and hemodialysis medical services, which enter into service provision contracts with the dependencies and entities of the public administrations of the three levels of government. » Article 9 states that in the event of serious epidemics, danger, or invasion of exotic diseases, health emergencies, or natural disasters in the national territory, the requirement of certification of health care establishments for hospital medical services will be exempted, and private hemodialysis, as well as any other that hinders the execution of the actions for the attention of any of the aforementioned calamities, so that service provision contracts are concluded with the dependencies and entities of the Federal Public Administration (APF) until the end of the contingency is declared by the health authority.
May 12	<ul style="list-style-type: none"> » It agreed on measures to continue with the mitigation of the disease caused by the SARS-CoV2 virus, after the National Day of Sana Distancia (safe distance), which is the responsibility of implementing the Ministry of Health.

Source: Data found in the DOF (Official Journal of the Federation for its acronym in Spanish) and the press releases of the Ministry of Health. Only the communiqués of March 30 are found on the page of the General Health Council.

The call for a session of the General Health Council until week three of the pandemic (taking the first case as day 1), motivated several governors to start taking independent measures without coordinating with the federal government. Faced with the late and slow reaction by the federal health authorities, states such as Jalisco, Nuevo León, Coahuila, Sonora, and several others, began to take specific, very strict, and well-organized measures and actions. To mention an example, the Jalisco government tried to put together a strategy to apply a considerable number of tests, however, the federal government blocked the acquisition of these inputs.⁸ Still, others concentrated on hygiene, health, and social mobility measures.

The following table details the decrees and agreements that were reached within the CSG and that were published in the Official Gazette of the Federation, which had technical and legal deficiencies.⁹ Even though the first meeting around COVID-19 took place on March 19, it was not until the 30th and 31st of that month that the agreements to declare a health emergency in the country due to the virus and to implement extraordinary measures to address the pandemic.¹⁰ The CSG's

⁸ <https://tinyurl.com/y8tezvws>

⁹ Citizen Advisory Council 'Thinking of Mexico' "The management of the pandemic in Mexico. Preliminary analysis and urgent recommendations" May 2020.

¹⁰ The WHO declared on March 11 that the outbreak of Coronavirus disease (COVID-19) should be considered a pandemic.

It was not until 30 and 31 March that a health emergency was declared in the country.

poor reaction, in turn, led to questions from national and international governors and officials, leaving in doubt the capacity with which Mexico would be facing this pandemic. Consequently, the various and different criticisms of the federal government regarding the institutional, technical and human resource capacities began to have support and validity, both to face the crisis on its own and to coordinate public health institutions in the country.

In summary, neither the federal government through the health authorities nor the CSG itself had sufficient coordination with the private sector. Although there were immediate meetings of the business leaders with the Executive to propose various actions (since February 12), especially concerning economic measures to alleviate the economic contraction and the impact on employment and companies, in the end, they did not there was no positive response and no coordination either.

TABLE 2. DECREES AND AGREEMENTS OF THE GENERAL HEALTH COUNCIL PUBLISHED IN THE OFFICIAL GAZETTE OF THE FEDERATION ON COVID-19 IN MEXICO

WHAT IT CONSIST OF	DEFICIENCIES	DOF DATE	SOURCE
It is declared that COVID-19 gives rise to a health emergency due to force majeure.	Delay of the health authority.	03/30/2020	https://tinyurl.com/ycufyy5x
Agreement on extraordinary actions to attend the emergency. The population at risk and essential activities are defined.	The essential activities were defined in a very generalized way, leaving room for doubts, interpretations, and confusion.	03/31/2020	https://tinyurl.com/udwrzgm
Decree on additional measures and technical guidelines. Projects that the President considers priority as essential activities are included.	It confused again due to its poor legal technique. Regarding the projects, there were conflicts and market segmentation, since the companies linked to the projects acquired a privileged condition.	04/06/2020	https://tinyurl.com/ydym064q
An agreement that modifies the one published on March 31st.	It does not define anything and only indicates that the guidelines for hospital institutional collaboration will be issued. A crucial decree turned into an announcement.	04/21/2020	https://tinyurl.com/yapfawan
The strategy for the reopening of social, educational, and economic activities is determined, as well as a traffic light system to assess epidemiological risk weekly.	It is done “at the time” despite being of the utmost importance	05/14/2020	https://tinyurl.com/yc5kcslu

Source: Data found in the DOF and the press releases of the Ministry of Health. Only the communiqués of March 30 are found on the page of the General Health Council.

THE GOVERNMENT NARRATIVE

The government narrative was voiced at President López Obrador's press conferences each morning. The attitude towards the crisis was changing, from no concern for the pandemic to the recommendation of confinement. No severe measures were established to isolate patients or their contacts, nor to enforce social confinement. The policy in this regard was "recommendation" only and not to severely contain mobility. The discourse changed throughout the pandemic, from February 28 when the first case was registered until May 5, when it was said that the curve was already flattening and there were 2,500 deaths. That number of fatalities doubled in the following 11 days.¹¹

From an early age, it was argued that there was a public policy tradeoff between health and the economy. Undersecretary López-Gatell insisted on numerous occasions that it was necessary to promote "herd immunity"¹² and only attend to those who presented severe symptoms since in any case there was

¹¹ The *Reforma* Newspaper presented a video timeline that can be accessed here: <https://tinyurl.com/y9ctfc4f>.

¹² The technical term "herd immunity" occurs (depending on the virus) when 60-70% of the population already has antibodies and therefore does not infect others and cannot re-infect.



nothing to do, as well as avoiding the reduction of economic activity due to social distancing. That is, if the contagion problem was addressed, the economy was affected for a longer time. The paradigmatic case was the authorization by the government of Mexico City to carry out the “Live Latino” concert on March 13th and 14th, and after 10 days enact phase two of the pandemic that called for social distancing. This thesis is contrary to that carried out by many countries that have shown that while there is no vaccine or effective treatment, it is better to control the contagions through massive tests, follow the contacts and isolate them, which in turn would allow a quicker and would less affect economic processes. Such is the case of countries such as China, South Korea, France, Poland, Peru, and Germany.¹³

The same dilemma of health and economy was also evident when the end of the “Safe distance” stage was decreed and the gradual return to activities from June 1st. The need to resume economic activity by millions of people who had lost their income, without any type of control or immunological tests, contrasts with the opening of companies that had to follow rigorous security protocols imposed by the IMSS (Mexican Social Security Institute) or the sanitary au-

The government was caught in the tradeoff between economy and health.

thority. The call to the population was, on the part of President López Obrador and the health authorities, to watch out for infections, to take the necessary hygiene measures, but that it would be necessary to live with the pandemic thereafter. Return to the “new normal” with personal care, “now that the pandemic is already known.”

In fact, there has not been a return strategy for everyone that ensures safety while making it possible to resume activities. Planning in some sectors, such as education, has been more careful but with no apparent solution to the problems faced in the period of confinement of children and youth. In sum, the government was caught in the tradeoff between economy and health, with the result that the pandemic is out of control and economic activities are decided in an uncoordinated way.

¹³ <https://tinyurl.com/yb2owsal>

THE HEALTH STRATEGY

The role of the WHO and recommendations in general and for Mexico


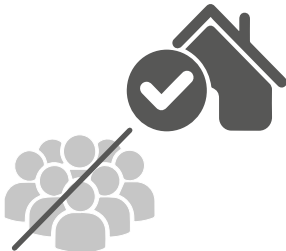
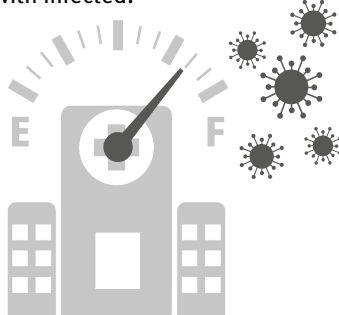
The World Health Organization (WHO) has for many years been an important element for the United Nations system. It is, by far, one of the key pieces of the system to ensure homogeneity in medical and health procedures in the world. However, its performance during this crisis due to the COVID-19 pandemic has been questioned; In the same way, your organization, its objectives and goals, its financing and its future are now on the verge of fading.

As a governing body for health, WHO designed two documents: Updating the Strategy against COVID-19 and Strengthening Preparedness for COVID-19¹⁴ in cities and other urban settings.¹⁵ In the first, the context of the virus and its defining characteristics are analyzed, such as the speed and scale of contagion, the severity that patients may present, and the social and economic disturbance. The second explains the risks and considerations that these environments must have since they face unique dynamics that affect “preparation”. For example, there are

¹⁴ <https://tinyurl.com/ycu3gu5w>

¹⁵ <https://tinyurl.com/ybfq5y9t>

TABLE 3. HEALTH PHASES TO MITIGATE THE SPREAD OF THE VIRUS

PHASE 1	PHASE 2	PHASE 3
Import phase: The virus enters the territory. Allows us to know the origin to control the spread.	Community spread: There are hundreds of infections and the origin cannot be detected accurately.	Highest level of infected: There are thousands of infected in the national territory and hospitals are saturated with infected.
 <p>February 28th</p> <p>You cannot continue with massive activities.</p>	 <p>March 24th</p> <p>Cancellation of massive community activities, nonessential activities are prohibited, and people are asked to stay home.</p>	 <p>April, the 21st</p> <p>Clusters remain suspended</p>

Source: Own elaboration with data from Secretariat of Health. 2020.

travel nerve centers, which carry an increased risk of disease spread due to high population densities and extensive public transport networks. This document is a guide to citizen behavior in the face of this contingency. However, it has been poorly disseminated and has received poor and limited follow-up, despite its enormous value.

This same fate as that of other technical guidelines on the new coronavirus (COVID-19). Decision-makers at the country level know little about them and have often not been included in response programs and protocols in organizations responsible for health in the WHO member nations. In this sense, they are unfinished actions, without punctual follow-up since they depend on local government action, at a high cost for WHO and the world.

In the worst pandemic of the last hundred years, a detailed protocol for action and assurance of policy implementation should have been in place, with much stricter, more severe, and effective follow-up

TABLE 4. MAIN RECOMMENDATIONS ADDRESSED BY THE WHO FOR COVID-19.

1	Early epidemiological and clinical research on COVID-19 for a health response.
2	Considerations for public health measures related to schools in the context of COVID-19.
3	Surveillance strategies for infection with the COVID-19 virus.
4	Tracking contacts in the framework of COVID-19.
5	Considerations regarding health measures.
6	Water, sanitation, hygiene, and rights management concerning the COVID-19 virus.
7	COVID-19 and Food Safety: Interim Guidance for Competent Authorities Responsible for National Food Safety Control Systems.
8	COVID-19 Global Clinical Platform.
9	COVID-19 and violence against women. What the sector and the health system can do.
10	Recommendations in member states to improve hand hygiene practices to help prevent transmission of the COVID-19 virus.
11	Recommendations for the use of masks in the context of COVID-19.
12	COVID-19 and non-communicable diseases.
13	Guiding principles for immunization activities during the COVID-19 pandemic.
14	Infection prevention and control for the safe management of dead bodies in the context of COVID-19.
15	Global surveillance of COVID-19 caused by human infection with the COVID-19 virus.

Source: WHO. 2020. (<https://tinyurl.com/yatza3m4>).

measures. Despite the recently created information about COVID-19 that is mentioned in the previous table, there is no document, not at least public, where recommendations are made on administrative, budgetary, data, indicator, and prospective management regarding the pandemic.

WHO has limited its action to a recommendation agency, without being a key actor for the containment of the virus around the world. Given the agency's experience, probity, and institutional capabilities, a much more aggressive response would have been expected, however, to deal with a deadly and rapidly spreading virus.

It would have been expected that the WHO would lay the foundations to follow up on Standard Operating Procedures, outlining the role that each public official should have played, at the national, regional, state, local, and community levels, and each person in charge of the health area in a given country.

Today, a lack of coordination and follow-up by WHO is evident in the face of the worst health crisis in dozens of years. If anything, the agency has served as a repository of information and data. However, much of this activity has also been carried out by other international organizations and especially prestigious

WHO has limited its action to a recommendation agency, without being a key actor for the containment of the virus around the world.

universities, among which the Bloomberg School of Public Health at Johns Hopkins University stands out, which have positioned themselves as leaders in data management, protection, and dissemination of information worldwide.

TABLE 5. WHO RECOMMENDATIONS FOR COVID -19

TOPICS	THE MAIN OBJECTIVE OF SUCH A RECOMMENDATION	INDEPENDENT ACTIONS OF THE MEXICAN GOVERNMENT
POLICY	Propose adjustments in federal and local legislation to better face the pandemic. This would be reflected in reducing or eliminating padlocks for the effective use of resources, personnel, infrastructure, equipment, etc.	Although there have been actions to expedite the acquisition of medical equipment, cases of overpriced purchases and state-level prohibitions have emerged. The scenario has been that the political party that has the majority in Congress has imposed guidelines for political purposes as to almost ignore and not really deal with the pandemic.
GOVERNANCE	Propose adjustments in health agencies at the federal, regional, state, or local level, to support the prioritization of institutional capacities such as budget, human resources, stress management, training in emergency detection and crisis management, among others.	The result of a lack of coordination and the imposition of wills has generated that governors and civil society clash with federal authorities to implement each one through different channels, their respective response alternatives.
ADMINISTRATIVE	Propose the creation of specialized teams to reduce unnecessary expenses, applying the lessons learned or successful cases from other countries.	No directive that guides and leads the efficient management of human, material, and financial resources in health units in the country.
BUDGETARY	Provide examples of how to carry out adequate management of the health budget and bring domestic savings and financing options closer to the countries through international organizations.	Mexico faces a budgetary disorder in health. There is not a single signal that organizes federal and state efforts, with the reality that we are living.
MOBILITY	Propose strict respect for international mobility standards under the conditions of each country.	The federal government has been inefficient in managing mobility during the pandemic. For example, no departure or arrival measures were taken for international passengers at the federal level. And the same applies to the rest of the national and local airports, stations of land and nautical means of transport. Conversely, some states have done so.
CERTAINTY AND TRUST	A dissemination campaign focused on how to influence, spread, and provide companionship to society should have been designed to emerge victorious and healthy from this pandemic.	The federal government did address this issue with several campaigns on care, hygiene, and personal hygiene. The Federal Health Secretariat coordinated these campaigns effectively.

Source: Signos Vitales. 2020.

THE MEXICAN STRATEGY

1. The Sentinel Model

The pandemic analysis and monitoring strategy for decision-making by the health authority was based on the so-called “Sentinel Model”. According to the health authorities in Mexico and WHO, the Sentinel Model is the most effective way to collect timely and

good quality data, since it considers the monitoring of key indicators and includes a collection of data from a certain number of sites with routine and systematic surveillance. These sites must be carefully chosen so that they are representative of the population.¹⁶

¹⁶ Sentinel Surveillance Operational Guide.



Image: Author: ANDREAS SOLARO Credit: AFP at <https://gestion.pe/mundo/coronavirus-estrategias-que-han-funcionado-en-diferentes-paises-para-frenar-el-contagio-del-covid-19-nndc-noticia/>

This model¹⁷ integrates all the country's information, processes it, and generates daily indicators of disease development, but it is not designed to estimate the prevalence of a new virus in the country. It is imperative to point out that the model does not collect all the cases in the country, but only a sample that is not necessarily representative, with highly detailed data that generates information. With this, it should be possible to estimate the magnitude of the problem, document its distribution and spread, and describe its natural history.¹⁸

The model was created in 2006 and began to be applied in Mexico due to the outbreak of the H1N1 Influenza virus in that year and 2009. Even though this model is used in other countries to monitor the progress of community contagion from a

¹⁷The Sentinel Model is focused on:

- Monitor trends in the occurrence of the event to identify risk thresholds and generate epidemiological alerts.
- Monitor the biological characteristics of infectious agents.
- Estimate, according to the specific conditions of this strategy, the burden of disease and demand for care in health services.
- Monitoring of the geographical and social distribution patterns of the disease.
- Monitoring the use of health services.
- Surveillance of mortality associated with the event.
- To use more effectively and efficiently existing human and material resources.
- Guide and monitor the impact of prevention and control interventions.
- Strengthen epidemiological, clinical and laboratory research and multidisciplinary work.

¹⁸ Infobae. 2020. "Sentinel Model: what is and how does the tool that estimates thousands of coronavirus infections in Mexico work?" Infobae, April 9th.



Image: Photo: María Ruiz at <https://piedepagina.mx/centinela-el-escudo-de-mexico-frente-al-coronavirus/>

given virus, the international consensus is that it should be used only when the epidemic is caused by a virus that is already known and how it behaves.

The SARS-CoV-2 virus is new to science, so there is not enough information to determine its behavior among the Mexican population. Health authorities have made estimates of the population that reaches hospitals in serious condition. In this sense, it can be affirmed that the Sentinel Model has many limitations, being one of them that does not allow the totality of contagions to be visualized and, therefore, does not reveal the true spread of the epidemic.

The fact that this model collects information from 475 units of the 26,000 medical units across the country, prevents having a complete picture. In addition to this, the fact that an expansion factor of 8.33 must be used per confirmed infected person, has also generated the mistrust of many specialists regarding confidence intervals and the degree of statistical error, among other factors.¹⁹ In fact, it has been the same health authorities that have rejected the expansion value, creating confusion in the population and among specialists, stating that this could be 10, 12, or even 40 or 50 according to some specialists.

The use and scope of the model have been strongly questioned by other national and international institutions, including by independent specialists. In fact, many of them are an important part of a national reference to contrast the official data and those that other models are providing with much higher reliability and testability.²⁰ The fact that the model

¹⁹ The error is identified by Arturo Ederly, a professor at UNAM, who pointed out a serious error in the calculations presented by the Federal Under-Secretary of Health, Hugo López-Gatell, according to which the number of real cases of COVID-19 in Mexico was approximately equivalent to 8.3 times the cases confirmed by the health authorities, but confused amounts corresponding to different dates. If you had used amounts corresponding to the correct dates, the number of confirmed cases should be multiplied by 30, not 8.3 (<https://tinyurl.com/ycwdkuto>)

²⁰ The UNAM (Autonomous University of Mexico for its acronym in Spanish) Geographic Information Center on COVID-19 in Mexico (<https://tinyurl.com/ygedyizm>) has closely monitored the disease, where it does not coincide with the data that the federal health authority has regularly presented.

Why have other contagion prediction models not been used in the population?

generates uncertainty in its estimates may be understandable at this time of the pandemic crisis. However, an important question that arises is, why have other contagion prediction models not been used in the population? The response is unknown and has added levels of uncertainty to the understanding and monitoring of the pandemic. Defending the erroneous use and dissemination of data makes it at least difficult for the population to behave appropriately at this time, and for health authorities to implement adequate public policies.

Notwithstanding there is no successful methodology to diagnose and control COVID-19 disease, PAHO (Pan American Health Organization) urged to speed up the application of tests to detect cases of contagion and to be able to take the appropriate measures. However, that option was not followed and seems already late for the country.

(<https://tinyurl.com/ycmg7ovg>) In the same way, COVID-19 Projections (<https://tinyurl.com/yd85wrfs>) has generated a model that has been accurate in predicting infections and deaths in several countries, Mexico in particular. The IHME model, University of Washington Institute for Health Metrics and Assessment (<https://tinyurl.com/ycempc74>) has also been very successful in his projections for many countries in the world. To see updated projections for Mexico, <https://tinyurl.com/y9jftmzg> and <https://tinyurl.com/yaej3p2n>

2. Sampling

The strategy followed by the Mexican government was to allow the herd to spread, to attend only to cases of severe symptoms, and to prepare for the next phases of the pandemic. This strategy was consistent throughout the pandemic and even in the most critical phases. Undersecretary López-Gatell reaffirmed to senators on May 27th that this decision was the most appropriate, since doing many tests was costly and useless. The number of tests in Mexico per million inhabitants was only 3,221 on June 16th. On that date, Mexico was 147th out of 215 countries considered, despite being 7th place in deaths from the disease. On that date, Mexico contributed 24% of deaths worldwide.²¹ The Johns Hopkins University site quickly became the most consulted global information repository. In that depository, the information on tests and hospitalization for Mexico does not appear.²²

Other private institutions were also not allowed to test. As of March 16th, COVID-19 clinical trials were recognized at only two private hospitals in Mexico City, in addition to public hospitals. The laboratories that were recognized by the government gradually increased to 54 on May 21st, in 20 entities of the Re-

²¹ To view updated data, <https://tinyurl.com/ub9gvyc>

²² To view updated data, <https://tinyurl.com/uwns6zs>

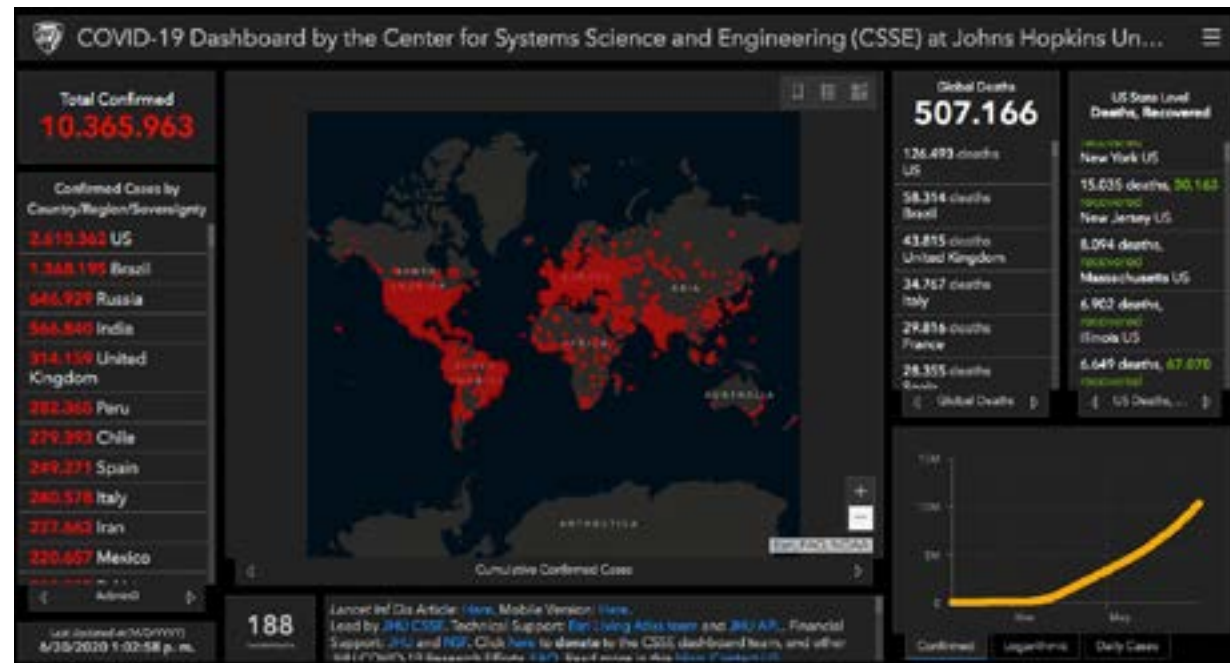


Image: Screenshot of site Johns Hopkins University and Medicine COVID-19 map June 28th 2020 at <https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6>

public. By that time, a delay of several days to take the test was reported and a price that varied from 1,300 to 10,000 pesos.²³

By not conducting mass testing, as it didn't happen initially in the United States of America, the strategy of isolating cases and searching and alerting their contacts was not used. The massive testing strategy was used in various countries with the idea of identifying infected cases more quickly, although many of

²³ <https://tinyurl.com/y9fml6bc>.

them would not require any type of treatment. This strategy was followed in some states of Mexico, such as Jalisco, Nuevo León, and Guanajuato, managing to do more tests and trying to detect and contain the pandemic. The number of tests per inhabitant and per state is still very changing. As of June 16th, Mexico had performed 415,097 tests (45th place among 215 countries), unlike nations such as Peru, where the figure reached one million 376,478 tests.²⁴

According to the statements of the spokesperson for the health strategy, the follow-up of patients and their contacts were attended at the national level, but it was not known that actions have been taken to confine possible contacts in phases 1 and 2. Spokespersons from some states have affirmed that they followed the infected and their contacts, but we have not detected a specific statistic that is publicly known.

Regarding public policy measures in the federal entities to prevent the pandemic, the University of Miami, in tandem with the UNAM Faculty of Medicine, CIDE (Center for Economic Research and Teaching for its acronym in Spanish), Tufts and Anáhuac universities, the Mexican Society of Public Health and the

Take It to the Chest and México Social organizations, established an observatory to monitor state actions in Mexico.²⁵ The pandemic reaction index considers three elements: the breadth of the measures adopted by each state against the pandemic, the timeliness of its implementation, and its effectiveness measured by social distancing. There are very significant differences in the reaction to the pandemic by the states. The states that reacted the fastest are Nuevo León, Nayarit, Baja California Sur, Jalisco, and Yucatán. The 10 states that have reacted later or with little effectiveness are, in descending order, Guerrero, Veracruz, Michoacán, San Luis Potosí, Aguascalientes, Campeche, Tabasco, Tlaxcala, Chiapas, and Zacatecas, according to the Observatory index.

²⁴ Updated figures can be seen on this site <https://tinyurl.com/ub9gvyc>

²⁵ <https://tinyurl.com/ygzszlz>

3. The confusion of the figures

A source that gave rise to the lack of credibility in the government's messages came from daily reports of the numbers of infections and deaths. From the beginning, it was perceived that there was underdiagnoses and therefore underreporting of infections. The decision not to test more than those with clear symptoms of the disease was suspicious. The registry of atypical pneumonia as a cause of death for many people added more doubts and suspicions. The lack of agreement between state figures and federal figures provided by the Ministry of Health added to mistrust. Finally, since there was no clear explanation of the registration procedures from the beginning by the Ministry of Health, it did not facilitate credibility in the official figures either. In this section, we return to a recent study that clearly explains a possible source of these problems.²⁶

Its authors, Jorge Castañeda and Sebastián Garrido unveil the process for recording the figures using administrative records from the General Directorate of Epidemiology of the Ministry of Health. From these databases, various conclusions can be obtained

²⁶ <https://tinyurl.com/y85qp55m>



that are of utmost importance for decision-making in public health matters, mainly related to COVID-19:

1. The information presented each day may vary over time. However, it is not an error in counting the number of deaths or infected, but rather the information-generating process itself. The Ministry of Health makes the presentation of the accumulated cases day by day, but not the accumulated flow per day.

2. The figures reported corresponding to official records of infections and deaths, which are not reported the same day they occur. For example, the number of deaths due to COVID-19 reported on April 24 was 3 people, while the figures updated to May 10 for deaths on the same day (April 24) are 138. After May 10, the reported figure does not present variations, so we approximate the real number of cases that occurred.
3. The delay in updating the figures is mainly because the cases go through two systems of judgment: the SISVER (Epidemiological Surveillance System for Respiratory Diseases for its acronym in Spanish) and the REDEVE (Network of Deaths Subject to Epidemiological Surveillance for its acronym in Spanish), which in turn obtain information from states and health centers.

Therefore, differences cannot necessarily be understood as a deliberate act of information concealment. However, it is evident that the authority was not sufficiently clear in the information that was being presented, particularly the number of deaths from COVID-19. Furthermore, the deliberate paucity of evidence effectively added to the underdiagnosis of cases. Failure to register deceased persons with COVID-19 symptoms for not having performed the

test, necessarily also marked a sub-report of deaths. Reports from various prestigious national and foreign media indicated that the death toll in Mexico City was underreported at least three times.²⁷

Although it is normal for the official death registry to arrive late and to be underreported, the analysis of death certificates carried out by Mexicans Against Corruption and Impunity found that the number of deaths from COVID-19 could be three times higher than reported in Mexico City.²⁸ On the other hand, one way to know an approximate figure for the virus is to compare the total number of deaths in 2020 against the absolute figures of previous years. Thus, Mario Romero Zavala and Laurienne Despeghele compared the number of deaths this year against the deaths of the previous 4 years on the same dates in Mexico City and found that they increase significantly in April and even more in May (see Graph 1). The death toll, at least in Mexico City, was underreported between 4 and 5 times.²⁹ In other words, the number of deaths would have to be multiplied by three or even by five (See Graph 2). According to that investigation, only 24% of the additional deaths in 2020 compared to

²⁷ The reports were from newspapers like the country (<https://tinyurl.com/y92me2tz>), New York Times (<https://tinyurl.com/ybbjezqt>), Wall Street Journal (<https://tinyurl.com/yajx73eb>).

²⁸ <https://tinyurl.com/ya7ysl2r>

²⁹ <https://tinyurl.com/ygyunm38>

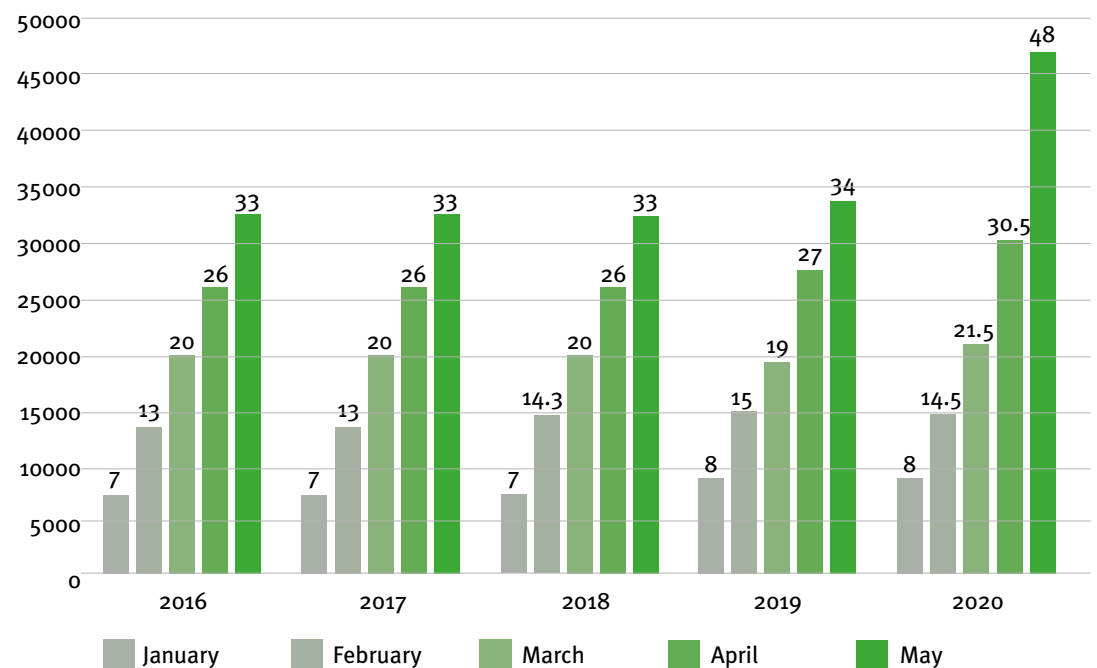
the average of deaths in the 2016-2019 period are registered as caused by COVID-19. In other cities in the United States, these percentages are much higher and range from 29% in North Carolina to 85% in the state of Indiana.

4. Lack of foresight and protests

The lack of foresight started from the first WHO announcement in December 2019. The federal government never took the necessary actions to face the looming pandemic that was coming. This meant that protection equipment for medical and health personnel was not acquired in sufficient quality and quantities, and its absence was notorious in many parts of the country. The organization Mexicanos contra la Corrupción y la Impunidad (Mexicans against Corruption and Impunity) took on the task of generating a shortage map and protesting the lack of supplies for medical personnel. More than 220 hospitals reported until May 26th shortage of essential health supplies to protect doctors, nurses, and health personnel.³⁰ Even two doctors filed a lawsuit for lack of safety equipment and a lack of training to treat patients with COVID-19 and won a permanent suspen-

³⁰ <https://tinyurl.com/yassm7dh>

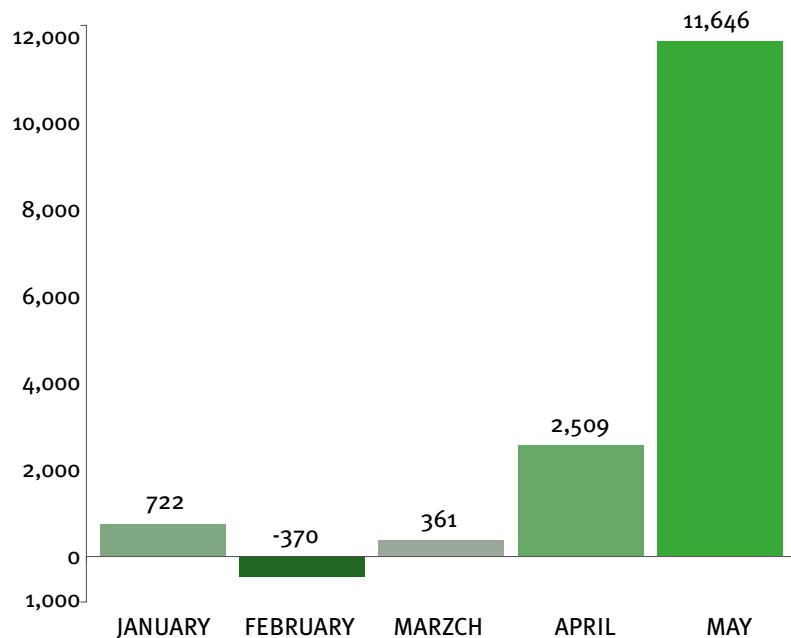
GRAPH 1. NUMBER OF DEATH CERTIFICATES REGISTERED IN MEXICO CITY, ACCUMULATED DATA AT THE END OF EACH MONTH, 2016-2020



Source: <https://tinyurl.com/ygyunm38>

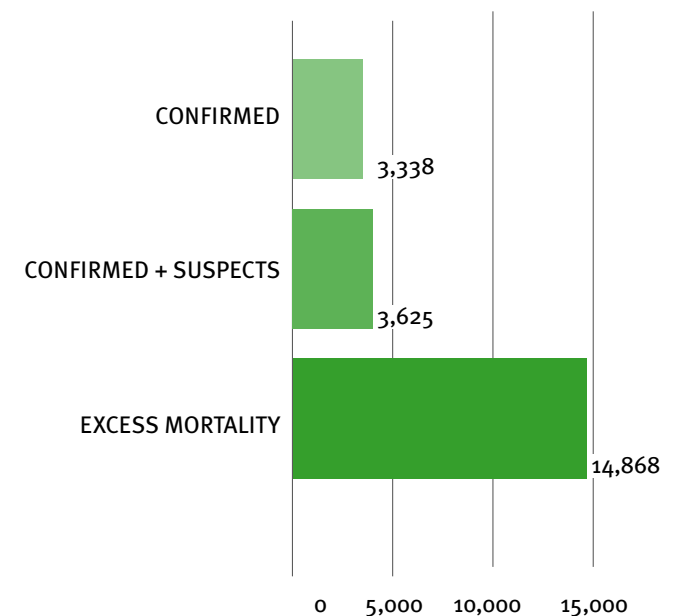
The death toll, at least in Mexico City, was underreported between 4 and 5 times. In other words, the number of deaths would have to be multiplied by three or even by five

GRAPH 2. DIFFERENTIAL IN THE NUMBER OF DEATH CERTIFICATES REGISTERED IN EACH MONTH OF 2020 AGAINST THE PERIOD OF THE RESPECTIVE MONTH IN THE PERIOD OF 2016-2019, ABSOLUTE VALUE.



Source: INEGI

GRAPH 3: COMPARISON BETWEEN THE NUMBER OF DEATHS FROM COVID-19 AND EXCESS MORTALITY IN MEXICO CITY, AS OF MAY 31, 2020



Source: <https://tinyurl.com/y9yunm38>

sion. They were transferred to medical centers that did not treat COVID-19 and the hospital was forced to provide quality and quantity equipment that was effective, based on the specifications of NOM-056-SSA1-1993.³¹

For this reason, numerous protests were registered by medical and health personnel demanding protection supplies in IMSS (Mexican Social Security Institute for its acronym in Spanish) and new INSA-BI hospitals. The box lists some that have occurred since before the pandemic, particularly those due to a shortage of childhood cancer drugs and later those directly related to the pandemic.

In a Mitofsky survey of medical and healthcare personnel published on June 4th,³² it can be seen that the protests coincide with the opinion of the interviewees. 86.9% of those surveyed are very or somewhat afraid of getting the virus and 71.3% are afraid of dying from the virus.

The doctors' fear of contagion was not unfounded. 74.2% of the 1,915 surveyed doctors, nurses, and health personnel rated the performance of the Republic government as poor and 10.5% as regular. Only

15.3% rate it as good. In effect, on June 16 the Ministry of Health reported that 32,388 of the 154,863 infections were from medical and health personnel, that is, 21%.³³

Nor was the fear of medical personnel dying from COVID-19 unfounded. The following table compares the number of total deaths in countries such as Mexico, the United States, China, the United Kingdom, Peru, and Brazil with the number of deaths of medical personnel assigned to care for COVID-19 patients.

³¹ <https://tinyurl.com/y9rcy7hn>

³² <https://tinyurl.com/ycl56hmd>

³³ <https://tinyurl.com/yayfeju7>

TABLE 6. PROTESTS FOR THE SHORTAGE OF MEDICINES AND PROTECTION EQUIPMENT

DATE	PROTEST	SOURCE
01-22-20	Parents of children with cancer entered the facilities of Terminal 1 of the AICM (International Airport of Mexico City for its acronym in Spanish) this afternoon, protesting the lack of medicines against that disease in health institutions.	https://tinyurl.com/y76l56kv
09-02-20	Women's Hospital joins other documented crises in the Health Sector. Protests and work stoppages already frame the first months of this 2020.	https://tinyurl.com/y8jab-4cx
03-31-20	The map of supplies protests before COVID-19 in CDMX and Edomex (Mexico state). More than ten in different parts of the city.	https://tinyurl.com/r3rg-q5m
04-15-20	ISSSTE (Institute of Security and Social Services for State Workers for its acronym in Spanish) Hospital 20 November staff protests against lack of resources and excessive hours.	https://tinyurl.com/y9tmr-jk2
04-24-20	Group of nurses and doctors protested outside a clinic of the Mexican Institute of Social Security for lack of supplies.	https://tinyurl.com/y73ffalp
04-27-20	The CDMX lives a day of protests by doctors for supplies against COVID-19.	https://tinyurl.com/y76b-gw7h
05-12-20	Health personnel who belonged to the Popular Insurance came to the Ministry of Health to demonstrate and demand that Secretary Humberto Uribe Téllez complies with INSABI agreements.	https://tinyurl.com/yd-8ybtmc
05-13-20	Personal protest for lack of supplies at the Hospital de La Raza, pillar of the IMSS in Mexico.	https://tinyurl.com/yak-88gjf
05-26-20	INER (National Institute of Respiratory Diseases for its acronym in Spanish) medical staff protest for lack of medical equipment	https://tinyurl.com/y9wn-2rs7



Image:<https://www.elsoldetoluca.com.mx/local/trabajadores-del-imss-protestan-en-tlalnepantla-5020596.html>



Image:<https://www.efe.com/efe/usa/mexico/personal-medico-en-mexico-exige-equipos-de-proteccion-contra-el-covid-19/50000100-4227326>

The result for Mexico is tragic given the background mentioned in this report. Health personnel in Mexico has been much more exposed to the virus than in other countries, either due to lack of equipment, lack

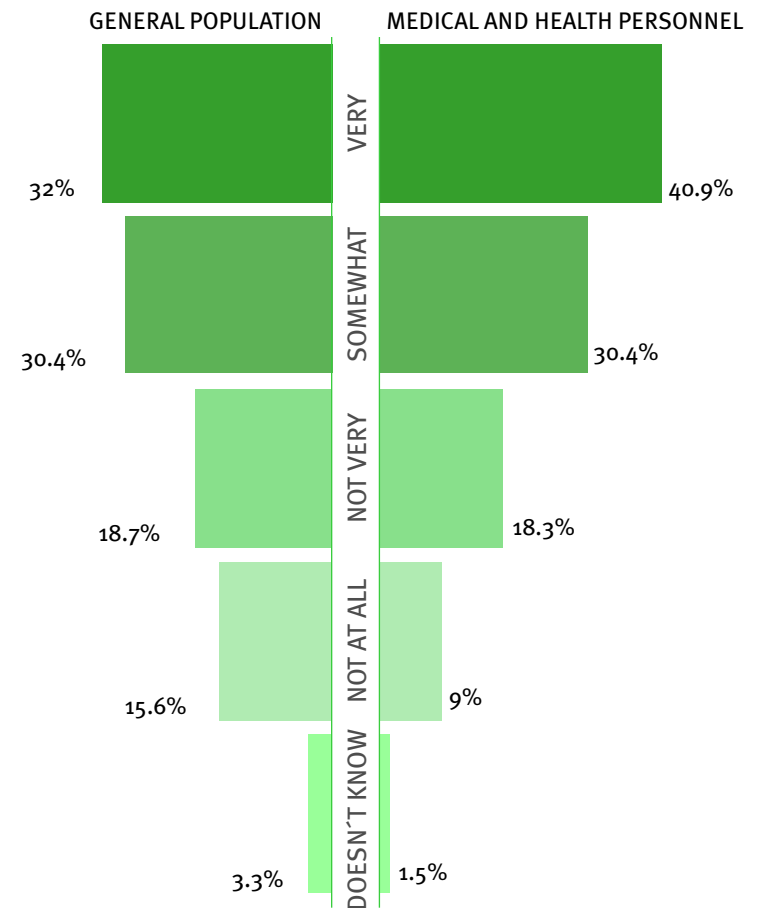
of training, or some other deficiency. While 2.6% of deaths in Mexico are from medical personnel, in Brazil that percentage is less than half, and that corresponding to other countries the ratio is from 1 to 5 or up to 6.

GRAPH 4. FEAR OF CONTAGION



Source: Mitofsky <https://tinyurl.com/ycl56hmd>

GRAPH 5 FEAR OF DYING



Source: Mitofsky <https://tinyurl.com/ycl56hmd>

That is, the risk for Mexican doctors it is 5 or 6 times greater than that faced in countries such as China and the United States, 3 times more than in Peru, and more than double than in Brazil, which is one of the countries that reports an alarm in the management of the pandemic. Thus, the protests indicated in Table 6, and the fears of doctors and health personnel to die from the virus responded to a reality.

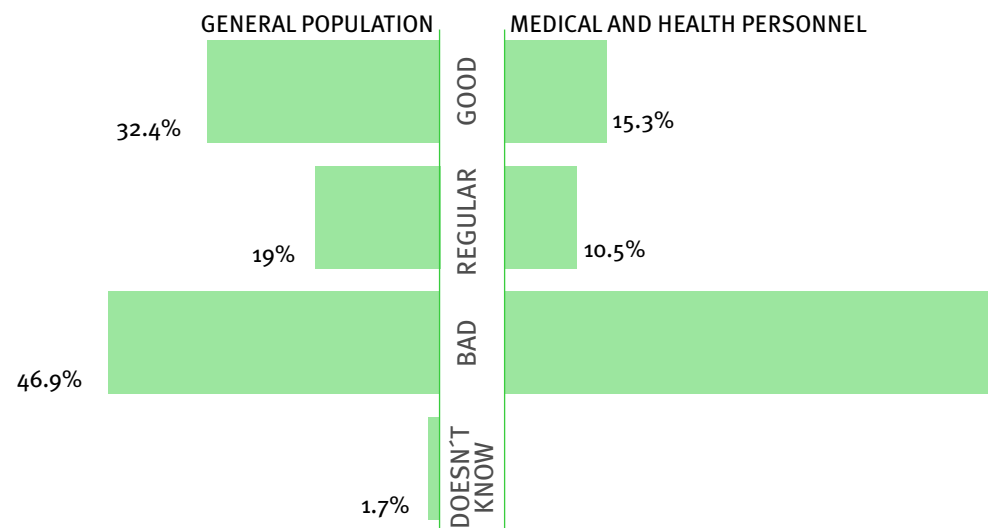
The conversion of hospitals into COVID-19 hospitals began on March 29th announced by Dr. Gustavo Reyes Terán, head of the Coordinating Commission of National Institutes of Health and High Specialty Hospitals.³⁴ Gradually more hospitals were designated in the country and as of May 30, there were 787 hospitals for these purposes. The Ministry of Health and the IMSS also equipped various facilities such as alternative hospitals, such as the Hermanos Rodríguez Autodrome, while the private sector fitted out the Banamex Center in Conscripto, enabling 700 beds. Some state governments also fitted out temporary areas and hospitals.

According to the federal Health Secretariat, through the Serious Acute Respiratory Infection Network

³⁴ <https://tinyurl.com/ydavvk9e>

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GRAPH 6. GOVERNMENT ACTION



Source: <https://tinyurl.com/ycl56hmd>

(IRAG by its acronym in Spanish), the country was, as of May 30th, 2020, at 41% in terms of the occupation of beds intended for taking care of people sick by COVID-19. In other words, until that date, there were a total of 787 hospitals enrolled in the Network, of which 735 reported information periodically. With a total of 22,698 beds, there were 13,449 beds available and only 9,249 had been occupied.

A total of approximately 22,000 beds must be considered to generate these percentages. The reference is not constant by the health authorities, but the figure fluctuates in that range, according to official figures.

It is important to detail that the IRAG information comes directly from the official reports that are given daily by the federal government. No page or public database is containing disaggregated information to refine the analysis. However, the number of cases presented by the state gives a much clearer overview of what is happening with this behavior. As of May 30, the six states with the highest number of confirmed cases of COVID-19 infections are Mexico City with 24,265, Mexico State with 14,334, Baja California with 5,027, Tabasco with 4,009, Veracruz with 3,624, Sinaloa with 3,261 and Puebla with 2,918.

TABLE 7. COMPARATIVE BY COUNTRY WITH TOTAL DEATHS AND MEDICAL PERSONNEL

COUNTRY	DEATHS FROM COVID-19	DEATHS OF MEDICAL PERSONNEL	PERCENTAGE	SOURCE
México*	14649	385	2,63%	https://tinyurl.com/ybt6wht4
United states*	111.620	600	0,54%	https://tinyurl.com/ybpbm4ht
China**	4645	23	0,50%	https://tinyurl.com/ybf4q8fe
United Kingdom***	48106	191	0,40%	https://tinyurl.com/y7lbkcoy
Peru ****	3024	26	0,86%	https://tinyurl.com/ybrd5kmu
Brazil *****	21048	256	1,22%	https://tinyurl.com/y6vtx6cc
* As of June 9, 2020 ** As of June 4, 2020		*** As of May 22, 2020 **** As of May 20, 2020 ***** As of May 22, 2020		

TABLE 8. REFERENCE OF HOSPITALS AND AVAILABLE HOSPITAL BEDS FOR COVID-19

DATE	NOTIFYING HOSPITALS	HOSPITALS THAT NOTIFIED	AVAILABLE BEDS	OCCUPIED BEDS
04-27-2020	618	537 (87%)	12,668	3,337 (20%)
05-04-2020	676	652 (96%)	14,088	6,461 (32%)
05-11-2020	712	695 (98%)	15,128	7,716 (34%)
05-18-2020	747	719 (96%)	14,144	9,069 (39%)
05-25-2020	759	730 (96%)	15,021	9,399 (39%)
05-30-2020	787	735 (94%)	13,449	9,249 (41%)

Source: In-house product with the information presented by the Federal Secretary of Health, 2020.

The foregoing suggests that most of the bed occupancy is found precisely in these states, which total 57,438 confirmed cases, which represent 65% of the total cases.³⁵ With this information presented, it is difficult to consider that there is a collapse of the Mexican health system. However, it must be considered that official sources as of the cut-off date of this analysis, a total of 87,512 confirmed cases were reported in the country. While other unofficial sources³⁶ such as researchers and data modeling specialists like Youyang Gu³⁷ give a much wider margin of error compared to what the official source points out.

If we take Youyang Gu's analysis as a reference, we can determine two extremely important elements. The first finding refers to the fact that the peak of the new infections curve would extend, conservatively, until July 22nd with 162,084 cases; but having a maximum of 2,410,798 cases by July 29th. The final estimate of the model predicts that by September 1st we will have accumulated a total of 13,637,412 cases, moderately taking the analysis.

The foregoing indicates that the Mexican Health System is not currently collapsed. However, de-

³⁵ 65% of the 87,512 confirmed cases as of the cut-off date.

³⁶ <https://tinyurl.com/y8gs3cq3>

³⁷ <https://tinyurl.com/y9jftmzg>

As of May 30, the six states with the highest number of confirmed cases of COVID-19 infections are **Mexico City, Mexico State, Baja California, Tabasco, Veracruz, Sinaloa and Puebla.**



Image: Photo: Jon Halty at <https://www.forbes.com.mx/noticias-mas-hospitales-y-camas-para-atender-covid-19-cdmx/>

rived from the opacity with which the information about COVID-19 in the country has been managed, most likely the current reference on the availability of beds in authorized hospitals, the number of confirmed infections, and the number of fatalities should be rethought.

In the same way, there is information from the Federal Ministry of Health that indicates that 60% of COVID-19 patients who enter hospitals for their care are dying within a maximum period of three days. Everything seems to indicate that COVID-19 patients, to be hospitalized, must be in a delicate situation. Taking this information as valid, we can then conclude that the hospitals will hardly fall into a standstill or collapse. Perhaps, they will not decrease their main activities.

5. Communication campaign

Communication is a powerful weapon to raise awareness. In times of crisis, such as the one being experienced in Mexico and the world due to the SARS-CoV-2 virus, the use of effective communication is essential so that the information and messages that reach the population are clear, precise and com-

plete; giving certainty that they are authentic and true; being at all times opportune and adequate; and finally, that there is always a dose of motivation in their dissemination.

COVID-19 patients who enter hospitals for their care are dying within a maximum period of three days.

In the current case of the pandemic caused by COVID-19, we have the cases of Germany or South Korea, where governments acted clearly and consistently, sending their population a concrete message about the actions to be taken. Similarly, we have the examples of the United States of America or Brazil, where the government's actions and messages have been contradictory. The results in both cases are clear.

Mexico, unfortunately, belongs to the second group because, despite the reports generated since the beginning of January worldwide on the outbreak in China of this new virus and its rapid spread around the world, the official position of the country on the subject was limited to traditional official pronounce-

ments at morning press conferences. Although there was plenty of time and enough to prepare an adequate and precise strategy of how to tackle the virus, the President minimized the possible seriousness of the issue, leaving the message to the population that life could continue normally without any danger. Even though, the federal Ministry of Health has since recommended taking the appropriate health and hygiene precautions.

It was not until March 19th that the General Health Council was convened and recognized the SARS-CoV2 virus as a potential health hazard in Mexico that required priority attention.³⁸ Said Council sanctioned the measures of preparation, prevention, and control of the epidemic of COVID-19 designed, coordinated, and supervised by the Ministry of Health and called for a better response. It was not until March 23rd that the Sana Distancia (Safe distance) campaign was launched,³⁹ that it was finally addressed to the general population about the care that had to be taken so as not to catch or spread it to others, even though the President a day before had invited the population not to stop going out. If there is no clarity in this regard by the federal government to take joint actions at the national level, the dispersion of

³⁸ Secretariat of Health communicate 092.

³⁹ Health communicate

TABLE 9. LIST OF DATES, PRESIDENTIAL MESSAGES, AND NUMBER OF CASES

DATE	ANDRÉS MANUEL LÓPEZ OBRADOR'S SPEECH	# OF CONFIRMED CASES IN MEXICO
28 -Feb-20	Chill, calm in light of coronavirus.	1
4-Mar-20	You have to hug, nothing happens.	5
18-Mar-20	"Stop enemy, the heart of Jesus is with me".	118
22-Mar-20	Don't stop going out	315

Source: Presidency of the Republic, 2020.

communication generates confusion and affects the perception and actions of Mexicans in their daily life.

In a second stage, the evening conferences of the Ministry of Health in charge of Undersecretary López-Gatell began, as a specific space to give information on the subject, supported by scientific information and official data that would give certainty on the subject. However, these conferences, like those performed during mornings, were limited to the limited scope of direct diffusion and again lent themselves to the interpretation that the media and social networks made of them.



Image: <https://www.gob.mx/telecomm/galerias/susana-distancia-239604>.

Such was the lack of credibility that several public health experts, such as former health secretaries Julio Frenk, Salomón Chertorivsky and José Narro, expressed their disagreement about the figures that were presented. Many of the arguments that the specialists gave were that the reports were confusing due to the concepts used and, in general that the federal government was short of communication material.⁴⁰ However, the government's response was, once again, a total disqualification, considering that it was "a conservative elite" that the only thing it sought was to harm, thus closing the opening to dialogue. The same happened with a series of national and foreign media reports that stated that the number of deaths was underreported between three and five times.

By the end of this report, and within the same logic of contradictions in the messages, the government announced on May 28th the return to the so-called "new normal", when, except for the state of Zacatecas, the whole country was shown at a red light (that is to say in critical condition) and the President announced the restart of his tours to promote the Mayan Train. Once again, the contradiction between the data and the actions taken by the Presidency. In response, on

⁴⁰ During a forum organized by Pensando en México May 7th, 2020.

May 29th the governors of Colima, Durango, Michoacán, Jalisco, Coahuila, Nuevo León, and Tamaulipas expressed their disagreement and rejection of said actions and agreed among themselves on their policies to continue facing the pandemic. This generated new communication channels, making the message even more confusing to the population. Even when the move to the orange traffic light had already been announced in the second week of June, the decision was reversed to red color due to the persistence of the crisis.

On the other hand, Alejandro Macías, a member of the UNAM commission to deal with the coronavirus, said that "in no way have we concluded the first wave, we have not even reached the plateau. According to the daily technical reports, there is no evidence that the number of infections is already decreasing, what we have seen is that the epidemic is on the rise and it should be at least two weeks without these increases to speak of unconfinement."⁴¹

This shows us that communication between the different authorities has failed. The messages sent to the population have been contradictory during all this time and nothing indicates that they will stop be-

⁴¹ Interview in the newspaper "El Universal" May 12th, 2020.

ing so in the months to come. This creates uncertainty about the actions of the population and a strong question about when we will reduce the number of infections.

Communication between the different authorities **has failed.**

6. Social sector reactions to the pandemic

Organized civil society has undertaken very independent responses and actions to which the government has generated or proposed. Dozens of CSOs (Civil Society Organizations for its acronym in Spanish), universities, settler associations, churches, and many other groups have presented initiatives with proposals, alternatives, different but inclusive visions, which should be heard, considered, and attended by the corresponding authorities. This exercise of social participation and generation of ideas propagates a dignified environment to find a more suitable and desirable course for Mexicans.



Image: <https://www.liderempresarial.com/no-podremos-frenar-la-propagacion-de-covid-19-pero-si-disminuir-su-intensidad/>

The reactions that took place on the part of the society in general, around taking the sanitary, hygiene, safeguard, and collective conscience measures at the beginning of the pandemic in the country, were uneven. While the federal authorities contradicted each other, giving discordant messages and sometimes inconsistent with reality and context, many sectors of the population in Mexico made decisions independently, autonomously, and disdaining official recommendations.

In fact, civil society reacted before the federal government to the pandemic. The first higher education entity that reacted, at a national level, was the Tecnológico de Monterrey. They declared immediate transit to long distance education in the middle of March. Many more follow immediately. One week later, pretty much all universities and middle education schools had suspended on-site activities.

According to Google, through the COVID-19 Mobility Report,⁴² Mexico has behaved irregularly in several of the aspects considered in this report. People in the country have responded by staying at home by 22%. In other words, considering the Economically Active Population as of the first quarter of 2020,⁴³ Mexico

would have around 57 million people in this category, which means that almost 13 million are deciding to take shelter at home concerning the period from April 1st to May 13th. Just when the President gave a message to go out on the streets and live life as we normally did, a significant percentage of the country's total population safeguarded itself.

The same applies to work centers. Until May 13, mobility to these spaces had decreased by 48%. This represents, taking the same parameter as the PEA (Active Economic Population for its acronym in Spanish), that 27.5 million people have constantly stopped attending their offices or work areas. These people will be doing work from home or unfortunately, they will have lost their job. According to a Mitofsky survey, 80.4% still have their job as of May 13 (of which 42.2% of employees have their job safe, while 38.2 reported having it at risk), and 11.8% already he would have lost his job.

Mainly in cities, public transport is a vital means of internal or external transfers. Concerning bus, metro, or train stations, the mobility that was traditionally used in this area decreased from 45% to 61% between April and May. Mobility in open spaces, such as parks, beaches, marinas, and public gardens, has

⁴² <https://tinyurl.com/yb5hvjvp>

⁴³ <https://tinyurl.com/sjt82x8>

fallen 48% of what was regularly being done. Regarding outlets to self-service stores, markets, and pharmacies, this item has decreased by 23%. And what represents a severe blow to the national economy, mobility in restaurants, cafes, shopping malls, museums, libraries, and cinemas, was reduced to May 13th by 55%.

Civil society groups were also joined by various governors to form a mixed and wide-ranging “situation room”. In some entities, it was the private sector that promoted the formation of local groups with state governments. Its success has been variable. As far as Signos Vitales (Vital Signs) knows, mixed “situation rooms” were established in at least the states of Nuevo León and Jalisco.

Civil society reacted before
the federal government to the
pandemic.



Image: <https://siete24.mx/mexico/edomex/distribuye-banco-de-alimentos-despensas-a-grupos-vulnerables/>

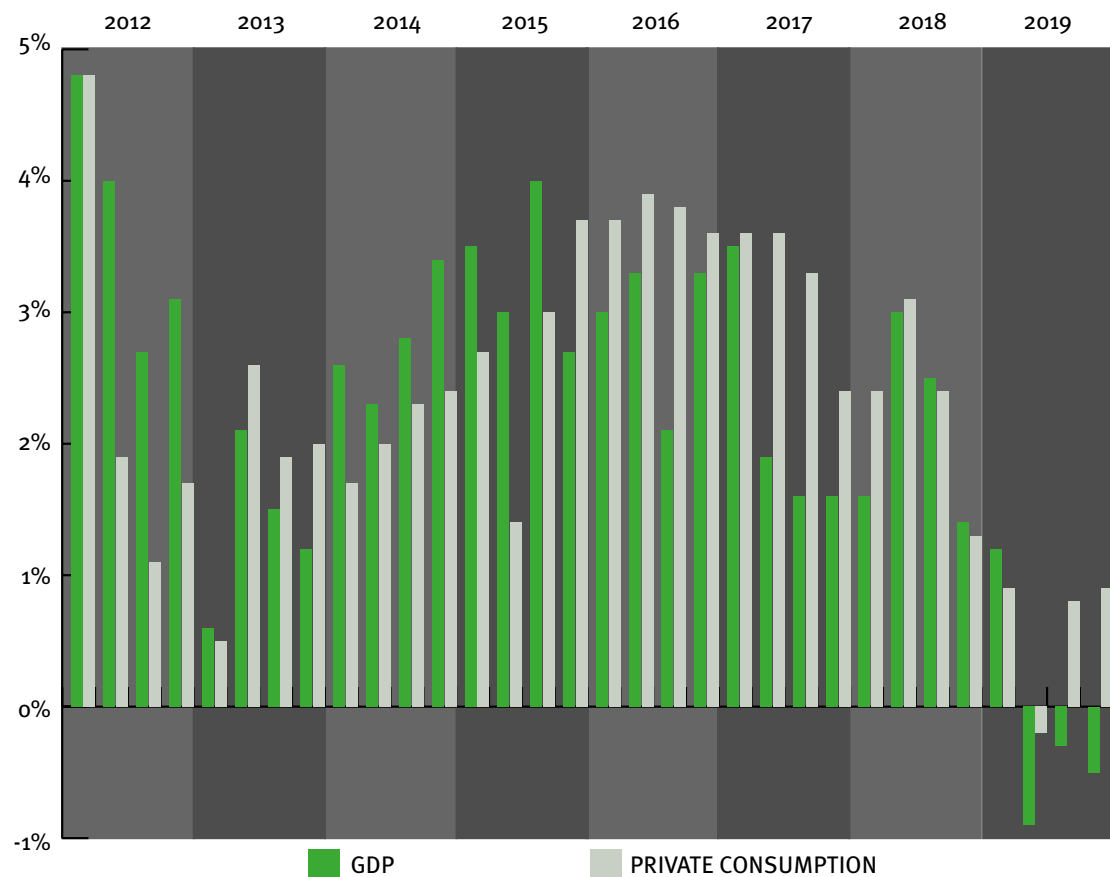
7. The economic strategy

Status of the economy before the health crisis

Since September 2018, the Mexican economy began a long period of reductions in its GDP growth rate that has not stopped. For the first time since the crisis of the Great Recession of 2008-2009, GDP registered a -0.3% drop in 2019. The start of the contraction coincided with the cancellation of the New Mexico City Airport, which occurred at the end of October, before the start of the new government. The contraction was registered in secondary activities mainly with -1.7% while the primary sector grew 0.4% and the tertiary ones an incipient 0.2% in 2019.

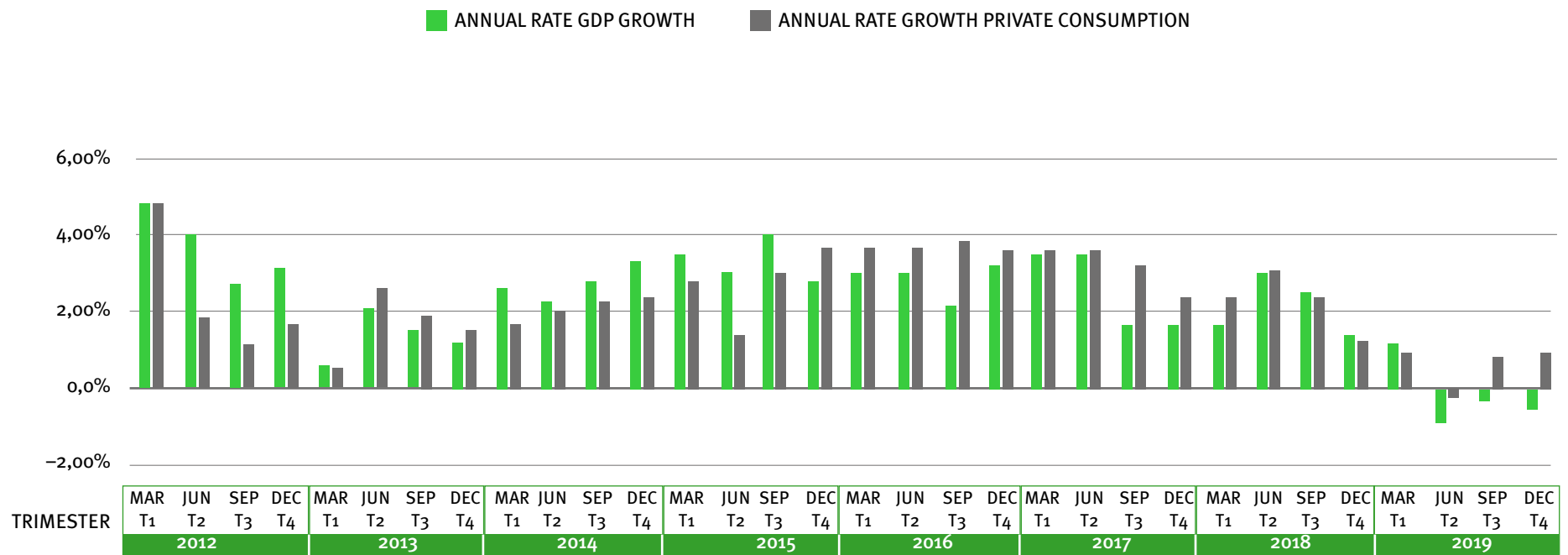
On the aggregate demand side, private consumption showed the same behavior as the aggregate of economic activity for the second quarter of the year, the annual growth rate was -1.1%. Other components of demand, such as gross fixed capital formation and government spending, also showed contractions for the last quarter of 2019 of -5.2% and -2.2%, respectively. However, it is important to note that government consumption showed negative growth rates throughout 2019, a fact that goes in the same direc-

GRAPH 7. ANNUAL RATE OF GDP GROWTH



Source: INEGI. National Accounts System of Mexico. Quarterly Offer and Utilization. Base Year 2013. Series from the first quarter of 1993 to the fourth quarter of 2019.

GRAPH 8. ANNUAL GROWTH RATE OF GDP AND PRIVATE CONSUMPTION



Source: INEGI. System of National Accounts of Mexico. Quarterly Offer and Utilization. Base Year 2013. Series from the first quarter of 1993 to the fourth quarter of 2019.

For the first time since the crisis of the Great Recession of 2008-2009, GDP registered a -0.3% drop in 2019.

tion as the federal government's sub-exercises that Mexico Evalúa has documented.⁴⁴

Private consumption closely followed the overall performance of the economy. It also began to decrease from September 2018, at the same time that private investment began its contraction from March 2019. On the other hand, public consumption and public investment began their fall from the first quarter of 2019, and it has not stopped either. As of December 2019, consumption grew a modest 0.9% over the previous year, and investment fell 5.2% in 2019.

On the demand side, we can say that the most dynamic component of the economy, consumption, had been decelerating until it reached negative growth; government spending contracted as a result of federal government sub-exercises; investment in fixed capital has been discouraged by the change in previously established rules of the game; the uncertainty in the way of decision-making (some as questioned as the consultations to determine whether or not to do work, or the cancellation of private investment of 1.6 billion dollars), in addition to insecurity and continued corruption. The few signs of private consumption to be reactivated were for non-durable

goods and a contraction in the consumption of durable goods. It is now evident that, on the supply side, the only sector showing positive vital signs is agriculture. The health crisis and its side effects have consequently triggered this phenomenon of opting for the indispensable.

In summary:

- » Consumption, had been decelerating until it reached negative growth
- » Government spending contracted as a result of federal government sub-exercises
- » Investment in fixed capital has been discouraged
- » The uncertainty in the way of decision-making
- » Cancellation of private investment

⁴⁴ <https://tinyurl.com/ybq86x49>

The global context and the oil collapse

The COVID-19 crisis has hit most countries in the world and the forecasts for economic performance have become increasingly disappointing. By the end of April 2020, the growth expectations of multilateral organizations, financial institutions, central banks, governments, and independent analysts were extremely serious. For the International Monetary Fund, its forecasts as of April 20th were as follows.

Mexico is among the countries with the worst growth expectations. At the end of May 2020, Banco de México (Bank of Mexico) estimated that GDP could fall by up to 8.8% in the country if negative scenarios occur. The average forecast of the Mexican economy for 2020 of 20 institutions is less 8.09%.

Added to the COVID-19 crisis was the crisis in the world oil market that erupted due to the lack of agreement between Saudi Arabia and Russia to reduce production. This conflict, which erupted when the pandemic began, plunged oil prices due to over-supply. Within a few days, the pandemic caused a sudden contraction in demand, causing storage saturation worldwide. Thousands of oil tankers were waiting in ports to unload their fuel. For weeks, they

TABLE 10. FORECASTS OF ECONOMIC GROWTH IN 2020 BY COUNTRY

COUNTRY	GDP ESTIMATE 2020 (%)	PAÍS	GDP ESTIMATE 2020 (%)
GERMANY	-7.00	Greece	-10.00
Saudi Arabia	-2.30	India	-3.20
Argentina	-7.30	Italy	-9.10
BraZil	-8.00	Japon	-6.10
CanadZ	-6.20	Libya	-58.70
Chile	-4.50	Mexico	-8.22
China	1.00	UK	-6.50
Colombia	2.40	RusSia	-6.00
Spain	-8.00	South Africa	-7.10
USA	-6.10	Venezuela	-15.00
France	-7.20	World economy	-5.20

Source: World Bank "World economic perspectives "

became an extension of storage capacity and Mexico suffered negative oil prices on March 19.

The impact of the oil collapse on public finances was immediate. 17.9% of total public sector revenue came from oil revenues in 2019. As the price of oil fell well below the level used to prepare the public administration budget, which was estimated at \$ 50 per barrel, the impact on public revenue in 2020 will be very significant. If in 2019 oil revenues of 707.6 billion pesos were obtained, it is conservatively estimated that in 2020 they will barely reach around 572.6 billion pesos.⁴⁵

The crisis hit both supply (interruption of supply chains at the international level) and demand by having a cycle of voluntary hibernation or forced by circumstances. The best antidote to contagion was taking shelter at home. On March 24th, phase 2 of the pandemic was decreed, by which a few essential activities could be kept in operation, such as food production, supplies, and medical and sanitary materials, public transport, fuels, and urban services such as garbage collection, among others.

TABLE 11. GROWTH FORECASTS FOR THE MEXICAN ECONOMY

FINANCIAL INSTITUTION	GDP ESTIMATE 2020 (%)	FINANCIAL INSTITUTION	GDP ESTIMATE 2020 (%)
Actinver	-7.80	Fitch Ratings	-7.40
World Bank	-7.50	Goldman Sachs	-8.50
Bank of America	-10.00	HR Ratings	-7.40
Banorte	-7.80	IMEF	-8.50
Banxico	-8.80	JP Morgan	-10.50
Barclays	-6.20	Monex	-9.20
BBVA	-7.00	Moody's	-7.00
Bx+	-7.10	Santander	-8.00
Citibanamex	-7.80	Scotiabank	-8.40
Credit Suisse	-9.60	UBS	-9.00
Finamex	-7.50	AVERAGE	-8.22

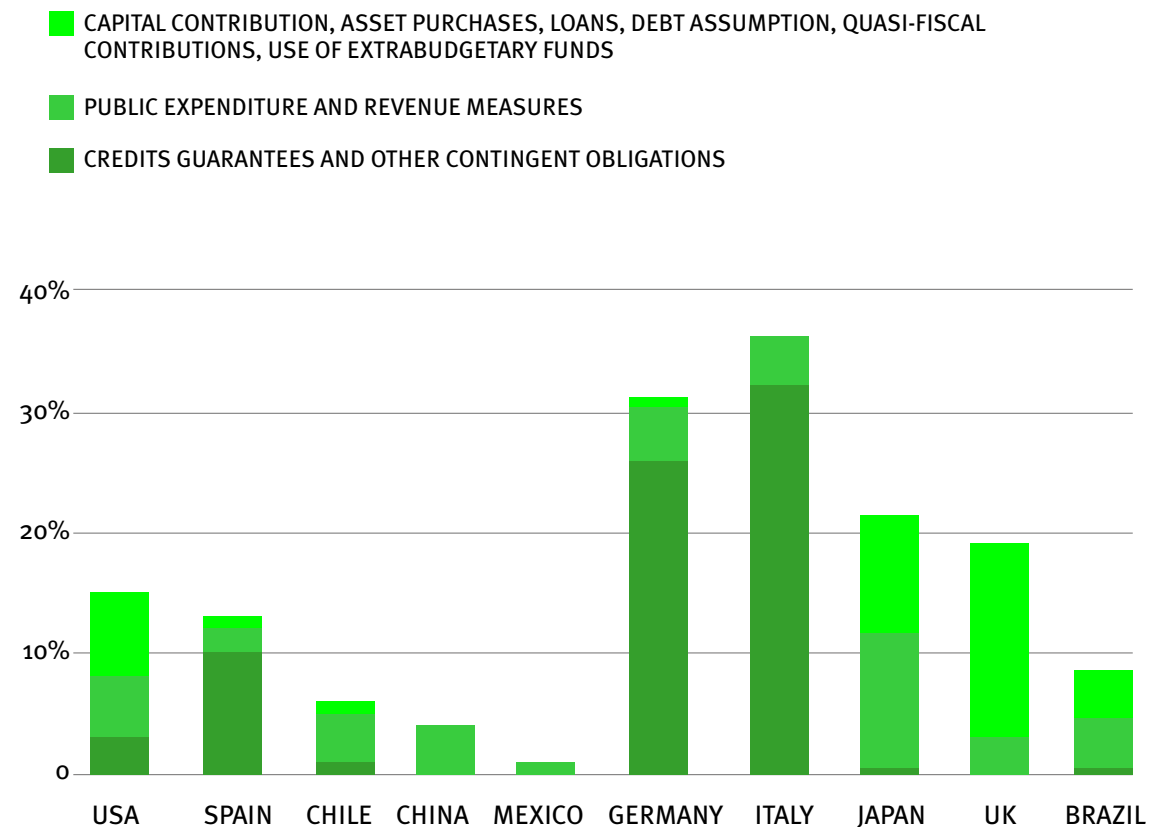
Source: Signos Vitales, (Vital Signs) 2020.

⁴⁵ <https://tinyurl.com/y7u44ene>.

Different countries response to the pandemic

Both China and the first European countries that faced the pandemic decreed a series of economic supports for its population and its companies. The experience of the Great Depression of 1929 and the Great Recession of 2008 showed that, in the face of drastic drops in demand and supply, a forceful reaction from governments was necessary. The supports that the countries have granted are of different types: contributions to capital, purchase of assets, assumption of debt, use of extra-budgetary funds, measures of public expenses and income, and guarantees for credits and other contingent obligations (Graph 9). As you can see, the amounts of direct or indirect support reach more than 30% in Italy and Germany, around 20% in Japan, slightly less in the United Kingdom, around 15% in the United States and Spain, between 5 and 7% in Brazil and Chile, and Mexico with just 1% of GDP.

GRAPH 9. FISCAL MEASURES IN RESPONSE T COVID-19



Source: Bank of Mexico in 2020. <https://tinyurl.com/y852bv43>

TABLE 12. FISCAL MEASURES OF DIFFERENT ECONOMIES

FISCAL MEASURES	DE 	BR 	CA 	CL 	CN 	KR 	ES 	US 	FR 	IT 	JP 	MX 	PE 	GB 	EU 
Direct transfers to homes															
Subsidies for the payment of wages															
Extension for the payment of taxes and contributions															
Tax extensions															
Business loan programs															
Government guarantess to back loan to companies															
Vaccine research and development resources															

Source: Bank of Mexico in 2020. <https://tinyurl.com/y852bv43>

The Mexican answer

The federal government and Bank of Mexico

It can be argued that the government's response to the economic impact of the pandemic was weak, late, and segmented. As can be seen in Graph 9, the response of the federal government in Mexico is significantly less than that decreed in most advanced, emerging, and even developing countries. President López Obrador's decision was based on two fundamental premises: first, "there would be no more debt", that is, the annual budget should be enough to provide the supports required by 70% of the poorest population and the other 30% should have their own means to do it. Second, companies of any size would not be rescued, only individuals and families. With these two premises, the proposals of businessmen, opposition political parties, civil society organizations, research centers, universities, and independent citizens were rejected.

Initially, the federal government minimized the economic impact of the crisis, and therefore delayed isolation measures, and its response to alleviate the economic crisis was very limited. The first government action was to advance the universal pen-

President López Obrador's decision was based on two fundamental premises:

1. "There would be no more debt"
2. Companies of any size would not be rescued, only individuals and families.

sion for older adults by a few months. Also on March 24th, the Ministry of Finance announced increases in the budget of the Ministry of Health, INSABI, Defense, and the Navy, while the President refused to reduce or postpone the payment of taxes. Days later, the President declared that he was not going to incur any new public debt to alleviate the crisis and on April 12th he ordered a reduction in government operating expenses. On April 23rd issued a decree⁴⁶ whereby the operating expense in general services

⁴⁶ The decree was very controversial legally. Its relevance to the constitutional order was questioned. See, for example, the column "Governing by speech" by Juan Jesús Garza Onofre, Issa Luna Pla, Javier Martín Reyes and Pedro Salazar (<https://tinyurl.com/yd2ftx5x>).

and materials and supplies of the entire Federal Public Administration was reduced by 75%, and the salaries of public servants were reduced “voluntarily” by 25% until December and their Christmas bonus of 2020 was annulled. The budget of the Secretariats of Health, Defense, Navy, as well as the National Guard was not touched, and the 38 priority projects of the Government were continued.⁴⁷ That was the entire economic response to the pandemic by the federal government.

On the contrary, the Bank of Mexico acted with greater determination and force. It was imperative to prevent the crisis of supply and demand for goods and services from infecting the financial system. On April 21st, it announced ten measures to improve the functioning of domestic markets, strengthen credit channels in the economy, and promote the orderly behavior of debt and exchange markets. The availability of more than 750 billion pesos was expected to provide liquidity. The Central Bank reduced the amount of the mandatory reserve of the banks so that they had more liquidity and could support their clients.⁴⁸

The Bank of Mexico acted with greater determination and force. It was imperative to prevent the crisis of supply and demand for goods and services from infecting the financial system.

⁴⁷ (<https://tinyurl.com/y7zr22kh>)

⁴⁸ For the detail of these supports, you can consult at (<https://tinyurl.com/y7sfbbz6>)

TABLE 13. CHRONOLOGY OF PROPOSALS AND RESPONSES TO THE ECONOMIC CRISIS (1 OF 3)

DATE	ORGANIZATION/PROPOSER	PROPOSALS
MARCH 3RD	Arturo Herrera announces the actions of the Ministry of Finance to support the health sector.	Acceleration of fiscal spending before the regular period of May or June.
MARCH 18TH	Coparmex (Employers Confederation of The Mexican Republic by its acronym in Spanish) proposes strategies to mitigate the crisis	Creation of an emerging business support plan that would include an aid package and tax incentives. That the government allocates a special budget to carry out the necessary diagnoses and the purchase of medical equipment. Emerging mobility and security plan. Digital Agency for Public Innovation. The installation of a High-Level Emergency Committee.
MARCH 20TH	The Business Coordinating Council proposes 10 measures to mitigate the impact of the pandemic.	The measures include ensuring liquidity in the financial system, immediate deductibility of investments, authorizing a private energy investment program, supporting companies to preserve employment, accelerating pending payments from CFE (Federal Electricity Commission for its acronym in Spanish and PEMEX (Mexican oil for its acronym in Spanish), expediting pending VAT returns, respecting the rule of law and complying with a tripartite team (government, workers and employers) to face the crisis.
MARCH 22ND	The government rules out financial support and getting into debt.	Mexico rules out bailout or tax amnesties for large companies and using FMI (International Monetary Fund for its acronym in Spanish) credit.
MARCH 24TH	The president declares that additional funds will be provided to different secretariats and projects.	Arturo Herrera, Secretary of the Treasury, explained that additional funds will be provided to the Secretariats of Defense, Navy, Health, and INSABI. López Obrador said that there are additional funds of 400 billion pesos that will serve to maintain the welfare programs and continue the construction of the Santa Lucía airport, the Dos Bocas refinery, and the Maya Train, among other infrastructure projects. López Obrador ruled out postponing or reducing tax payments.
MARCH 25TH	Downward growth estimates.	The OECD estimates a 7% drop for Mexico
MARCH 25TH	Industries that already resent the effects of demobilization in Mexico.	Hospitality, restaurant industry, commercial aviation, and maquiladoras. A drop in the construction industry of 9.5% is estimated. The tourism industry will lose \$ 2.4 billion.
APRIL 1ST	Specialists estimate that the general inflation index will close at 2.83 in 2020.	Its highest calculation was 3.04%

TABLE 13. CHRONOLOGY OF PROPOSALS AND RESPONSES TO THE ECONOMIC CRISIS (2 OF 3)

DATE	ORGANIZATION/PROPOSER	PROPOSALS
APRIL 5	President López Obrador announces his economic recovery plan	Grant some additional resources for existing senior and student programs. Personal loans, installments, and loans for home remodeling are increased. Its emblematic projects are maintained and resources for PEMEX are expanded.
APRIL 6	Coparmex presents a plan to mitigate the crisis with 10 main points. The Ministry of Finance announces that it will make use of the contracted oil hedges.	The plan includes proposals to defer taxes, social security payments, credits, and solidarity agreements with workers and government. Use of hedges to reduce losses due to the drop in crude oil and protect public finances.
APRIL 12TH	López Obrador declares that no more debt will be issued to combat the crisis.	He ordered a 50% decrease in all general services and operating expenses to “free up resources to deal with the pandemic”
APRIL 13TH	Reduction of government estimates.	The government estimates a drop in GDP of 2.9%, instead of the previous 2.0% expansion. The price of oil is \$ 24, instead of \$ 50 Income reduction of 1.2% of GDP that will be fully offset by oil coverage and the use of the FEIP (Budget Income Stabilization Fund for its acronym in Spanish)
APRIL 21ST	Bank of Mexico announced 10 measures to improve the functioning of domestic markets, strengthen credit channels in the economy, and promote the orderly behavior of debt and exchange markets	<ul style="list-style-type: none"> » Increased liquidity during hours of operation. » Expanding the range of eligible debt securities. » Expansion of FLAO (Additional Ordinary Liquidity Installment for its acronym in Spanish) access to development banking institutions. » Government securities forward reporting window. » Temporary collateral exchange window to provide liquidity. » Provision of resources to banking institutions to channel micro, small and medium-sized companies. » Ease of reporting corporate securities to credit institutions » The ease of financing to multiple banking institutions guaranteed with loans to corporations. » Government securities swap. » Exchangeable hedges for the difference in United States dollars.

TABLE 13. CHRONOLOGY OF PROPOSALS AND RESPONSES TO THE ECONOMIC CRISIS (3 OF 3)

DATE	ORGANIZATION/PROPOSER	PROPOSALS
APRIL 23RD	Publication of the austerity decree in the Official Gazette of the Federation	<p>Up to 25% reduction in wages and cancellation of Christmas bonus to officials, including the President.</p> <p>75% reduction in APF (Attention Program for Parents for its acronym in Spanish) general services, materials and supplies expenses, and closure of 10 undersecretaries (undefined)</p> <p>Actions and government spending are postponed except for 38 priority programs</p> <p>Budget execution will be controlled, with preferential treatment for the Secretaries of Health, Defense, and the Navy, as well as the National Guard.</p> <p>New strategy in oil production. It will stop producing 100,000 daily barrels of oil, dedicating them to internal refining</p>
APRIL 27TH	The Mexican Business Council reaches an agreement with IDB Invest, the private financial wing of the Inter-American Development Bank, to grant 30 thousand credits to MiPymes.	The global support amount is 12 billion dollars (290 billion pesos approximately).
APRIL 30TH	Mexico's GDP contracts 2.4% in the first quarter of 2020, its worst decline in 11 years	INEGI timely estimate. By secondary activities, it fell 3.8% and that of tertiary 1.4%, while that of primary activities advanced 1.2%
MAY 6	The Business Coordinating Council launches 68 proposals as a result of a series of plural forums and calls for the establishment of a National Council for Economic Recovery	The proposals cover three areas: the immediate ones to solve the crisis, those aimed at reopening the economy, and those focused on the medium and long term to trigger inclusive growth and social development.
MAY 8TH	IMF suggests Mexico request a loan	They recalled that the country does not have fiscal imbalances and has access to international markets and a flexible credit line for 60 billion dollars with the agency
MAY 20TH	Center for Educational and Social Studies	Five actions to prevent 12.2 million middle-class people from falling into poverty.
JUNE 1ST	Financial perspectives of specialists	<p>The Mexican economy is estimated to fall by 8.16% in 2020</p> <p>Specialists estimate that the general inflation index will close at 2.83% at the end of the year</p> <p>Exchange rate forecasts of 23.36 to 23.3 pesos per dollar</p> <p>1,087 million formal jobs will be lost</p>
JUNE 6	Various deputies and senators from political parties, civil society organizations, and Coparmex propose an emergency vital income focused on people in informality and a solidarity salary for workers with formal labor, for three months.	The fiscal cost is estimated at 2.8% of the GDP that could be financed with public debt. Businesses and formal workers would also participate and serve about XX people in the informal market and about 20 million formal workers.

Source: Vital Signs (Signos Vitales) 2020

On the other hand, its Governing Board has been systematically reducing the reference interest rate to lower credit. It has done so four times since February: from 7.25% in February to 5.5% in May.

Given the strength of the recession, the government's reaction was late, as loans and small supports only began to be given until April. By May 15, 191,981 had been delivered⁴⁹ of the three million promised. This was the measure designed for the informal sector to stay at home, but the credit support to the word would only reach if the three million offered by the President were granted to a maximum of 30% of the informal sector of the economy.

Government support was also segmented by the nature of the supports themselves and by their amounts and coverage. The groups benefited are only a few and many others were left out. For example, there were no specific supports for the informal unemployed to stay home during the pandemic, apart from the referred credits that have had little acceptance. Nor were middle-income groups included in any of the federal support programs.

⁴⁹ Credits to the word (<https://tinyurl.com/y7rzbzhe>)



Image: Author: ISAÍAS HERNÁNDEZ Credit: NOTIMEX at <https://politica.expansion.mx/mexico/2020/04/29/quienes-podran-acceder-a-los-nuevos-apoyos-federales-por-el-covid-19>

Existing programs for older adults and students did not reach those who needed it the most. CONEVAL itself reaches that conclusion.

State governments

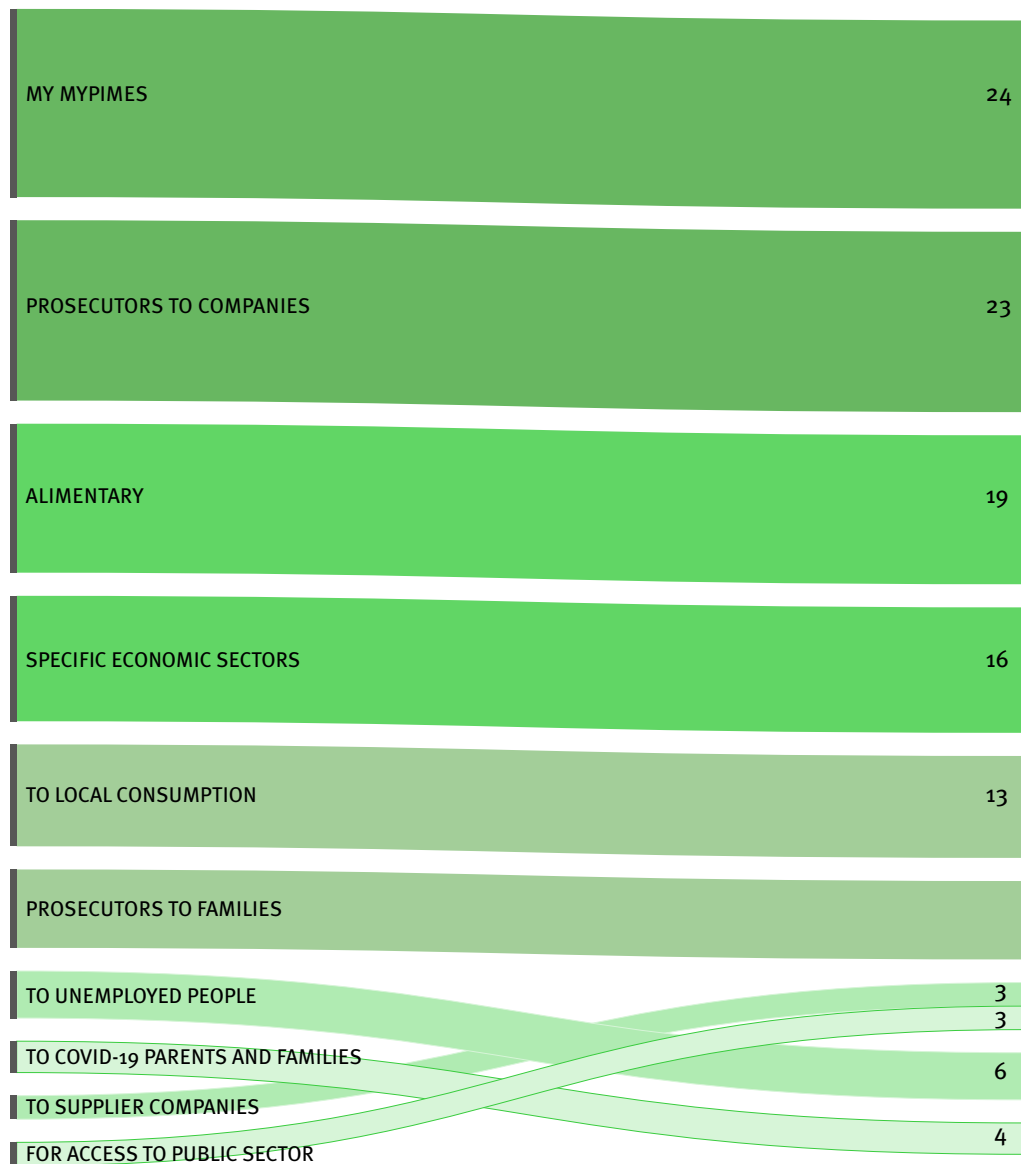
On the other hand, state governments also took a series of measures to support individuals, families, and companies to confront the pandemic. The supports have been very varied and their detail, by state, can be found on the Map of economic measures in the face of the pandemic COVID-19, of the National Laboratory of Public Policies located at the Center for Economic Research and Teaching (CIDE).⁵⁰ For an analysis of the information derived from that map, the Mexican Institute for Competitiveness conducted an analysis and found that there are proposals aimed at companies and individuals in most states.⁵¹ In Graph 10 you can see the most frequent measures in the states.

If this map is compared with that presented by the Observatory of public policies to face the pandemic and social distancing, there are similarities between the two. The states that are most active and decisive in granting financial support to individuals and companies are often the same ones that acted more promptly and decisively in health matters.

⁵⁰ <https://tinyurl.com/um664dd>

⁵¹ <https://tinyurl.com/yd3wobfu>

GRAPH 10. STATE ECONOMIC SUPPORT MEASURES



Source: IMCO, May 3rd, 2020

Civil society and the private sector

The reaction of various civil society groups was faster than that of the federal government. On March 20th, the Business Coordinating Council presented to the President of the Republic a series of proposals to avoid economic collapse. COPARMEX also made proposals for the same purpose, including support for the poorest groups in the informal market. The government's response was to discard fiscal supports and public debt and, a few days later, present its economic recovery plan: Few additional funds to existing programs for older and young adults, and personal loans and batches, while maintaining their priority projects.

There were various business organizations, academic and research centers, and specialists who made proposals and approaches to the federal government and public opinion throughout the first weeks of the pandemic.

In addition to proposals, there were concrete actions. The Mexican Business Council reached an agreement with IDB Invest, the private financial wing of the Inter-American Development Bank (IDB), through which up to 30 thousand loans with an amount of 12

billion dollars would be given. Transactions would be through reverse factoring. This operation was surprising for the President, who rejected it from the start criticizing the way it had been done, leaving the federal government on the sidelines. There was certainly no precedent for an organized group of entrepreneurs to independently contact the IDB and manage a loan where the federal government was a mere spectator.



Image:<https://pilotzinoticias.com/2020/04/bid-invest-y-el-consejo-mexicano-de-negocios-unen-esfuerzos-para-lanzar-un-programa-para-dar-creditospor-hasta-12000-millones-de-dolares-a-30000-mipymes-de-mexico/>.

TABLE 14. FORMAL PROPOSALS TO FACE THE ECONOMIC CRISIS CAUSED BY THE COVID-19 PANDEMIC (1 OF 2)

ORGANIZATION/PROPOSER	PROPOSAL	SOURCE
Coparmex I	Aid to companies and tax incentives, acquisition of medical equipment, installation of a High-Level Emergency Committee.	"March 18th The federal government must implement CEPAL's (Economic Commission for Latin America for its acronym in Spanish) proposals in the face of the current COVID-19 crisis. https://tinyurl.com/y9wcg6d8 "
Business Coordinating Council I	Ensure liquidity of the financial system, immediate deductibility of investments, authorize a private energy investment program, support to companies to preserve employment, accelerate pending payments from CFE and PEMEX, expedite pending VAT returns, respect the rule of law and form a tripartite team (government, workers, and businessmen) to face the crisis.	"March 20th Urgent measures to preserve employment and mitigate damage to the economy. https://tinyurl.com/y976bnfp "
Business Coordinating Council II	The proposals cover three areas: the immediate ones to solve the crisis, those aimed at reopening the economy, and those focused on the medium and long term to trigger inclusive growth and social development.	" May 6th Recommendations for the national agreement. 68 ideas for Mexico. https://tinyurl.com/ybe2punn "
Council Thinking of Mexico	Countercyclical policies supporting the entry of formal and informal workers, deferral of tax payments and social contributions, plan to reactivate public and private investment.	"Mexico in the face of the upcoming economic crisis. https://tinyurl.com/yaga2naw "
Espinosa Yglesias Study Center	Protect employment from direct transfers to workers, reestablish the health budget based on a tax reform that allows establishing unemployment insurance, transfer resources to formal companies proportionally to the workers who have enrolled in the IMSS and make a refund extraordinary ISR (Income tax for its acronym in Spanish) to workers.	"April 27th, 2020 Elements of a comprehensive plan to address the economic consequences of the coronavirus pandemic in Mexico. https://tinyurl.com/y9lrzj7r "

Source: Vital Signs (Signos Vitales) 2020

TABLE 14. FORMAL PROPOSALS TO FACE THE ECONOMIC CRISIS CAUSED BY THE COVID-19 PANDEMIC (2 OF 2)

ORGANIZATION/PROPOSER	PROPOSAL	SOURCE
University Program of Development Studies UNAM	Protect employment and income, especially from the most vulnerable groups; Safeguard the production plant, with an emphasis on SMEs (Mexican Electricians Union for its acronym in Spanish); Maintain the continuity of strategic services, be they public, concessioned or private in all respects; and Support more public, private and mixed investment projects to recover and underpin potential growth.	"Changing the Course: Development after the pandemic. https://tinyurl.com/ya8t8qb4 "
Santiago Levy	<p>Goal 1, health first: minimize the human costs of the pandemic on the population. Make all the budget adjustments and administrative actions so that the resources flow in an exceptionally agile way.</p> <p>Goal 2, protect workers' incomes: minimize the regressive impact of the crisis with actions that protect the incomes of workers, especially the poor. Expansion of public spending to sustain aggregate demand, but focused on the groups directly impacted by the recession, specifically the following: 1) poor workers, 2) workers affiliated to the IMSS, 3) non-salaried workers enrolled in the SAT (Service tax administration for its acronym in Spanish).</p> <p>Goal 3, take care of macroeconomic stability: preserve macroeconomic stability and the ability to resume growth once the economic crisis resulting from the pandemic has ended.</p>	Links: Let's overcome emergencies together. (https://tinyurl.com/ycaznsfm)

Source: Vital Signs (Signos Vitales) 2020

Throughout April, there were reports that criminal groups, such as the Jalisco Nueva Generación Cartel, were distributing pantries to rural populations in the states under their control. It seemed that the de facto government of those communities protected their “citizens.”





The ailment and the mixed feeling of how the federal authorities have faced the problem of the COVID-19 pandemic in Mexico are increasingly evident. People akin and against the President, point out without suspicion, the points where they consider that he has made bad decisions. It should be noted that the cases where wrong decisions are considered to have been made are many and very easy to find. The Signos Vitales (Vital Signs) team considers that these are the four main stumbling blocks in managing the pandemic. Undoubtedly, there is an extensive list, however, these are the most significant.



Image: <https://reporteniveluno.mx/2020/04/14/cjng-regalan-despensas-jalisco-afectados-coronavirus/>

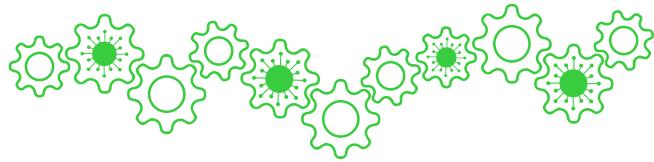
People akin and against the President, point out without suspicion, the points where they consider that he has made bad decisions.

TABLE 15. GOVERNMENT STUMBLES THAT HAVE LITTLE CONSISTENCY IN THE CONTEXT OF THE PANDEMIC

NUMBER	ACTION		IMMEDIATE IMPACT
1º	Allow the federal government to intentionally stop producing, publishing, or disappearing, information that is vitally important for decision-making in the country.		It causes uncertainty and leads to confusion and poor results in practically all decisions, due to the little basis for making them.
2º	Give official messages for Mexicans to continue our normal lives, when the COVID-19 disease was on the rise in the country and demanded an attitude of care and caution on the part of the President.		It will be after the pandemic ends when the consequences of these expressions can be recounted, but it is highly probable that many people have been contaminated by heeding that call.
3º	Handle the economic and energy crisis unleashed by the COVID-19 pandemic, through improvised decisions and based on poorly founded assumptions.		It will unleash an economic stagnation never seen in the country, where jobs will be lost, poverty will become worse, the ability to reintegrate into the world economy will be lost, and billions of pesos will be wasted for a sick and futureless PEMEX.
4º	Continue the provocation to unleash rancor and hatred among the social classes in Mexico, at a critical moment where a strong call for unity was required.		Various sectors of Mexican society have chosen to be independent and generate their proposals to move forward in this crisis. Such is the case of the country's entrepreneurs, academic institutions and research centers, civil society organizations, and even individual experts.

Impacts of the Pandemic

until April-May 2020



The impact of the crisis has been registered as fast as the disease and has hit in a differentiated way. It has caused many thousands of deaths and aggravation of diseases, especially from people over 50 years old; given the insufficient response, it has caused the loss of income, and jobs, especially in the informal sector, women, and lower-income people. Millions of people are already added to the ranks of those in conditions of poverty and extreme poverty. The pandemic and the absence of public policies that contain it have also drastically reduced the number of formal jobs, especially low-wage levels, and the closure of

companies of all sizes, especially in the tourism, restaurant, and other hospitality services sectors. It has generated greater anxiety, intra-family violence, and will have lasting effects in the medium and long term. The impact of the crisis has also been immediate on food intake and education, which will further widen existing gaps, with serious repercussions on levels of inequality.

1. THE HEALTH IMPACT

According to information from the Mayo Clinic in the United States,¹ most people with COVID-19 have mild to moderate symptoms. However, the disease can cause serious medical complications and, in some people, lead to death. Older adults or people with chronic conditions are at increased risk of getting and becoming seriously ill with COVID-19. Complications of this disease can refer to:

- » Pneumonia and trouble breathing
- » Multiple organ failure
- » Cardiac problems,
- » Blood clots
- » Acute kidney injury
- » Additional viral and bacterial infections.

Additionally, the Hong Kong,² hospital authorities showed through different studies, that people who were infected with the virus, face reduced and poor functioning in their lungs, heart, and liver. In the same way, these same studies show that the virus

also attacks many other parts of the body, besides those already mentioned, causing permanent damage, for example to the eyeballs, toes, intestine, and the kidneys, among other organs and parts of the human body.

This information puts all humanity in an extremely dangerous scenario. We are facing an unknown disease, with no cure so far, and few elements to combat it.

According to the WHO,³ the gross case-fatality rate varies substantially by country, depending on the affected populations, the point where the country is in the trajectory of this outbreak, and the availability and application of tests (the countries that tested only hospitalized cases will have a higher recorded crude case fatality rate than countries with more generalized testing).

¹ <https://tinyurl.com/rkbxcx>

² <https://tinyurl.com/y9mjo877>

³ <https://tinyurl.com/ycu3gu5w>

The implication of these trials gives rise to reflect on the ways and the features that we will have to follow to live with the virus from now on. The foundations will have to be laid in practically the entire population in the world to generate a much more efficient and effective strategy in terms of food, health precautions, personal hygiene, and social coexistence.

With a scenario like this, and given Mexico's institutional capacities, it would be prudent to think that from the outset they face many and diverse challenges to which a positive or immediate response is unlikely to be found. As detailed in this Report, Mexico's response to the pandemic was slow, lukewarm, and based on arguments that did not fit with the reality that was being experienced in the world and the country.

Returning to the case of lethality discussed above, Mexico has a proportion of 11.67%, taking as a reference all the cases confirmed as positive. In other words, of every 100 confirmed patients in the country, more than ten percent die. Compared to other countries such as the United States, which has the highest number of confirmed in the world, this proportion falls to 5.43%, which represents almost half of what is happening in Mexico. Of the countries that were considered to make this analysis, those with a proportion >10% are Spain with 11.12%, Italy with

14.48%, France with 15.51%, and the United Kingdom with 14.06%. For the opposite case, where the proportion is <10%, aside from the United States, there is China (5.57%), Russia (1.32%), Brazil (4.98%), Peru (2.91%), Germany (4.72%) and India with 2.86%.

Lethality < 10%

United States	5.43
China	5.57
Brazil	4.98
Germany	4.72
Peru	2.91
India	2.86
Russia	1.32

Lethality > 10%

United Kingdom	14.06
Italy	14.48
France	15.51
Spain	11.12
Mexico	11.67

TABLE 16. IMPACT OF THE COVID-19 PANDEMIC AS OF JUNE 14TH, 2020

*CONTAGIONS										
COUNTRY	DATE OF FIRST CASE	RECOVERED PERCENTAGE	CONFIRMED CASE MORTALITY RATE	TOTAL OF CONFIRMED CASES	TOTAL OF FATALITIES	NUMBER OF TESTS APPLIED	CONTAGION AND FATALITY GROWTH BY 60 DAYS	CONTAGION AND FATALITY GROWTH BY 75 DAYS	CONTAGION AND FATALITY GROWTH BY 100 DAYS	CONTAGION AND FATALITY GROWTH BY 110 DAYS
MEXICO	28 FEB	73,63%	11,67%	146.837	17.141	401.755	16,752*	38,324*	90,664*	129,184*
							1,569	3,926	9,930	15,357
UNITED STATES OF AMERICA	22 ENE	40,11%	5,43%	2.094.058	115.732	24.848.940	33,280*	397,121*	1,799,122*	2,000,702*
							587	16,191	104,659	112,935
CHINA	1 DIC	94,22%	5,57%	83.181	4.634	N/D	11,871*	68,347*	83,017*	83,057*
							259	1,662	4,634	4,634
SPAIN	1 FEB	61,60%	11,12%	243.928	27.136	4.465.338	215,216*	230,183*	239,479*	242,280*
							24,543	27,459	27,127	27,136
ITALY	31 ENE	74,60%	14,48%	236.989	34.345	4.620.718	207,428*	223,096*	232,997*	235,763*
							28,236	31,368	33,415	34,114
RUSSIA	31 ENE	14,48%	1,32%	528.267	6.938	14.880.172	2,777*	24,490*	405,843*	493,023*
							24	198	4,693	6,350
BRAZIL	26 FEB	51,90%	4,98%	867.624	43.332	1.499.041	67,446*	190,137*	514,849*	772,416*
							4,603	13,240	29,314	39,680
FRANCE	24 ENE	38,43%	15,51%	189.602	29.346	1.384.633	25,233*	90,676*	185,851*	187,996*
							1,331	13,197	28,751	29,260
PERU	6 MAR	50,31%	2,91%	229.736	6.688	1.360.839	54,817*	108,769*	164,476*	208,823*
							1,533	3,148	4,506	5,903
GERMANY	27 ENE	91,88%	4,72%	187.518	8.801	4.694.147	57,695*	174,098*	183,410*	186,522*
							433	7,861	8,540	8,752
UNITED KINGDOM	31 ENE	N/D	14,06%	295.889	41.698	6.772.602	29,272*	103,093*	274,762*	290,141*
							3,095	15,944	38,489	41,128
INDIA	30 ENE	51,29%	2,86%	320.922	9.195	5.658.614	1,998*	13,430*	190,609*	286,605*
							58	448	5,408	8,102

Source: In-house product with information published on the site <https://cov19.cc/> and <https://www.worldometers.info/coronavirus/>

These data allow us to generate at least three very solid arguments regarding the behavior of each country. The first is that the proportion of a higher number of confirmed infections does not always have to be accompanied by a high number of deaths. Secondly, in Table 16, it is observed that the countries that responded and acted promptly at the beginning of the pandemic, are the ones that can also visualize results regarding the containment of the disease.⁴ Finally, a third argument is that Mexico is among the countries that have a very high mortality rate, and this is mainly due to the poor and inefficient response strategies that health authorities (federal and state) have implemented throughout the time the contingency takes.

A similar analysis is what is done with the recovered patients. In the case of Mexico, at the same analysis date of June 14, there is a total of confirmed infected of 146,837 people, while the recovery rate is 73.63%. What it means that of every 100 patients, little more than 70 of them are recovering satisfactorily. With a proportion greater than 60% they are, aside from Mexico, China with 94.22%, Spain with 61.60%, and Italy with 74.60%. Of the countries that have a proportion of less than 60%, there is the United States

⁴ For a comparison between countries and their progress in defeating the virus, check <https://www.endcoronavirus.org/countries>

with 40.11%, which has 2,094,058 confirmed cases. Russia has a recovery ratio of 14.48%, while Brazil 51.90%, France 38.43%, Peru 50.31%, and India with 41.11% have similar proportions.

Recovering > 60%

China	94.22
Italy	74.60
Mexico	73.63
Spain	61.60

Recovering < 60%

Brazil	51.90
Peru	50.31
India	41.11
United States	40.11
France	38.43
Russia	14.48

Reading this information can be misleading. To have a complete picture, several elements have to be taken into account for a homogenized analysis. For example, it is vitally important to consider the stage (or critical moment) in which the disease is going through in the country; or the institutional capacities (mainly in terms of infrastructure and equipment

in health and technology) that each of them has to attend and give appropriate and pertinent follow-up to each patient. However this reasoning, it is a fact that the indicator that reflects the percentage of recovered patients, the higher it is, does give certainty that each country is making an effort to contain the onslaught of the pandemic, considering the few or many means and tools that are available.

Although there is no evidence to show that taking tests is an alternative for the containment of COVID-19, it is a strategy that has been recommended by several health agencies, including WHO. According to the United States Department of Health and Human Services, through the CDC,⁵ testing is highly recommended to isolate and separate COVID-19 patients from those who have not yet been infected. In cities or spaces where the contagion rate is very high, the application of this type of test is an alternative to control the virus. However, there is a protocol⁶ about who should be screened, where it is recommended, and what kind of symptoms warrant testing. Finally, the CDC notes that decisions about its implementation are made directly by the health authorities at the national or state level of each country.

⁵ <https://tinyurl.com/yc8r7c6o>

⁶ <https://tinyurl.com/w6o2hfu>

The United States is the country that as of June 14th has applied the highest number of tests with 24.8 million. This has not stopped the virus from spreading. Furthermore, according to Graph 16, his first infection was on January 22nd, and 60 days later he reported having had 33,280 positive infections with 587 deaths. Just 15 days later, these numbers had been increased to 397,121 people infected with 16,191 deaths. In a scenario such as these data show, it could be assumed that taking evidence as the only measure is relatively useless. Other types of alternatives and complementary policies of containment to social mobility, distancing, and reinforcing hygiene and personal care practices are required to improve effectiveness. But without evidence, it is difficult to contain the epidemic.

The United States is followed far behind by Russia with 14.8 million tests carried out, followed by the United Kingdom (6.7m), India (5.6m), and three European countries: Germany (4.69m), Italy (4.62m) and Spain (4.4 m.). Mexico has, in these same parameters, 401,755 tests carried out.⁷

The health authorities of Spain, Italy, France, and the United Kingdom decided to carry out a considerable number of tests since the containment measures had

⁷ To see updated figures check: <https://tinyurl.com/ub9gvyc/>.

already been exceeded. The four countries are around 3 million tests. However, they are the countries that have suffered strongly from the pandemic. In one way or another, Spain and Italy could contain, after 60 days, the uncontrolled growth of infections. In a contradictory way, France and the United Kingdom tripled their infections in just 15 days, counted from the 61st day since the first infection was reported.

The Mexican case is uncommon. SARS-CoV-2 registered its first positive case in the country on February 28th. As of June 16th, there are 150,264 people confirmed with the disease and 17,580 deaths, numbers that are constantly increasing day by day.

Even though decisions to tackle the pandemic in the country were repeatedly questioned by experts and specialists in the field, the numbers could have reflected a much more dramatic panorama. A country with more than 128 million inhabitants has carried out, up to the same date that it has been used as a reference, 415,097 tests. This implies that in the case of Mexico, the application of tests has not been a determining factor in containing the pandemic in the country.



Image: <https://www.infobae.com/americas/eeuu/2020/03/21/eeuu-autorizo-el-uso-de-una-prueba-del-coronavirus-que-da-el-resultado-en-45-minutos/>

Applied tests

USA	24.8 m
Russia	14.8 m
United Kingdom	6.7 m
India	5.6 m
Spain	4.4 m
Mexico	401,755

2. THE ECONOMIC IMPACT

It was already mentioned that the Mexican economy had been in a slowdown for two years. The distrust generated by the executive months ago both for his statements and for acts that led to constitutional changes, the weakening of the autonomous bodies, the decision to back down the NAIM (Mexico City's New International Airport by its acronym in Spanish) , and face it with the country's businessmen, ended up having a serious impact on economic activity. In particular, gross fixed investment added 18 months down. As of February 2020, annual growth was -10.2%. Besides, imports of capital goods have also been decreasing, less 8.2% compared to 2018. This has already implied a reduction in growth expectations since then. On the other hand, consumption barely grew at an annual rate of 0.6%, driven by non-durable consumer goods (domestic and imported), which grew by 2.3%. In contrast, durable consumer products (domestic and imported) decreased at an annual rate of minus 2.9%.

Formal employment slowed from the beginning of 2018, but at the end of the third quarter of the year, it precipitated. This slowdown could not be contained and was rapidly approaching an annual rate

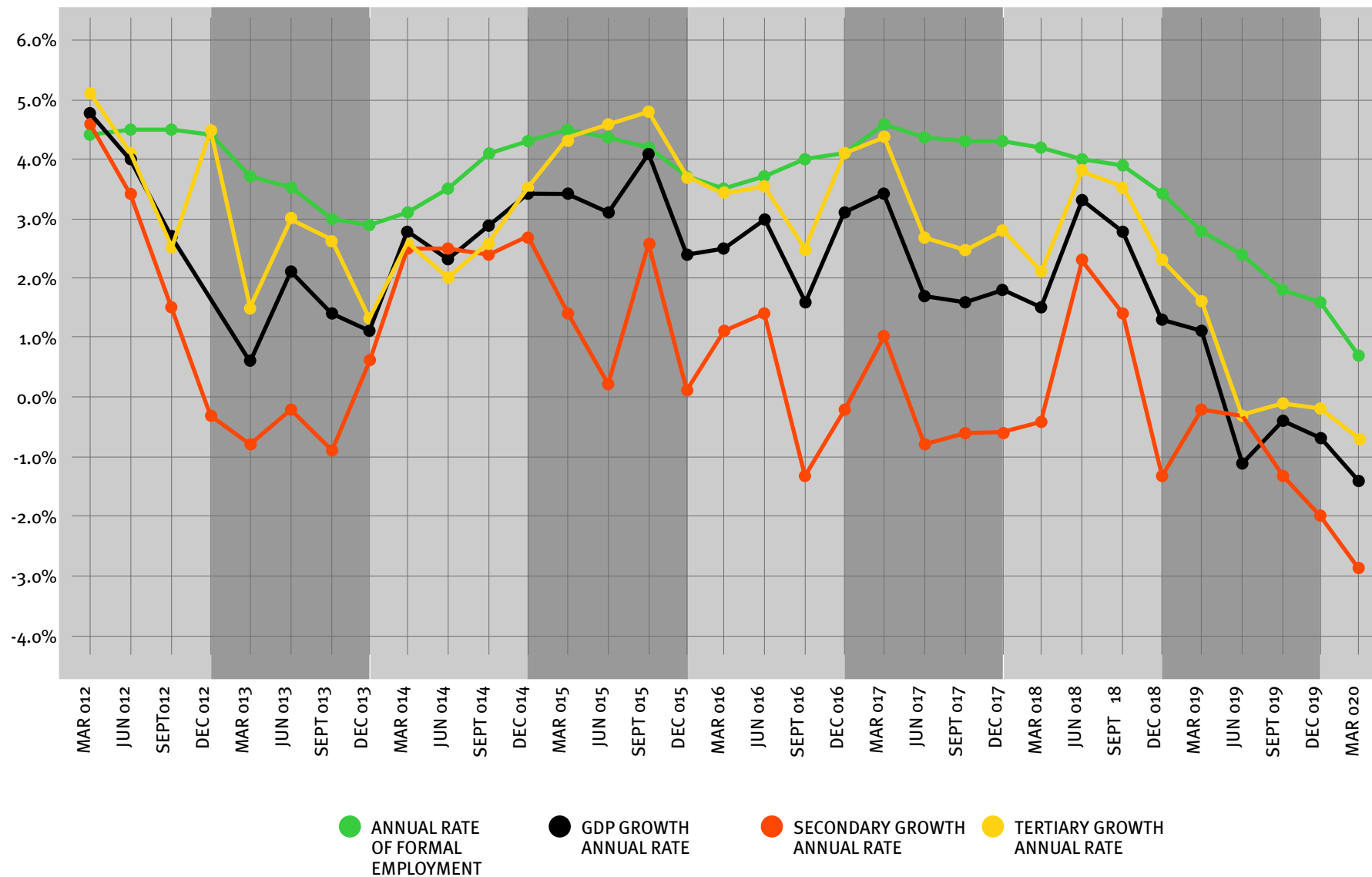
of 0 at the beginning of 2020. Of the few sectors that maintained dynamism were manufacturing exports and in particular those of the automotive industry. Remittances from Mexicans, which reached record highs in 2019, and tourism contributed to this. Mexico was among the 10 most visited countries in the world while the price of a barrel of oil was around 50 dollars. It seemed that the performance of the economy in 2020 would not be different from that of 2019 despite the favorable performance of income from abroad.

Then the pandemic came. The blow has been enormous in Mexico and the world. Quarterly GDP contracted 1.4% in the first quarter of the year, especially affected by the secondary and service sectors.

**The loss of formal jobs reached
1,330,366 jobs from February to
May 2020.⁸**

⁸ CUBOS, IMSS

GRAPH 11. GDP AND FORMAL EMPLOYMENT



Sources: IMSS (Mexican Social Security Institute for its acronym in Spanish), INEGI (National Institute of Statistics, and Geography for its acronym in Spanish).

The economic sector with the highest losses of formal employment is the construction industry, followed by the extractive industry, which registered a contraction of 15% and 5.5% respectively in the first quarter at the annual rate. It should be noted that for the construction sector it represents the largest drop since it has been registered. The opposite is the sector related to agriculture, which had a growth of 3.1%.

The economic impact has been seen above all in certain regions of the country as sectors of the economy. At the annual rate, the states with the greatest drop of formal employment are: Quintana Roo (−18.1%), Baja California Sur (−10.8%), Guerrero (−6.3%), Nayarit (−4.3%), Coahuila (−3.9%) and Puebla (−3.6%). This is closely related to the tourist activity that generated 8.9% of national employment⁹ as of the first quarter of 2020. If the containment measures continue for a long time, the impact will be profoundly serious and will severely affect certain local economies. With information on consumption through bank cards, as of May 24, we know that the sectors with the greatest drop at the annual rate are hotels (−87%), restaurants (−77%), and entertainment (−73%).¹⁰

⁹ <https://tinyurl.com/ya8et5eg>

¹⁰ <https://tinyurl.com/y8cp8jss>

In contrast, some entities in the country dispense positive variations of formal employment, among which Tabasco (2.3%), Campeche (1.7%), and Michoacán (1.7%) stand out.

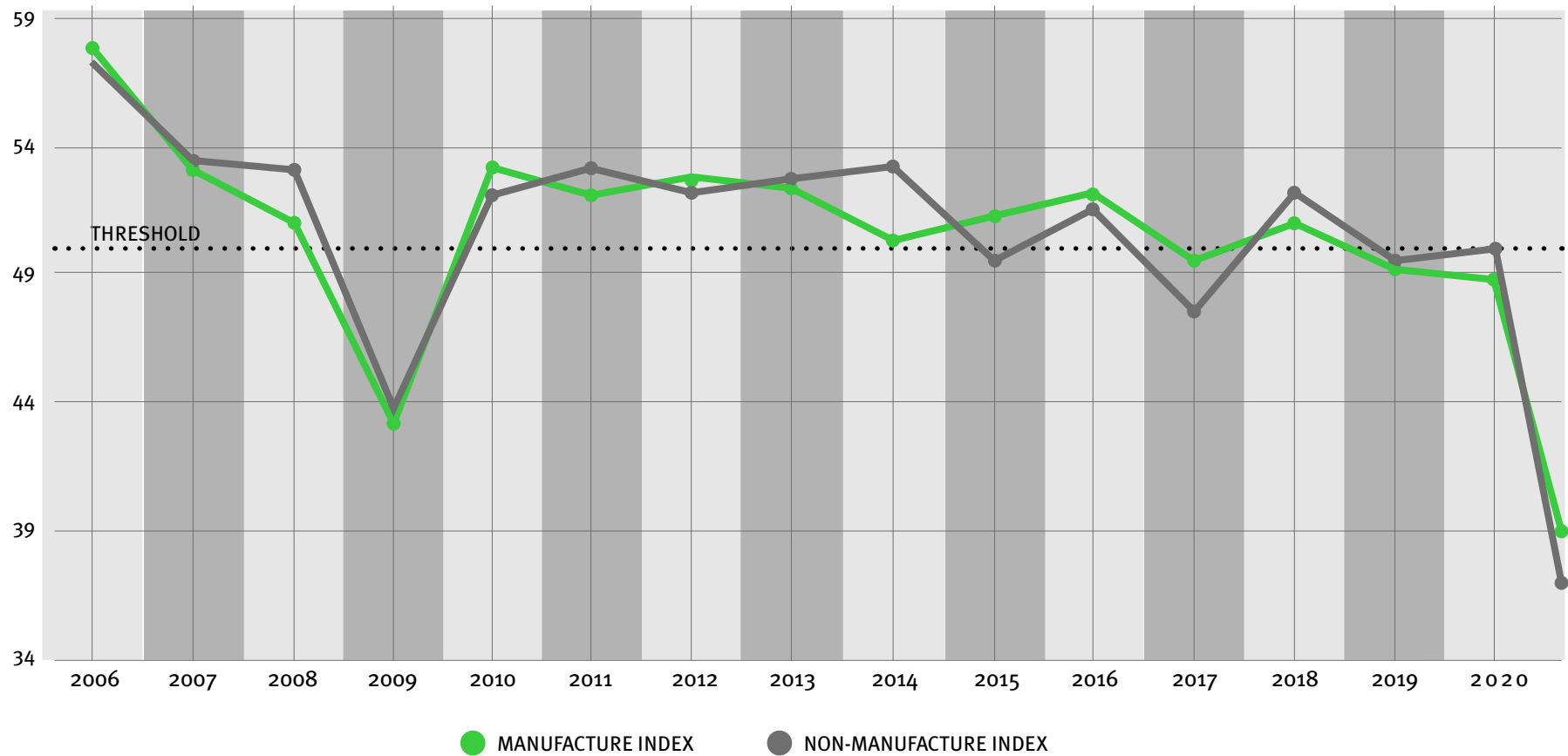
Another timely and widely recognized indicator is the “IMEF (Mexican Institute of Financial Executives by its acronym in Spanish) Indicator”.¹¹ Produced since 2005, the manufacturing and non-manufacturing IMEF Indicators very accurately predict the trajectory of the official INEGI production indicators, but in advance. Graph 12 shows the trajectory of these two indicators in the last years until May 2020. The fall reaches historical levels that were not even recorded in the great recession of 2008-2009. Within the same report, the prospects for the future are of economic contraction. The trend of the components of the manufacturing index, new orders, production, employment, and delivery of products are all contracting until May, while inventories begin to accumulate.¹²

¹¹ This indicator from the Mexican Institute of Finance is based on surveys from their thousands of affiliates, who are high level executives of companies around the country. It's a diffusion index, it works as a projected economic indicator that forecasts the trajectory of the short term economic activity. The Mexican private sector is the first indicator that has technical and normative support from INEGI: (<https://tinyurl.com/y8y4g4t2>)

¹² IMEF Bulletin May 2020, <https://tinyurl.com/y7b3oqg9>

The fall in production is less than the reduction in employment, which seems to show that companies consider that the contraction in demand will be temporary and not so long.

GRAPH 12. CYCLE TREND OF THE MANUFACTURING AND NON-MANUFACTURING INDEXES.



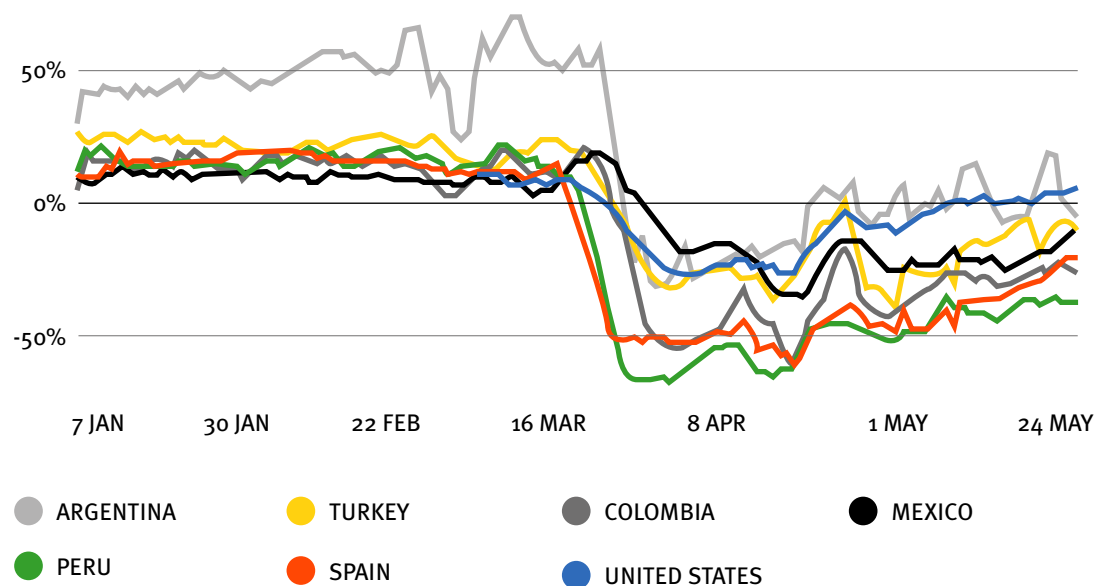
Source: IMEF <https://www.indicadorimef.org.mx/>

On the other hand, the behavior of consumption measured through the use of bank cards¹³ is consistent with the behavior of the food sector, and the drop from the second half of March is notable. From a representative sample of countries, we know that consumption, measured through the use of bank cards, bottomed out between the second week of March and the second week of April. In the case of Mexico, this minimum was in the second week of April, with a reduction of 35% compared to the previous year. Thereafter, an apparent recovery in consumption is shown, reaching -9%. If this trend continues, we expect the GDP (Gross Domestic Product) of the primary sector to continue its increasing trend, but not the other two activities of the GDP (Gross Domestic Product).

Despite the drastic drop in consumption in Mexico, it is not of the same magnitude as other economies such as Spain, Peru, and Colombia. This behavior is partly due to the rapid recovery in consumption in the US economy, which has shown positive growth since the second half of May compared to last year.

¹³ The information of consumption behavior is part of a representative sample of countries, in which Mexico takes part of. With information from BBVA.

GRAPH 13. TOTAL PRIVATE CONSUMPTION THROUGH CARDS

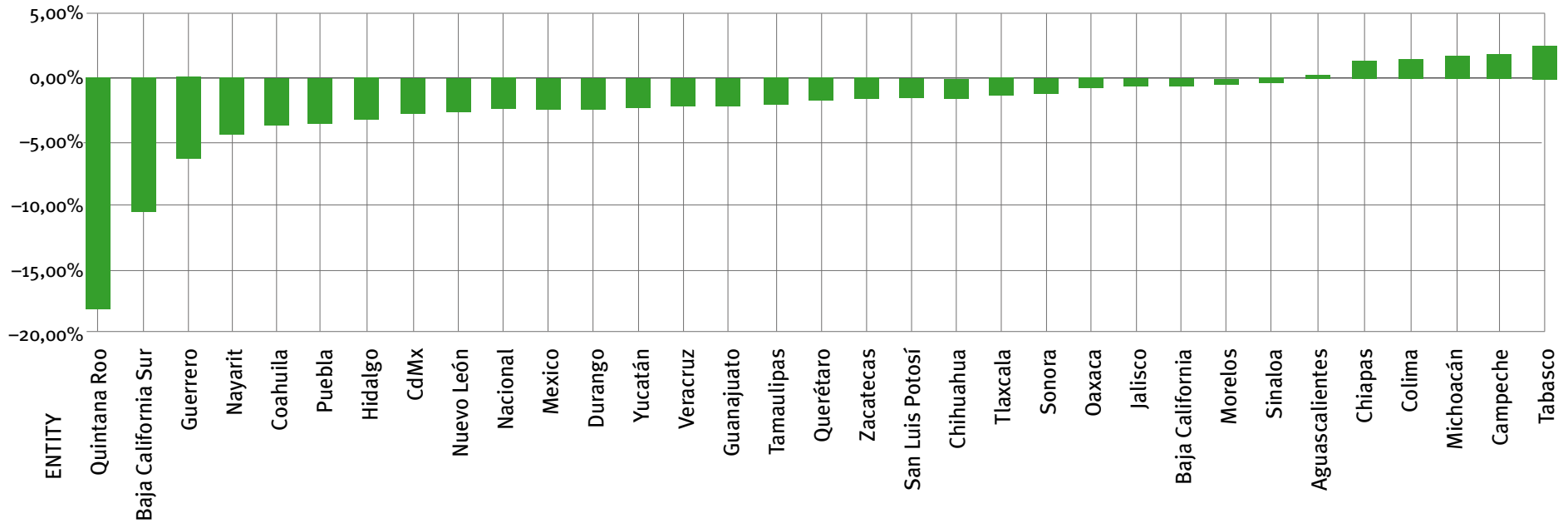


Source: Tracking the COVID-19 Crisis with High-Resolution Transaction Data, BBVA.

It is important to highlight that the recovery in consumption in Mexico is mainly due to the substantial increase in online sales, which as of May 24 have grown by 243% at the annual rate. Unlike physical sales that are down 5% on the same date.¹⁴

¹⁴ Tracking the COVID-19 Crisis with High-Resolution Transaction Data, BBVA.

GRAPH 14. ANNUAL VARIATION OF FORMAL JOBS BY FEDERAL ENTITY. APRIL 2020



Source: In-house product with information from the IMSS

In addition to the food and beverage sector, health spending is the other sector that has shown increases compared to last year. With information from bank accounts as of May 24, the sector has a growth of 20%.

Finally, it should be mentioned that the interruption of economic activities upon entering phase 3 of the pandemic on April 6, the decree explicitly excluded the priority projects of President López Obrador, such as the Dos Bocas refinery, Tren Maya, Felipe Ángeles Airport and Trans isthmus Corridor; as well as existing contracts considered essential for Petróleos Mexicanos and the Federal Electricity Commission.

The interruption of economic activities upon entering phase 3 of the pandemic on April 6, the decree explicitly **excluded the priority projects of President López Obrador.**

Images: <https://www.quadratin.com.mx/principal/lopez-obrador-en-su-nivel-historico-mas-bajo-mitofsky/>; <https://www.eluniversal.com.mx/estados/inicia-hoy-construccion-de-refineria-en-dos-bocas>; <https://ner.com.mx/news/tren-maya-se-vuela-legislacion-ambiental-con-tal-de-arrancar/>; <https://politica.expansion.mx/presidencia/2020/03/19/gobierno-delinea-plan-de-vialidades-que-conectaran-al-aeropuerto-de-santa-lucia>



3. THE IMPACT ON LABOR AND POVERTY

The impact of the pandemic on poverty, income, inequality, and unemployment levels was noticeable from mid-March. Several surveys have been conducted that point in the same direction. INEGI (National Institute of Statistics and Geography by its acronym in Spanish) itself carried out the first ETOE as it was unable to go directly to households. Without being perfectly comparable with the traditional National Survey of Occupation and Employment, the ETOE indicates that in April 2020, concerning the March reference, the labor participation, the employed population, and the hours worked of those who worked decreased. In other words, underemployment increased.¹⁵

The data is serious. In April more than 12 million people withdrew from the economically active population, employed and unemployed looking for employment.

¹⁵ (<https://tinyurl.com/y7ko7x8u>)

Image: <https://www.elcomercio.com/actualidad/pruebas-pcr-covid19-grupos-riesgo.html>

They decreased from 57.4 million people in March 2020 to 45.4 million people in April. That is, that number of people lost the possibility of receiving income.

Many Mexicans no longer even looked for a job in April: the unoccupied population with the availability to work without actively looking for a job went from 5.9 million people in March 2020, to 20 million people in April 2020.

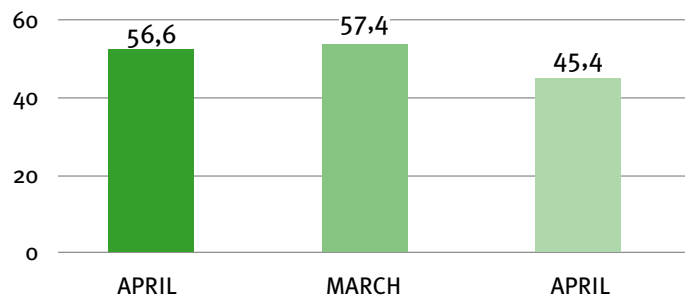
During April, the proportion of the employed population concerning the population aged 15 and over decreased 12.7 percentage points compared to March 2020 to reach less than half: 45.3%. Hours worked



were significantly reduced. Those who worked little less than 15 hours, increased from 6.1% in March to 10.9% in April.

On the other hand, the participation of those who worked more, of 35 or more hours a week, decreased a third from going from 74.8% in March 2020 to 48.3% in April of the same year.

GRAPH 15. ETOE PARTICIPATION RATE AS OF APRIL 2020



Source: ETOE with data from INEGI (<https://tinyurl.com/y7ko7x8u>)

The loss of occupation, the desire to look for work, and underemployment in April 2020 reported by INEGI is unprecedented.

This information coincides in its trend with another smaller survey on the impact of COVID-19. According to the first survey of a new survey carried

out by the Institute for Development Research with Equity (EQUIDE by its acronym in Spanish) of the Iberoamericana CdMx University, called Encovid-19,¹⁶ it was found that in the first fortnight of April, between 5.2 and 8.1 million people lost their jobs, were “rested” or could not go out looking for work due to the COVID-19 pandemic.

In its second survey corresponding to May, deterioration of this trend is observed, since it was found that 8.4 million people lost their jobs, were resting or could not go out to look for work (14.6% of the economically active population in May, against 10.9% in April).

Also, revenue collapsed.¹⁷ Covid-19 found that one in three households saw a 50% or more reduction in income between February and March 2020, and it was repeated in May. This situation is more accentuated in households with a population of infants and adolescents, with the negative implications that it may have on the medium-term development of boys and girls since 73.5% of these families reported a reduction in income in May compared to February.¹⁸

¹⁶ For a discussion on the results of this survey you can watch the press release by Dra. Graciela Teruel, director of EQUIDE <https://tinyurl.com/ycn5n99f>
The presentation of the second cycle can be watched here: <https://tinyurl.com/ycrkjxr>

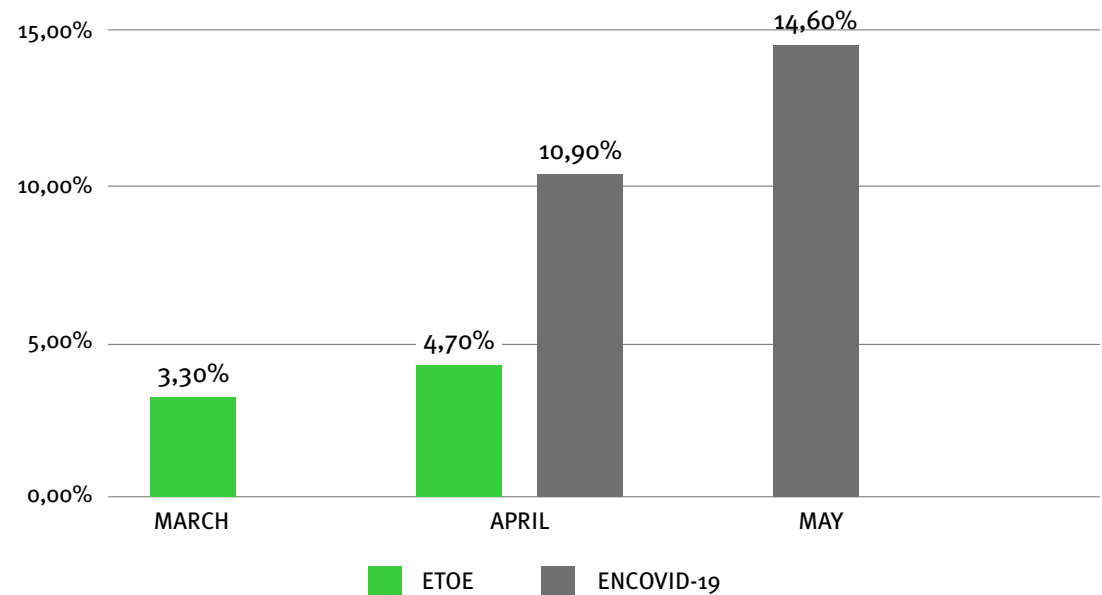
¹⁷ <https://tinyurl.com/y9mb7dgz>

¹⁸ Encovid-19 Infancy

37.7% of households report that one or more of its members lost their job or some other source of income, while another 30.1% of households considered it very probable or probable that someone in their household would lose their job next month. On average, the income lost by these people represented 65.1% of household income. In March, 61.6% of households reported that that month they obtained a lower income than the previous month (February), and 65.1% reported in May that their income had decreased since the beginning of the quarantine. Among households reporting lower-income, the income drop averaged 48.0% in March and 52.1% in May. Figure 17 shows the reductions in labor income by activity sector and by gender.

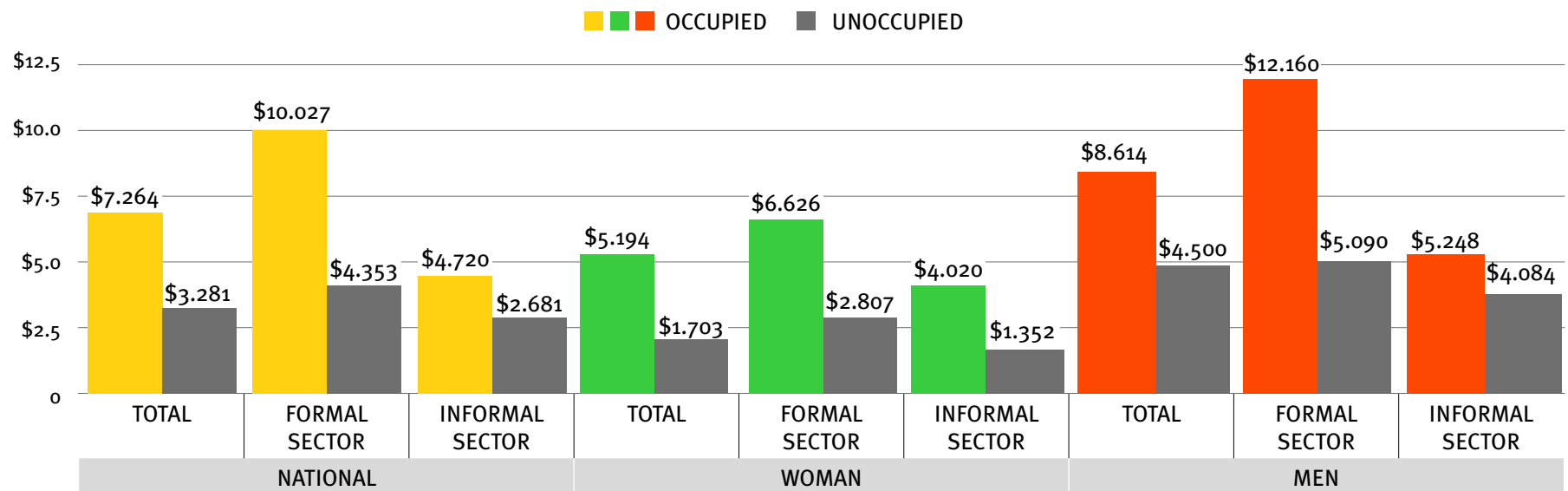
Less than half (46%) of households had the resources to stay at home until the end of April, and in May that percentage increased to 65%. Only two out of three people were staying home in April, a figure that increased to 81% in May. On the other hand, 90.4% of those who could not stay at home were due to the need to go out to work or to look for a job. In other words, the situation has worsened as time has passed.

GRAPH 16. COMPARISON OF THE UNEMPLOYMENT RATE ETOE VS ENCOVID-19



Source: EQUIDE, UIA CdMx, Encovid-19, May 2020.

GRAPH 17. AVERAGE MONTHLY LABOR INCOME BY GENDER AND ACTIVITY SECTOR



Source: EQUIDE, UIA CdMx, Encovid-19, May 2020.

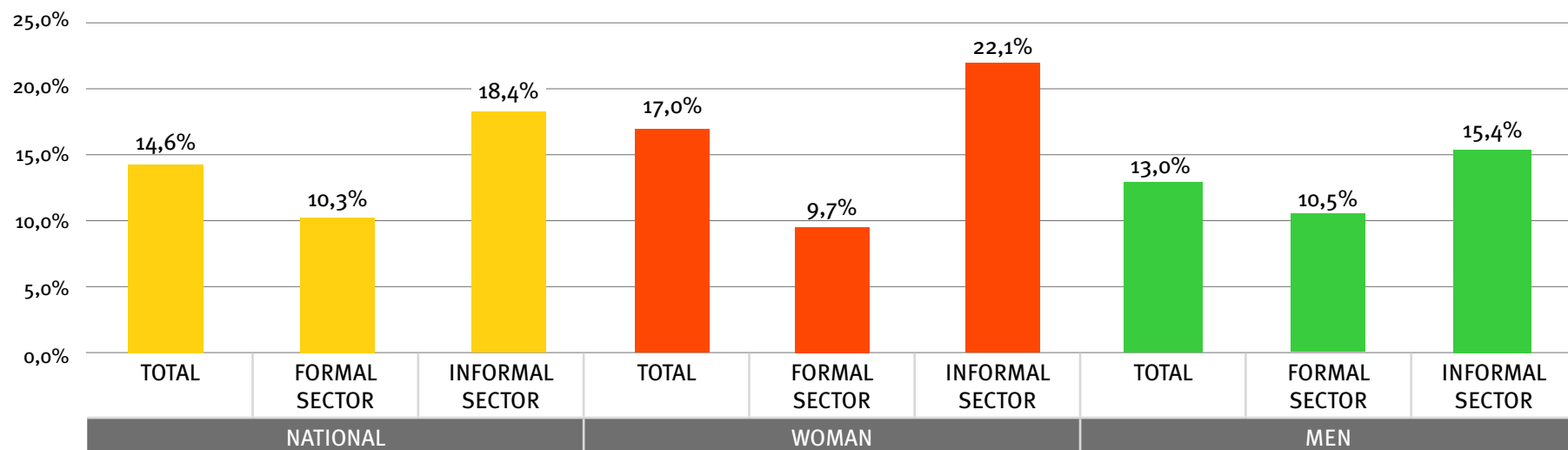
This unemployment rate has occurred mainly in the informal sector (almost double), and especially among women. In Graph 18 it can be seen that women register 22% of unemployment in the informal sector, while men register 15%. Everything seems to indicate that the women were the ones who stayed at home to take care of their children and parents, and lost that proportion of income.

For its part, the National Council for the Evaluation of Social Policy (CONEVAL by its acronym in Spanish)

made estimates of the effect that the crisis will have on income poverty levels and working poverty.¹⁹ Income poverty could increase between 7.2 and 7.9 percentage points, with an increase in extreme income poverty between 6.1 and 10.7 million people by 2020, while for working poverty an increase from 37.3 to 45.8% is estimated in the first two quarters of 2020. This means an increase of almost 10 million people.

¹⁹ <https://tinyurl.com/y8tcep26>

GRAPH 18: UNEMPLOYMENT RATE BY ACTIVITY SECTOR AND GENDER



Source: EQUIDE, UIA CdMx, Encovid-19, May 2020.

TABLE 17. INCOME POVERTY EXPECTATIONS ACCORDING TO SCENARIO MEXICO, 2020

INDICATORS	ESTADOS UNIDOS MEXICANOS					
	PERCENTAGE			MILLIONS OF PEOPLE		
	2018	1	2	2018	1	2
POPULATION WITH INCOME BELOW THE EXTREME POVERTY LINE BY INCOME.	16,8	21,7	25,3	21	27,1	31,7
POPULATION WITH INCOME BELOW THE INCOME POVERTY LINE.	48,8	56	56,7	61,1	70	70,9

Note: Scenario 1 assumes a general decline in income equivalent to 5 percent. Scenario 2 considers an average drop in income of 5 percent, considering greater effects on the population-based on income and the incidence of urban poverty.

Source: CONEVAL (National Council for the Evaluation of Social Development Policy by its acronym in Spanish) <https://tinyurl.com/y8g3heu8> p. 37

CONEVAL estimates are optimistic since they consider a GDP contraction of 5% in 2020. As already mentioned in Table 11, the average expectations of specialists forecast more than 8% of GDP decline in 2020.

CONEVAL also warned that “The international health contingency caused by the COVID-19 disease in Mexico can reverse the advances in the social development of the last decade and compromise the economic recovery capacity of households and economic units. For this reason, it is necessary to deploy the resources and instruments available to cushion the impact, prioritizing the groups that face the greatest affectation and are most vulnerable”.

The caveat is clear: Failure to implement a series of containment policies, a reversal of the crisis, and paths for rapid recovery and economic growth, the consequences will be extremely serious for the population.

Still further, already in April, the problem of lack of food appeared. The COVID-19 found that 27.5% of surveyed households reported having moderate or severe difficulties in feeding themselves (quantity and quality of their food) due to lack of economic resources, compared to the 24.8% reported in ENSANUT 2018. The percentage of the population with moderate and severe food insecurity in households with a child population (from 0 to 11 years old) reached 33.8%. The repercussions of extreme poverty, which lead to deficiencies in the nutrition of infants and nursing mothers, will have long-term effects. A poorly fed infant will lead to cognitive deficiencies in their school years that will in turn have an impact on their working life.

The population that has lost income is resorting to various means. According to Encovid-May 19, 24.15% have borrowed from acquaintances, 17.7% have stopped paying credit cards or previous debts, 16.9% have stopped paying services such as electricity and water, 11.3% have pawned valuables, 7.9% have sold things or done other activities and 4.3% have used a credit card or borrowed from banks or lenders.²⁰



Image:<https://www.eleconomista.com.mx/politica/La-pandemia-de-Covid-19-profundizaria-la-pobreza-y-restaria-oportunidades-a-ninos-y-adolescentes-20200528-0105.html>



Image:<https://expansion.mx/economia/2020/05/24/la-crisis-por-el-covid-19-dejara-un-millon-de-desempleados-calcula-amlo>

²⁰ <https://tinyurl.com/ycrkjxr>

4. THE IMPACT ON THE EDUCATION SECTOR

Due to its importance, the education sector has been one of the most affected by COVID-19 pandemic. During this contingency, the use of information and communication technologies has had to be resorted to in the face of the disease. In addition to this, the federal educational authority has made decisions that disturb and delay efficient and effective decision making.

During this pandemic of COVID-19, Mexico, like the rest of the countries of the world, has been forced to take extraordinary measures to rescue the school year that it is going through. No educational system in the world could have noticed the level of restriction and contingency that we are currently experiencing; much less have prepared to face it. Therefore, the decision to continue with the rescue of the school year this year should be considered as an appropriate and pertinent measure. The policy of making use of each one of the technological means at hand represented the best, and perhaps only, initiative in this delicate scenario.



Image:<https://jornadabc.mx/tijuana/29-04-2020/por-falta-de-recursos-miles-de-estudiantes-no-pueden-aprender-en-casa>



Image:<https://www.vanguardiaveracruz.mx/sep-y-grupo-televisa-amplian-cobertura-del-aprende-en-casa/>

In addition to the fact that many households do not have access or equipment to the Internet and adequate computer equipment, it is important to point out that to have an effective distance education, other capacities of students and teachers, infrastructure and course design for the distance modality are also required. It is not about having videoconferences at a certain time (pre-established) and with material designed for traditional teaching purposes. The risk that this modality will continue in Mexico is that it generates stress in students and teachers, and learning levels decrease significantly.

For weeks, the federal and local educational authorities have not issued communications or guidelines that allow students and teachers to have the certainty that is required to prepare materials, obtain the necessary technological tools, and not surprise parents with the last minute and with expenses not budgeted for in this pandemic. It is not until the end of May that the Ministry of Public Education has announced what and what will be the characteristics that must be available for returning to school in August.



Image: <https://nomada.gt/blogs/aceptemoslo-la-educacion-a-distancia-aun-no-ha-llegado/>

The policy of making use of each one of the technological means at hand **represented the best, and perhaps only, initiative in this delicate scenario.**

Educational infrastructure and access in times of pandemic

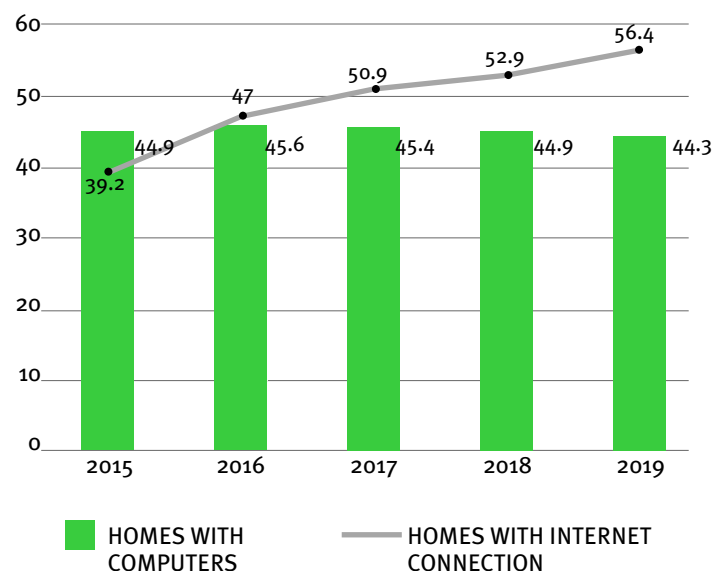
The current situation in Mexico registers numerous deficiencies in the educational infrastructure. By the end of 2016, the country had 243,698 schools (for basic education and upper secondary education), of which 226,298 corresponded to the level of basic education. From this number, it could be ensured that practically all of them have some deficiency.

TABLE 18. MAIN DEFICIENCIES IN BASIC EDUCATION SCHOOLS (2016).

DIMENSION	FACTOR	% OF AFFECTATION
Physical security	Structural damage	31
	With atypical structure	33
Basic services	No connection to the water network	22
	Without drinking fountains	88
Accessibility	No accessibility for people with disabilities	55
Communication and internet	No telephony	76
	Without the internet	68
Educational spaces	No computer workshop or media classrooms	82
Multipurpose spaces	Without a dining room	87
	No green areas	52

Source: INEE (System of Educational Indicators by its acronym in Spanish), calculations based on the INIFED CIT (2013-2015), and the General Framework of the Comprehensive Results System of the INEE 2015-2016 Evaluations.

GRAPH 19. HOMES WITH TECHNOLOGICAL EQUIPMENT

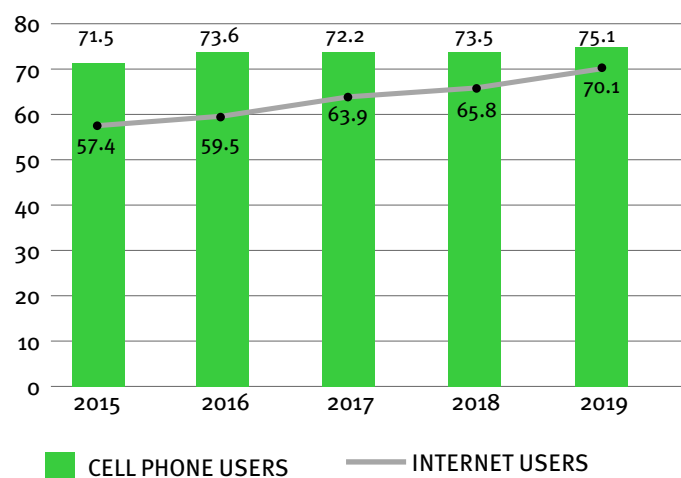


Source: INEE, 2019.

According to INEGI, 70.1% of the population over the age of six has internet access, but only 44.3% have computer equipment in their homes. In other words, less than half of the population in the country could have access to take courses through the use of information and communication technologies.

The SEP (Secretariat of Public Education) made a great effort to rescue the semester during the pandemic, but the digital divide did not allow it nor did the government do much to reduce it. According to the Encovid-19 Childhood survey of the Universidad Iberoamericana CdMx conducted in May, more than 60% of people 18 years of age or older with children at home reported having seen or heard the programming of “Learn at Home”, the government program to follow courses outside of school. With data from INEGI, at the level of basic education, and with the numbers that we can have insight, the children who have taken online courses are not more than 8 million, with an enrollment of around 26 million children.²¹ According to Encovid-19 Childhood, almost 80% of respondents with children or adolescents at home reported problems in continuing with the education of minors during confinement. The most significant problem was the lack of computer equipment or the internet (48.5%) as previously mentioned, which was followed by the lack of support from teachers (31.4%)

GRAPH 20. USERS WHO OWN TECHNOLOGICAL EQUIPMENT



Source: INEE, 2019.

The SEP (Secretariat of Public Education) made a great effort to rescue the semester during the pandemic, but the digital divide did not allow it nor did the government do much to reduce it.

²¹ This figure is obtained by considering a student population (with 2016 figures) of 25,897,636, the percentage of the population that owns at least one computer equipment (44.3%) and internet services (70.1%). Therefore, students taking long distance education at most are 8,043,329. This figure decreases as you take into account the number of children in a given home, and raises if there's more than one computer.

for not attending schools, 21.1% due to student distraction, 17.1% lack of knowledge and 14.9% due to lack of books and teaching materials.²²

The vast majority of teachers in the country are trained to attend and solve day-to-day problems in their computer equipment, be they didactic, administrative, or communication, but they do not have the adequate technical skills to follow up on an online course. This results in that both the student and the teacher cease to have adequate performance in educational achievement and therefore, the objectives and goals of the course can easily be lost.

Finally, there are no reliable data and indicators on school dropout for causes related to access and use of the computer and the Internet. We will most likely find out once the next school year begins, whenever this occurs. However, without a doubt, a certain percentage of parents who consider that the new cycle will demand compulsory or almost mandatory accessibility to a computer and the internet from home (preferably), the possibility that their children will drop out of school is highly probable.

²² Encovid-19 Infancy, May 2020

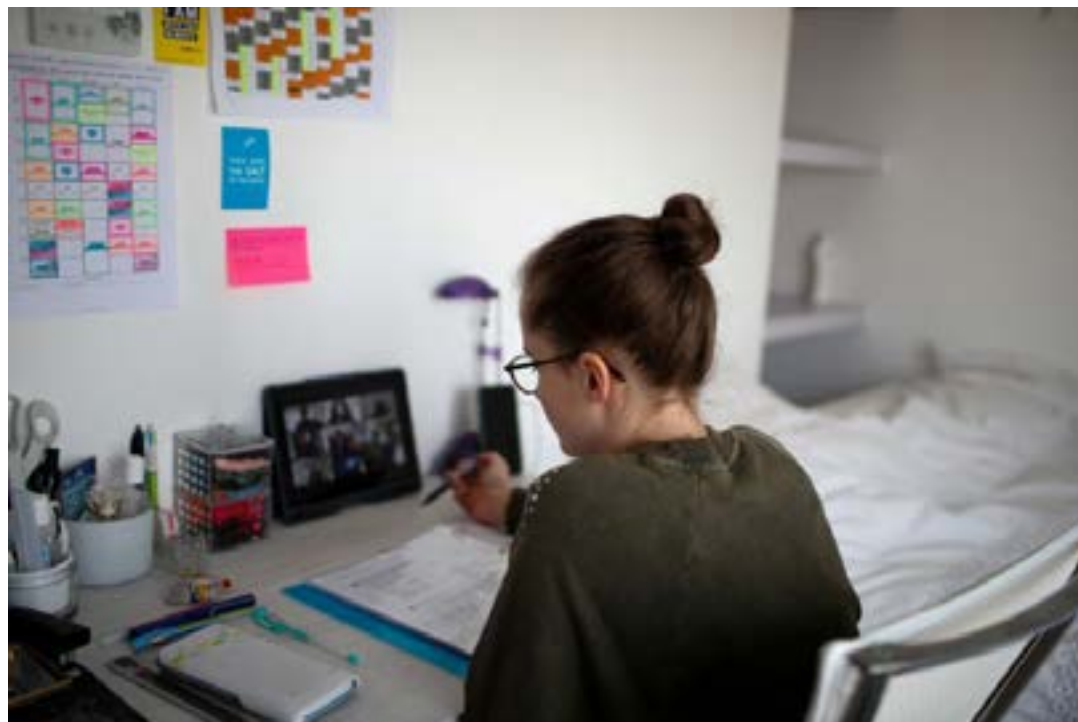


Image: Reuters/Gonzalo Fuentes en <https://www.infobae.com/educacion/2020/04/26/los-docentes-desbordados-en-medio-de-la-pandemia-mi-dia-a-dia-se-convirtio-en-un-caos/>

The vast majority of teachers in the country do not have the appropriate technical skills to follow an online course.

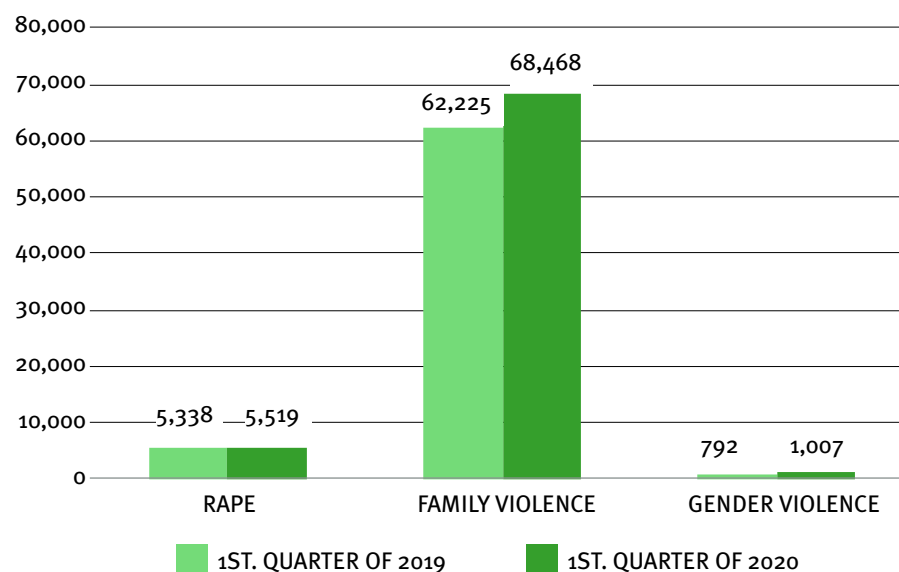
E. DOMESTIC VIOLENCE AND DEPRESSION DURING THE PANDEMIC

A high percentage of women live under structural violence that is pernicious in regular times but has increased dramatically during the time of confinement. Many women have been left with few or no alternatives to escape the psychological, emotional, and physical attacks that in many cases are fatal. This is shown by various official and CSO indicators. Data from the Executive Secretariat of the National Defense and Security System (SESNSP for its acronym in Spanish) show a general increase in the incidence of crime against women. In global terms, both the indicators built from open investigation folders in the prosecution offices, as well as those based on help telephone calls to the unique number 911, reflect an upward trend in the incidence of crime against women.

In the first quarter of 2020, registered crimes for gender-based violence in all its forms other than family violence have increased by 27.14% from 2019 to 2020. They increased from 792 to 1,007 crimes. Regarding rape and family violence, there are also significant increases. The crime of rape increased in the first quarter of 2020 by 3.3% compared to 2019, while domestic violence registered an increase of

10% in the same period. Besides, in March 2020, the SESNSP recorded 20 thousand 232 records for family violence, so this month is the one in which this crime has been registered the most since the crime incidence against women is recorded.

GRAPH 21. COMPARISON BETWEEN THE FIRST QUARTER OF 2019 AND THE FIRST QUARTER OF 2020 ON THE INCIDENCE OF RAPE, FAMILY VIOLENCE, AND OTHER THAN FAMILY VIOLENCE AGAINST WOMEN



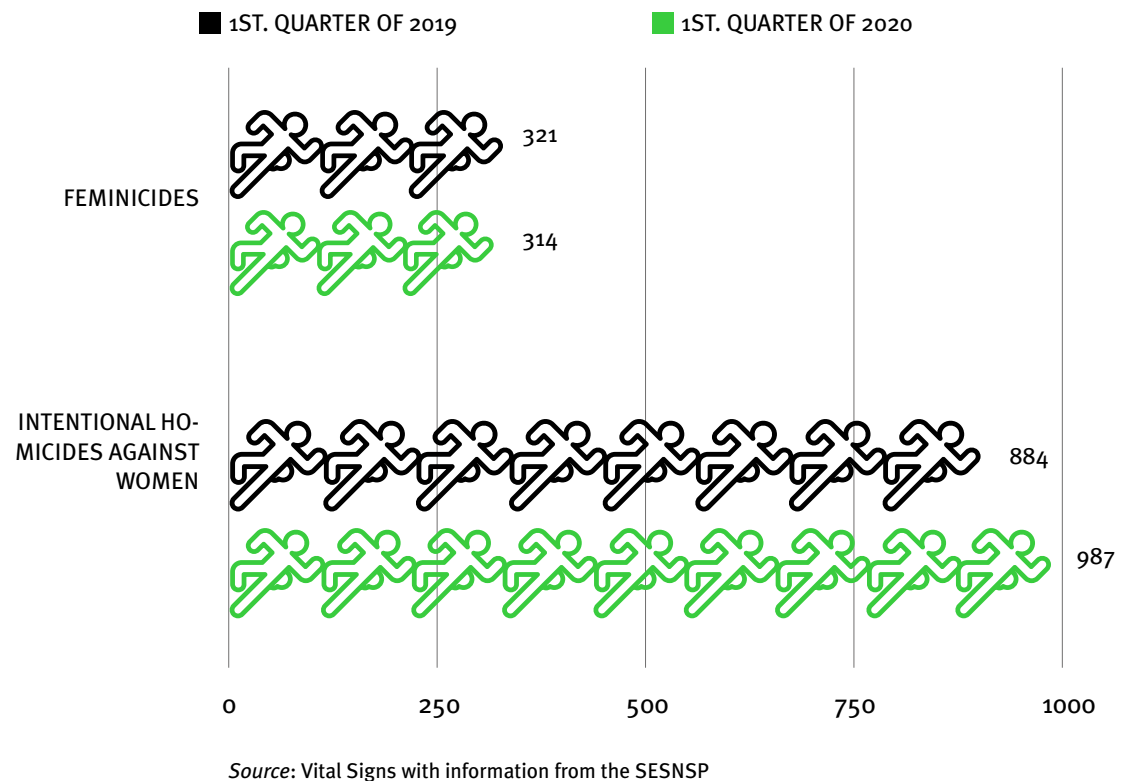
Source: Vital Signs with information from the SESNSP



On the other hand, in the first four-month period of 2020, there was a decrease in intentional injuries against women, less 9%, especially in April. In that month there was a decrease compared to the previous month of 25.3%, but given the confinement and that most of the injuries are caused by their partners, the reduction may be due to the fact that women are not reporting because their aggressors are at home, near them. The most forceful finding, due to its seriousness, is related to crimes against the lives of women. Although registrations for femicide fell 2.1% in the first quarter of 2020, intentional homicides against women grew 11.6%, from 884 to 987. Besides, April 2020 was the month with the most intentional homicides since they were counted, the same as they reached the figure of 267. In other words, although the murders of women are not being registered as feminicides, they have increased significantly during the contingency and, in fact, the two-month period that was hit by the confinement (March-April 2020) It has been the most violent for women since records are kept.

At the same time, calls for help for crimes against women received by the single telephone number 911 increased 8% in the first four months of 2020 compared to 2019, but 18.6% between January-February and March-April 2020, when the containment measures.

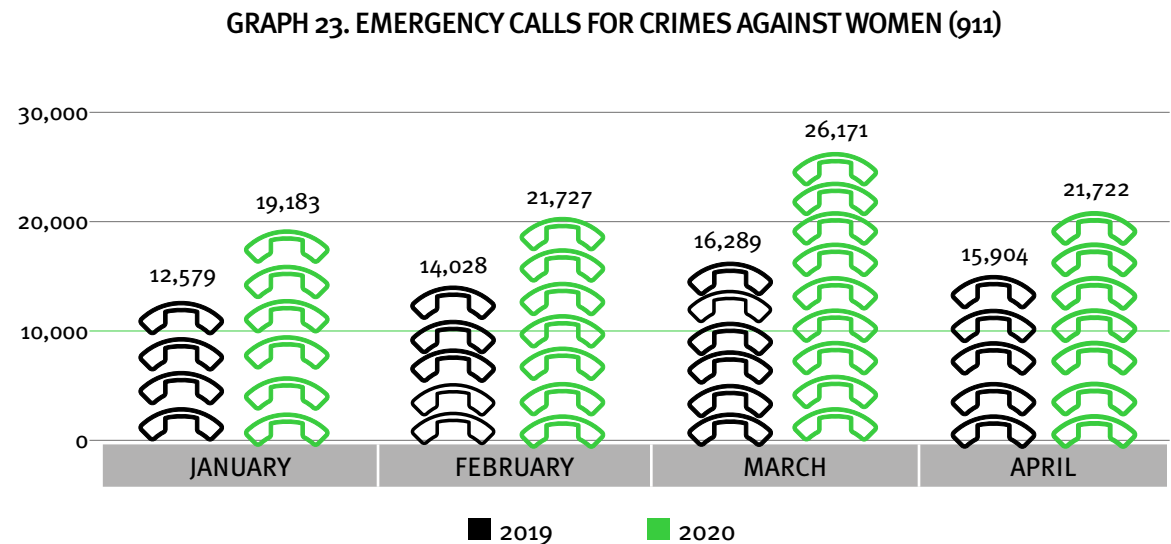
GRAPH 22. FEMINICIDES AND INTENTIONAL HOMICIDES
The first quarter of 2019 and 2020.



Although registrations for femicide fell 2.1% in the first quarter of 2020, intentional homicides against women grew 11.6%, from 884 to 987.

By disaggregating calls by type of incident, calls for violence against women increased 53% in the first four months of 2020 compared to 2019, and March 2020 broke the record for the most calls registered for this crime with 26,171 since 2016 (first year in which the criminal incidence against women by the SESNSP was measured). Calls for incidents of sexual abuse grew 10%, those related to sexual harassment or harassment increased 26.6%, for rape 8.4%, and those that reported family violence grew 6.5%. Calls for incidents of intimate partner violence decreased 17%, but as previously stated, this may be due to the presence of the couple in the confinement stage and the inability to call. Even so, calls of this type did increase by 19.7% between the first and second two months of 2020. That is, between the two months of “normal health” and the two months in which the national day of healthy distance was lived, I could affirm that intimate partner violence increased.

Despite the alarming data shown, President López Obrador, on May 16 during the morning press conference, assured, without presenting any evidence that 90% of calls related to incidents of violence against women are false and that violence against women has decreased due to “the nature of Mexican families”. In response, CSOs that have continually done



Source: Vital Signs with information from the SESNSP

work to protect women confirmed the increasing trend of crimes against women during the period of confinement.

This is the case of the Red Nacional de Refugios (National Shelter Network), an organization that protects women victims of gender violence, as well as their sons and daughters, which was between March 25 and May 25, 2020, reported 4,153 requests for support and protection for women by telephone calls and 6,978 through the prevention, care and protection spaces that make up the RNR (National Shelter Net-

work by its acronym in Spanish) at the national level. Besides, 79.8% of the women who managed to contact the RNR had not contacted another institution, so it is understood that there is a black figure to calculate regarding these calls for help. In contrast, 21.2% of women had already requested support from another instance but did not receive the expected help.

In response to widespread criticism, the federal government launched the “Count to 10” campaign on May 26 to raise awareness of gender-based violence against women. Although it was a tacit acceptance of the problem, the campaign received numerous criticisms from social organizations and women who have been victims of gender violence, as the campaign proposed to count from one to ten when an episode of violence approaches. Gender violence against women in itself is an alert that is relevant for Mexican society, but the refusal of the federal government to recognize the urgency of the problem is a major aggravating factor.



Image: <https://www.france24.com/es/20200509-repunte-femicidios-durante-pandemia-aislamiento-covid19>.

President López Obrador, on May 16 during the morning press conference, assured, without presenting any evidence that 90% of calls related to incidents of violence against women are false and that violence against women has decreased due to “the nature of Mexican families”.

Finally, social isolation, economic pressures, and uncertainty can have serious consequences on the mental health of the population. The Encovid19 of the Universidad Iberoamericana CdMx shows that 27.3% of individuals 18 years of age or older presented depressive symptoms and 32.4% severe symptoms of anxiety.

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Image:<https://www.eluniversal.com.mx/nacion/cuenta-hasta-10-la-campa-na-del-gobierno-contra-la-violencia-de-genero>



Image:<https://www.elheraldodejuarez.com.mx/doble-via/salud/ultimas-noticias-coronavirus-covid-19-ansiedad-enfermedades-mentales-sintomas-consecuencias-confinamiento-pandemia-5188112.html>

6. REMITTANCES AND MIGRATION FROM THE UNITED STATES OF AMERICA

The reception of remittances in 2020 is, until April, 12.7% higher than the one registered in 2019. 12,158 million dollars were received in the first four-month period of the year. In March, even though the COVID-19 crisis had already reached the United States, the number of remittances reached a record high in one month, \$ 4.16 billion (35.8% more than in 2019) since 1995 when Banco de México began recording the figures. But in April, remittances returned to more usual levels. 2,861 million dollars were received, 2.6% less than the figure registered in 2019.

²³Until now, the states that have benefited most from having received the highest absolute amounts for remittances are Michoacán, Jalisco, and Guanajuato.

Regarding deportations and repatriations, during the first quarter of 2020, 57 thousand 475 Mexican men and women have been deported, which represents an increase of 14% compared to the same period in 2019. In January 2020, 18 thousand 217 Mexican migrants were deported, while in February and March of the same year 18 thousand 998 and 20 thousand 250. According to INM data, most of the deportees

were sent from the United States to Tamaulipas and Sonora, although there were also people sent to Chihuahua, Coahuila, and the Guadalajara airport. As of May 19, 2020, the National Institute of Migration has accounted for the deportation of 72,255 Mexicans. If we add to these figures the undocumented people who will return to Mexico due to the pandemic, temporarily or permanently, the pressure on employment in Mexico will be even greater.

On the other hand, the pandemic also led to the need to repatriate Mexican citizens who were abroad. Between January 23 and May 26, 2020, the Mexican government has participated in the repatriation of 13,251 Mexican men and women.

Most of these, 7 thousand 204, came from Latin America; 3,956 from Europe; 827 from the Asia Pacific, 566 from Africa, 399 from North America, and 223 from the Middle East.

²³ <https://tinyurl.com/yd9cxdju>

Regarding Mexicans infected abroad, the Foreign Ministry reported that, as of May 3, among the Mexican community residing abroad, 664 people have died from COVID-19.

TABLE 1.: REPATRIATIONS OF COMPATRIOTS BETWEEN
JANUARY, 23RD, AND MAY, 19TH 2020

Africa	566
North America	399
Latin America	7.204
Asia Pacific	827
Europe	3.956
Middle East	223
Total	13.175

Source: Ministry of Foreign Relations. Migration's national institute



Image: <https://www.eluniversal.com.mx/nacion/sociedad/van-8-mil-880-mexicanos-repatriados-por-covid-19-dice-sre>

As of May 3,
among the Mexican community residing abroad,
664 people have died from COVID-19.

7. THE RETURN TO THE “NEW NORMAL”

Some of the most important questions asked to the population through the COVID-19 pandemic are: What is going to happen next?, When are we going back to normal?, What will happen to my family's economy?, How is life going to be in this “new normalcy” and what tools are we going and not going to have? The answers to these questions are not easy nor immediate. None the less, there are several parameters to understand many of the components that comprised our reality before the pandemic that will change. Hence, all of humanity will have to perform an uncanny exercise to adapt to these requirements in economics, sanity, hygiene, and social gathering, amongst others.

In Mexico, as in the rest of the world, the pandemic brought with it stagnation of economic and commercial activity. Almost immediately, the effects of this paralysis began to be felt in the vast majority of families in the country. Due to this, there is a tendency for the government, the business sector, and civil society to accelerate, as soon as possible, the revival of activities that allow the economy to be revived and kept alive. Many of these activities require imminent social contact, so decision-makers in many countries

have been meticulous and careful in implementing actions to this end.

However, it would be expected that a fundamental criterion for starting activities in a given country, whatever it may be, is that the contagion and death curve has been controlled or at least contained. It is important to note that as of today (June 1st), no country in the world has been able to control these indicators one hundred percent. As seen in Table 20, many countries are already in a marked phase of containing the disease. China, Italy, Spain, France, Germany, Japan, South Korea or Norway are located at a time when the disease has been relatively controlled. The curve of confirmed and deceased infections has been “flattened”, allowing reopening measures to be taken under strict control and surveillance by the health authorities.

On the other hand, countries like Mexico, the United States, Brazil, Argentina, the United Kingdom, Russia, Singapore, or Peru are in full swing of the disease. Reading the data shows that both the number of confirmed infections and the number of deaths have continued to increase. From this list of countries, four of them (the United States, Russia, and the

United Kingdom and recently Mexico) have made the risky decision to start a gradual return to normality, which will bring with it a latent outbreak of the disease. The rest of them try to make decisions to accelerate the return to normality that appears complex, uncertain, and dangerous.

TABLE 20. LIST OF COUNTRIES AND THE CONFIRMED CASES AND FATALITIES CURVE AS OF JUNE 1ST

COUNTRY	INTERPRETATION OF THE CURVE OF CONFIRMED CONTAGION AND FATALITIES.	PAÍS	INTERPRETATION OF THE CURVE OF CONFIRMED CONTAGION AND FATALITIES.
Mexico	↗	China	→ Controlled by February 23rd
United States	↗	Italy	→ Controlled by May 15th
Brazil	↗	Spain	→ Controlled by May 11th
Argentina	↗	France	→ Controlled by May 1st
United Kingdom	↗	Germany	→ Controlled by May 4th
Russia	↗	Japan	→ Controlled by May 15th
Singapur	↗	South Korea	→ Controlled by April 9th
Peru	↗	Norway	→ Controlled by May 1st



CONTAGION AND FATALITY CURVE IN CONSTANT RISE



CONTAINED CONTAGION AND FATALITY CURVE, BUT STILL ON THE RISE

Source: <https://cov19.cc>

According to public health experts, there is a huge possibility that the second wave of infections will be generated in all countries affected by the virus. This, unfortunately, will not depend on variables such as the number of tests applied, or the GDP per Capita, nor on the health strategy that they implemented or the reactivation schemes to a new normality. It will depend on how each of the societies assimilates the potential danger of the virus and the importance of health, hygiene, and social distancing measures.

Given the economic and financial crisis in which Mexico is immersed, the decision to reopen productive activities should not depend solely on the economy, but rather on its complementarity with health. Many of the countries that are now making effective decisions to take steps towards a reactivation of activities, were exposed to the contagion of the virus long before Mexico and other Latin American countries, for example.

TABLE 21. STAGES TO RETURN TO THE NEW NORMAL IN MEXICO

The first, which began on May 18, gave way to the opening of the so-called Municipalities of Hope.

The second, which lasted from May 18 to 31, consisted of carrying out all the necessary tasks to prepare for the general reopening of activities in the country. In particular, companies and governments would create protocols detailing prevention mechanisms in work, education, and public spaces.

The third, which started on June 1, the date on which the Sana Distancia Day ended, gave rise to the weekly traffic light by region. The traffic light is made up of four colors that indicate the level of contagion risk in each region, as well as the number and nature of activities that can be carried out.



The impending outbreak casts doubt on many of the current policies that have been taken in Mexico. The federal government, through the General Health Council, restricted economic activities throughout the country except for those that were considered essential.²⁴

The Mexican government's strategy for the return to the new normality is seen as competent and with elements that could guarantee compliance with various requirements that have already been mentioned in this report. However, the strategy lacks a series of complementary measures that allow a gradual return to economic openness without neglecting health stability. Only in this way would it allow an orderly and gradual advance to a reopening of essential activities.

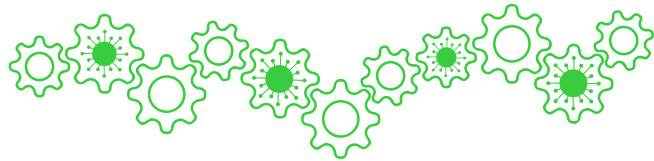
²⁴ Economic activities that were declared essential at the beginning of the safe distance journey on May 23rd are related to: heavy transport, passenger transport, chemical industry, pharmacy, hardware stores, courier activities, funerary activities, markets, super markets, police and public safety, hospitals and health services, airports, agriculture, fishing, farms, infant care, private security, telecommunications, banks, senior homes, gas stations, food industry, and self-service.

The strategy for the return to the new normality lacks a series of complementary measures that allow the gradual return to economic opening **without neglecting sanitary stability.**



Post Covid-19 Panorama

A final thought



Mexico is immersed in several and different crises. There is not a single one that is not diminishing its development and progress in sectors such as health, economy, energy, and freedom of speech, public security, and many more. Much of these debacles are due to a concatenation of responses and decisions poorly made by the Mexican government. As stated at the beginning, the crisis caused by COVID-19 is not the responsibility of the Mexican government, but its response sure is.

The measures that it has taken are not aligned with the challenges caused by the pandemic. In terms of public health, the government's reaction has been slow and not very powerful.

The crisis caused by COVID-19 is not the responsibility of the Mexican government, but its response sure is. **The measures that it has taken are not aligned with the challenges caused by the pandemic.**

The knowledge of the disease is progressing more and more and there are a hundred research centers around the world working to develop a treatment to treat the disease and a vaccine for it. The severity and timing of possible outbreaks and prospects for the pandemic are beginning to be known. The experience of many other countries indicates that any action towards the relaxation of confinement without adequate care will lead to a further increase in infections. Just in June, the US government's Center for Disease Control (CDC) released a report about the risks of infection from various activities, exposure times, and means of contagion.²⁵ In the case of Mexico, the official announcement of the “peak of the pandemic” has been prolonged on several occasions and is a case of failure worldwide.

As of June 19, the official death toll was 19,747 and the curve had not yet flattened.²⁶ The cases of infection also continue to increase practically out of control and the forecast for the coming months is terrifying. Therefore, as long as there is no vaccine or effective treatment to contain the virus, the pandemic will continue and we will have to learn how to live with it, with the utmost care to minimize the number of deaths.

²⁵ <https://tinyurl.com/we6oo8z>

²⁶ To update the pandemic figures, see here: <https://tinyurl.com/ub9gvyc>

In the case of Mexico, the official announcement of the “peak of the pandemic” has been prolonged on several occasions and is a case of failure worldwide.

Regarding the recovery of the economy, the absence of emergency measures by the federal government to sustain income and employment levels has condemned the economy and society to a crisis that will last for years. The calls and approaches of numerous actors from all areas of society have not been considered for the government to help millions of Mexicans. The reluctance to apply countercyclical measures to sustain income and save companies, to finance such expenses with debt, as well as the contraction policies of public spending, will, unfortunately, lead to a long crisis. There are no mechanisms by which the economy will resume economic growth shortly. We already came from a recessive stage that the pandemic worsened.²⁷

²⁷ A good explanation of why the crisis will have a slow recovery is provided by Santiago Levy in this interview: <https://tinyurl.com/y7xdnrz8>

In economic terms, the government's strategy has been cautious, to say the least.

Contrary to the proposals made at the national level and carried out by many foreign governments in their countries, the Mexican government decided not to move its fiscal policy one iota. The government even adjusted it further by reducing the budget already approved for 2020. It barely decided to grant direct transfers to groups that already had them, advance payments to the elderly and scholars, and offer loans to micro-entrepreneurs. The expectation in the T-Mec that begins on July 1 for the reactivation of the external market is in doubt due to the international situation itself and the unstable legal regime in Mexico. The recession in the United States, despite strong injections of resources, will also be lengthy, but shallower than in Mexico. The same will happen in Europe, Japan, and China. The level of per-capita income we had in 2018 will hardly be recovered by the end of the sexennium.

The pandemic also coincided with the saturation of the oil market that plunged prices internationally and has kept them low. Prices fell to such a level that many oil fields were no longer profitable. Besides, Mexican Petroleum (PEMEX for its acronyms in Spanish) is losing presence in the domestic retail market.

Regarding the recovery of the economy,
the absence of emergency measures by the federal government for income and employment levels has condemned the economy and society to a crisis that lasts for years.

The volume of domestic sales has decreased in recent years and it's currently 55% in the first quarter of 2020. Between December 2019 and March 2020, PEMEX lost 509 franchises. Likewise, as of the first quarter of 2020, its short-term assets would not cope with short-term debt or with the payment of suppliers. The difference between such concepts rises to 211.7 billion pesos. Poor financial results and a lack of a credible business plan have led rating agencies to lower their credit status. The decrease in the value of its fixed capital, as well as the reduction in the expenses assigned to exploration, make the recovery of the company difficult, even after the health crisis.

This entire series of events has impacted PEMEX's already deteriorated finances, threatening national public finances. In fact, its contribution, which was 18%, dropped to just 5.4% on April.²⁸ This entire series of events has impacted PEMEX's already deteriorated finances, threatening national public finances. In fact, its contribution, which was 18%, dropped to just 5.4% on April.

PEMEX's deteriorating finances
threaten national public finances.

The contraction of the economy

It will reduce tax collection to such a degree that it will be difficult to maintain spending levels.

The presidential refusal will increase the country's debt in absolute terms will not prevent the Debt / GDP ratio from rising dramatically.

²⁸ <https://tinyurl.com/ygdabeng>

The increase in poverty and inequality will be a serious setback for many years. All progress will be lost in a decade or more. If the predictions of the National Council for the Evaluation of Social Development Policy (CONEVAL for its acronyms in Spanish) and the Research Institute for Development with Equity (EQUIDE for its acronyms in Spanish) of the Iberoamerican University (UIA for its acronyms in Spanish) in Mexico City come true, there will be at least ten million Mexicans in extreme poverty in addition to those in 2018. Food deficiency has already increased. The educational gap, if the pandemic continues and children cannot return to school soon under normal conditions, will also widen. The digital gap that already existed has taken on new implications that make it a source of inequality. Crime has not given way and there is no sign of it happening. Worse still, domestic violence and particularly against women has worsened during confinement. The electoral process of 2021 will begin shortly, which will take place amid a deep economic and social crisis, with serious uncertainties regarding the control of the pandemic.

As noted, the implications of this crisis are varied and will leave damage in the medium and long term. It will take several years for the economy to recover the levels of growth that it had been presenting during

2020, the levels of intra-family violence that mainly affect women will have caused such damage that will be difficult to repair and by the end of June, the deaths associated with COVID-19 will have exceeded the 26,000. Regarding education, more than 10 million students will have educational lags in addition to those already existing in the Mexican educational system. It does not seem exaggerated to speak of a lost generation in 2020 in Mexico.

Some implications:

There will be at least ten million Mexicans in extreme poverty in addition to those in 2018.

The digital divide will be an engine of inequality.

Violence against women has escalated during confinement.

GLOSSARY

APF: Federal Public Administration

BID: Inter-American Development Bank

CDC: Center for Disease Control

CEPAL: United Nations Economic Commission for Latin America and the Caribbean

CFE: Federal Electricity Commission

CIDE: Center for Research and Teaching in Economics

CONEVAL: National Council for the Evaluation of Social Development Policy

COPARMEX: Confederation of Employers of the Mexican Republic

CSG: General Health Council

DOF: Official Journal of the Federation

ENOE: National Occupancy and Employment Survey (NOES)

ENSANUT: National Survey of Health and Nutrition

EQUIDE: Research Institute for Development with Equity

ETOE: Telephone Survey of Occupation and Employment

FEIP: Income Stabilization Fund

FLAO: Ordinary Additional Liquidity Facility

FMI: International Monetary Fund

IMCO: The Mexican Institute for Competitiveness

IMEF: Mexican Institute of Finance Executives

IMSS: Mexican Institute of Social Security

INEE: System of Educational Indicators

INEGI: National Institute of Statistics and Geography

INER: National Institute of Respiratory Diseases

INIFED: National Institute Educational Physical Infrastructure

INSABI: National Institute of Well-being

IRAG: Acute Respiratory Infection Network

ISR: Income Tax

ISSSTE: Institute of Social Security Services for the State Workers

OCDE: Organization for Economic Cooperation and Development

OMS: World Health Organization

OPS: Pan American Health Organization

OSC: Civil Society Organizations

PEMEX: Mexican Petroleum

PIB: Gross Domestic Product

RNR: National Shelter Network

SAT: Tax Administration

SESNSP: General Secretariat of the National Public Security System

UBS: Union Bank of Switzerland

UNAM: National Autonomous University of Mexico

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SECOND PART

Alerts:

Conditions requiring immediate attention



BUDGETARY HYPER-PRESIDENTIALISM

A latent tumor

Budgetary hyper-presidentialism



SUMMARY

The arrival of Andrés Manuel López Obrador with a majority never seen in the 21st century made possible the temptation to consolidate the budgetary power that many presidents have desired. The budget is the backbone of public policies, so its execution is an indicator of a government's priorities. The fact that the representatives in the Legislative branch and the citizens, in general, do not know where and how it is spent, weakens the democratic relations between the rulers and the ruled, in addition to violating the constitutional order of the country, by granting enormous powers to the federal Executive branch.

The effective division of public powers is an essential requirement for a State to be considered democratic. The system of checks and balances was designed to prevent a single individual from concentrating the total power of the State. In Mexico, article 49 of the Constitution states that under no circumstances may two or more powers be deposited within a single person¹.

¹ Article 49 of the Constitution: The supreme power of the federation is divided for its execution in Legislative, Executive and Judiciary. Two or more of these powers cannot be united in just one person or corporation, nor deposit the legislative on an individual, but in extraordinary faculties conferred to the executive of the union, as decreed by article 29. Not any other case but what's disposed on the second paragraph of article 131, extraordinary faculties to legislate will be given.

Despite this, from the beginning of the Morena administration, President Andrés Manuel López Obrador **began a decisive campaign of concentration of powers.**

Some examples are the creation of the Institute of Health for the Well-being (INSABI for its acronym in Spanish), a strongly centralizing policy that subtracted the interference of the federal entities in the field of public health, or the creation of the National Guard, which relegated the work of the state and municipal police. But, definitively, the bluntest attempt that the Executive branch has made to centralize powers is that which relates to budgetary control.

The most important responsibility that the Legislative branch has, as a direct representative of the people, is to approve the Expenditure Budget of The Federation (PEF for its acronym in Spanish). Although, on facts,

the Mexican Legislative branch has always been excluded from the work that by institutional design it should perform², both the creation of the Republican Austerity Law, as well as the reform of the Federal Law on Budget and Fiscal Responsibility (LFPRH for its acronym in Spanish), and the publication of the President's initiative/decreed establishing additional austerity measures in times of economic crisis; take to the extreme the interference of a branch in the functions of another, as well as the concentration of faculties that are incumbent on the Executive, but also those that, in principle, should be exclusive to the Legislative.

Although article 74, section IV³, of the federal Constitution, establishes that the Chamber of Deputies has the exclusive power to approve the PEF, in fact, the federal government historically could spend it in a very different way than it was budgeted for. In

2 Leonardo Núñez. (2017). ¿Y dónde quedó la bolita?. México: Aguilar.

3 Article 74 fraction IV: Approve annually the expenditure budget of the federation, previously analyzed and discussed, and if that is the case, modify the Project sent by the Federal Executive, once the contributions are approved, to their judgement, must exist to cover it. Likewise, authorize the pluriennial outlays of said budget for investment projects of infrastructure that are determined as suitable in the statutory provisions; subsequent outlays must be included in future expenditure budgets.

the so-called democratic era⁴, there has not been a single year in which government spending equals the amounts approved in the budget. On average, between 2013 and 2019, the federal executive has spent 7.67% more than what he originally contemplated, that is to say, that in that period the federal administration spent 1 trillion 905 thousand 539 million 388 thousand 319 pesos more than initially approved by the legislative. This inconsistency between budget and execution was supported by the famous figure of budgetary adjustments and was made possible thanks to the surplus revenue of the government.

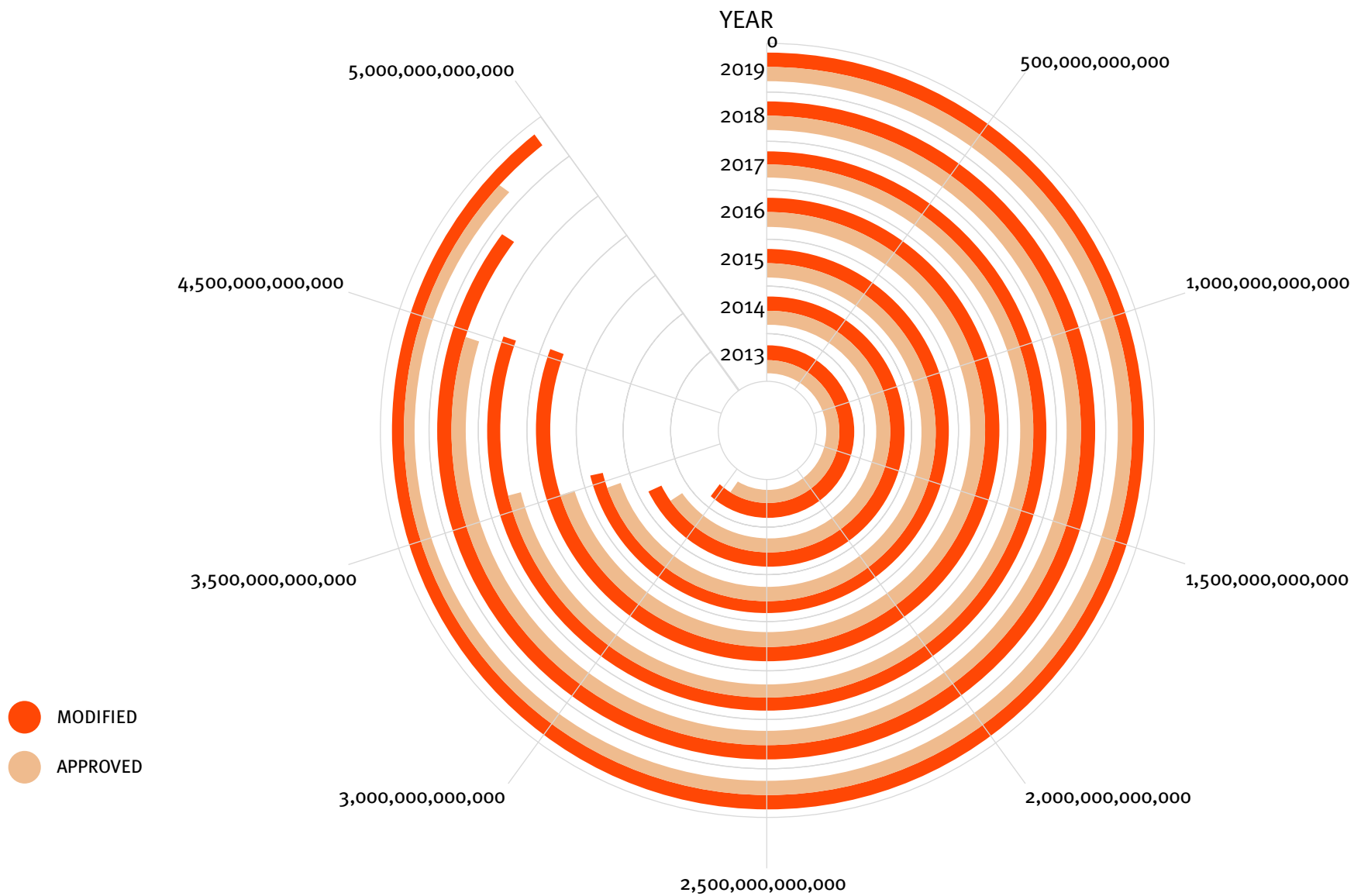
In the so-called democratic era, there has not been a single year in which government spending equals the amounts approved in the budget.

⁴ On this Report “The democratic era” pertains from the time-frame of 2000 to now.



Image: laotraopinion.com.mx

APROVED BUDGET VS SPENDING



Source: In-house product with information from public accounts from 2013 to 2019

To get an idea of the size of the surpluses that the federal government has had, it is worth commenting that just in 2019, the year in which the least over-assignment occurred since 2015, the administration spent 80 thousand 620 million 943 One thousand 982 pesos more than what is established in the PEF. If that proportion in the expansion of spending were to be repeated in 2020, the President could have a budget equivalent to twice what was assigned in 2019 by the Ministry of the Interior, or two and a half times that assigned by the Ministry of Security and Citizen Protection, or a little more than half of what the Secretariat of wellness assigned.

But if the President of the Republic could already move resources from one place to another without asking Congress for permission, what changes with the Republican Austerity Law, the reform to the LFPRH, and with the presidential decree of April 23, 2020?

The modification to article 61 of the LFPRH empowers the President of Mexico so that the savings obtained as a result of the rationality of spending established in the Republican Austerity Law (LAR for its acronym in Spanish), can be directed, by presidential decree, to any site of the federal administration While the pre-

SURPLUS IN FEDERAL GOVERNMENT SPENDING BY YEAR (2013-2019)	
YEAR	THE NET DIFFERENCE BETWEEN APPROVED AMOUNT AND YEAR
2013	193,523,679,194
2014	91,361,250,678
2015	254,037,673,464
2016	567,006,494,420
2017	390,565,939,774
2018	328,423,406,807
2019	80,620,943,982

Source: In-house product with information from public accounts from 2013 to 2019

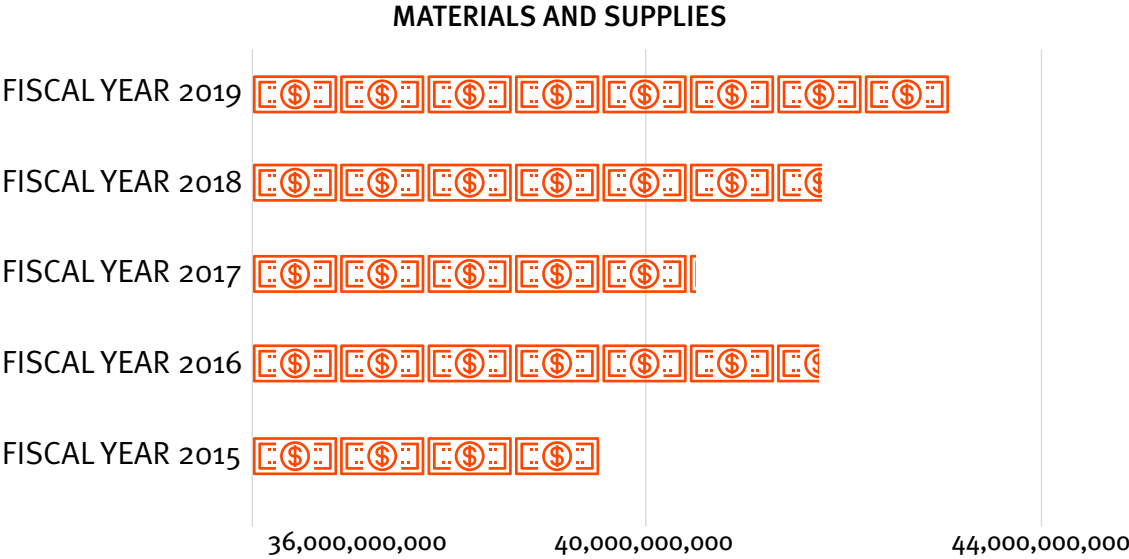
vious legislation obliged the Executive to justify to the Ministry of Finance why the budgetary reorientations would help to fulfill the National Development Plan. In this sense, the president may dictate, entirely at will, the execution of the expense. It is worth showing that, in the last audited fiscal year, ten federal

agencies and non-sector entities had, jointly, sub-assignments for 48 thousand 339 million 721 thousand 254 pesos, among them the Secretariat of Health that spent 1 thousand 469 million 860 thousand 428 pesos less than the amount initially approved.

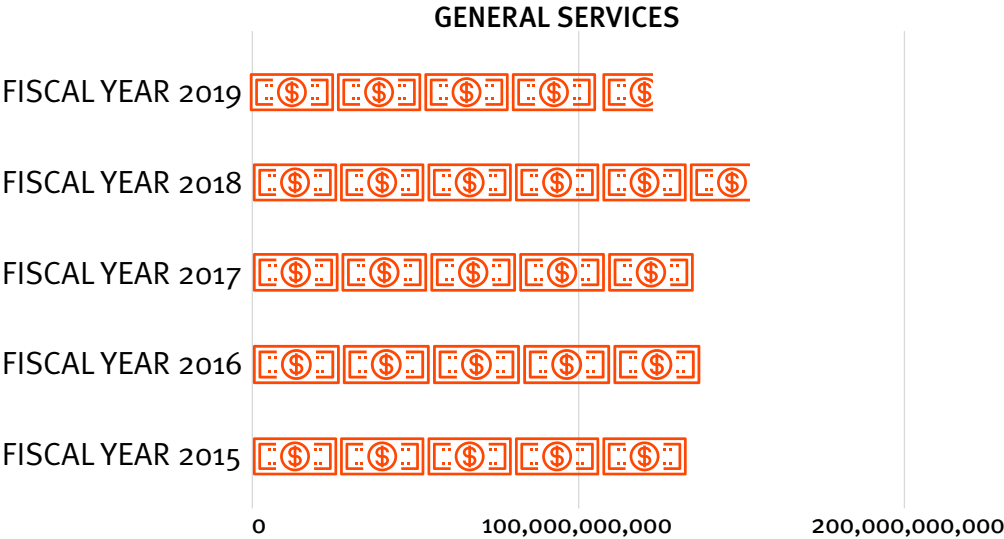
SUB-ASSIGNMENTS BY THE ADMINISTRATIVE BRANCH IN 2019				
ADMINISTRATIVE BRANCH	APPROVED	BUDGETARY SUITABILITIES		
		LIQUID EXTENSIONS	LIQUID REDUCTIONS	Net Modification
OFFICE OF THE PRESIDENT OF THE REPUBLIC	1,569,844,550	41,727,020	890,285,180	-848,558,160
GOVERNANCE	60,783,083,252	7,102,852,584	23,275,244,151	-16,172,391,567
AGRICULTURE AND RURAL DEVELOPMENT	65,434,880,164	3,757,951,317	7,046,080,126	-3,288,128,809
HEALTH	124,266,865,116	12,371,471,413	13,841,331,842	-1,469,860,428
LABOUR AND SOCIAL SECURITY	43,269,051,026	96,710,949	16,202,327,306	-16,105,616,357
SECRETARY OF AGRICULTURE, TERRITORIAL AND URBAN DEVELOPMENT	18,754,939,290	1,152,256,306	1,824,866,956	-672,610,650
THE ATTORNEY GENERAL'S OFFICE OF THE REPUBLIC (NOW FISCAL OFFICE OF THE REPUBLIC)	15,351,082,687	506,480,640	824,524,221	-318,043,580
WELLNESS	150,606,037,651	14,860,725,890	17,733,347,790	-2,872,621,900
TOURISM	8,785,888,223	46,847,085	5,892,023,437	-5,845,176,352
NON-SECTORIZED ENTITIES	9,083,025,072	205,171,549	951,885,000	-746,713,451

Source: In-house product with information from the 2019 public account

At the same time, the decree of April 23, 2020, which also became an initiative that proposes to modify article 21 of the LFPRH, mandates that due to the health contingency, “75% of the available budget for the service items will not be assigned for materials and supplies”.⁵ On average, between 2015 and 2019, the assignment of the first of these items was 136 thousand 224 million 657 thousand 212 pesos and that of the second was equivalent to 41 thousand 296 million 94 thousand 602 pesos.



Source: In-house product with information from public accounts from 2013 to 2019



Source: In-house product with information from public accounts from 2013 to 2019

⁵ DOF Decree establishing the austerity measures to be observed by the dependencies and entities of the Federal Public Administration under the criteria indicated therein (APRIL 23rd, 2020). Available at: <https://tinyurl.com/y7zr22kh>

Although section VII of the decree mentions that the Secretariat of Health, the National Guard, and the Secretariats of the Navy and National Defense will be treated exceptionally, it is not clear how the resources obtained from the aforementioned sub-assignment will be distributed. In other words, in the event that the assignment by both branches keeps its trend, the President could, by these two channels alone, have 133,140 million 563,860 pesos that he could spend without consulting anyone.

There is no doubt that in extraordinary situations such as those that the country and the world are going through due to the pandemic, measures are necessary that allow governments to act quickly and effectively. This does not mean that it is tenable to govern through decrees to face the contingency, much less so for the opacity of the budget to be institutionalized, which, if the presidential initiative had been approved, would have become a permanent provision that would definitively break the order of checks and balances in the assignment of public spending at the federal level, enabling the President, now without any restrictions, to drastically modify the composition of the PEF without the need to agree to these variations with the Legislative Branch and without this being illegal.

The democratic path to modify government spending requires that the Executive Branch consult the Legislative Branch and be obliged to argue the reasons behind the possible adjustments.

The vast majority of democratic systems compel the heads of the executive to put under scrutiny not only the country's budget but also the changes that are made in the course of the assignment of public resources. Although due to the correlation of forces that benefits President López Obrador, there does not seem to be the political will to do so, Mexico has the opportunity to establish good budgetary practices that, in addition to improving efficiency in the use of resources, make the budgetary assignments transparent.

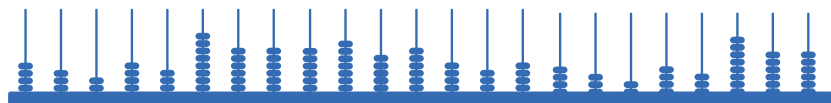




FISCAL FEDERALISM

The fight for budgetary power

Fiscal Federalism



SYNTHESIS

Tensions between federal and local governments are not new in Mexico, but the beginning of the current administration in the country has intensified the relations of a group of governors with the President. These confrontations are anchored, fundamentally, in the disproportionality of the fiscal system and the political control that the federal executive power achieves thanks to the budget. Unlike other six-year terms, the current one has been marked by statements from local executives who threatened to break the federal fiscal pact, which would have consequences for public finances that are difficult to calculate.

The COVID-19 crisis, in addition to being unexpected, will be remembered as the greatest of recent global challenges in health, economics, and public finance. Particularly in Mexico, this pandemic has exposed a series of fiscal anomalies and weaknesses. If in itself, the pandemic represents threats to the health and economy of millions of individuals, as well as to the stability of public finances in industrialized countries, in Mexico the challenges to fight a problem of this magnitude seem significantly more complex, due largely to the pending tasks of the Mexican political system.

Although Mexican federalism has already been diagnosed as a dysfunctional federal system that disproportionately distributes powers by the level of government, leaving the federation with large instruments of control and encouraging the states' fiscal and competence laziness, the coronavirus contingency made the fragility of public finances visible and exacerbated the already existing tensions between the executive heads of each level of government. Among the OECD countries, Mexico collects the least in proportion to GDP. In 2018¹, the country collected an equivalent of 16.1% of its GDP, a portion well below the OECD average, which is equivalent to 34.3%.

The coronavirus contingency **made the fragility of public finances visible** and exacerbated the already existing tensions between the executive heads of each level of government.

¹ The latest revenue database available that the OECD has corresponds to 2018. OECD. Revenue Statistics - OECD countries. Available at: <https://tinyurl.com/yd7dn4pb>

Image: <http://www.elhospital.com/temas/Mexico,-el-mas-experimentado-en-la-region-para-atender-una-pandemia+133714>



REVENUE IN OECD COUNTRIES

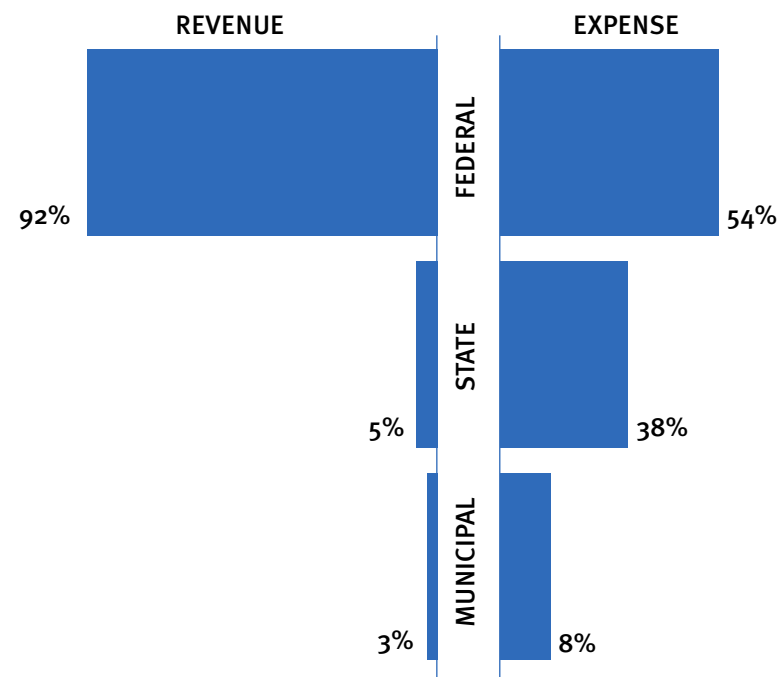
% Revenue percentage relative to GDP		% Revenue percentage relative to GDP		% Revenue percentage relative to GDP	
OECD AVERAGE	34.3	FRANCE	46.1	UNITED KINGDOM	33.5
JAPÓN	N/A	DENMARK	44.9	ESTONIA	33.2
AUSTRALIA	N/A	BELGIUM	44.8	SLOVAKIA	33.1
		SWEDEN	43.9	CANADA	33
		FINLAND	42.7	NEW ZEALAND	32.7
		AUSTRIA	42.2	ISRAEL	31.1
		ITALY	42.1	LATVIA	30.7
		LUXEMBOURG	40.1	LITHUANIA	30.3
		NORWAY	39	SOUTH KOREA	28.4
		NETHERLANDS	38.8	SWITZERLAND	27.9
		GREECE	38.7	TURKEY	24.4
		GERMANY	38.2	UNITED STATES	24.3
		ICELAND	36.7	IRELAND	22.3
		HUNGARY	36.6	CHILE	21.1
		SLOVENIA	36.4	MÉXICO	16.1
		PORTUGAL	35.4		
		CZECH REPUBLIC	35.3		
		POLAND	35		
		SPAIN	34.4		

Source: In-house product with data from the OECD.

It was already known that the weakness of public finances would worsen due to the demographic modification that the country would undergo in the coming decades when the percentage of the elderly grew and implied public spending on pensions and healthcare significantly higher than currently, but the SARS-COV 2 virus put governments in immediate trouble, forcing them to expand public spending to face the health hazard. In this context, a group of governors, dissatisfied with the actions of the federal government, proposed to review the federal fiscal pact, to achieve its budgetary autonomy and, based on it, executing budgetary and temporally sustainable public policies that do not depend on the political ups and downs that sometimes reconcile and sometimes confront federal and local governments. Despite the potential long-term benefits that fiscal deconcentration would have, in the short term, the damages associated with breaking the current fiscal system are many.

Federalism implies decentralizing power and, among the different powers that are deconcentrated, that related to tax policy is one of the most important, if not the most important, since the ability to articulate public policies depends directly on the budget of each entity and the federation. Paradoxically, the

REVENUE VS EXPENSE BY GOVERNMENT LEVEL (1998-2019)



Source: In-house product with data from INEGI and SHCP (National Institute of Statistics and Geography and Secretariat of Finance and Public Credit for their acronyms in Spanish, respectively).

fiscal coordination system centralized fiscal policy in Mexico, leaving the federation with the task of collecting most of the total revenue². On average, between 1998 and 2019, the federation collected 92% of all tax revenue, while states and municipalities together only 8%. In contrast, spending is increasingly federalized. 54% of it is exercised by the central government, 38% by the federal entities, and 8% by the municipalities. Additionally, the real growth in total income has increased federalized spending significantly each year.

A second dimension of the subject is the way in which the total federalized income is distributed among local governments. The fiscal coordination system has both a proportional and a compensatory character, although, in reality, the proportionality in the Mexican system is less and less. The first seeks to return to the entities, in aliquot amounts, the income that was transferred to the federation in the first instance. The second, on the contrary, seeks to allocate more resources to the regions that show the most import-

² The federation is responsible for collecting taxes related to highly mobile taxable factors, while local haciendas are responsible for those with little mobility. In this sense, the main taxes that the federal treasury collects are: ISR, IVA, IEPS, ISAN (Income tax, Value Added Tax, Special Tax on Production and Services, New Vehicle Tax by their abbreviations in Spanish, respectively) and Foreign Trade Tax.

FEDERALIZED SPENDING EVOLUTION IN BILLIONS OF PESOS (2000-2020)

2000		776.7
2001		841.3
2002		875.4
2003		904.4
2004		902.9
2005		973.1
2006		1017.8
2007		1044
2008		1171.6
2009		1061.7
2010		1130.4
2011		1226.1
2012		1344.5
2013		1363.6
2014		1310.2
2015		1355.3
2016		1427.1
2017		1637.3
2018		1749.2
2019		1913.9
2020		1972

Source: In-house product with data from INEGI and SHCP (National Institute of Statistics and Geography and Secretariat of Finance and Public Credit for their acronyms in Spanish, respectively).

ant underdevelopment in their socioeconomic indicators. Specifically, federal participation, in theory, seeks to allocate resources based on the contributions that the states make to the central government, although in reality the formula for the distribution of participations³ also has a compensatory component⁴. On the other hand, federal contributions do not have a formula that clearly establishes the way to distribute resources, but their allocation depends on sectoral priorities. Contributions are purely compensatory transfers.

Ultimately, the states do not receive the same level of resources that they initially contributed to the federation. In other words, there is a clear redistributive effect in budgetary terms. This phenomenon has strongly unbalanced the proportionality between contribution and tax reception. In the period from 2008 to 2017, the ten states⁵ that provided the most tax taxes to the federation contributed 86.47% of the total of these.

3 CEFPE (Center for Public Finance Studies abbreviated in Spanish). Criteria used for budgetary allocation to states and municipalities in the Fiscal Coordination Law. Available at: <https://tinyurl.com/y8o8zsoz>

4 Art. 2 of the Fiscal Coordination Law. Available at: <https://tinyurl.com/yc9rc-mth>

5 The states that contributed the most taxes were Mexico City, Nuevo León, Tamaulipas, Estado de México, Veracruz, Jalisco, Colima, Baja California, Michoacán and Chihuahua.

On the contrary, those same ten states received, as a whole, 53.85% of the total participation and 42.49% of the contributions.

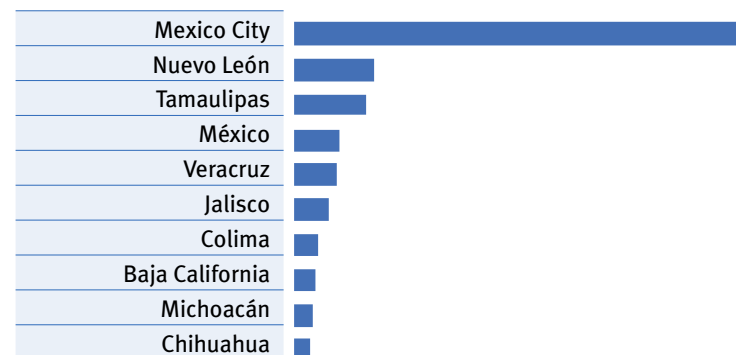
On the other hand, the ten states that contributed the least⁶ to the federation, as a whole, transferred 2.75% of total taxes but received 17.39% of total participation and 26.91% of contributions. Only the income taxes collected in the aforementioned period represented 54.40% of all the country's tax revenue and the ten states⁷ that contributed the most by this concept transferred the equivalent of 86.59% of the total, while the ten entities that contributed the least did so in a proportion of 2.86%.

6 The states that contributed the least taxes were Campeche, Zacatecas, Oaxaca, Chiapas, Hidalgo, Baja California Sur, Guerrero, Durango, Nayarit and Tlaxcala.

7 The entities that contributed the most taxes were Mexico City, Nuevo León, Estado de México, Jalisco, Coahuila, Guanajuato, Baja California, Chihuahua, Querétaro and Veracruz.

REDISTRIBUTION OF TAXES THROUGH FEDERAL PARTICIPATION AND CONTRIBUTIONS

FEDERAL ENTITY	TAXES	PARTICIPATIONS	CONTRIBUTIONS
Mexico City	49.27%	11.88%	3.34%
Nuevo León	8.54%	4.75%	3.73%
Tamaulipas	7.61%	2.86%	2.98%
Mexico	4.70%	12.55%	10.33%
Veracruz	4.60%	5.81%	6.64%
Jalisco	3.50%	6.38%	5.10%
Colima	2.45%	0.69%	0.91%
Baja California	2.12%	2.85%	2.22%
Michoacán	1.94%	3.13%	4.19%
Chihuahua	1.74%	2.94%	3.04%
Coahuila	1.40%	2.39%	2.44%
Guanajuato	1.31%	4.03%	4.16%
Sonora	1.19%	2.95%	2.61%
Puebla	1.09%	4.22%	5.17%
Querétaro	1.08%	1.68%	1.68%
Sinaloa	1.07%	2.48%	2.92%
Quintana Roo	0.77%	1.31%	1.42%
Aguascalientes	0.68%	1.13%	1.30%
Tabasco	0.60%	3.54%	2.62%
San Luis Potosí	0.55%	1.97%	2.64%
Yucatán	0.47%	1.65%	1.98%
Morelos	0.41%	1.41%	1.67%
Campeche	0.40%	1.21%	1.21%
Zacatecas	0.39%	1.33%	2.06%
Oaxaca	0.38%	2.58%	5.10%
Chiapas	0.37%	4.04%	5.64%
Hidalgo	0.36%	1.95%	2.89%
Baja California Sur	0.27%	0.68%	0.88%
Guerrero	0.24%	2.24%	4.35%
Durango	0.22%	1.30%	2.08%
Nayarit	0.17%	1.02%	1.42%
Tlaxcala	0.12%	1.04%	1.28%

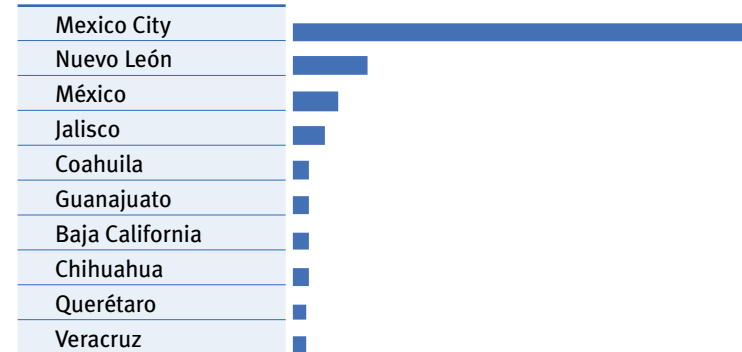


Source: In-house product with data from INEGI (National Institute of Statistics and Geography by their acronym in Spanish).

In the period from 2008 to 2017, the ten states that provided the most tax taxes to the federation contributed 86.47% of the total of these. On the contrary, those same ten states received, as a whole, 53.85% of the total participation and 42.49% of the contributions.

INCOME TAX CONTRIBUTION BY FEDERAL ENTITY

FEDERAL ENTITY	INCOME TAX
National	100.00%
Mexico City	57.63%
Nuevo León	9.15%
México	5.40%
Jalisco	3.94%
Coahuila	1.99%
Guanajuato	1.92%
Baja California	1.76%
Chihuahua	1.72%
Querétaro	1.55%
Veracruz	1.54%
Puebla	1.44%
Tamaulipas	1.43%
Sinaloa	1.36%
Sonora	1.14%
San Luis Potosí	0.88%
Michoacán	0.81%
Quintana Roo	0.74%
Tabasco	0.62%
Aguascalientes	0.60%
Yucatán	0.58%
Morelos	0.49%
Chiapas	0.46%
Hidalgo	0.43%
Zacatecas	0.36%
Campeche	0.35%
Durango	0.34%
Baja California Sur	0.30%
Oaxaca	0.30%
Guerrero	0.22%
Colima	0.20%
Nayarit	0.19%
Tlaxcala	0.17%



Source: In-house product with data from INEGI (National Institute of Statistics and Geography by their acronym in Spanish).

The ten states that contributed the most by this concept **transferred the equivalent of 86.59%.**

It should be noted that of the ten entities that have contributed the most in the aforementioned period, nine are geographically located in the center and north of the country. Likewise, the governors of four of these ten states have demanded a rethinking of the federal fiscal pact (Nuevo León, Tamaulipas, Jalisco, and Chihuahua). Conversely, six of the ten states that contributed the least with tax revenue are in the center and south of the country. This phenomenon is not accidental but responds to a series of structural inequalities between the different regions of Mexico.

Among the main regional differences related to the socio-economic reality of people, the divergence relative to the quality of life in each place, effective access to opportunities and social mobility stand out. While in the north of the country, on average, 24.4% of the population lives below the poverty line, in the south the average poverty is 59.9% (Coneval, 2019). In states such as Nuevo León, the educational gap⁸ is 10.1%, while in Chiapas it reaches 29.2%⁹ (Coneval 2019). Concerning access to opportunities, there is

⁸ The educational gap refers to the segment of the population over 15 years of age that has not completed middle school.

⁹ CONEVAL (National Council for the Evaluation of Social Development Policy abbreviated in Spanish). Measurement of poverty. Available at: <https://tinyurl.com/y45m3rk8>

Image: alfaronticias.com.mx

also no doubt of the average, since the south presents a lack of 68% of access to social security while the central north 53.2%, the northwest 50.7%, and the north 39.4%. In other words, the further north an individual is, the more social protections they enjoy. In relation to deficiencies due to access to basic services in housing, the south reports 45.2%, while the north barely reaches 6.6%. Likewise, in the south, 38% of the population lacks access to food, a percentage far from that found in the north of the country, equivalent to 16.8%.

The south presents a lack of 68% of access to social security while the central north 53.2%, the northwest 50.7%, and the north 39.4%



**DEFICIENCIES IN ACCESS TO SOCIAL SECURITY, BASIC SERVICES IN HOUSING AND FOOD IN MEXICO
BY GEOGRAPHIC REGION**

NORTH REGION				
B.C	45.2	8.9	14.1	
SONORA	41.0	10.7	21.5	
CHIHUAHUA	42.1	5.0	17.7	
COAHUILA	30.4	3.9	18.3	
NUEVO LEÓN	34.6	2.4	12.2	
TAMAULIPAS	43.4	8.9	16.7	
AVERAGE	39.4	6.6	16.8	

CENTRAL REGION				
GUANAJUATO	57.1	11.9	20.7	
QUERÉTARO	52.1	12.7	13.9	
HIDALGO	70.8	25.6	22.7	
EDO. MÉX.	59.2	10.3	19.8	
MORELOS	66.5	19.9	24.6	
TLAXCALA	67.8	10.1	20.2	
CDMX	48.3	2.9	13.9	
PUEBLA	72.1	26.6	20.8	
AVERAGE	61.8	15.0	19.6	

SOUTHERN REGION				
GUERRERO	78.1	58.6	35.6	
OAXACA	77.9	58.3	27.9	
CHIAPAS	83.6	57.1	22.3	
VERACRUZ	67.5	42.1	27.0	
TABASCO	69.1	46.0	46.8	
CAMPECHE	61.5	39.0	27.4	
YUCATÁN	54.2	38.4	19.4	
Q. ROO	51.7	21.8	17.9	
AVERAGE	68.0	45.2	28.0	

NORTH WESTERN REGION				
B.C.S.	41.1	13.2	17.8	
SINALOA	45.5	14.9	24.5	
NAYARIT	56.1	17.2	18.9	
DURANGO	48.1	5.7	18.8	
ZACATECAS	62.6	10.4	16.6	
AVERAGE	50.7	12.3	19.3	

CENTRAL NORTHERN REGION				
JALISCO	49.8	8.1	15.1	
AGS.	42.3	2.5	13.0	
COLIMA	48.9	10.5	21.6	
MICHOACÁN	69.5	17.7	21.1	
S.L.P.	55.5	26.4	17.0	
AVERAGE	53.2	13.0	17.5	

Lack of access to social security

Lack of access to basic services in housing

Lack of access to food

Source: In-house product with data from CONEVAL (National Council for the Evaluation of Social Development Policy abbreviated in Spanish).

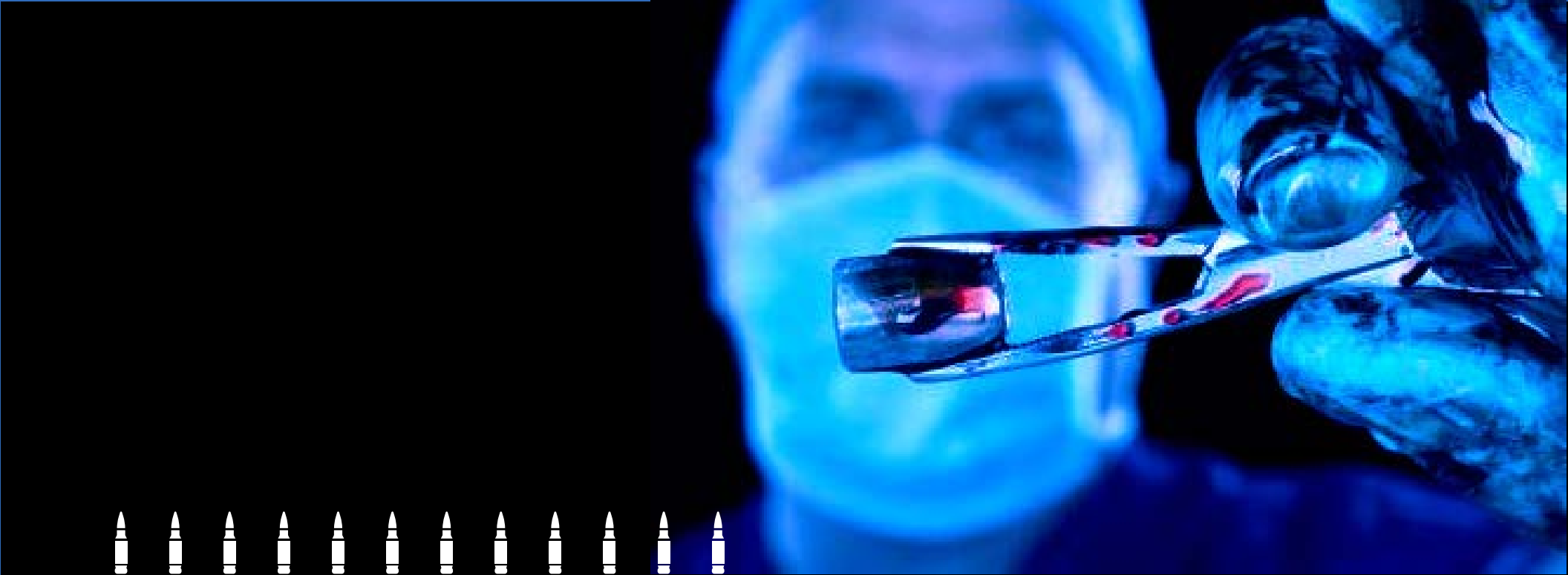
When speaking of social mobility, in other words, the possibility that individuals have to ascend or descend in the Mexican social structure, very significant asymmetries are perceived by the region once again. Although, in general, social mobility in Mexico is difficult to achieve. For example, 49% of people born at the base of Mexico's socioeconomic pyramid stay there all their lives; It should not be overlooked that the possibilities of changing the socioeconomic status of an individual vary according to the territory. In the South, approximately 7 out of 10 people born in the poorest group remain in that place until they die, while in the North only 3 out of 10 do ¹⁰. As observed, the south maintains little margin for upward social mobility, and the north, on the contrary, is more like industrialized countries that allow a large part of their most disadvantaged population to improve their status over time. This heterogeneity largely justifies the compensatory nature of the distribution of public resources among the federal entities.

A breakdown of the fiscal order in normal times would introduce enormous uncertainty about the possibilities that the underdeveloped entities would have to guarantee basic services to their population, but do-

ing so in times of crisis means collapsing the country, leaving it in a state of frankly insurmountable budgetary fragility. Probably, the pandemic creates an opportunity to open a public and political debate that gives rise to a tax convention in which the new rules of the fiscal pact are not negotiated in zero-sum terms, but rather seek to establish equitable conditions for entities and municipalities of the country by granting them resources, but also powers that facilitate political oversight and improve the conditions of the country's public finances.



¹⁰ CEEY (Espinosa Yglesias Center of Studies abbreviated in Spanish). Social Mobility Report in Mexico 2019. Available at: <https://tinyurl.com/yb5f6x3o>



MILITARIZATION AND PUBLIC SAFETY

Another failed surgery

MILITARIZATION AND PUBLIC SAFETY

SYNTHESIS

Since 2007, Public insecurity in Mexico has steadily grown. The security strategy introduced in Felipe Calderón's government was maintained and reproduced during the administration of Enrique Peña Nieto and, although the current administration promised to end it and at the same time end with the serious situation of insecurity in the country until now the National Strategy for Public Safety of the Government of Mexico has not improved this situation. Although most of the recommendations from experts and international organizations are aimed at gradually demilitarizing public safety, government decisions seem to do the opposite. An example of this is the agreement issued by the President of the Republic on the National Guard in which the Armed Forces are available permanently to carry out public security

tasks for the remainder of the sexennium. This decision is made amid an increase in crime incidences where the homicide numbers are particularly disturbing.

Public insecurity in Mexico has been the uppermost concern for citizens during the past thirteen years. Despite the security strategy implemented by the current government, violence remains at disturbing levels. In response to the critical situation of insecurity that the federal government inherited from the last sexennium, on May 16, 2019, the Senate of the Republic approved the National Security Strategy of the Government of Mexico, which contemplated three fundamental actions to face the problem of insecurity.¹

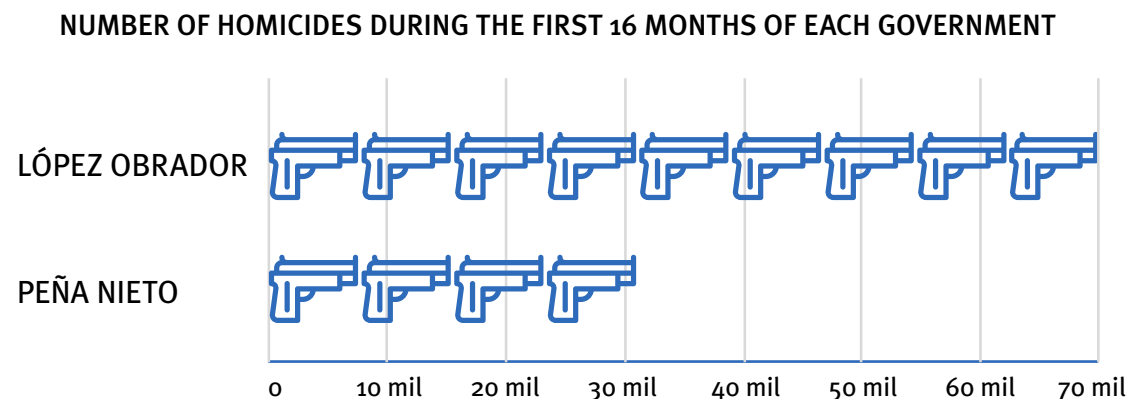
¹ Official Journal of Federation (DOF). Act approved by the National Security Strategy of the Government of Mexico. Available at: <https://tinyurl.com/y7ru943g>

The first consists of strengthening the local and municipal police, the second to create a civilian National Guard capable of responding promptly to the country's demands and, lastly, using the armed forces in a subsidiary and momentary manner while the National Guard is being established. In regards to this, the strategy contemplates, on the one hand, strengthening corporations at sub-national levels and, on the other, institutionalizing a national corporation.

Despite this, the situation has not improved. Through December 2018, the month in which López Obrador assumed the presidency, and March 2020, 69,554 homicides have been registered, more than double of those registered during the first 16 months of Enrique Peña Nieto's term when 30,085 homicides were reported.² At this rate, the administration of the Fourth Transformation (4T) could become the sexennium with the most murders in the country's history since records have become available. This reality deserves a more consistent evaluation from the National Security Strategy's three actions.

² Since the Executive Secretariat of the National Defense and Security System (SESNSP) began to provide data after 2015, the figure for homicides recorded between December 2012 and March 2014 was obtained from the National Institute of Statistics and Geography (INEGI).

Despite this, the situation has not improved. Through December 2018, the month in which López Obrador assumed the presidency, and March 2020, **69,554 homicides have been registered, more than double of those registered during the first 16 months of Enrique Peña Nieto's term when 30,085 homicides were reported.**



Source: In-house product with information from SESNSP and INEGI

Firstly, although the seventh transitory act by which the National Guard was created compels entities to present a diagnosis of the state kept by the corresponding police corporations, it is not clear that these have been presented. Although the head of the Secretariat of Security and Civilian Protection, throughout agreement 05/XLV/19, assured that the 32 entities have presented said diagnosis, as well as the programs of the federal entities for the strengthening of the state of force and the institutional capacities of their respective state and municipal³ police bodies, none of these documents are of public record, and in fact, the Mexican Observatory of Human Rights, AC (OMDHAC by its acronym in Spanish) reported that thanks to requests for information made through the national transparency platform, it could only be guaranteed that 13 states have submitted the documents, while 12 did not respond and 7 kept the information to themselves. Concerning this, it is uncertain to know if the local police have the adequate conditions that allow them to improve their performance and if they will be able to achieve the established standards that, by the way, are not of public record either. Concerning the creation of the

National Guard, various questions have been raised about its civilian character. Although the National Guard Law claims that it will be a civilian who leads the corporation, yet the orders seem to come from other places. This is no surprise since it is known that the recruitment and creation of bases for the National Guard are carried out by the Armed Forces. Besides, since the publication of the act of June 28, 2019, that gives rise to the National Guard, it was contemplated that from the beginning the institution would be made up of members of the Federal Police, the Military Police, and the Navy Police.

³ Government of Mexico. The 32 entities of the country comply with their diagnoses and programs to strengthen their police force. (September 27, 2019) Available at: <https://tinyurl.com/ybdzoa4g>

CLASSIFICATION OF STATES THAT COMPLIED WITH THE 7TH TRANSITORY ACT OF THE NATIONAL GUARD



Source: In-house product with information from OMDHAC

Once again, the Human Rights Mexican Observatory AC (OMDHAC for its acronym in Spanish), through requests made for information, reported that 51,249 registered guards come from the Mexican Secretariat of National Defense (SEDENA for its acronym in Spanish) and 10,306 from the Mexican Secretariat of the Navy (SEMAR for its acronym in Spanish). Besides, 54,314 military personnel continue to perform public security tasks, as well as 1,600 sailors.⁴

It is worth mentioning that the constitutional reform in the matter of the National Guard gave rise to various laws that were controversial through four lawsuits for unconstitutional action, promoted by the National Human Rights Commission,⁵ which were presented and accepted by the Nations Supreme Court of

⁴ OMDH. What about the demilitarization? (¿Y la desmilitarización?) (April 2020). Available from: <https://tinyurl.com/y9savh5s>

⁵ CNDH. Lawsuit of unconstitutional action 62/2019, Provided by National Human Rights Commission (June 26th, 2019). Available at: <https://tinyurl.com/y96efyor>;

CNDH. Lawsuit of unconstitutional action 63/2019, Provided by National Human Rights Commission (June 26th, 2019). Available at: <https://tinyurl.com/ybyv3z3t>;

CNDH. Lawsuit of unconstitutional action 64/2019, Provided by National Human Rights Commission (June 26th, 2019). Available at: <https://tinyurl.com/ya88tmc7>;

CNDH. Lawsuit of unconstitutional action 66/2019, Provided by National Human Rights Commission (June 26th, 2019). Available at: <https://tinyurl.com/ybez3txl>

The National Guard gave rise to various laws that were controversial through four lawsuits for unconstitutional action, promoted by the National Human Rights Commission, which were presented and accepted by the SCJN on 26 June 2019.

Justice (SCJN for its acronym in Spanish) on 26 June 2019. The guarantor agency for Human Rights in the country argued that the General Law of the National System of Public Security, the National Guard Law, the National Law on the Use of Force and the National Law of the Registry of Detentions, together, infringe upon at least 25 fundamental rights, and violate various constitutional and conventional provisions framed in the American Convention on Human Rights, the International Agreement on Civil and Political Rights, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the Inter-American Convention to Prevent and Punish Torture, the Inter-American Convention on Forced Disappearance of Persons, and the International Convention for the Protection of all Persons against Enforced Disappearances.



The controversial laws empower the National Guard, among other things, to carry out crime prevention investigations, carry out verification tasks to prevent administrative infringement, request the geo-referencing of mobile equipment, request the intervention of communications, collect information in public places, request and demand information from authorities and individuals, analyze and process information,⁶ use weapons against those who participate in rallies or public meetings that are classified, without clear grounds by the authority, as non-peaceful or lacking in lawful purpose. Also, entities responsible for ensuring public security are allowed to use all levels of law enforcement, including the use of firearms and the use of lethal force in cases where, the judgment of the executors of the force, the rallies are violent.⁷ Likewise, the Armed Force is authorized to carry out and record arrests.⁸

Almost a year after the filing of these unconstitutional actions, the Court has not ruled on 3 actions and only decided to dismiss, on March 2, 2020, action

6 CNDH. Lawsuit of unconstitutional action 62/2019, Provided by National Human Rights Commission (June 26th, 2019). Available at: <https://tinyurl.com/y96efyor>

7 CNDH. Lawsuit of unconstitutional action 64/2019, Provided by National Human Rights Commission (June 26th, 2019). Available at: <https://tinyurl.com/ya88tmc7>

8 CNDH. Lawsuit of unconstitutional action 63/2019, Provided by National Human Rights Commission (June 26th, 2019). Available at: <https://tinyurl.com/ybyv3z3t>

Almost a year after the filing of these unconstitutional actions, the Court has not ruled.

66/2019, relating to Article 110 of the General Law of the National Public Security System, reformed on May 27, 2019, which in the opinion of the CNDH violates both the right of access to public records and the principle of maximum official publicity, by specifically prohibiting the public from accessing the database from the National Information System and the National Registries regarding arrests, criminal information, public security personnel, personnel and equipment of the private security services, weapons and equipment, vehicles, fingerprints, cell phones, precautionary measures, alternate solutions and documents of early termination and those sentenced, among other things. The CNDH considered that this decision violates Articles 1 and 6 of the Constitution of Mexico, Articles 1, 2 and 13 of the American Convention on Human Rights, and Articles 2 and 19 of the International Agreement on Civil and Political Rights. Thus, the National Supreme Court of Justice still has three lawsuits for unconstitutional action on the issue of the National Guard.

The apparent weakness in the execution of the first two actions of the strategy makes the third, the action of the armed forces, become the foundation of it. The fact that the government has chosen to lean more towards the militarization of public security has set off various warnings, since their participation is not entirely clear, according to many specialists, it could be unconstitutional and most importantly, it has not changed the negative trend of the security of the country. Until now, the incidences of crime have worsened and it is possible that, for this reason, on May 11, 2020, the head of the federal executive issued a presidential agreement⁹ that makes it possible to have the permanent Armed Forces (FFAA for its acronym in Spanish) carry out tasks of public security in an extraordinary, regulated, supervised, subordinate and complementary manner to the National Guard, although the same agreement does not clarify how each of these principles is guaranteed. All this, for five years that will end on March 27, 2024.

⁹ Official Journal of Federation (DOF). Agreement by which the permanent Armed Forces are available to carry out public security tasks in an extraordinary, regulated, supervised, subordinate and complementary manner (May 11, 2020). Available at: <https://tinyurl.com/yc334yx9>

In the Álvaro Espinoza et al. verdict against Mexico made by the Inter-American Court of Human Rights on November 28, 2018, the principles to which the actions of the permanent armed forces must be subjected are clearly defined.



Image: National Guard making police activities.

Foto de Juan Carlos Cruz. Cuartoscuro.com en Mananerodiario.com

By extraordinary it is understood that the actions of the armed forces will be fully justified and defined temporarily and geographically; by subordinate and complementary, it is understood that the participation of the armed forces will depend on orders from a civilian command, which in this case is the Secretariat of Security and Civilian Protection; regulated means that the use of force will be delimited by-laws and protocols that are subordinated to the principles of exceptionality, proportionality, and of absolute necessity, and, finally, the investigation refers to the supervision of the Armed Forces during their actions. Public security will be in charge of competent, independent, and technically capable personnel.

Because the presidential agreement does not mention how the army and the navy will abide by these principles, there is a consensus between specialists regarding its unconstitutionality. The Armed Forces' permanent participation is not extraordinary because it does not delimit the geographical space in which it will perform, but instead units will be deployed throughout the national territory without knowing the criteria for doing so. It is not regulated because the only authority empowered to regulate the actions of the Armed Forces is the Congress of the Union through regulatory laws, which have not

been issued. It is also not audited because the ones controlling will be the Armed Forces themselves and, finally, it is also not subordinated to the civilian force because the group that coordinates the security tasks created is made up of the Secretary of Defense, the Secretary of the Navy, the commander of the National Guard, who is a retired military man and the Secretary of Security. In other words, decisions will be made between three soldiers and one civilian.

Furthermore, although the armed forces have, by deed, carried out public security tasks since 2007 and the 2019 constitutional reform enabled the President to occupy the army and the navy in public security tasks, the presidential act institutionalized their participation in responsibilities originating from the police and the National Guard.¹⁰

¹⁰ Official Journal of Federation (DOF). Act by which various provisions of the Constitution of Mexico are reformed, added and abolished regarding the National Guard (March 26, 2019). Available at: <https://tinyurl.com/yc7q9qd3>

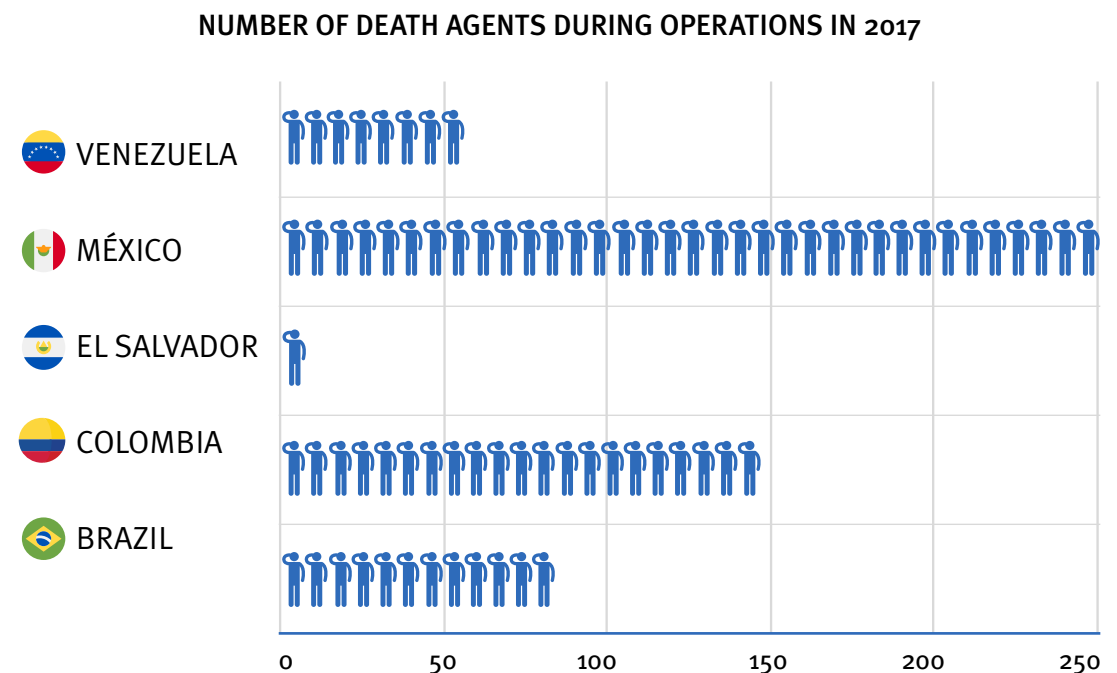
This, in a context characterized by the abuse of authority and the excessive use of force by the agents who participate in interventions related to public security. In 2017 alone, the report “Monitor of Use of Lethal Force in Latin America” recorded 371 civilians killed in security interventions, of which 91% were in specific interventions by SEDENA and SEMAR.

It should be noted that, among the countries studied in Latin America,

only Mexico presented a serious lack of public information regarding the deaths of civilians by public security agents,

so most of the information used in Organized Civil Society comes from journalistic sources. This phenomenon by itself constitutes an indicator that alerts us to the danger of not having reliable data regarding the actions of the Armed Forces in tasks related to public security. It is worth remembering that, despite the multiple requests for information made to know the data on civilians killed and wounded in interventions carried out by the army, SEDENA has refused to share this information.

In 2017 alone, of the 536 murdered officers registered in the five countries studied, 251 were Mexicans.



Source: In-house product with information from “Monitor the use of Lethal Force in Latin America”

Another consequence of the inappropriate use of the Armed Forces in public security tasks is the level of deaths of security agents during interventions. In comparative terms, Mexico has the highest number of agents killed during operations among the countries studied in Latin America. While in Brazil the rate of dead agents for every 100,000 agents is 0.1 and in Colombia 0.3, in Mexico it reaches 0.5. In 2017 alone, of the 536 murdered officers registered in the five countries studied, 251 were Mexicans.¹¹

The presidential agreement occurs in a context of generalized crisis and intensified by the pandemic. The López Obrador government indeed inherited a difficult security situation, but this reality has worsened throughout the first 17 months of the current government, so resorting to the army and navy at this time, could expose the failure that the National Security Strategy has represented so far. Proof of this is the indicator of violence that reveals the continuous increases in high-impact and patrimonial crimes.

When the first quarter of 2020 is compared with that of 2019, an increase in crimes by intentional homicide is observed in absolute terms. The records for this crime show that between January and April 2019 they reached 11,587 in figures, while in the same period of 2020 they extended to 11,849. The homicide rate per 100,000 inhabitants went from 28.3 to 28.6.

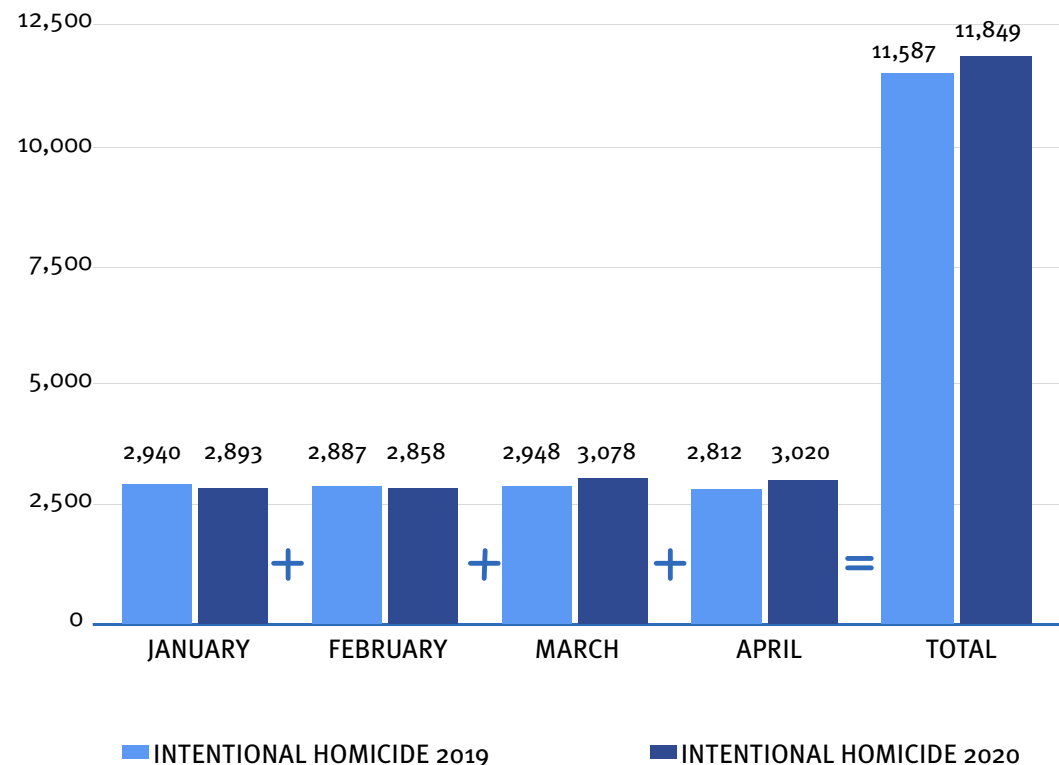
The homicide rate per 100,000 inhabitants went from 28.3 to 28.6.

¹¹ Pérez, C. et al. (2019). Monitor the use of Lethal Force in Latin America: a comparative study of Brazil, Colombia, El Salvador, Mexico and Venezuela. April 2020, from CIDE Website:<https://tinyurl.com/ybjdf25v>

Additionally, in certain areas of the country red flags of violence continue to be seen. The states that presented the most homicides in absolute terms in 2020 are Guanajuato, México, and Chihuahua, with 1542, 1020, and 913 in respective numbers. The states that least presented this crime were Yucatan with 16, Aguascalientes with 18, and Chiapas with 28. When evaluating the situation based on the homicide rate per 100,000 inhabitants, it is perceived that 7 states have reported more than 50 homicides for each portion of 100 thousand inhabitants. These are Colima with 100, Guanajuato with 74.5, Chihuahua with 73.3, Baja California with 72.4, Michoacán with 59.2, Morelos with 54.9, and Sonora with 54.2.

Seven states have reported more than 50 homicides for each portion of 100 thousand inhabitants.

HOMICIDES ON THE FIRST QUARTER OF 2019 & 2020



Source: In-house product with information from SESNSP

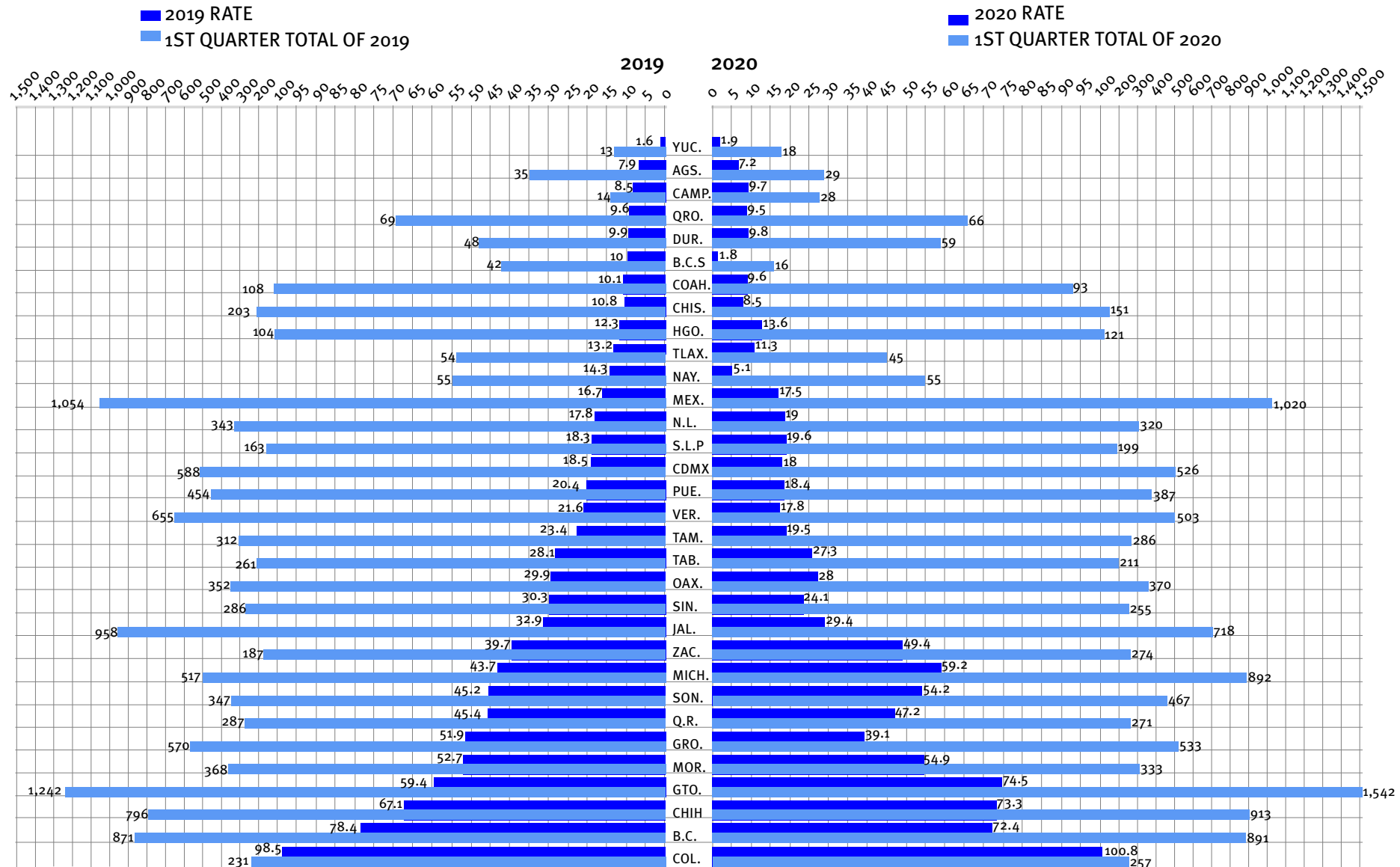
On the other hand, property crimes have partially decreased in the first quarter of 2020. Theft with violence went from 98,825 to 77,499. The theft of vehicles with violence went from 19,929 to 16,725, theft from residential households decreased from 27,332 to 22,417, and business theft decreased from 40,459 to 35,257. Yet, this was not the case with family violence, which increased from 62,225 to 68,468 according to records. Particularly between February and March 2020, more records were presented regarding homicide, rape, and family violence. Again, it is worth mentioning that there are some anomalies with the data on family violence since states such as Tlaxcala did not report a single case for this crime in March 2020, and only registered five in the entire quarter of the same year.

Overall, alerts arise that the National Security Strategy has not improved crime incidents in Mexico. Crimes against people's lives have increased, yet the progress made so far in the process of strengthening the local police is not clear, the National Guard seems to respond to military logic and the use of the Armed Forces has become permanent, at least so it seems until the end of the current administration. In case

the decision is made to continue on the same path, 2024 could end with truly alarming security numbers. This is probably due to the lack of institutional capacity that has been shown up to now, the security strategy has ended, and once and for all, the decision to institutionalize the militarization of public security that in the last governments has failed greatly.

Overall, alerts arise that the National Security Strategy has not improved crime incidents in Mexico.

NUMBER AND RATE OF MURDERS PER EVERY 100 THOUSAND INHABITANTS REGISTERED IN MEXICO AT A SUB-NATIONAL LEVEL



Source: In-house product with information from SESNSP

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THE CONTROL OVER THE PUBLIC EXPRESSION

A chronic illness

The control over the public expression



SYNTHESIS

The so-called war against organized crime started in 2007 multiplied the violence in the country and that wave took with it the life of several journalists that were suppressed on its wake. Others, though alive, have been victims of aimed aggressions to control the news agenda and the rights of the population to be freely informed. Contrary to what millions of people expected the current governmental administration has maintained the raising tendency of violence towards journalists, and the federal government has been accused of promoting this aggression on the new battlefield of social media. Likewise, even if the expenditure waned significantly between 2018 and 2019, money as

a tool for editorial control is still a feature in the governments of Mexico.

Every democratic system is supported in at least 4 building blocks: the division of powers, unrestrained respect towards human rights, political representation, and freedom of expression. The latter is fundamental to achieve the earlier ones since the plurality of ideas and opinions must be allowed by the representative democracy. Albeit Mexico has managed to transition to an electoral democracy with a system of partisan plurality, it's also true that the wave of violence it's going through, for years now, has made the journalistic performance one of the most dangerous

tasks to do in the country. The journalists serve as a liaison between the public power and the citizenry, hence ensuring the exercise of their labor is vital to keep reasonable democratic levels. Furthermore, the role of the press as a counterweight to public power is crucial.

Despite the importance of journalism to keep a democracy alive, in this country, behaviors that weaken the full exercise of the rights pertaining to information are still being reproduced. There is no doubt that sometimes mortal aggressions are the most frightening part of the situations, since, besides ending the lives of people they also establish fear in other journalists. Nonetheless, there are other ways to silence voices or control agendas, as an example governmental expenditure on official publicity or the digital intimidation that's so fashionable right now.

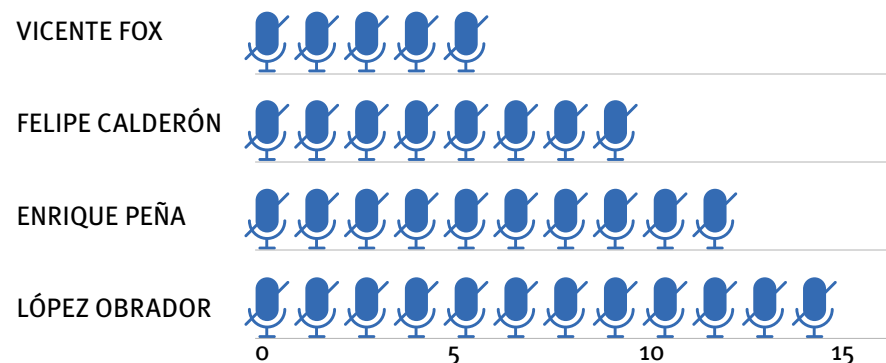
Mexico has become one of the countries in which the lives of journalists are in the biggest danger.¹ Between 2000 and May of 2020, 133 assassinations towards journalists for reasons related to their labor² have been recorded. Three of them were registered during the latter rule of Ernesto Zedillo, 22 in Vicente Fox's

¹ *El País*. Mexico and Syria, the most dangerous countries for journalists (December 19th 2017). Available at: <https://tinyurl.com/ybx876dj>

² Artículo 19. Assassinated journalists in Mexico pertaining their informative labor. Available at: <https://tinyurl.com/yd7s5c7o>

sexennium, 48 during Felipe Calderon's rule, 47 with Peña Nieto, and 13 in the current administration. As you can see, Calderon's rule was the deadliest so far and in 2017, under Peña Nieto, was the one with the most homicides against journalists, there were 12 in total. If we compare the first 18 months of each administration, Andrés Manuel López Obrador government is the one with the most homicides against journalists registered with 13, while in the same period of Peña Nieto's administration 12 were registered, in Calderon's nine and in Fox's five. If this trend remains, the 4T government could be the one in which the greatest number of journalists are executed by reasons pertaining to their labor.

HOMICIDES AGAINST JOURNALISTS DURING THE FIRST 13 MONTHS OF EACH FEDERAL ADMINISTRATION



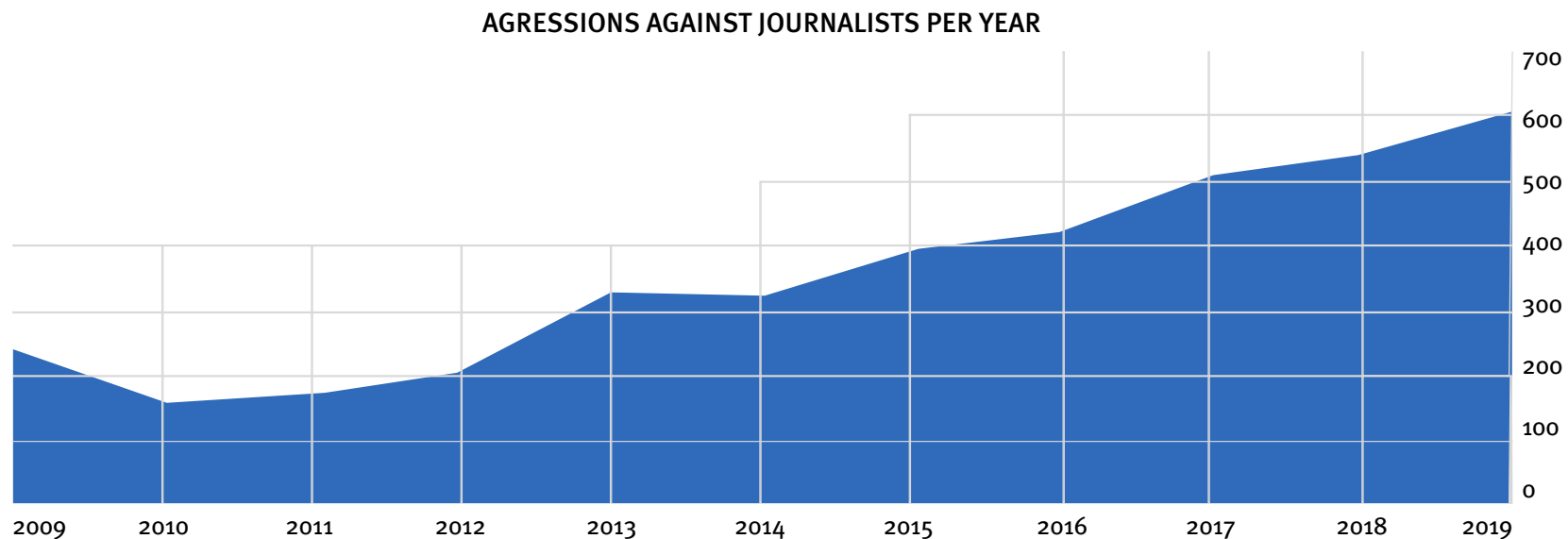
Source: In-house production with information from Article 19

Another relevant indicator that reveals the state holds the journalist's freedom of expression is the number of aggression towards them. Between 2012 and 2019, Article 19 registered 3 thousand 346 aggressions against journalists. Just in Peña Nieto's rule 2 thousand 375 were registered, and since December 2018, when Andrés Manuel López Obrador was sworn in, till December 2019, 637 have been registered. 2019 has been so far, the year with the greatest number of aggressions of this kind with 609, which depicts an 85% growth compared to 2013, the first year of Enrique Peña Nieto's government.³ Most of these are threats,

³ Artículo 19. Dissonance: fighting voices (March 2020). Available at: <https://tinyurl.com/ybll03e2>

which represent 64.7%, followed by physical aggressions at 23.2% and abductions worth 3.2%. Likewise, information about the aggressors demonstrates a state endorsement to them, since in 2019, 43.5% of aggressions came from public servants, and in the first month of 2020, 50% of aggressions against journalists benefited the same protection mechanism and had the same nature.⁴

⁴ Statistical report of the Protection Mechanism of people fighting for human rights and journalists of January 2020. Available at: <https://tinyurl.com/yckhu494>



Source: In-house production with information from Article 19

A relevant display of the fear that journalists feel when performing their careers is the number of requests of protections at the Ministry of Interior. Between 2018 and 2019, requests made by journalists and human rights fighters increased by 74.7%. Between 2012 and January 2020, out of 537 requests of protection of journalists have been presented, 469 have been admitted. Most of the requests came from journalists in Mexico City with a total of 37, followed by Guerrero with 76 and journalists in Veracruz with 69.

Likewise, the amount of complaints presented for crimes against journalists is alarming, not only for its number but the impunity that comes with it. Between July 2010 and September 2019, the Special Prosecution for the Crimes Against Freedom of Expression started 1,219 preliminary inquiries for crimes against journalists, and these birthed 125 arrest warrants.

TOTAL OF BENEFITED JOURNALISTS BY THE MPPDDHP (PROTECTION MECHANISM OF PEOPLE FIGHTING FOR HUMAN RIGHTS AND JOURNALISTS BY ITS ACRONYM IN SPANISH)

YEAR	WOMEN	MEN	TOTAL
2012	0	2	2
2013	10	15	25
2014	3	15	18
2015	10	19	29
2016	13	24	37
2017	22	68	90
2018	18	63	81
2019	30	71	101
2020	2	1	3
TOTAL	108	278	386

Source: In-house production with information on the Protection Mechanism of people fighting for human rights and journalists.

REQUESTS TO INCORPORATE TO THE PROTECTION MECHANISM BY JOURNALISTS									
YEAR	2012	2013	2014	2015	2016	2017	2018	2019	2020
NUMBER OF REQUESTS	4	54	73	80	57	102	74	90	3
	TOTAL								537

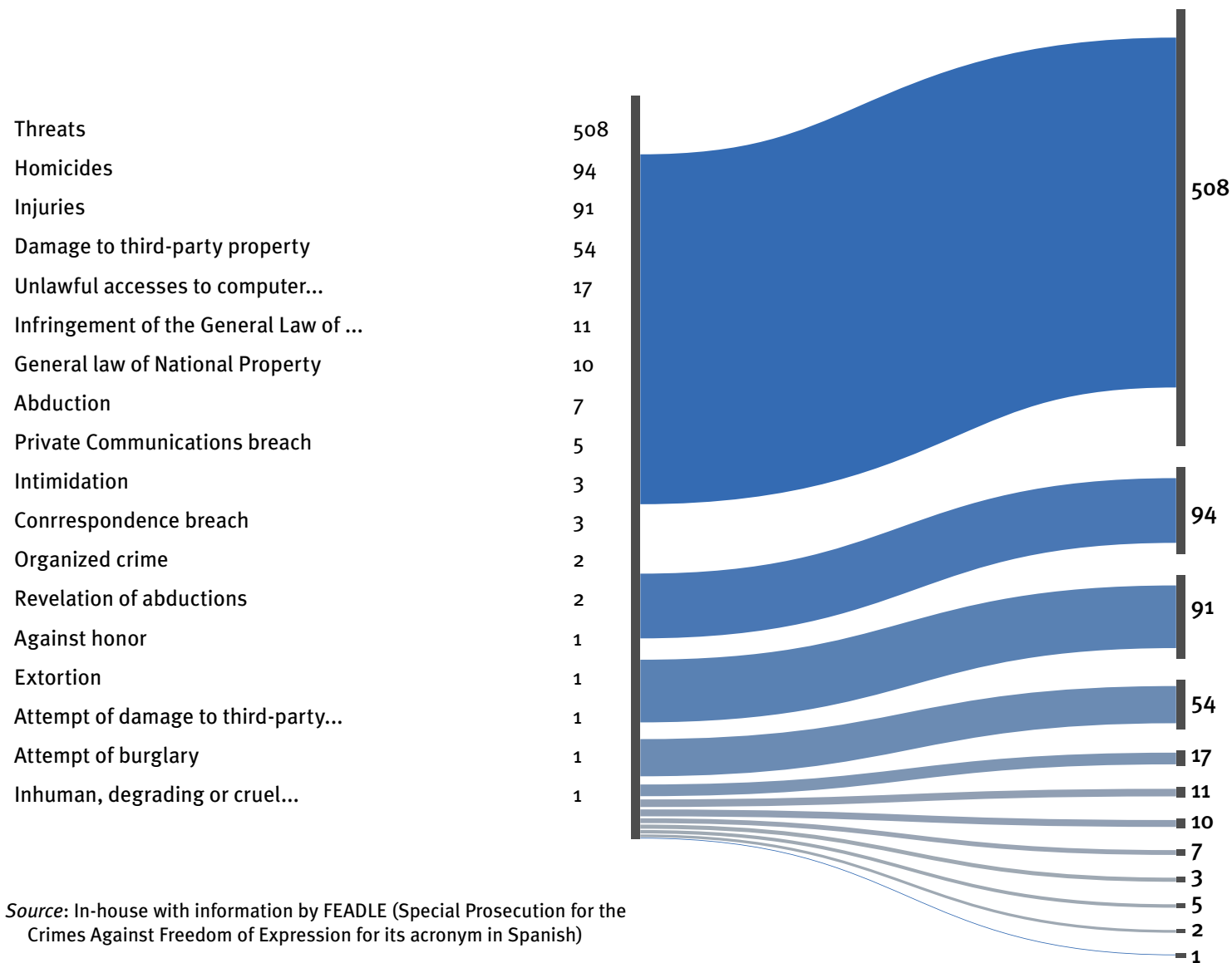
Source: In-house production with information on the Protection Mechanism of people fighting for human rights and journalists.

The crime with the greatest number of registries on these folders were threats with 508, followed by abuse of authority with 187 cases and homicide with 94 entries. From the total of inquests or preliminary inquiries previously mentioned, 49.7%, almost half, pertained to crimes committed in the center-south of

the country. 190 of these files of investigations, were crimes committed on Mexico City, followed by 114 in Veracruz, 87 in Mexico State, 75 in Quintana Roo, 71 in Guerrero, and 69 in Oaxaca.

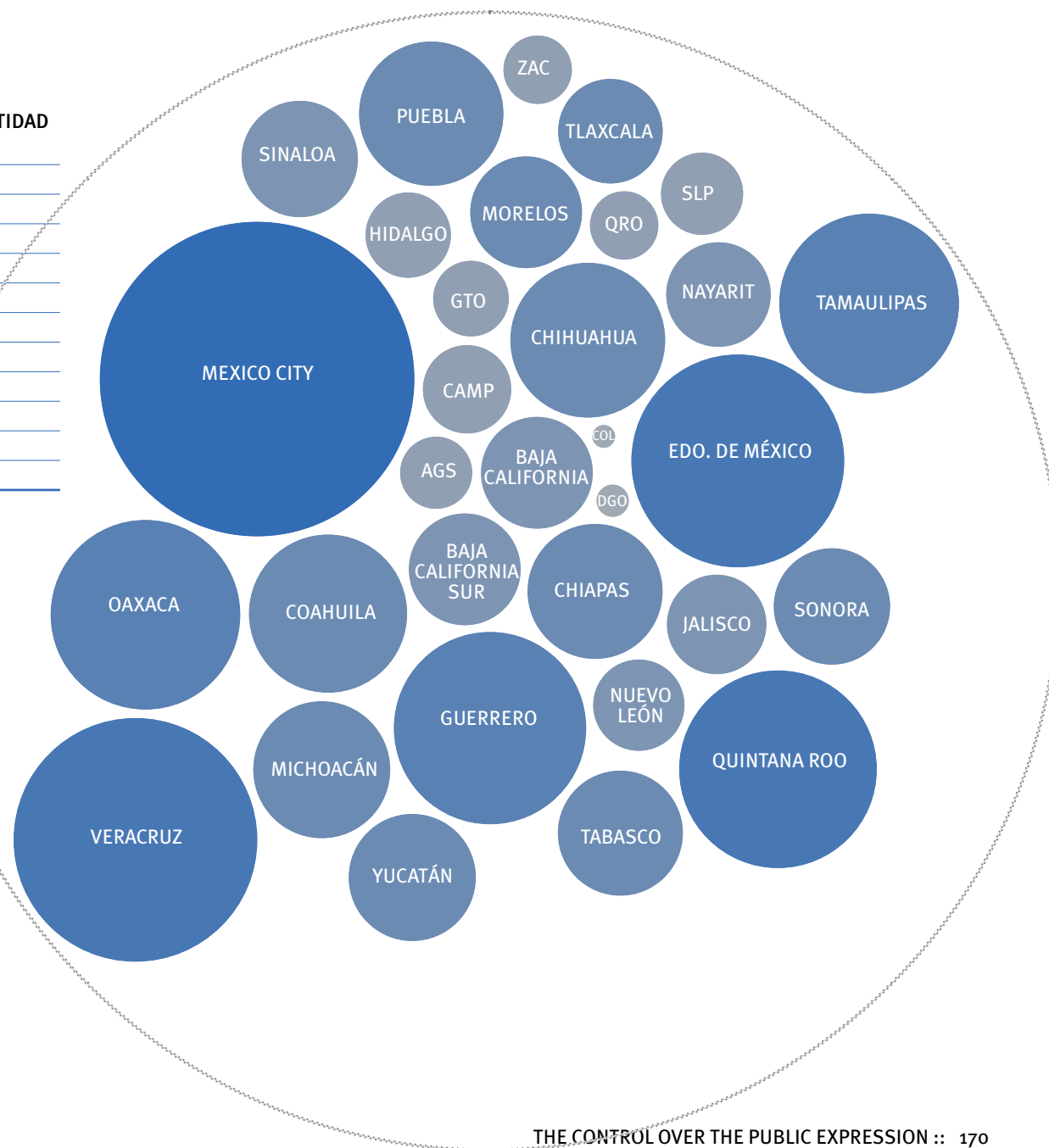


TOTAL OF INQUESTS FOR OFFENSES AGAINST JOURNALISTS: JULY 2010 - SEPTEMBER 2019



INQUEST TOTAL FOR CRIMES AGAINST JOURNALISTS BY FEDERATIVE GANIZATION

ENTIDAD FEDERATIVA	CANTIDAD	ENTIDAD FEDERATIVA	CANTIDAD
Mexico City	190	Jalisco	19
Veracruz	114	Nuevo León	16
Estado de México	87	Campeche	15
Quintana Roo	75	Hidalgo	14
Guerrero	71	San Luis Potosí	13
Oaxaca	69	Guanajuato	11
Tamaulipas	62	Aguascalientes	10
Coahuila	48	Zacatecas	9
Chihuahua	46	Querétaro	9
Puebla	40	Durango	2
Michoacán	36	Colima	1
Chiapas	35		
Yucatán	31		
Tabasco	30		
Sinaloa	26		
Sonora	26		
Morelos	24		
Baja California Sur	24		
Baja California	24		
Nayarit	21		
Tlaxcala	21		



Source: In-house with information by FEADLE (Special Prosecution for the Crimes Against Freedom of Expression for its acronym in Spanish)

Between 2017 and September 2019, 702 preliminary inquiries or investigation files were started, those are on queue and birthed a linked process to 37 people, but only 11 ended up with condemnatory sentences, three of these in Quintana Roo, two in Michoacán, three in Tabasco, one in Mexico City, one in Yucatán, and one in Veracruz. From these sentences, only four of them were due to abuse of power, one for injuries, one against justice administration, one for torture, one for threats, one for willful deprivation of liberty, and one for undue persecutory function and unlawful arrest. All of the sentences were to public servants. Together all the condemnatory sentences in this period collect a corporal punishment of 22 years and 13 days in prison for 12 people. That is to say, that from all the investigation files opened you can estimate an impunity level of 96.3%.

Most of the open inquests of crimes against journalists for the Special Prosecutor's Office for Crimes against Freedom of Speech (FEADLE for its acronym in Spanish) from July 2010 and September 2019 started in CDMX, Veracruz, Mexico State, Quintana Roo, and Guerrero with 190,114, 87, 75, and 71 units respectively. From the inquest started in 2019 none have received judgment.

One more indicator that has been measured to understand the editorial control of the media by the powers is



Image: <https://www.clasesdeperiodismo.com/2017/05/17/mexico-periodista-javier-valdez-cardenas-habia-recibido-amenazas-y-buscaba-proteccion/>

the official publication. The toxic relationship between the governments and mass media has been widely documented, it is rooted in the governmental expenditure in official advertising, even if this indicator has been drastically modified with the arrival of López Obrador to the federal power, some alarms are still ringing. In 2019, the federal government spent around 3 thousand 500 million Mexican pesos in official advertising, which depicted a 67% reduction compared to 2018, Peña Nieto's last year. Despite this, a strong focus of resources was fixed in just a few companies.

Merely three mass media companies focused almost 30% of expenditure. These are, Estudios Azteca S.A de C.V (popularly known as TV Azteca), Grupo Televisa S.A.B, and Demos Desarrollo de Medios S.A de C.V. (Known as La Jornada). It's no secret that senior management of the three companies has kept close relationships with the president. Ricardo Salinas Pliego, TV Azteca owner, is a member of the advisory council of the president⁵ comprised of miscellaneous businessmen amongst which Bernardo Gómez is highlighted, executive director of Televisa, who has kept a relationship with the trustee for years, and recently in 2019, loaned his house so López Obrador kept an encounter in which official topics were discussed with

5 *El Financiero*. Salinas Pliego, Alemán Magnani and Hank González will be AMLO's council (November 15th 2018). Available at: <https://tinyurl.com/yaa3txue>

Jared Kushner, who has had a relevant involvement in commercial policies between The United States of America and Mexico⁶. The relationship between Carmen Lira and the chief executive probably is one of the best documented, since the La Jornada director has recognized her friendship with the President and has been benefited with big amounts of money for official advertisements since López Obrador was head of government of Mexico City⁷.

Accordingly, the lack of clear criteria to allot the official guidelines makes unreliable the huge amount of money the government grants to these three media companies to not have an impact on their editorial lines. It's also true that there are media companies that obtain money from the government, but it needs to be highlighted that 70% of public expenditure for official advertisement is distributed in 488 media companies⁸, allotting that doesn't match the penetration that each has with audiences. It will be important to keep vigilant of the way the government spends in the field of advertising in the following years, especially in electoral times.

6 *Expansión*. AMLO had a reunión with Kushner in Bernardo Gómez's house, Televisa executive (March 20th 2019). Available at: <https://tinyurl.com/y6v3hcp2>

7 Ana Paula Ordorica. Relationship between AMLO and La Jornada is showcased (February 13th 2018). Available at: <https://tinyurl.com/y9lyw36o>

8 Artículo 19. Dissonance: fighting voices (March 2020). Available at: <https://tinyurl.com/ybll03e2>

**MOST BENEFITED MASS MEDIA COMPANIES WITH
PUBLIC RESOURCES BY OFFICIAL ADVERTISING
CONCEPT BY PERCENTAGE (2019)**

MAJOR BENEFICIARIES	PERCENTAGE OF THE TOTAL
Estudios Azteca S.A. de C.V.	10,87
Grupo Televisa, S.A.B.	10,84
La Jornada, Demos Desarrollo de Medios, S.A. de C.V.	8,03
Medios Masivos Mexicanos, S.A. de C.V.	3,84
El Universal Cia. Periodística Nacional	3,17
Grupo de Radiodifusoras, S.A. de C.V.- Grupo Fórmula	3,06
Estudios Churubusco Azteca, S.A.	2,88
Gim de Televisión Nacional, S.A. de C.V. (Imagen Televisión)	2,77
Milenio Diario S.A. de C.V.	2,17
Ediciones del Norte, S.A. de C.V./ Diario Reforma	1,93
Agencia Digital, S.A. de C.V.	1,8
Edición y Publicidad de Medios de los Estados S. de E.L. de C.V.	1,58
Grupo Radio Centro, S.A.B. de C.V.	1,58

Source: In-house production with information from Article 19

One relatively new method to strike journalists is digital aggression. With the rising use of social media public conversation has flooded different platforms in which Twitter stands out, due to the highly political content it holds. Already in 2019, Signa Lab published the report “Democracia, Libertad de expresión y Esfera digital” (Freedom of expression, Democracy, and the Digital sphere) in which it warns about networks of automated accounts capable of generating false trends against or in favor of a theme or person, amongst which “RedAMLOVE” (AMLOVENetwork) was found, a digital army that has attacked dissidents of López Obrador policies and even the federal government.

In 2019 this network managed to establish different hashtags attacking mass media and journalists. Some of the most famous keywords were #ReformaTodoLoDeforma (Reforma distorts everything), #PrensaSicaria (Hitman Press), and #PrensaProstituida (Prostituted press). The first one managed to become the first trend nationally on the social network. Recently, Artículo 19, together with SignaLab and Aristegui Noticias (Aristegui News), released the results of research⁹ which proves a set of atypical behaviors of some of the Twitter accounts that keep a

⁹ Artículo 19. Dissonance: fighting voices (March 2020). Available at: <https://tinyurl.com/ybll03e2>

highly elevated activity that in some cases includes systematically retweeting positive comments about the State own news company NOTIMEX, and in other cases consists in attacking journalists in tandem and from different accounts, that have criticized the head of the said agency, Sanjuana Martínez.

This new information and opinion battleground paradoxically constitute a huge challenge to the fight for freedom of expression, due to the existence of automated herds capable of infringing and in some cases destroy the reputation of one or several journalists, it is a challenge without clear solutions. Besides, the creation of Twitter accounts or any other social network does not force the users to verify their identity, omission that makes difficult prosecutions of aggressions or crimes committed on the network.

All this is happening in a rarefied atmosphere due to the permanent confrontation of the President of the Republic with different mass media companies. Even though you cannot prove direct intimidation from the presidential office against journalists of a media company, in particular, the constant downgrading of the chief executive towards media companies like Reforma, Proceso, or El universal, by calling them “Prensa fifi” (press for the rich), conservative press, or slander press;¹⁰ it has motivated more than one to undertake

¹⁰ *Animal Político*. Press for the rich, slander and craziness: AMLO’s qualifications against the Reforma newspaper (January 2nd 2019).

harsh attacks through social networks, which makes the public debate more toxic.

In spite of the experience gathered through the years, a comprehensive policy on the field of freedom of expression with action steps from the three branches of government and all authorities for the protection, prevention, and healing towards the aggressions against journalists is still missing. Likewise, it is important to stigmatize aggressions against journalists, increase State protection for them, make the access and the execution of justice in the penal field viable, and rise the degree of difficulty for the capability of actors in power to silence critical voices, which are essential to keep healthy and acceptable levels in any democratic system, and Mexico should not be an exception.



Available at: <https://tinyurl.com/y9yzkb6v>; Proceso. AMLO condemns front cover by Proceso, but denies censorship (April 27th 2020). Available at: <https://tinyurl.com/y87owj24>

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AMLO had a reunión with Kushner in Bernardo Gómez's house, Televisa executive [Online]. Available at: <https://politica.expansion.mx/presidencia/2019/03/20/amlo-se-reunio-con-kushner-en-la-casa-de-bernardo-gomez-directivo-de-televisa>.

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Proceso. 2020. *AMLO condemns front cover by Proceso, but denies censorship* [Online] Available at: <https://www.proceso.com.mx/627492/amlo-fustiga-portada-de-proceso-pero-niega-censura>.



TRUSTS

An operation with a *machete* instead of a scalpel

Trusts



SYNTHESIS

The extinction of public trusts, not only bolsters the pattern of the president to rule by decree, but it breaks the juristic value of the country, by boosting the uncertainty that generates as a consequence of the breach of contracts of which the interests and rights of people and companies are deposited. Furthermore, the exclusion of the chamber of deputies, and the lack of transparency given the use of resources concentrated in those disappeared trusts make the order of counterweights in the Mexican political system susceptible.

There is no doubt that the front against the sanitary crisis in most of the world had an important burden



on public finances. Few countries in the world were prepared to deal with a pandemic like the one we are still living in. Hence, you can understand that the federal government of Mexico tried to release resources that allow it to stand against the extraordinary expenses, but what's incomprehensible is that the processes used to gather those surpluses are not attached to the proper practices of democracy. On April the 2nd 2020, The Mexican president published in the Official Journal of the Federation the decree to extinguish the public trusts with the goal to stop the squandering and face the COVID crisis.

Albeit The Federal Republican Austerity Law on its eight transitional specified that The Secretariat of Finance and Public Credit on a time frame of one hundred and eighty working days after its implementation would be tasked with the analysis of the goals, efficiency, and efficacy of the public trusts so that the Executive Power along with the Chamber of Deputies took into account the Project of Budgeting and Expenditure of the Federation that was corresponding, it's also true that the report had to be presented to the lower chamber of the legislative branch so that, in its budgetary counterweight condition, decided were to allocate those resources

In fact, that was exactly what should've been done to relocate the resources that came from the extinct trusts. Standing on the legality of the decree that mandates it, the amounts operated on said trusts should have returned to the Treasury Federation (TESOFE for its acronym in Spanish) so that afterward they could be considered by the Chamber of Deputies for next year's budget. On the contrary, the Federal Executive decided to dispose of those resources without the need to ask or require counsel to anyone. After the return that the administrative branches made on April 15th to TESOFE, The Secretariat of Finance was left in position to make the pertinent reassignments discretionally. So far we don't know with certainty the destination of that money. But, how much is the budgeting adjustment?

335 trusts
740,572 millions of pesos

As of the fourth trimester of 2019 issued by the Ministry of Finance, it is known that heretofore 335 trusts existed without an organismal structure, together they allocated 740 thousand 572 millions of pesos, but the decree excludes from itself the trusts that by mandate of the law or legislative decree and which termination or extinction require legal or constitutional reforms, as well as the legal tools that work as mechanisms of public debt, or that their end is to attend to emergencies in the field of health or to comply with labor duties or.¹ Contemplating, exclusively the trusts that cover the features to disappear, 181 thousand 440 millions of pesos are calculated spread through 23 administrative branches, were 88.4% of the resources is concentrated just in 7 branches of the federal administration: the SHCP (The Secretariat of Finance and Public Credit for its acronym in Spanish), the SCT (Secretariat of Communications and Transportation for its acronym in Spanish), the SEDENA (Secretariat of the National Defense for its acronym in Spanish), the CONACYT (Mexican National Council of Science and Technology for its acronym in Spanish), the SE (Secretariat of

¹ DOF. 5th article of the decree in which the extinction or termination of public trusts, public mandates, and analogues is amended, (April 2nd 2020). Available at: <https://tinyurl.com/wqqwzfp>

This decree, instead of correcting the existing murkiness, it makes the budgeting transparency processes harder by excluding the Legislative Power from the most relevant task of deciding the allocation of public resources.

Economy for its acronym in Spanish), SEP (Secretariat of Public Education by its acronym in Spanish), and SEDATU (Secretariat of Agrarian, Land, and Urban Development for its acronym in Spanish).

It should be stressed that, even if the trusts of the federal administrations were already criticized by its lack of transparency, and for working as tools through which the underspending of each federal dependency were not to be returned to the Treasury Federation, hence, budgeting of the following fiscal year was not allocated to each branch coming from the real expenditure each had, this decree, instead of correcting the existing murkiness, it makes the budgeting transparency processes harder by ex-

cluding the Legislative Power from the most relevant task of deciding the allocation of public resources. Besides the issues associated with budgetary transparency, the extinction of these trusts could place several of these Secretariats in complex positions in front of the trustees that argue being affected, since the decree makes the explicit mention that the expenditure executives are responsible before the beneficiaries of the trusts.

This stress is generated in the middle of a crisis that should boost diverse actors to find points of agreement that benefit all parts not just one of them. Also, it is worth mentioning that the time of the pandemic has taken the lights off of relevant issues for the constitutional order of the country, nevertheless, by not being easily associated with immediate risks of the pandemic, are left to the background.

Last but not least, you can't bypass that the Mexican State could have used the open credit line with the International Monetary Fund that is worth 61 thousand millions of dollars which, apart from avoiding a legal trampling that breaches contracts and feeds, even more, the atmosphere of judicial uncertainty, could have left the government with more liquidity to face future challenges. Despite it, all seems to

point that the 4T government, and president López Obrador in particular, keeps the obsession of focusing attributions and the one related to the execution of expenditure is without a doubt, the most important one.





WELLNESS CENSUS, ORIGINALLY BIASED

A diagnosis without specialists

Wellness Census, originally biased



SYNTHESIS

The political transformation of the current government is based on the creation of new programs with direct monetary transactions. With them, a response to the emergency of COVID-19 is attempted. Never the less, the “Wellness Census” which is used to select the recipients of these programs, displays issues of opacity, political bias from the “Servants of the nation” structure that amended it and serious technical and operational limitations.

FACTS AND DATA

The “Wellness Census” started its field application on September 29th, 2018, prior to the start of the current government¹. The same way, the “Wellness Census” in information gathering on the field, done by the constituents of the political-electoral of Morena, in charge of Gabriel García Hernández. This structure changed its designation to “Servants of the nation”. The “Servants” use uniforms with the color palette of Morena and promote the figure and name of the President.

¹ Coordinación General de Programas para el Desarrollo. Estrategia y Metodología del Censo del Bienestar. Diagnóstico de las necesidades de México [Strategy and methodology of the Wellness Census. Diagnostics of the needs of Mexico]. pag. 5. Disponible en <https://tinyurl.com/ybry2wnw>

It is until recent dates (May 18th, 2020), that a document which includes a methodology was presented, one that doesn't fulfill the minimum requirements of technical quality. Hence, the technical aspects of territory deployment, questionnaire design, field operations supervision, and quality control are unknown, just like the results and generated databases.

ANALYSIS OF RISKS AND NEGATIVE EFFECTS

It's important to highlight that the "Wellness Census" lacks from origin an institutional responsibility framework, which contradicts the principles of budgeting and administrative normativity, at least on its activities from October and November 2018. On this date, the "Program Coordination for Development" wasn't a part of the government yet, but a structure of Morena's party.

The structure that is in charge of the "Census" presents a political bias, for its electoral and partisan inception. Consequently, the "Servants" which circulated as promoters and watchmen of the vote of one party, transition to a task of identification of recipients of social programs. The profile they use, like a

The technical aspects of territory deployment, questionnaire design, field operations supervision, and quality control are unknown, just like the results and generated databases.

Image: <https://www.forbes.com.mx/politica-resultados-censo-bienestar-rezago/>



dress code, imagery, materials, and discourse, contradicts the partisan neutrality principle presented on the 130th article of the constitution.

The so-called document methodology, confirms that this exercise wasn't really a census, but the verification of rolls from three current programs in 2018: Prospera, Proagro, and PIMAF (Support Program for Corn and Beans Farmers for its acronym in Spanish). It also confirms that the identification of possible new recipients incorporated into the new programs was totally discretionary.

The major technical flaws in this operation generate delays or non-compliance with the coverage goals. I.E., The Pension Program for the Well-being of Seniors that has a prospective population of 8,860 million of seniors and its goal population is 8,481 million, barely reaches 8,001 million (94%). With this way it reaches a maximum coverage of (8,055 million) till the fourth bimester of 2019 (July-August)

It is vitally important, that most of the "primary" programs are not suitable to face the fall of income during an emergency since they do not cover those who lose their labor income (Formal or informal). Most of the programs –and those with a greater number of recipients- are destined to a population outside of

the labor market: children, adolescents, young students, elderly people, people with disabilities, and youngsters without employment.

In this regard, the contingency derived from the COVID-19 pandemic makes evident their inadequacy, since the amounts are not enough to cover the loss of income and the cost of basic consumer goods for homes. Likewise, given the biases and the aforementioned flaws, there's no guarantee that they will cover the lowest income population, and for its limitations, it won't be possible to cover 70% of them.

FOCAL POINTS

We must place special attention in the field of transparency in the databases produced by the Census and its transfer to the rolls of the programs. In this respect, an independent and technical audit of the databases and the rolls will be required, as well as a monitoring strategy for the use of information and the territorial structures during electoral processes and actions of voting purchasing and duress.

Finally, there must be an evaluation of the results of the coverage and selection of recipients for the new

programs by the CONEVAL (National Council for the Evaluation of Social Development for its acronym in Spanish) and the integration of a single roll of recipients that is in compliance with technical standards of partisan neutrality and transparency.

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Image: <https://politica.expansion.mx/mexico/2019/12/04/aumenta-pension-a-adultos-mayores-registro-requisitos>





EDUCATION IN TIMES OF COVID-19

The system in the emergency room

Education

in times of COVID-19



SYNTHESIS

AN UNPRECEDENTED CURRENT SITUATION

Since the beginning of this federal administration in 2018, the education sector in Mexico has had to adapt to various styles and ways of operating and managing different issues, ranging from administrative, organizational and budgetary, to those that have to do with the new ways in which the various actors in the National Education System (SEN by its acronym in Spanish) have had to interact with each other.

Of all the government areas, the one dealing with education has been one of those with more adjust-

ments. The previous statement has meant that the vast majority of the members of the system have had to acquire special skills to understand the new ways and rules of operation first, and second, the objectives and goals expected from each of them.

It is essential to insist that all these adjustments have affected the SEN operability and in consequence, the continuity of the policies that were being implemented, without these changes being the result of any review of the evidence of what was working

well and still had to be adjusted. Combined with this situation, in the first trimester, the COVID-19 pandemic was added, threatening the education planning and results for the rest of 2020.

In this new and unstable scenario, the educational sector has been forced to take drastic actions. The main action taken was restricting mobility and social interaction in schools in mid-March, which resulted in distance learning, implemented for the rest of the school year. At the time of the publication of this report, this action remains current and is considered to be extended until the beginning of the new school year in August.

In Mexico, as in the rest of the world, the education authorities have been forced to take extraordinary actions to rescue the school cycle. One of the tools that have been widely used in urban areas with good connectivity has been online education. This measure has been reinforced along with other technological supports such as television, radio, and the permanent use of printed material. Unfortunately, the efforts to take education to all the children around the country have brought uneven results. Places where there are no connectivity or technological supports, especially in the most vulnerable areas, children had not been able to make the expected progress.



Image: horario de clases para secundaria. Source: SEP, 2020 at <https://educacionbasica.sep.gob.mx/>

Despite these exclusions, the decision of continuing with the rescue of the school cycle with the actions and resources available under these circumstances must be recognized as an institutional achievement by the education authorities in Mexico.

In other words, the strategy of making use of every one of the technological means available represented, perhaps, the only option in this delicate scenario.



Image: blogs.idadb.org/educacion/es/cierredeescuelas

CHALLENGES OF THE NATIONAL EDUCATION SYSTEM DURING THE PANDEMIC

Many of the decisions the federal government has made amid the COVID-19 pandemic have been questioned and debated. This has been due to the scarce and dubious information provided to the general public. This situation has caused a lot of national and international analysts and experts, not only to doubt the circumstances but also to join forces to propose complementary data and indicators to counter the effects of misinformation that the government itself has generated.

According to a Mitofsky poll, 54.3% of the population in Mexico doubts the information provided by the government about what is happening surrounding the COVID-19 situation in Mexico. If both experts and polls are correct, it is evident that the government and the social and business sector, among others, may be making bad decisions due to the lack of sustenance.

The SEP (Secretariat of Public Education by its acronym in Spanish) has also suffered the consequences of having data and indicators that lack credibility; this has considerably limited the accommodation of education responses in the list of priorities.

Even though The SEP and the rest of the education authorities have made efforts to maintain the SEN working, it is clear that there should have been better improved and better-structured politics generated. A clear case refers to how the system has had a lack of attention toward the most vulnerable population. It must have been tough to do by the end of the school year, but it shouldn't be for returning to school projection.

The SEN finds itself vulnerable due to the quality of the information related to the national context in the health aspect since it is still dubious, weak, and questioned.

That has not helped the system to have enough foundations to create emerging ideal public policies to fulfill the edge of the biggest problems of education. Additional to this issue, we have the cutting of the budget in the chapters of operational expenses and general services that are paralyzing the capacity of response that the SEN could have had.

Reliable information is essential so the SEN could argue the severity of the education problem to face the pandemic and promote accurate and precise public policies that ensure the most vulnerable students to receive basic education.

The SEN commitment toward Mexican society is enormous. The continuity of attending 90% of the elementary curriculum and 85%¹ of the preschool curriculum will rely on its minimum performance and proper operation.

In other words, the responsibility that the education authorities have to attend the education issue in the country must go beyond a regulatory commitment and most be address as a special commitment in which over 25 million children await for good decisions.

¹ INEE (National Institute of Educational Evaluation by its acronym in Spanish) inform of compulsory education in Mexico, 2019.

BASIC EDUCATION ENROLLMENT IN THE MEXICAN REPUBLIC

YEAR	PRESCHOOL	ELEMENTARY	MIDDLE SCHOOL	TOTAL
2016-2017	4,931,986	14,137,862	6,710,845	25,780,693
2017-2018	4,891,002	14,020,204	6,536,261	25,447,467
2018-2019	4,780,787	13,972,269	6,473,608	25,226,664
2019-2020	5,127,896*	13,910,775*	6,462,052*	25,500,723*

*Estimations

Source: In-house product with information from SEP (Secretariat of Public Education by its acronym in Spanish) data: <https://tinyurl.com/y88b6ctm>




EDUCATION CHALLENGES FOR THE IMMEDIATE FUTURE

According to today's extinct INEE, the right to quality education is acknowledged in international law and national legislation as a fundamental and primary human right as it is an essential enhancer precondition of individual development and the enjoyment of other rights. The Mexican state aims to ensure the right to quality education throughout the compulsory basic education.

In 2015, 4.8 million children and teenagers between 3 and 17 years old didn't attend school being, preschool, and middle school, the ones with more absenteeism registered. During this pandemic, one of the priorities for the education authorities should be to promote a strategy to ensure the conditions for those who already have the compulsory education, so they move to different grades and educational levels so that they can complete their education at the expected age, but above all, satisfactorily.²

The backlog presented in rural communities and with the highest social underdevelopment should always be present in the work agenda of the education authorities. Given the conditions of poverty that will exist in the country once the next school year begins, the objective should be to reverse the conditions of precariousness, lack of materials, and infrastructure that these localities have, to have a positive impact on learning.

SCHOOL POPULATION ATTENDANCE BY AGE GROUP

 3-5 AÑOS		 6-11 AÑOS		 12-14 AÑOS	
2012	4,670,393	2012	13,315,124	2012	6,350,170
2016	5,097,349	2016	13,853,212	2016	6,663,624

Source: INEE, estimates based on ENIGH 2012, socio-economical conditions module (INEGI [National Institute of Statistics and Geography by its acronym in Spanish], 2013a), and ENIGH (National Survey of Household Income and Expenses) 2016 (INEGI, 2017).

² INEE inform of compulsory education in Mexico, 2019.

The necessity of urgently reverse this scenario is reflected in the attendance rate, which doesn't show any significant favorable changes. On the two following charts, we compare the years 2010 and 2016, and which analysis reflects a devastating picture for the population in the condition of poverty, indigenous people, or people living in highly marginalized municipalities.

An additional element that should be considered for the next school cycle is the school drop-out at the upper-middle level. This is a rooted problem in Mexico, as it significantly limits the completion of compulsory education. From the total enrolment of middle education in the country, 80%³ is within the public sphere. The above clear that the state still has a significant social debt to guarantee access, permanence, and, the conclusion of compulsory education.

Although many strategies have been implemented to avoid students to drop-out middle education, this issue still current. Up to the 2018-2019 school cycle, a considerable reduction in number is evident in comparison with the 2016-2017 school cycle and 2017-2018. However, under the circumstances of

SCHOOL ATTENDANCE RATE OF THE TOTAL POPULATION BY THE CONDITION OF POVERTY ACCORDING TO AGE GROUP (2012 Y 2016)

CONDITION OF POVERTY	TOTAL POPULATION					
	3-5		6-11		12-14	
	2012	2016	2012	2016	2012	2016
Poverty	66.9	66.9	98.2	98.6	90.8	91.2
Extreme poverty	53.3	53.3	95.1	97.0	79.6	77.5
Moderate poverty	71.3	71.3	99.0	98.9	93.9	93.6
Vulnerable due to social deprivations	65.2	65.2	99.1	99.0	91.9	92.1
Vulnerable due to income	99.8	99.8	100.0	100.0	99.9	99.9

Source: INEE, calculations based on the Measurement of Poverty in Mexico (Coneval [National council of social development policies by its acronym in Spanish], 2013 and 2017).

SCHOOL ATTENDANCE RATE OF THE INDIGENOUS POPULATION AND THE POPULATION RESIDING IN MUNICIPALITIES WITH HIGH MARGINALIZATION BY AGE GROUP (2012 Y 2016)

POPULATION	AGE RANGE	2012	2016
Indigenous population (CDI-National Commission for the Development of Indigenous Communities)	3 a 5	72.2	76.5
	6 a 11	98.0	98.0
	12 a 14	87.2	88.3
Municipalities with high marginalization	3 a 5	74.2	78.8
	6 a 11	97.9	98.5
	12 a 14	90.9	88.4

Source: INEE calculations based on the Measurement of Poverty in Mexico (Coneval, 2013, and 2017).

³ INEE Inform of compulsory education in Mexico, 2019.

poverty and low economic growth expected in the country in the following months, it is estimated that this number can be increased again to previously unseen ranges. Special care should be taken at this educational level to avoid that school drop-out becomes the trigger of other social problems such as family violence, criminal activity, among others.

have the infrastructure and equipment needed, its undeniable that this modality has become a real, useful and, relatively efficient alternative to follow up on educational programs during the COVID-19 contingency.

MIDDLE SCHOOL EDUCATION

YEAR	SCHOOL DROP-OUT	ENROLLMENT
2015-2016	13.3%	4,985,080
2016-2017	15.2%	5,128,518
2017-2018	14.5%	5,237,003
2018-2019	12.9%	5,239,675

Source:: In-house producti with SEP data: <https://tinyurl.com/y6va683x>

One of the main priorities and debts of the Mexican government is being in the most vulnerable populations. However, even though educational backwardness exists in vulnerable localities and online education is provided mainly in geographical areas that



Image: class schedule for Secondary Education of SEP. Source: matyapoyo.com

THE CHALLENGE OF INTERNET ACCESS AND THE USE OF TECHNOLOGIES

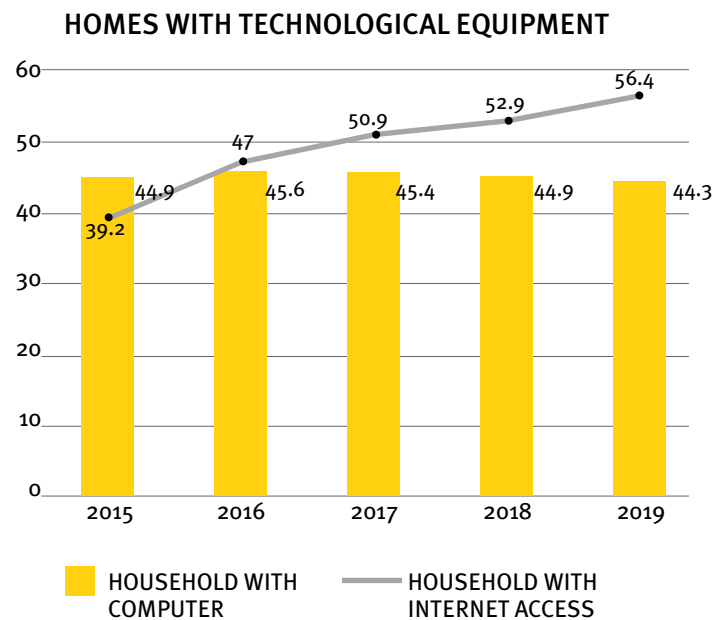
According to INEGI, 70.1% of the population over six years old has internet access and, this number has been increasing since 2015 when the users were only 57.4%. This coupled with the fact that only 44.3% have computer equipment in their homes.

The above means that less than half of the population in the country could have access to take courses through the use of communication and information technologies.

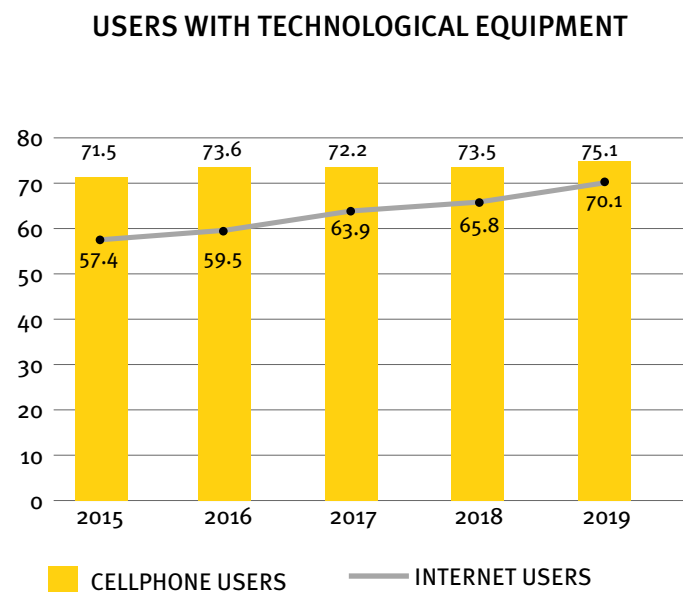
Considering a population of students of 25,500,723⁴, and having in mind the percentage of the population that has at least one computer equipment at home (44.3%) and internet service (70.01%), an estimate of students who are taking classes could be around 8 million students. However, taking as a reference

⁴ Refer to the EB (Basic education for its acronym in Spanish) enrollment chart in the Mexican Republic.

Only 44.3% of people older than six years old has a computer in their home.



Source: INEE, 2019.



Source: INEE, 2019.

that there is only one computer equipment at home and that the average number of children per household in Mexico is 2, the numbers could probably decrease closer to 4 million students taking online classes at home.

In this sense, a determinant question emerges to formulate strategies and the necessary recommendations for the school cycle in August: what is the quality delivered within these courses, and how are students learning? According to a survey conducted by Valora Consultoría, within the first week of the pandemic, 43.1% of the teachers surveyed felt a little bit or not prepared for online education, 50% perceives it as very difficult to develop their job online.

This seems to reflect the scarce job that the Basic Public Education System (SEBP for its acronym in Spanish) does in developing digital abilities among teachers and provide or develop resources to learn online.

The federal budget assignation to teacher's training and the foreseen resources to digital inclusion in basic public education could explain the situation. The spending on training has decreased in real terms 74.8% while the digital inclusion program had no budget assigned on the expenditure budget of the federation during 2019 and 2020.



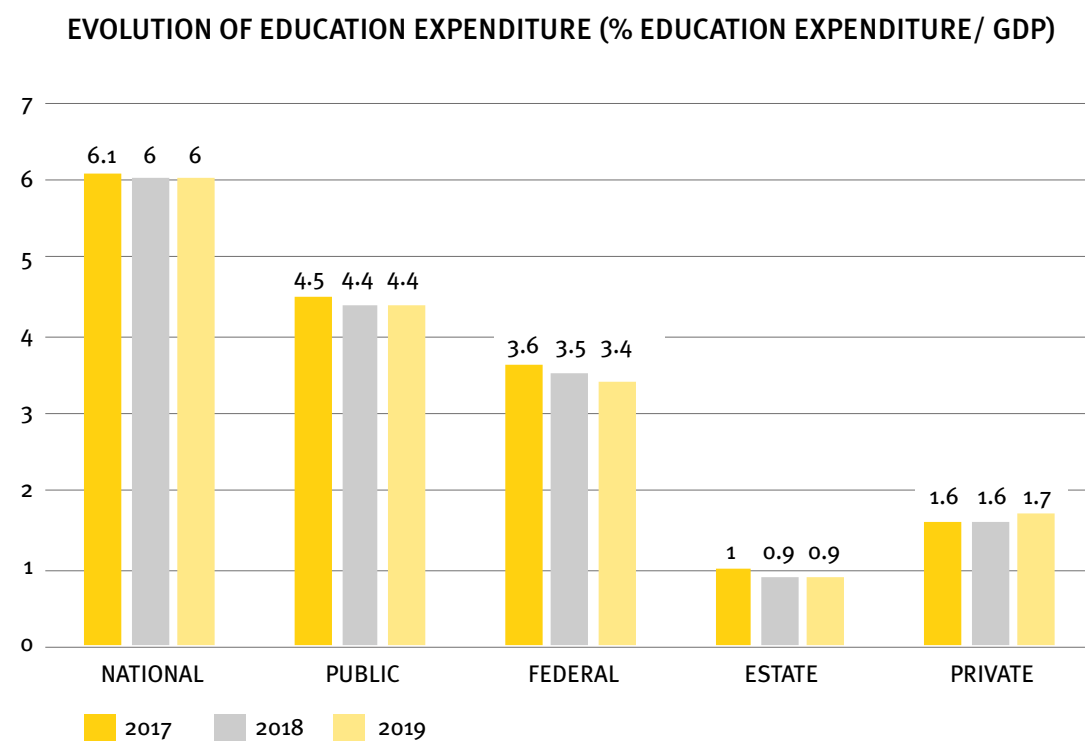
Image: <https://unionguajalato.mx>

PRIORITIES AGENDA

For the educational sector, in section 11 of PEF (expenditure budget of the federation by its acronym in Spanish), the amount of 326,282.7 million pesos were assigned at the beginning of the year, of which 42.8% had been used by the end of the first quarter. During the analysis, it was detected that in the first two months, there was an under-spending of -11.54% and -6.65%, respectively. It is noteworthy that by March, there was an increase in expenses of 0.76% from what was originally scheduled. The above suggests that many of the alerts surrounding the pandemic were on inside the SEP, and, at the same time, they had to make many adaptations to meet diverse requirements inside the sector.

The national expense in education, public and private, has been ranging from 6% of GDP for several years. In the 2020 budget, an increase of 2.2% was foreseen in real terms compared to the 2010⁵ budget, this increase is very moderate if we consider the absences in the sector and the very ambitious government agenda this is visible in the shortcomings that continue to be present in the SEN, as these exempli-

fy how, during the decision-making, much more resources should be allocated to the education sector than there have been so far, moreover, this could be in future an important indicator to assess if we are on the right track.



⁵ The budget for 2010 was 203,143 million pesos. The source consulted for this information was Valora Consultoría.

Source: SEP, main numbers of the National Education System 2018-2019.

As it has been mentioned throughout this report, the country will soon face a crisis in every sector of society as it hasn't been seen in decades, and, for the same reason, it will require actions according to meet the dimension and scope of this reality.

This scenario demands by itself redesigning the priorities that are in charge of the federal government. A redesigning of budgets to truly understand those in more need would imply to postpone projects such as the construction of the Dos Bocas refinery for 41,300 million pesos only for 2020 and the construction of the peninsular railway called Tren Maya at a cost of over 139 billion pesos for 2020.

Image:<https://www.portalt politico.tv/nacionales/atrae-scjn-amparo-para-analizar-derecho-a-la-educacion-de-comunidades-indigenas>



WHAT INFORMATION IS MISSING IN THIS SECTOR?

The success of every public policy is based on two main actions. The first one is to count on an accurate and thorough diagnosis of the origin of a certain public issue. Regularly, this diagnosis is based on the data analysis and indicators that allow the decision-makers to be more precise when generating a ruling. The second challenge is to count on the appropriate tools to solve such issues. These tools refer to a series of institutional capacities, from relying on a large and sufficient budget to have adequate staff and organization for the implementation and follow up of the programs. All of it requires relying on enough infrastructure and equipment.

In the area of education, Mexico has amplified and improved the statistics. This information, more detailed and analyzed every time, has allowed better-informed decision-making. The ENLACE tests (National Tests of Academic Achievement in School centers for its acronym in Spanish) and EXCALE (Quality and Academic Achievement Tests for its acronym in Spanish) are proof of this effort.

PLANEA (National Plan for the evaluation of Learning for its acronym in Spanish), born in 2013, keeps its intention to know the extent to which students achieve mastery of a set of key learnings in different stages of compulsory education, to offer truthful, trustworthy, and relevant for the decision-making in the area of education and education policies.⁶

In 2019, the federal government extinguished The National Institute for Educational Evaluation (INEE for its acronym in Spanish) the organization in charge of giving life and support to this important tool. With the disappearance of the INEE, the PLANEA test, applied by the institute, is under risk of disappearing as well: so far, the National Commission for the Continuous Improvement of Education (MEJOREDU for its acronym in Spanish) has not released any signs of wanting to rescue or implement the test. On the other hand, the SEP could continue with the census application for schools' internal use based on the test that the institute used to design itself.

⁶ INEE, 2018, ¿qué hay de nuevo con PLANEA? Textos de divulgación.

If the application of the PLANEA test does not continue on behalf of the MEJOREDU, the opportunity of continuing to know the advance systematically on the key learnings established on the basic education curriculum would be lost. More specifically, the continuity of the PLANEA test relies on those who provide ideas and recommendations to:

The Federal and local education Authorities and decentralized agencies about the achievement of key learnings of students in compulsory education, as well as the existing gaps among different population groups, to contribute with the decisions of education policies.

The general public, about the state of compulsory education in regards to what students can learn, as well as the learning differences among different groups of the school population.

The teaching and directors team from school institutes and elementary and middle education centers about what is expected for the students to learn in the assessed areas, the level of learning achievement that they will reach, as well as the size of the challenge for teaching and learning that they will face.

A reflection on this possible loss of information: How will decisions in educational matters be made to achieve progress and meet goals programmed in previous years?

To the gravity of the fact that a critical compass for the education system was lost, we would have to add the cost of losing an effort made by generations performed by teachers and experts of different thinking styles to measure the learnings in the country.

Equally important are the goals established in the United Nations (UN) Sustainable Development Goals. On their goal #4, which refers to quality education, there are many goals with a 2030 due date.

The stalemate that the COVID-19 will leave in many sectors, including education, will force the national authorities to reconsider their commitments amid the goals projected for 2030. With poverty rates never seen in the world, with an economic recession similar to the one experienced 100 years ago and several affectations on issues such as hunger, health, and industrial development, among others. The original paths would have to be modified and create new alternatives to overcome the reality that is approaching us.

The challenge, in addition to complying with the international agreements to which Mexico has committed, is to continue generating and spreading accurate and quality information that can reach different international organizations.

Mexico has been an international reference for many years, in many sectors consequently, it will have to re-take many of its transparency principles and effectiveness to continue on an approachable track of credibility inside and outside the country.

FINAL COMMENTS

The educational sector in Mexico requires urgently to take decisions to guide the strategies that should face the ravages caused by the COVID-19 pandemic. The way that governmental systems have been working, including the education sector, should reformulate themselves, improving the analysis and diagnosis of social issues, just as the response timeframe to implement more efficient, accurate, and transparent policy.

The effects of the pandemic will not only be reflected in the health and economy sectors, but they will also be all over the productivity and development areas. For this reason, the education sector will require a reckless voice to allow to unify and strengthen the SEN in the first place, to stay as a reference of information and problem solving, secondly, and to urgently bring attention to the country's most vulnerable and marginalized populations.

As has been seen, education issues are many and diverse. The way to approach them in this crisis caused by COVID-19 requires a thorough strategy that joins efforts and possible solutions.

It is the State's responsibility to grant quality education regardless of the social and geographical contexts, however, an equity approach should be favored over the most vulnerable populations, it is imperative to rely on better institutional coordination in all the levels of decision-making. Same as strengthening the information systems to contribute to improve the impact of the decision-making on the resolution of education problems, as well as to have a better assignation of resources in the budget next year.





MIGRATION CONTAINMENT

Serious Human Rights violations

Migration Containment



SUMMARY

One of the most vulnerable sectors in regular times is that of migrants who enter Mexico through the southern border and who come mainly from the so-called northern triangle.

During the last three years, there has been a significant increase in this migratory flow, which is attributable to the so-called humanitarian crisis in Central America, whose main causes are organized crime and the precarious economic situation. In this context, the Donald Trump government pressured the administration of President Andrés Manuel López Obrador to implement containment mechanisms that would drastically reduce the migratory flow to the United States. In

the face of tax threats from the US government, Mexico shifted from a policy that ordered irregular migration and guaranteed the human rights of all migrants, to one characterized by the mass detention of people fleeing their violent contexts.

Managing migration has historically been a major challenge for the States. For Mexico in particular, the challenge is special due to its geographical location, which places it next to the world's main migratory destination. The World Migration Report 2020,¹ produced by the International Organization for Migration

¹ OIM. Informe sobre las migraciones en el mundo 2020. [World Migration Report 2020]. Available at: <https://tinyurl.com/ydx2ltcj>

(OIM by its acronym in Spanish), shows that the United States is still the world's top destination country, with 50.7 million international migrants, and the Mexico-United States corridor is, in turn, the longest on the globe. It is worth noting that international migration from all countries in the Latin American and Caribbean region is primarily to the United States. As is known, a large proportion of people who migrate to the north of the continent do so irregularly and their passage through Mexico is almost imminent. This has made Mexican immigration policy an issue of state for the U. S. government.

Although Mexico has been characterized by the implementation of measures to contain migration, the arrival of Andrés Manuel López Obrador to the presidency made many think that this could change. López Obrador promised to reduce migratory flows through regional cooperation for development and to respect, at all times, the human rights of migrants.² Eighteen months after his arrival in power, the facts show an opposite reality. The first intention to make Mexican migration policy one that operates in respect for the legal, constitutional, and con-

² *Notisistema*. Propone AMLO impulsar el desarrollo de la región para frenar la migración de centroamericanos. [AMLO proposes to promote the development of the region to stop the migration of Central Americans]. Available at: <https://tinyurl.com/ybou3knh>

Image: <https://cnnespanol.cnn.com>

ventional instruments that govern the human right to migrate was discarded due to regional pressure, specifically from the United States. The abrupt turn in Mexico's immigration policy is the result of the U. S. president's anti-migrant policy.

By abandoning these intentions, the Mexican State decided, on the facts, to continue and harden the policy of containment that has characterized it. Regardless of speeches, the reality is that, for domestic reasons, the Trump government decided to close its border. That decision forced Mexico to strengthen efforts to curb, from its southern border, the move-



ment of people to the United States. The tax threats against Mexico by Trump³ have subdued the current government's aspirations for a new phase in migration management. This decision is not innocuous, but rather violates the parameters that the Mexican State itself has imposed on itself through its legislation and the international treaties it has signed.⁴

On June 7th, 2019, after a period of tension between the two governments, Mexico and the United States signed an agreement⁵ to improve Mexico's migration control and humanitarian protection systems. This agreement consisted of, on the one hand, the Lopez Obrador government expanding the Migrant Protection Protocols (MPP by its acronym in Spanish),⁶ also known as Stay in Mexico, strengthening immigration controls on the border with Guatemala through the deployment of the National Guard and

showing a greater commitment to working together with the United States in dismantling migrant trafficking networks; and on the other hand, the Trump government committed to speeding up the processing of asylum applications under the MPP and investing heavily in the states of origin of migration, intending to discourage displacement to the United States. The agreement implied that the Mexican government should ensure access to employment, educational opportunities, and medical care for people in Mexico awaiting resolution of their asylum claims in the United States of America. This responsibility has not been fulfilled.

Although the government has not wanted to recognize it, on the facts, this agreement meant the tacit acceptance of Mexico as a safe third country and the militarization of Mexican immigration policy. By September 2019, three months after the signing of the agreement with the United States of America, the 4T administration had already accepted 39,000 migrants, coming from the United States of America, who were waiting for the results of their asylum cases (four times more than those received between January and June 2019). July 2019 is the month in which more migrants under the MPP have been sent to Mexico, in total 3,410. Also, in just three months

3 BBC. Amenaza de aranceles de Trump a México: qué mercancías cruzan la frontera entre ese país y Estados Unidos. [Trump's Tariff Threat to Mexico: What Goods Cross the U. S. -Mexico Border] Available at: <https://tinyurl.com/y76hu5bk>

4 CNDH. Análisis situacional de los Derechos Humanos de las personas migrantes. [Situational analysis of the human rights of migrants.] Available at : <https://tinyurl.com/ya9avxt7>

5 Declaración Conjunta México Estados Unidos (7 de junio de 2019). [Joint Statement Mexico - United States (June 7, 2019)]. Available at: <https://tinyurl.com/ya08wgmj>

6 Los Protocolos de Protección a Migrantes (MPP) consisten en que las personas que presentaron solicitudes de asilo en Estados Unidos esperen en México el resultado de sus casos.[The Migrant Protection Protocols (MPPs) consist of persons who filed asylum applications in the United States waiting in Mexico for the outcome of their cases.]

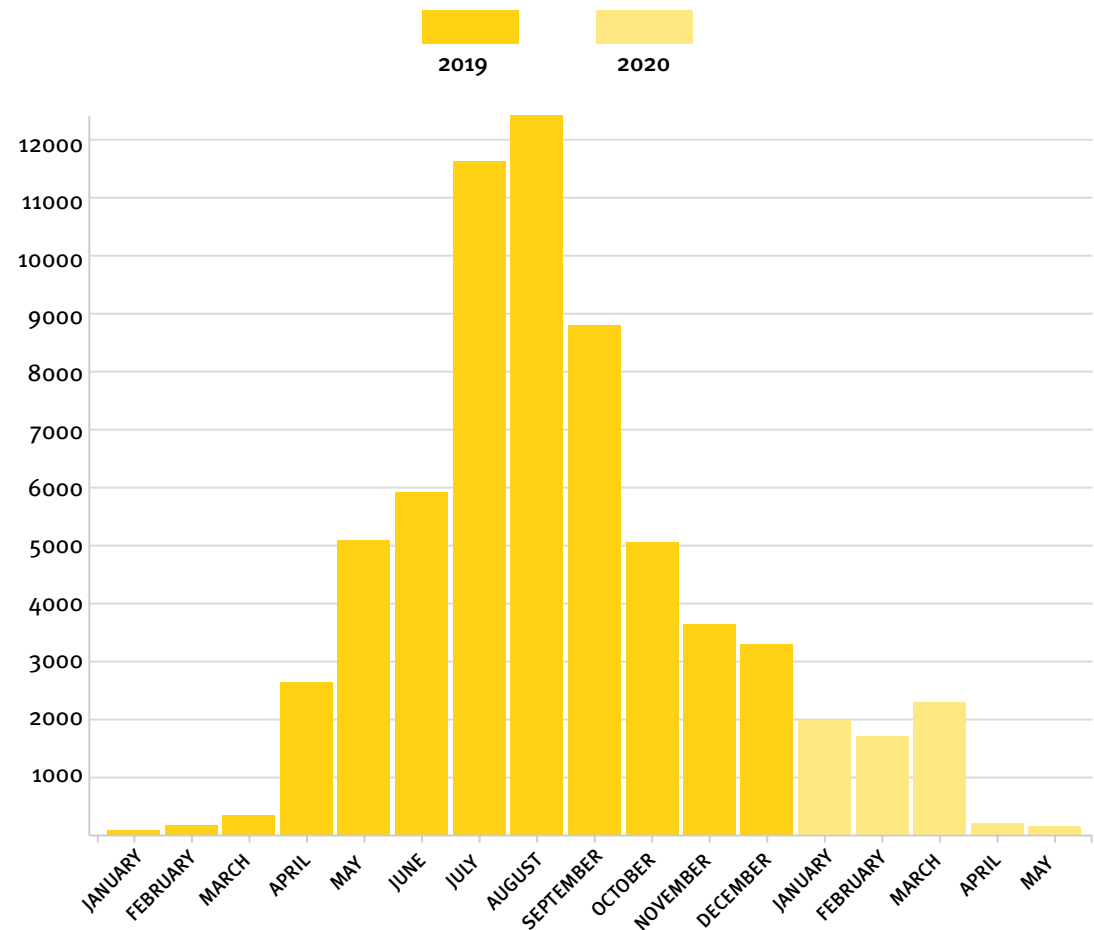
(June-September), the Mexican government had already deployed 25,000 National Guard troops that had detained approximately 81,000 migrants, 35,000 more than in the same period in 2018; and had mobilized around 10,000 elements of the National Guard to patrol Mexico's southern border with Guatemala and 15,000 more guards to do the same job on the northern border.

Although the authorities of Mexico, Guatemala, El Salvador, and Honduras reaffirmed the Comprehensive Development Plan in which it was proposed to identify the causes of migration and, based on that diagnosis, to invest in strategies that would order safe migrations,⁷ to date there is no clarity on those strategies or their consequences in the region. Although the Mexican president committed to transfer a sum of 90 million dollars annually to Central American countries through the Sembrando Vida and Jóvenes Construyendo el Futuro (Sowing Life and Youth Building the Future) programs, there is as yet no known evaluation showing the results of this policy. In contrast, data on apprehensions and repatriations of Central Americans in Mexico showed a dramatic in-

7 CEPAL. El Salvador, Guatemala, Honduras y México reafirman su compromiso con el Plan de Desarrollo Integral. [El Salvador, Guatemala, Honduras and Mexico reaffirm their commitment to the Integral Development Plan]. Available at: <https://tinyurl.com/ya3upl34>

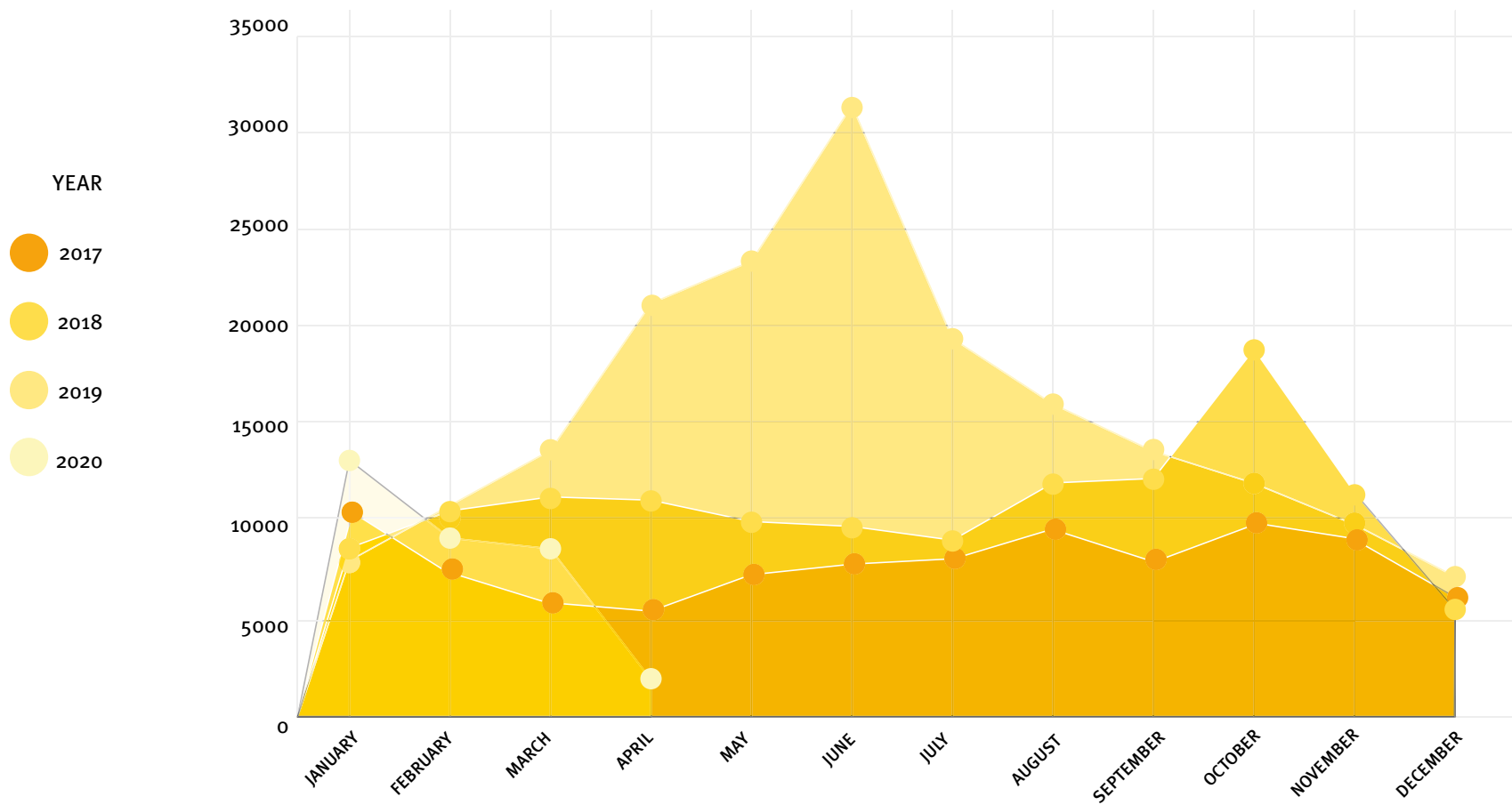
MIGRANTS RETURNED TO MEXICO BY USA AUTHORITIES UNDER THE PROTECTION PROTOCOLS OF MIGRANTS (MPP)

JANUARY 2019 TO MAY 2020



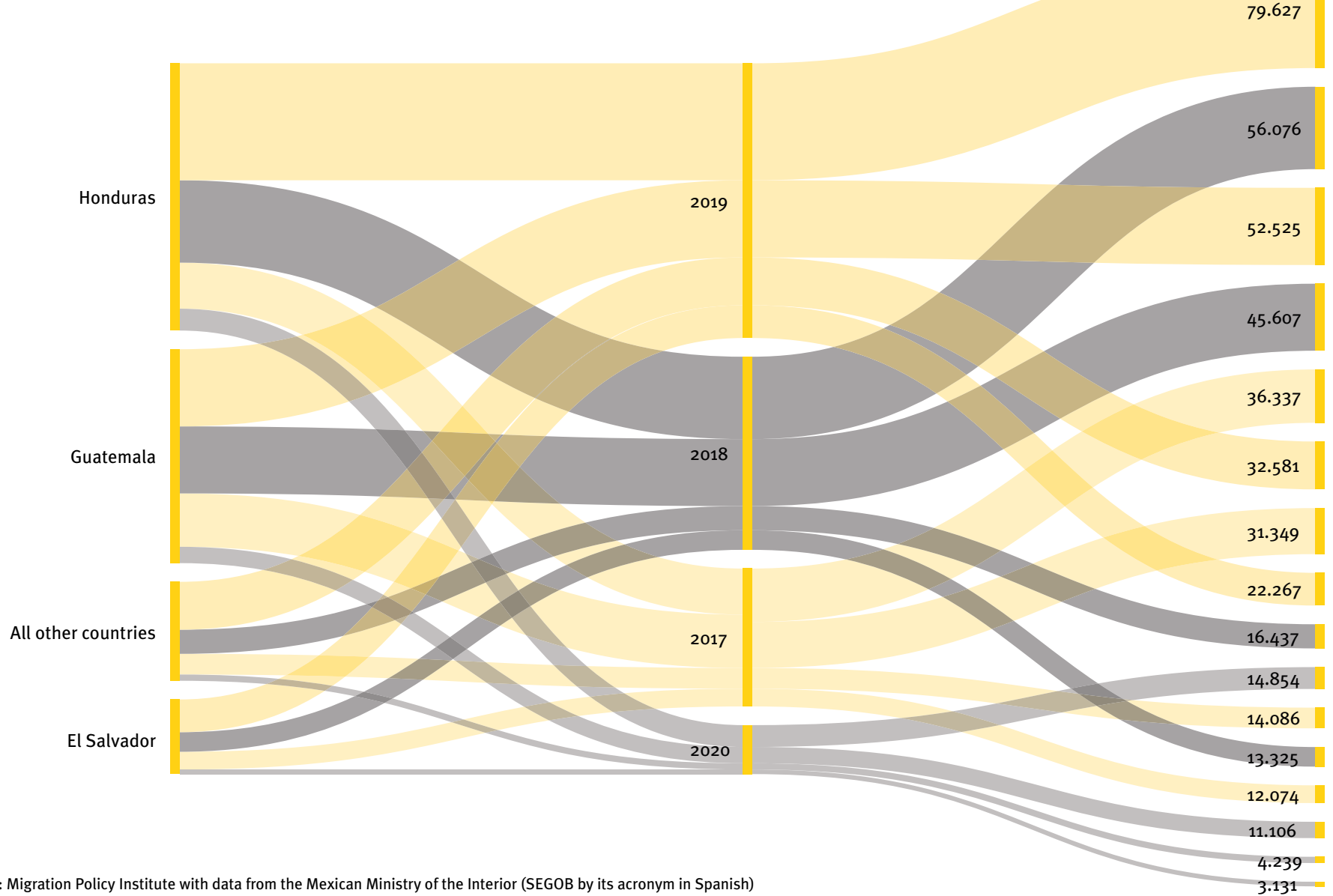
Source: Migration Policy Institute with data from Transactional Records Access Clearinghouse. <https://trac.syr.edu/phptools/immigration/mpp/>

MONTHLY MIGRANT APPREHENSIONS BY MEXICAN AUTHORITIES 2017-2020 (UNTIL APRIL)



Source: Migration Policy Institute with data from the Mexican Ministry of the Interior (SEGOB by its acronym in Spanish)

MIGRANT APPREHENSIONS BY MEXICAN AUTHORITIES, BY COUNTRY 2017-2020 (UNTIL APRIL)



Source: Migration Policy Institute with data from the Mexican Ministry of the Interior (SEGOB by its acronym in Spanish)

crease in 2019, which then decreased in 2020 due to the global health crisis.

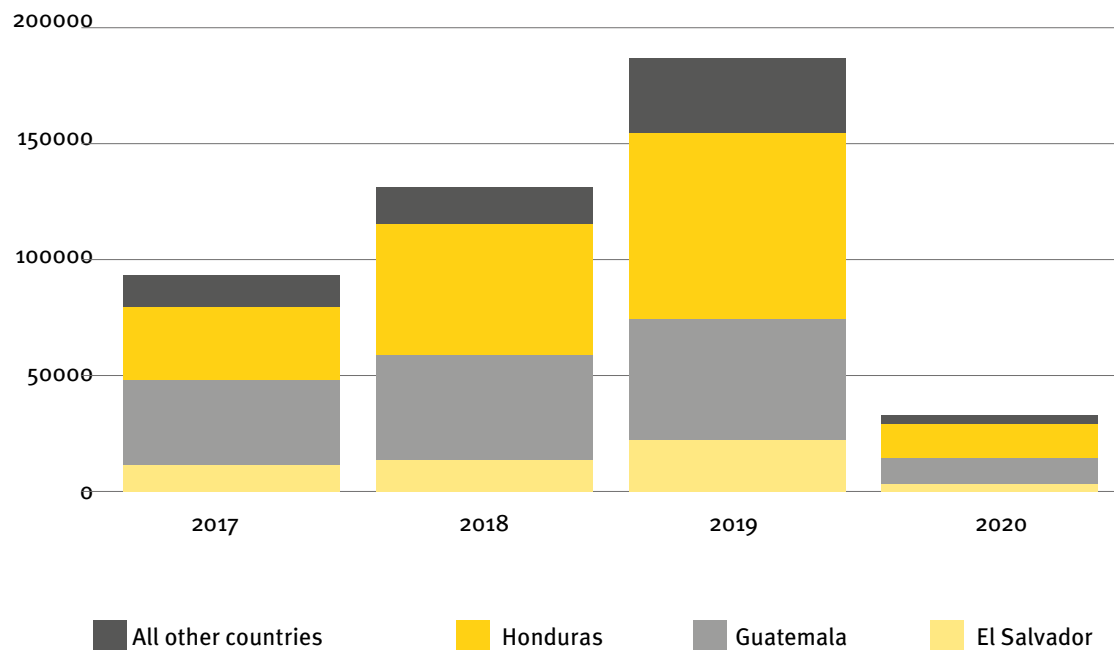
National migrant detention experienced a 99 per-cent increase between 2017 and 2019. While 93,846 arrests were reported in 2017; 131,445 in 2018, and 186,750 in 2019. June 2019 is the month with the historical record of arrests, exceeding 30 thousand records.

Historically, most of the repatriations have been of Salvadoran, Honduran and Guatemalan citizens, and they have increased year on year. While in 2018 they were 114,357, or 87% of the total, by 2019 they had risen to 155,000, which represented 83% of the total number of repatriations that year. As expected, as a result of the SARS-CoV-2 pandemic, 2020 has seen a significant decrease in these records. The first quarter of this year has seen 33,330 arrests, 37. 6% less than the same period in 2019, when 53,420 were recorded.⁸ This decreasing variation can be explained, in part, by the institutional weakness of the recent National Guard that had to dedicate itself to tasks related to the health crisis.

As far as asylum applications are concerned, a similar behavior to that of arrests and repatriations of mi-

grants is observed. While in 2017 Mexican Commission for Refugee Assistance (COMAR for its acronym in Spanish) registered 14,619 applications for asylum, in 2018 these exceeded 26,500 and by 2019 they closed at about 71,000. That is, between 2017 and 2019 there was a 380% increase. This growing trend was

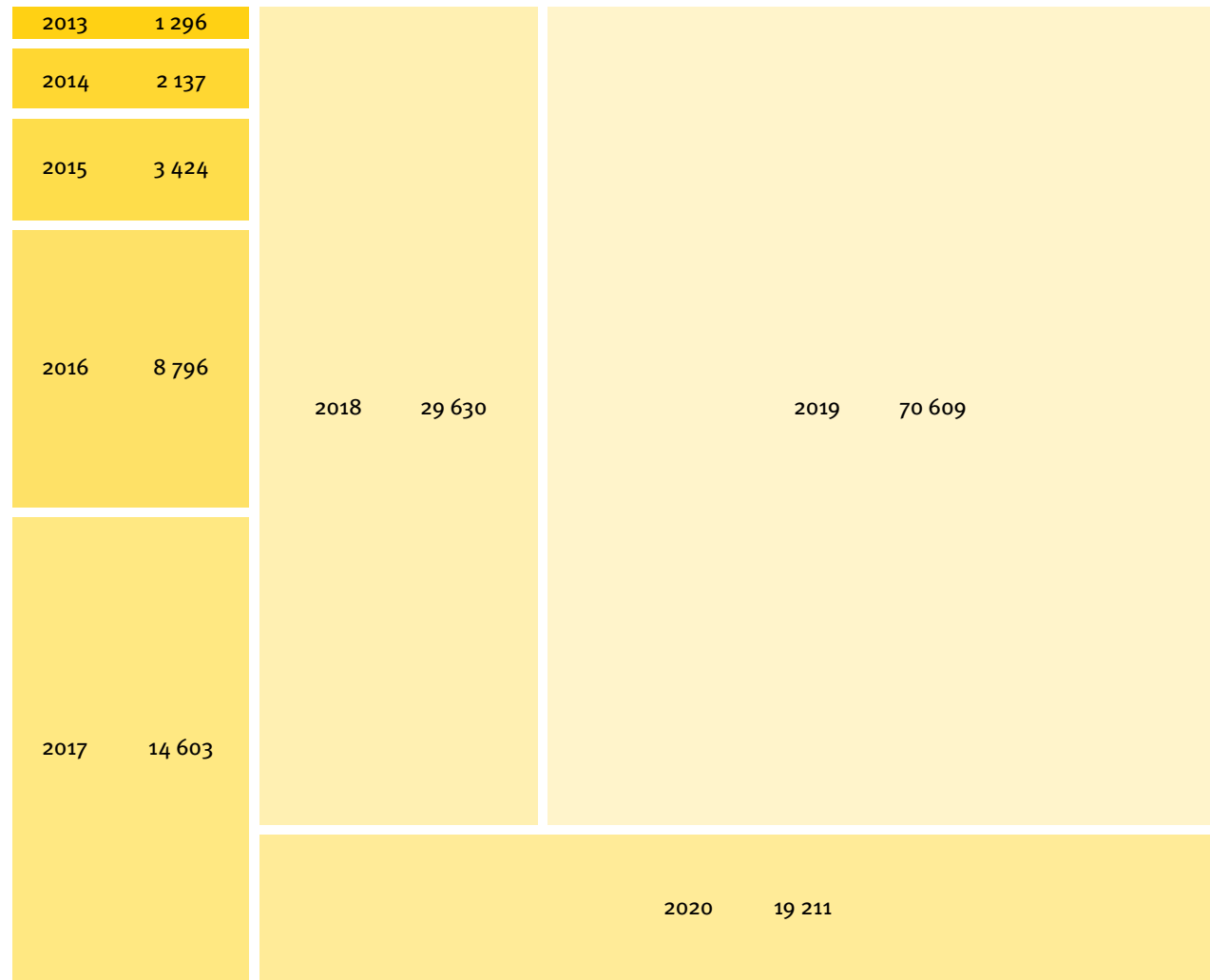
MIGRANT REPATRIATIONS BY MEXICAN AUTHORITIES, BY NATIONALITY 2017-2020 (UNTIL APRIL)



⁸ Boletín Mensual de Estadísticas Migratorias 2017-2019. [Monthly Bulletin of Migration Statistics 2017-2019]. Available at: <https://tinyurl.com/yb4faefr>

Source: Migration Policy Institute with data from the Mexican Ministry of the Interior (SEGOB by its acronym in Spanish)

ASYLUM REQUESTS IN MEXICO 2013-2020 (UNTIL MAY)



Fuente: Own elaboration with information of Mexican Commission for Refugee Assistance (COMAR by its acronym in Spanish) 2020

https://www.gob.mx/cms/uploads/attachment/file/555168/CIERRE_DE_MAYO_2020__1-junio-2020_.pdf

reversed in 2020, which its first five months registered around 18,000 applications in. Although 5,314 applications were received in March 2020 alone, by April this number had fallen to 949 and in May there were 981.

It is worth to mention that the increase in asylum applications in Mexico between January and July 2019 was since a large number of migrants failed to reach Mexico's northern border. This is due to the aforementioned mobilization of the National Guard. Faced with this reality, a large number of the displaced saw in the applications for refuge in Mexico the only option not to return to their countries of origin. Despite a large number of applications, the level of approval of these is minimal. Only 20.4%, that is to say, 5,420 resolutions were positive in 2018 and 15%, or 10,841 in 2019. For this reason, The Office of the United Nations High Commissioner for Refugees (ACNUR for its acronym in Spanish), together with other specialized organizations, recommends that the authority should adjust its migration policy to one that ensures full respect for the State's human rights obligations towards migrants and asylum-seekers. Still, it is worth showing that the gross increase in approved applications between 2018 and 2019 was 100%.

Another relevant indicator to understand the weaknesses of the Mexican migration policy is the functioning of the migration stations. According to the National Human Rights Commission (CNDH for its acronym in Spanish) special report on the situation of migrant holding centers in Mexico in 2019,⁹ the National Institute of Migration (INM for its acronym in Spanish) had 33 holding centers in the country, of which 29 were open. The same report revealed the first increase of 4.3% in the occupation of these, from 138,612 detainees in 2018 to 144,591 in the period January - August 2019. These stations were overpopulated until the beginning of 2020. This is why people often

⁹ CNDH. Informe Especial. Situación de las estaciones migratorias en México, hacia un nuevo modelo alternativo a la detención (2019). Disponible en: <https://tinyurl.com/ybuz6vam>

Image: <https://mx.blastingnews.com>



live in overcrowded and inadequate living conditions. This saturation was due to the growing volume of apprehensions, especially in mid-2019.

The National Human Rights Commission (CNDH for its acronym in Spanish) and various organizations concerned with the protection of migrants have made an enormous effort to measure conditions inside the stations and have managed to reveal, among other things, that in the Iztapalapa migrant station 57 percent of those detained do not receive a medical check-up and that in San Luis Potosí this figure rises to 67 percent. Besides, they have reported that food shortages, lack of space, and lack of hygienic measures are characteristic of these spaces that often become focal points of abuses committed by immigration authorities.

Finally, it cannot be omitted that the abandonment of migrants by the Mexican State has encouraged organized crime to recruit or traffic migrants. This phenomenon is not new, but the increase in migrants expelled from the United States of America to Mexico has left thousands of people locked up in the national territory. Normally people arrested for attempting to cross the U. S. border illegally were detained and faced prosecution, but as a measure to prevent

MIGRANTS DETAINED IN MEXICO FROM 2016 - OCTOBER 2019



Source: Own elaboration with information from the Special Report. The Situation of Migratory Stations in Mexico, Towards a New Alternative Model to Detention, National Human Rights Commission (CNDH by its acronym in Spanish) 2019

the spread of COVID-19, the Mexican and U. S. governments agreed to close the shared border for non-essential travel. That's why now border detainees are immediately returned to Mexico. These migrants find themselves without state protection, face discriminatory treatment by Mexican citizens,¹⁰ and are often victims of organized crime.

Given this reality, the Mexican government must adopt measures with a human rights perspective that take into account the diversity of migrants who leave, transit, and remain in the country, moving away from an approach of militarization and criminalization of migration. The role of the Mexican State is fundamental in the migration process and it is urgent that it transforms its migration policy and guarantees access to justice for migrants, respecting their dignity at all times.

¹⁰ *Animal político*. Migrantes frente al COVID-19: entregados por EU, abandonados en México y con fronteras cerradas (12 de abril de 2020). (Migrants versus COVID-19: delivered by the US, abandoned in Mexico and with closed borders (12 April 2020)). Available at: <https://tinyurl.com/ydcum9km>



Image: Stringer/REUTERS en <https://expansion.mx>

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EMPLOYMENT

Employment



SYNTHESIS

Mexico is facing one of its biggest economic crises, the supply shock induced by the health crisis has had a serious impact on employment demand. The stoppage of activities, however, can create greater income differences among Mexicans since, from the analysis of formal employment, it can be seen that just over 92% of the accumulated loss of jobs between January and May 2020 is concentrated in jobs with wages less than or equal to 3 Units of Measurement and Update (UMA for its acronym in Spanish), that is to say, up to 7,923.45 pesos per month. On the other hand, jobs with a higher income level present non-significant losses in comparison to the whole.

ECONOMIC SCENARIO AND JOB REDUCTION

The various and diverse problems of economic growth that have arisen in the world during the last 30 years have led to the irreversible loss of formal and informal jobs. After the crisis of 2008 and 2009, the unemployment problem has become an alarm bell that requires immediate attention from the strongest economies and especially from private initiative.

Due to the current pandemic, COVID-19, the fall of the Mexican economy has been notable and the effect of the health and economic crises on the labor market this even more alarming. Regarding Mexico, it can be assured that the issues that revolve around the employment alert are highly affected. In the case of the measures applied so far by the federal government are continued, said crises will cause irreversible collateral damage to the country.

It should be pointed out that the Mexican economy was already in a slowdown two years ago, however, the previous year it finally stopped decreasing. The passage of the pandemic in the country served not only to highlight the weaknesses of the Mexican economy but also revealed the risks of having value chains of transatlantic magnitudes and showed the cost of infeasibility, at least in this context, of economic policies implemented in the

federal government to safeguard the labor income of Mexicans, especially those with the lowest incomes.

Like most economies in the world, Mexico is expected to contract dramatically in 2020. The latest estimate from the International Monetary Fund for June is that the Mexican GDP will fall 10.5%, while the world economy will dwindle, on average, -5.2%. Countries like France, the United States, Spain, Brazil, and Germany will also collapse for the rest of 2020, as can be seen in the following table.

**TABLE 1: FORECASTS OF ECONOMIC GROWTH IN
2020 FOR VARIOUS COUNTRIES**

COUNTRY	2020 GDP ESTIMATE (%)
Germany	-7,00
Saudi Arabia	-2,30
Argentina	-7,30
Brazil	-8,00
Canada	-6,20
Chile	-4,50
China	1,00
Colombia	2,40
Spain	-8,00
United States	-6,10
France	-7,20
Greece	-10,00
India	-3,20
Italy	-9,10
Japan	-6,10
Libya	-58,70
Mexico	-8,20
United Kingdom	-6,50
Russia	-6,00
South Africa	-7,10
Venezuela	-15,00
World economy	-5,20

Source: World Bank "World Economic Outlook"

However, the impact of the crisis in the medium term will be very different in different countries. The speed of recovery will depend on how our governments and societies face the various shocks of supply and demand; and how these, in turn, are confronted by their business partners. If the government acted with all its might to preserve i) the income of the population, ii) jobs and companies, and iii) support was provided to avoid contagion from the crisis to the financial system; recovery is very likely to be faster and its sequelae will be less severe.

However, if the government i) does not preserve the income and ii) does not take care of the solvency of the companies; contagion to the financial system will be highly probable and recovery will be very slow, which could last for years. The consequences in the latter case would be extremely severe and could affect the well-being of an entire generation. It is extremely hard to reestablish lost jobs, or harder still, the sources of employment in established states or companies, after a crisis like the one we are facing. Most likely, a significant portion of capital will have vanished in trying to cope with the difficulties of the crisis; therefore, raising this capital again will take considerable time and, in turn, a new project and a favorable environment to develop it. Hence the importance of preserving formal job sources and the well-being of employees.

In the case of informal workers who also had an informal employer, since they did not have government support to survive and stay at home, they have had to return to work at the risk of getting the virus. For this sector, the options were reduced to i) stop paying utilities, ii) borrow money to survive, or iii) sell their assets to support their family while there is no demand for their products or services.

According to the Encovid-19 survey from May of this year, which was carried out by the Universidad Iberoamericana CDMX campus, 24.2% have borrowed from acquaintances, 17.7% have stopped paying their credit card or previous debts, 16.9% have stopped paying for utilities such as electricity and water, 11.3% have pawned valuables, 7.9% have sold things or done other activities, and 4.3% have used a credit card or borrowed from banks or lending institutions¹. In other words, not having a supplementary income during social distancing involved: i) the reduction of their savings, or, ii) greater indebtedness. In both cases, the resources to resume normal activity are reduced and recovery is much more difficult and delayed. For this reason, there is no doubt that the speed with which many countries will recover the growth rate that their economies had been presenting before the pandemic will be completely different for each one of them. In the same way, the aftermath and consequences will be very particular for each of the countries.

24.2% have borrowed from acquaintances

17.7% have stopped paying their credit card

16.9% have stopped paying for electricity and water

7.9% have sold things

4.3% have borrowed from banks

¹ <https://tinyurl.com/ycrkjxr>

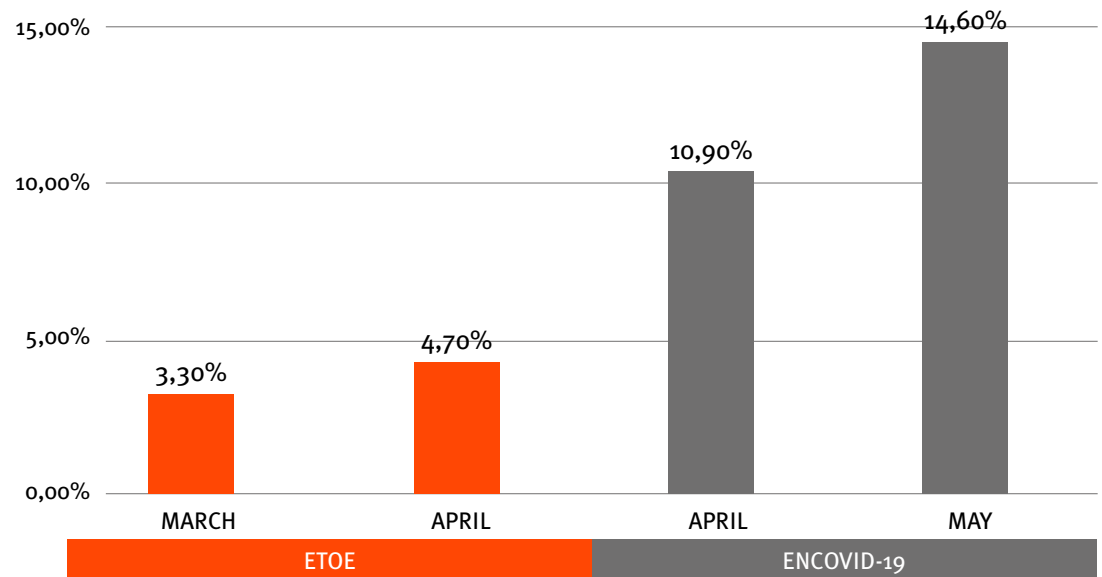
An equally important fact is that since 2018, employment in Mexico has not grown at the necessary rate to provide opportunities for all young people who join the workforce year after year. The gradual downward trend of formal employment in Mexico, according to the number of workers enrolled in the IMSS, (Mexican Social Security Institute by its acronym in Spanish), started in July 2018. The generation of new jobs is closely related to the strength of economic activity, so job creation in 2019 was less than in 2018, given the economic stagnation. This paralysis has been exacerbated by the containment measures and social distancing that began in March this year and that are distinctive of the pandemic.

Another alarming fact is that from mid-February to May of this year, 1 million 30 thousand 366 formal jobs registered in the IMSS have been lost².

² <https://tinyurl.com/ya8et5eg>

Similarly, more than 12 million jobs have been lost in the informal sector, according to preliminary data from INEGI, (National Institute of Statistics and Geography by its acronym in Spanish), and Encovid19³.

CHART 1: COMPARISON OF THE UNEMPLOYMENT RATE ETOE VS ENCOVID-19



Source: INEGI, ETOE, april y EQUIDE, UIA, CDMx, Encovid-19, may 2020

³ <https://tinyurl.com/y9mb7dgz> y <https://tinyurl.com/y7ko7x8u>

The loss of jobs also represents a loss of income for individuals and families. This, despite the fact that the salary mass of formal workers has increased given the increase in legal minimum wages in January 2019 and 2020; which necessarily impacts the IMSS statistics. This contradictory figure results due to the fact that the majority of those who are losing their employment in the formal sector are those who have incomes less than or equal to three UMAS that is, the workers with the lowest incomes.

THE ECONOMIC BLOW FROM THE COVID-19 CRISIS

As previously mentioned, the formal employment indicator shows clear signs of a slowdown since 2018, since in July of that year the annual growth rate was 4.1% and for February 2020 it was 1.5%. For March of this same year, the annual rate was 0.7%, the lowest since February 2010, the month in which the growth rate was 1.3%, just as we were coming from the recovery from the crisis of 2008 and 2009.

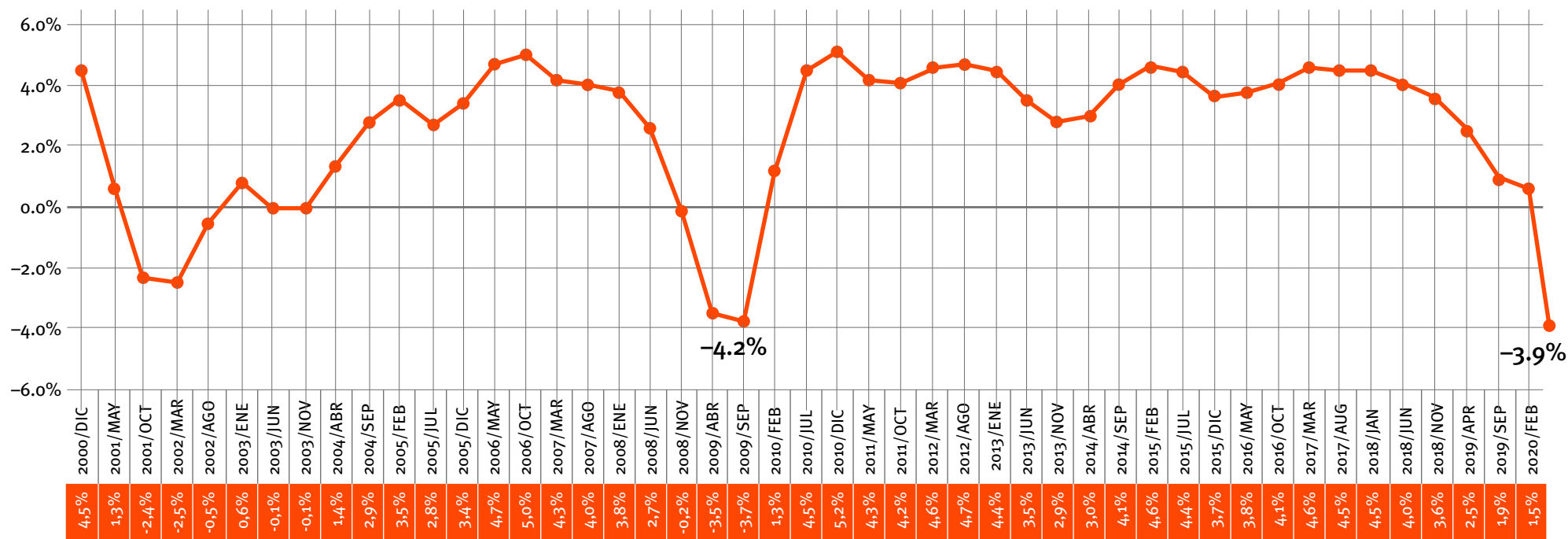
It is important to highlight that the negative growth rate is accentuated for the lower-income segments of the population. For those wage earners with two minimum wages, the annual growth rate of employment in March of this year is close to -9%. However, this group of employees is already growing at negative rates since March 2019.



Image: <https://www.hoytamaulipas.net/notas/419733/Info-navit-atiente-123-mil-74-solicitudes-por-desempleo.html>.

GRAPH 2: ANNUAL GROWTH RATE OF FORMAL EMPLOYMENT

ANUAL VARIATION



Source: Cubos, IMSS.

With this information, it is possible to visualize that the economic crisis, within the COVID-19 pandemic, may affect certain types of jobs and that in principle it is at least as severe on the labor market as the financial crisis of 2008 and 2009 when the fall was 4.2% annually. For May of this year, a formal employ-

ment contraction of -3.9% can be noticed, similar, and equally severe data, to what was recorded in the second quarter of 2009, at the worst moment of that financial crisis.

2. THE EMPLOYMENT CRISIS IN MEXICO

Virtually all sectors, at all socioeconomic levels, are suffering, in one way or another, the ravages of unemployment. This effect, as has been mentioned, will be felt by those people who have the lowest income. Within this cluster of people, the greatest impact will visibly be on those who are working in the informal sector and those who do not have the necessary benefits to generate savings and a containment fund.

According to INEGI, the unemployment rate for the first quarter of 2020 would be as follows:

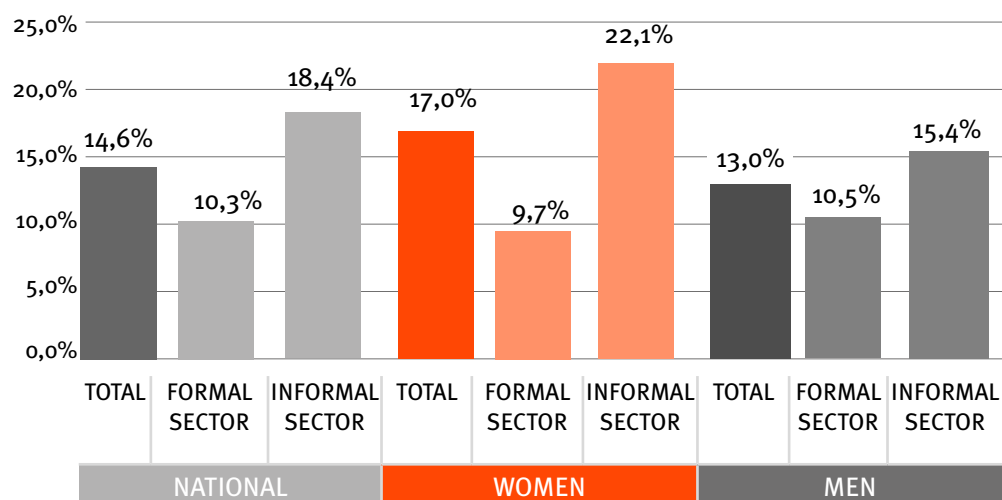
TABLE 2. UNEMPLOYMENT BY GENDER, JANUARY-MARCH, 2020

1STQ 2020	TOTAL	MEN	WOMEN
JANUARY	4,3	4,3	4,4
FEBRUARY	4,7	4,7	4,4
MARCH	4,1	4,2	4,0

Source: INEGI, 2020

The pandemic appears to have changed that pattern. According to Encovid-19, the unemployment rate for women is higher than that for men (Graph 3), considering both the informal and formal sectors of the economy: 17% for women versus 13% for men. This situation is especially important in the informal sector, where the level of unemployment of women reaches 22.1%. Only in the formal sector, the unemployment of men is slightly higher than that of women but it corroborates what can be observed with the IMSS data. In the formal sector of the economy, the loss of employment is being felt more by men than by women.

GRAPH 3: UNEMPLOYMENT RATE BY ACTIVITY SECTOR AND SEX

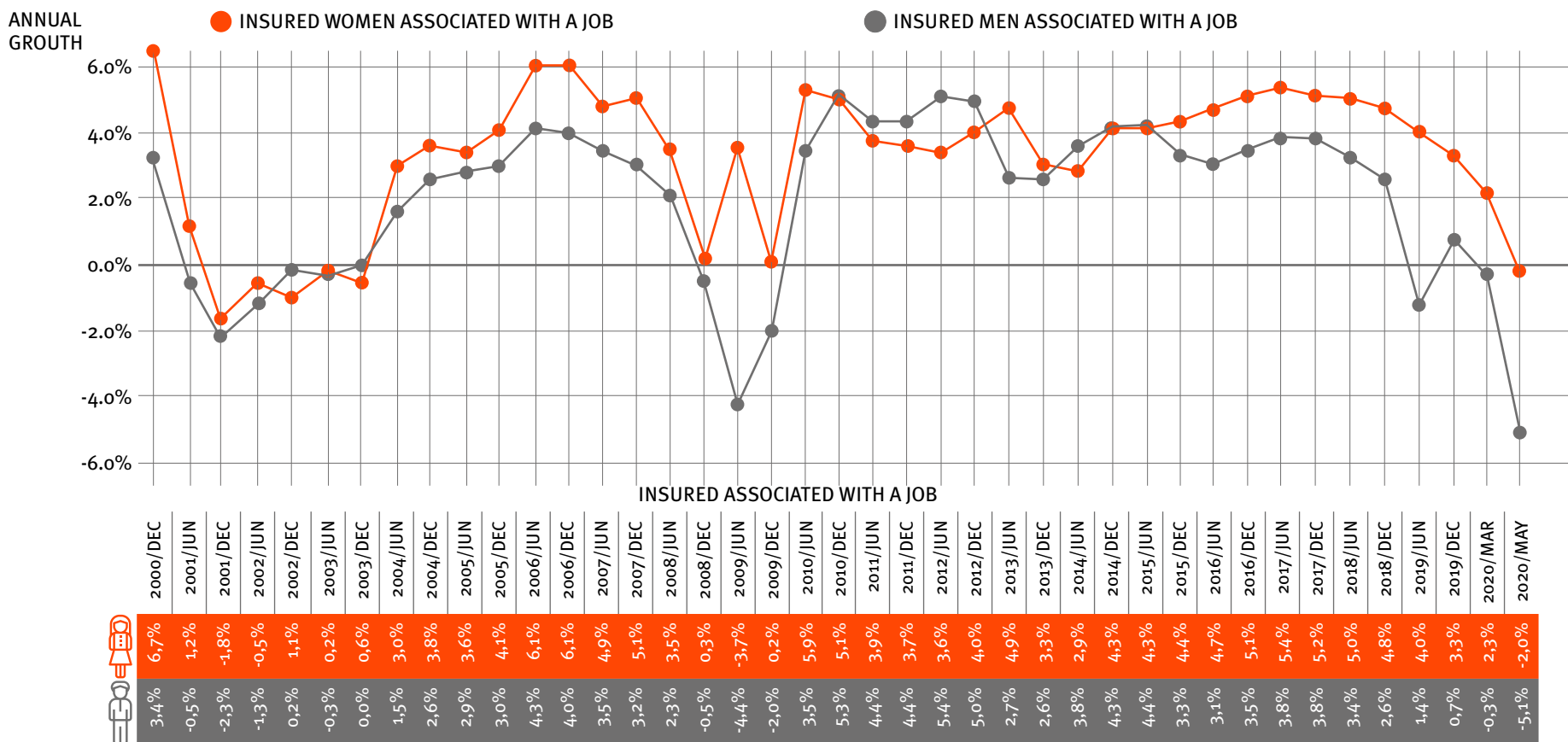


Source: ENCOVID-19, may 2020.

It pertains that women have stayed at home more than men to care for children and the elderly, which has meant that they lose their income more than men. In this sense, women carry a greater weight of the crisis than men.

However, during the pandemic, in the formal sector of the economy, the creation of jobs for men has decreased much more than that of women (Annual Rate of Employment Growth Chart).

GRAPH 4: ANNUAL GROWTH RATE OF FORMAL EMPLOYMENT BY SEX



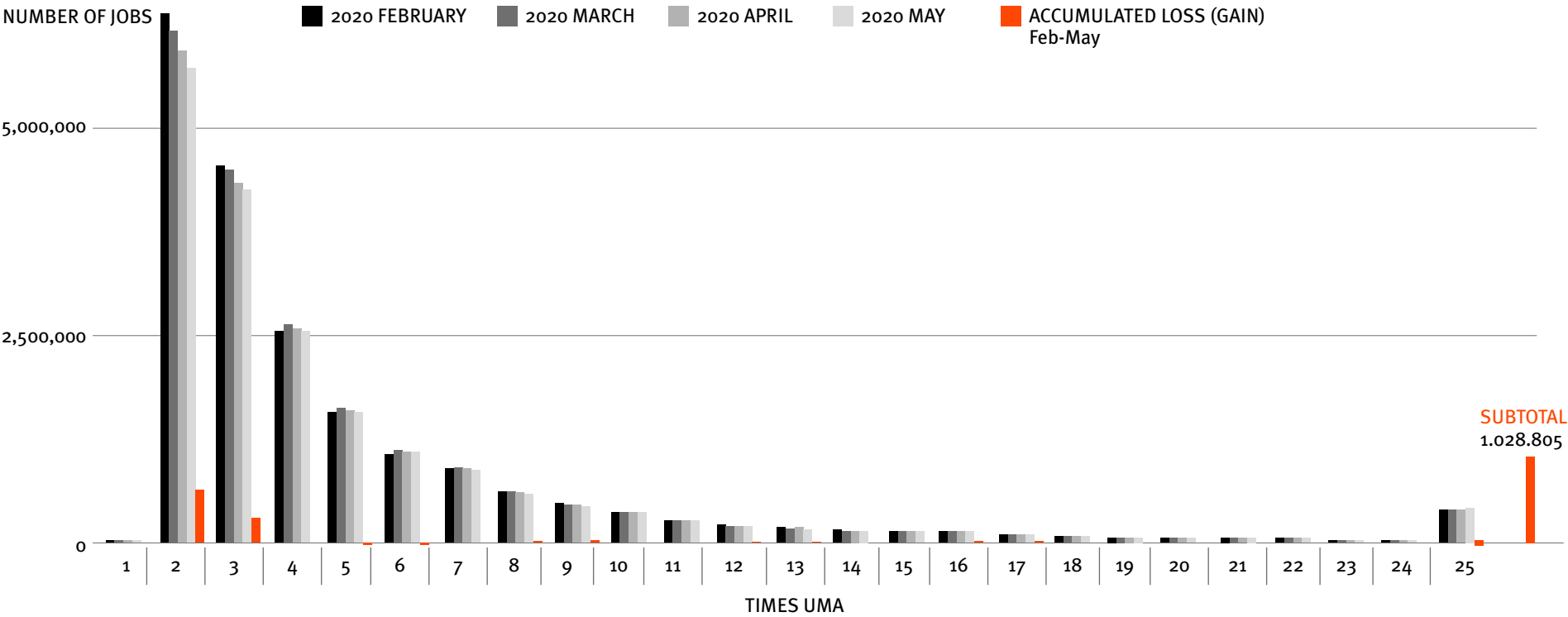
Source: Cubos, IMSS.

Although these periods of the crisis have been the product of different national and international economic events, the most vulnerable population is the one that regularly suffers the greatest damage. Practically all the formal jobs that have been lost are those with the lowest incomes, grouped in the three lowest income strata, which represent 92.8% of the total number of jobs lost between February and May of this year.

As can be seen in the following graph, job losses at income levels greater than 3 UMAS⁴ are much less. Furthermore, the highest income range has presented a slight positive variation (positive ones shown

⁴ UMA is the economic reference unit in pesos to determine the amount of the payment of the obligations and assumptions provided in federal laws, of the federal entities, as well as in the legal provisions that emanate from all of the above. Information referring to the percentage change in employment registered with the IMSS by age group. Mexico, 2017 - 2020

GRAPH 5: LOST JOBS BY SALARY RANGE IN UMA (FEBRUARY-MAY)



Source: Cubos, IMSS.

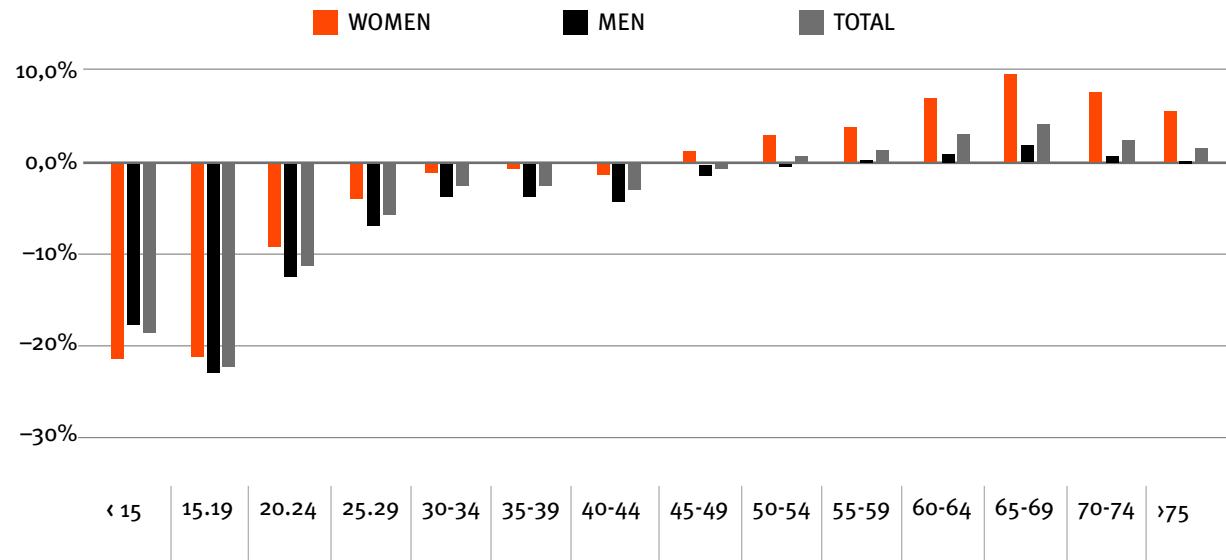
in orange). This has resulted in upward pressure on the level of wages in, formal employment. But this does not necessarily imply that the wage conditions of workers in the formal sector are improving.

Note: In 2020 one UMA is equivalent to 2,641.15 pesos per month.

According to The National Council for Evaluation of Social Development Policy⁵, (CONEVAL for its acronym in Spanish), data, as of January 2019, there was a drop in employment for the population under the age of 29 of approximately 2 percentage points. By January 2020, this decline has been further highlighted by the COVID-19 pandemic crisis, at approximately -1 percentage point. For March 2020, this data fell by approximately -3 percentage points.

The opposite effect is that of the amount of employment registered in the IMSS of people over 65 years old, since it increased 5% in July 2019, and by March 2020 it soared to almost 8%. Most likely this effect has to do with the support of the federal government's social programs that were launched last year, and that to this date, they are still in force. The permanence of these supports will depend on the continuation of these programs in the future, which

GRAPH 6: FORMAL EMPLOYMENT AT AN ANNUAL RATE BY SEX AND AGE GROUPS



Source: Cubos, IMSS.

For March 2020, the drop in employment for the population under the age of 29 **has added approximately 6 percentage points.**

⁵ Information referring to the percentage change in employment registered with the IMSS by age group. Mexico, 2017 - 2020

cannot be considered permanent jobs.

As of May 2020, the loss of jobs at the annual rate in the formal market is concentrated among those underage workers and up to 44 years, both men and women. For women over 45 years of age, positive growth can be observed, however, in the case of men, this behavior is not fully met, showing small advances in population groups between 55 and 74 years of age.

It is important to clarify that for those under 15 there was a downward trend prior to the pandemic, however, the decline became more pronounced in recent months. However, it does not fail to draw attention that between January and April said population group presented an increase of 14.7%.

However, as already mentioned, job loss is differentiated according to the sector of the economy and the region of the country. For the past month of May, at an annual rate, the deepest loss was accentuated in Quintana Roo with a decrease of 22.7%, the largest contraction in recorded history; followed by Baja California Sur with 13.2% and Guerrero with a decrease of 6.9%. The following states also stand out for being below the national -3.9%: Nayarit (-5.9%), Puebla (-5.4%), Coahuila (-5.3%), Mexico City (-5.2%), Hidalgo (-5%), Nuevo León (-4.2%) and Yucatán (-4.2%).

It is worrying that the annual growth rate at the national level is almost at the same level as at the most critical point in 2009 when it was -4.2%.

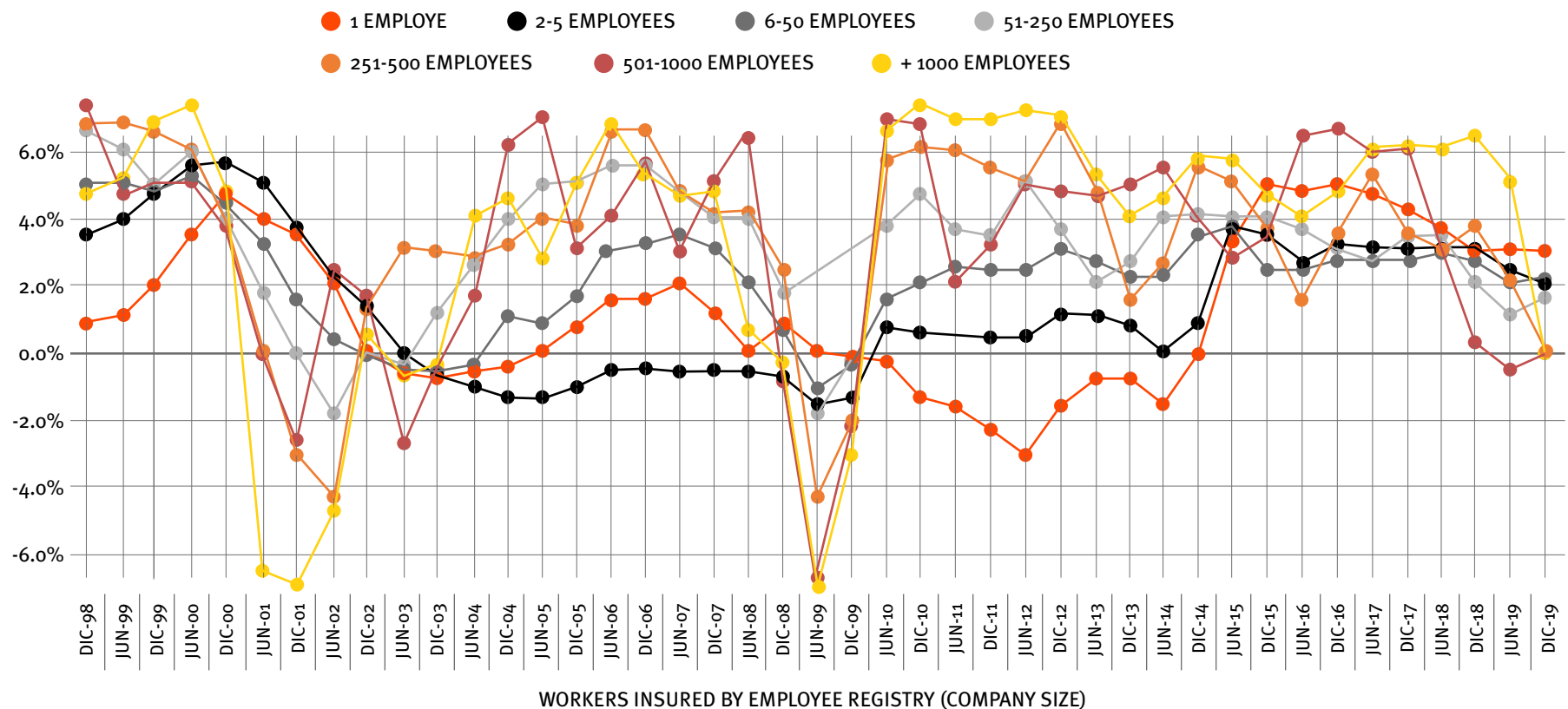
The first three states mentioned above stand out as states whose vocation is to provide services. This makes the impact of the decline in tourism on the behavior of employment in these entities increasingly evident, as well as its importance in economic activity. It is important to point out that other entities oriented to the service sector, such as Oaxaca, for example, do not show the same severity around employment loss, because it is an economy with a high rate of informal labor.

Besides, of the total number of jobs lost between March and April (685,840), five states of the Republic account for 51% of the total loss: Mexico City (17.1%), Quintana Roo (13.5%), New León (8.4%), Jalisco (6.4%) and Mexico State (5.3%). The case of Quintana Roo is alarming, both for its contribution to the total loss of jobs, as well as in relative terms.

On the other hand, if the problem is analyzed by sector, it is found that the construction industry had a reduction of 15% (the largest contraction in recorded history), followed by the extractive industry with a loss of 5.5% and the services for companies, people and homes with a reduction of 4.2%. It should not surprise us that the agriculture, livestock, forestry,

fishing, and hunting sector shows a growth of 3.1%, this following the behavior of the primary sector since 2019 and especially during the health crisis, where it has been observed that the Household spending has increased in the same way the food sector has.

GRAPH 7: ANNUAL GROWTH RATE OF JOBS BY COMPANY SIZE



Source: Elaboración propia con información del IMSS.

One lesson from the 2008 and 2009 crises is that the companies that maintained a lower growth rate after the recovery were the smallest companies; that is to say, those that had an employer registry of between one and five workers. In contrast, the largest companies (more than 50 workers) show more pronounced negative growth rates in crisis periods, with a stronger recovery in the following years.

This case does not seem to be the exception. As of April of this year, the smallest companies show a less pronounced drop, both in their growth rate and in the annual accumulated rate. However, as a proportion of the total loss, the companies that have more than 6 and up to 500 workers registered are the ones that contribute to the greatest loss of jobs (393,273).

Between March and April 685,840 jobs were lost; five entities of the Republic concentrate 51% of the total loss.

WHAT ALTERNATIVES WERE THERE TO FACE THE CRISIS?

The measures taken by the government regarding the earnings of workers have been few, small and late. The government maintained the social programs that it already had in force and only gave cash advances for certain benefits, such as pensions for the elderly, or expanded the number of scholarships in the various programs for Jóvenes Construyendo el Futuro (youth building the future). On the other hand, it offered three million solidarity loans of 25 thousand pesos each, of which only around 200 thousand have been granted⁶, which represents only 6.6%.

In the first case, the benefits have been directed to people who are outside the labor market, which significantly reduces their impact. CONEVAL determined that most of the social programs in operation will have very little impact to improve the family's income conditions⁷. In the case of solidarity loans, this is a good decision, but very few loans have been granted taking into account the size of the problem that is being faced. These are all the government programs at the federal level that have been implemented, in addition to the null actions in fiscal policy all towards the reduction of the impact of these crises on the labor market.

⁶ <https://tinyurl.com/y7rz2zhe>

⁷ <https://tinyurl.com/y8tcep26>

On the other hand, there is an emergency vital income, which is an initiative of deputies from all parties, accompanied by civil society organizations such as Nosotrxs, Oxfam México and Acción Ciudadana Frente a la Pobreza (Citizen Action Against Poverty), to provide a vital income 20 million people who have lost their source of income due to the pandemic and are unable or should not go out to work. Most of the possible beneficiaries are in the informal sector and are focused on offering goods and services primarily in cities. It is an income of a minimum wage, 3 696 pesos per month to be granted only for three months. The Movimiento Ciudadano (Citizen Movement party) party introduced a bill to give it legal support and make it operational⁸. The cost of this program is estimated at 221.8 billion pesos, equivalent to less than one percentage point of GDP or 3.6% of the annual budget of the Federal Public Administration.

There is also the solidarity salary, which is a tripartite program (government, company, and worker) promoted by the Mexican Confederation of Business Owners (COPARMEX for its acronym in Spanish), to ensure a minimum income for all workers enrolled

in the IMSS and preserve job sources while the pandemic develops⁹. The support is 100% of the salary for those who earn up to 3 minimum wages, 80% for those who earn from 4 to 6 minimum wages, and so on it decreases. As this occurs, the worker stops earning 100% of the difference. The cap is when the worker earns 17 minimum wages or more. In that case, the worker only receives 50% of the salary.

For the largest mass of workers, those who earn up to three minimum wages, the government provides 50% of the support and the company participates with the other 50%. For higher wages, the worker also contributes a part. For example, for someone who earns up to 6 minimum wages, the income is 80% of their normal salary. Half is provided by the government and half by the company. At the top, those who earn 17 or more minimum wages receive only 50% of their wages. The other 50% comes from the government (17%) and the company (33%).

⁸ Iniciativa con Proyecto de Decreto que expide la Ley del Ingreso Mínimo Vital para Situaciones Especiales y reforma la Ley General de Desarrollo Social y la Ley del Sistema Nacional de Información Estadística y Geográfica, presentada por Senadores y Senadoras del Grupo Parlamentario de Movimiento Ciudadano.

⁹ <https://coparmex.org.mx/salario-solidario/>

This assistance aims to prevent the loss of job sources and ensure the income of all workers. The estimated cost to the government of this support for formal workers reaches 95.1 billion pesos for a month, so if this assistance is given for a full quarter, the outlay would represent around 1.3% of GDP.

There are also subsidies to avoid the collapse of the middle class. Székely, Acevedo, and Flores estimate that 12.2 million people will fall from the vulnerable middle class to poverty due to the economic crisis caused by COVID-19, and they proposed a series of measures to avoid it through 6 months¹⁰. The five measures to “cushion” the blow are presented in Table 3.

The fiscal cost for this series of measures reaches 159 billion pesos or 0.66% of GDP.

As can be seen, there are a variety of feasible initiatives proposed by various groups in society to the government to avoid the social catastrophe that means increasing poverty in the country.

TABLE 3: ACTIONS TO PREVENT THE MIDDLE CLASS FROM FALLING INTO POVERTY

INTERVENTION	% OF POOR AVOIDED	MILLIONS OF POOR PEOPLE AVOIDED
TRANSFER OF HALF A MINIMUM WAGE PER MONTH TO SELF-EMPLOYED WORKERS.	38%	4,68
RESCHEDULE OF INCOME-TAX PAYMENTS AND SOCIAL SECURITY PAYMENTS TO FORMAL WORKERS.	27%	3,34
UNEMPLOYMENT INSURANCE WITH A VALUE OF A MINIMUM WAGE PER MONTH.	19%	2,35
DOUBLE FOR THREE MONTHS THE SUPPORT OF SOCIAL PROGRAMS IN 2018.	14%	1,73
TWO MILLION NEW “CRÉDITOS A LA PALABRA” (LOANS ON DEMAND) FOR EMPLOYERS (GOVERNMENT POLICY).	1%	0,13
TOTAL	100%	12,2

Source: Miguel Székely, Ivonne Acevedo e Iván Flores “Magnitud del Impacto social del COVID-19 en México, y alternativas para amortiguarlo” Centro de Estudios Educativos y Sociales, mayo 2020.

¹⁰ Miguel Székely, Ivonne Acevedo e Iván Flores “Magnitud del Impacto social del COVID-19 en México, y alternativas para amortiguarlo” Center for educational and social studies, May 2020.

OVERVIEW

A. EMPLOYMENT TREND IN MEXICO.

WHAT WILL HAPPEN?

The impacts of the fall in demand caused by the decrease in economic activity and the induced contraction in aggregate supply as a result of the health crisis will have serious repercussions in the economy, but especially in the labor market. If measures are not taken to mitigate the effect of the fall in output, the loss of jobs will be irreparable in the short term, but its effects will be postponed for much longer, limiting the possibilities for future growth.

Although the economic revival is ongoing throughout the world, Mexico's dependence on the United States of America and its behavior may have externalities on economic activity in our country. On the other hand, given the contraction in government spending as a result of the decrease in tax collection, it ensures instability conditions given the pressure of spending generated by the amendment to article 4 of the Political Constitution of the United Mexican States.



Image: <https://www.bbc.com/mundo/noticias-52418684>

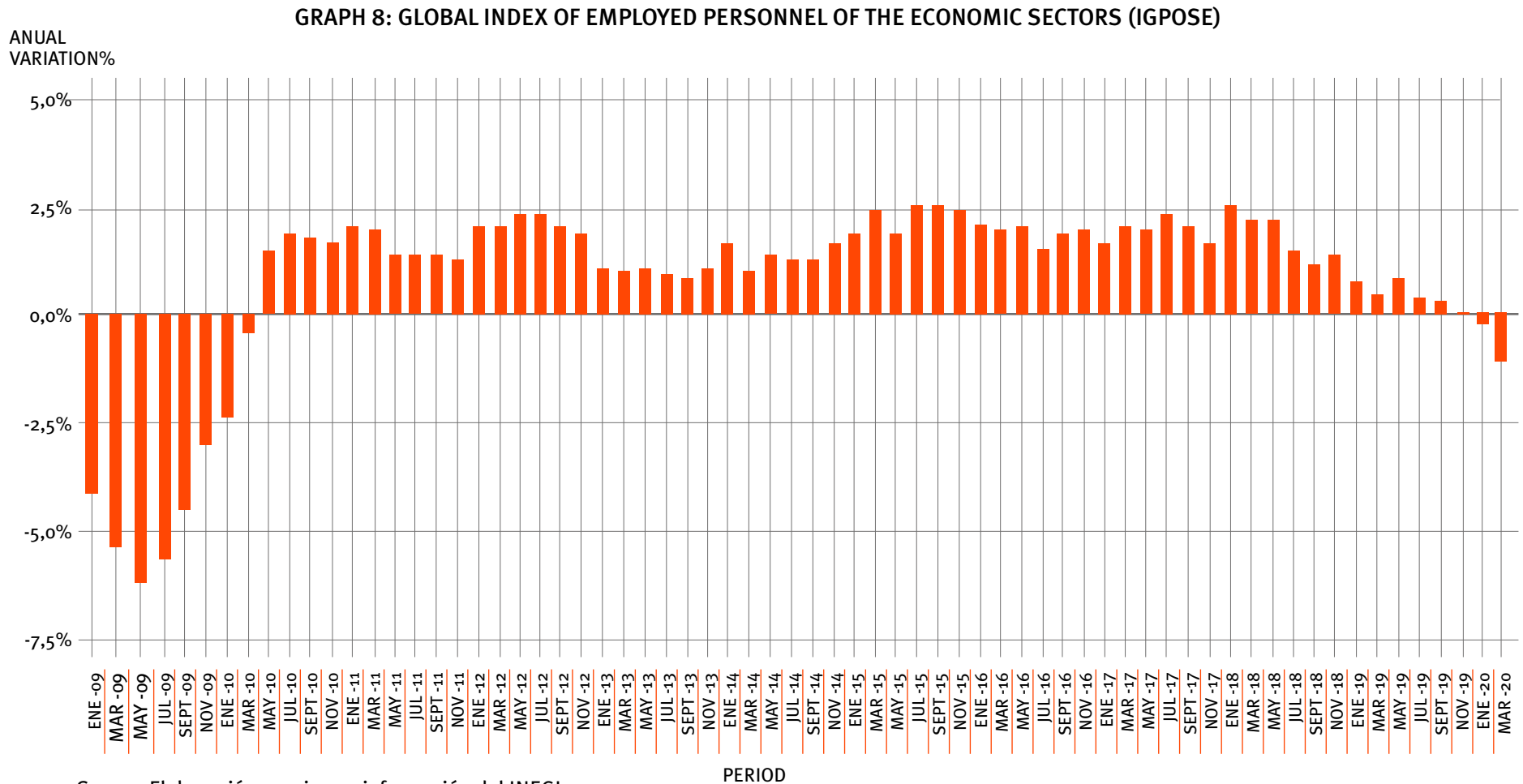


Image: https://www.cronica.com.mx/notas-con_el_covid_19_aumenta_la_injusticia_y_la_desigualdad_especialistas-1155008-2020

B. IMMINENT IMPACT OF DECLINING EMPLOYMENT

Based on the Global Employed Personnel index by Economic Sector (IGPOSE for its acronym in Spanish), which shows a clear slowdown in employment

since 2018 and marks an imminent downward trend since 2019, with an annual growth rate of -1.2% per month March 2020.



Source: Elaboración propia con información del INEGI.

The coincidence in cycles between IGPOSE¹¹ (which includes employment in the secondary and tertiary sectors) and the growth rate of formal employment lead to three conclusions:

1) A clear downward trend in unemployment in the secondary and tertiary sectors of the economy. If the annual formal employment rate continues with its trajectory, it is possible to anticipate a greater fall in the coming months than that registered in 2009, that is to say, greater than 6 percentage points. This will generate a very serious contraction of GDP in the second quarter of the year.

2) A rebound in primary activity, given the increase in food consumption and especially in non-durable goods. This will push up the labor market in this sector and act as a kind of a buffer for it, but it will not be enough to avoid disaster.

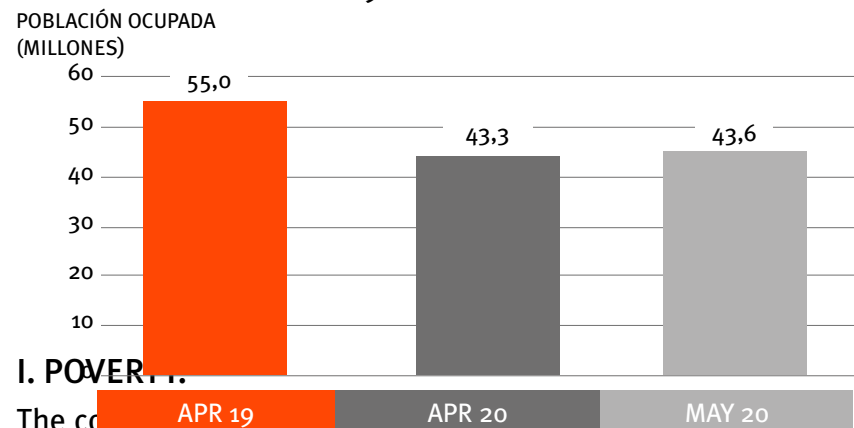
3) The depth of the cycle will depend on the economic policy measures that are implemented to counteract the effect on the real economy, such as bankruptcy of companies and loss of solvency. If the disease propagates to the financial sector, the crisis will deepen

¹¹ The IGPOSE It represents an approximation to the employed personnel of the non-agricultural sectors, complements the information generated in the households, shows the evolution that this variable registers for the economy as a whole. The indicator is reported by INEGI with a monthly frequency.

and spread further.

Finally, the increase in demand for cash may be related to an increase in informal activities and a reduction in tax collection. A fact that accompanies this situation is the increase in the employed population between April and May reported by the ETOE, (Telephone Survey of Occupation and Employment by its acronym in Spanish). However, this increase is partly explained by an increase of 77.3% of employed people who do not receive income (976,042 more employed people). Although compared to the previous year, it continues to show a reduction of more than 11 million employed people.

GRAPH 9. EMPLOYED POPULATION IN MEXICO



I. POVERTY

The co

Note: The survey was carried out between May 15 and 29.

Source: Telephone Survey of Occupation and Employment (ETOE), INEGI.

of measures to cushion the blow of the crisis will be reflected in the drastic increase in poverty in the country. The loss of formal jobs adds at least three dimensions of poverty: social security, income, and access to basic consumer goods (foodstuffs).

From its crudest perspective, the loss of income will place a large part of the population, which was positioned just above the poverty line but with high vulnerability, in poverty. According to CONEVAL estimates, which underestimate the impact considering that GDP will only fall 5% in 2020 instead of the 8.2% currently forecasted, labor poverty will increase from 37.3% to at least 45.8% in the first two quarters of 2020, an increase of more than 10 million people, which exceeds those registered during the 2009 crisis¹². Income poverty could increase between 7.2 and 7.9 percentage points. Extreme income poverty will increase by at least 6.1 to 10.7 million people for 2020.

¹² <https://tinyurl.com/y8g3heu8>

Image:<https://factorcapitalhumano.com/leyes-y-gobierno/coronavirus-borra-15-anos-de-avances-contra-la-pobreza-laboral-en-mexico/2020/05/>



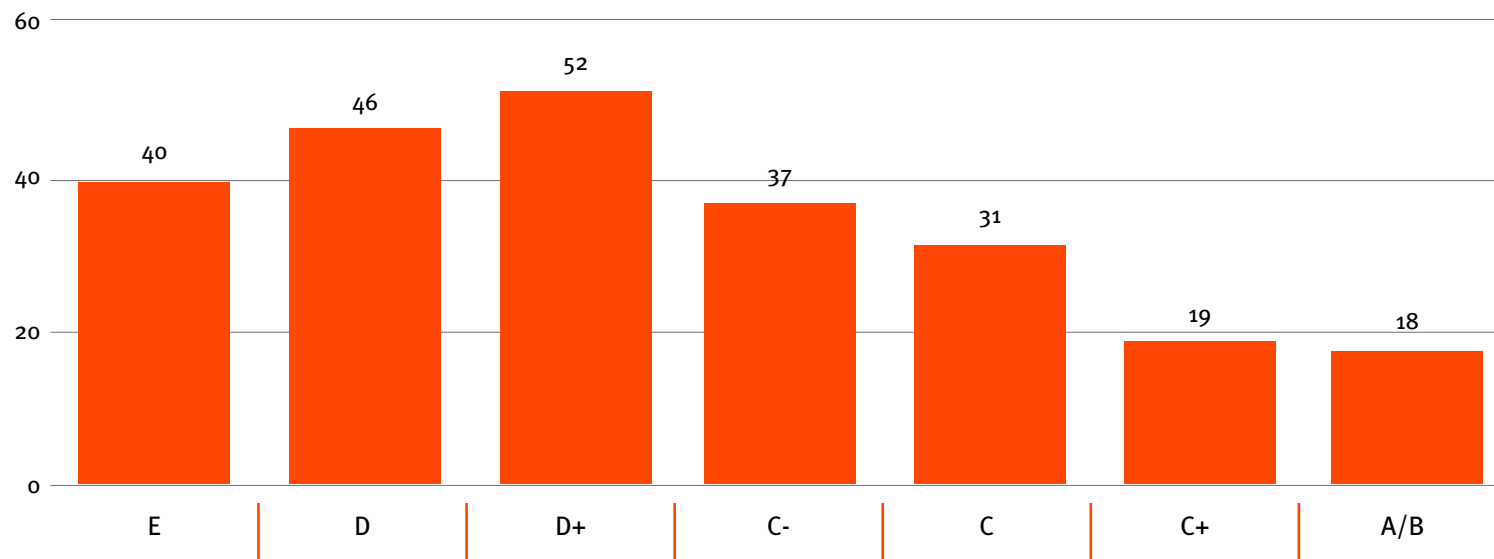
Image:https://www.elconfidencial.com/mundo/2020-04-23/coronavirus-hambre-crisis-alimentaria-pobreza-africa_2562348/



II. INEQUALITY

Existing inequality gaps will also widen. Income inequality will grow due to the greater defense capacity against the crisis between rich and poor. Households, where at least one of its members lost their job or source of income, have been those with the lowest economic level so that income inequality will increase¹³.

GRAPH 10. PERCENTAGE OF HOUSEHOLDS IN WHICH AT LEAST ONE PERSON LOST THEIR JOB OR SOURCE OF INCOME



Note: The socioeconomic level is ordered from lowest (E) to highest (A / B)

Source: Encovid19, april 2020.

¹³ <https://www.youtube.com/watch?v=Z384FJzmq5I>

The gap between men and women, as already indicated in Figure 3, will also widen. Those who have lost the most income and employment in the informal sector are women.

The digital divide will widen the existing gaps in levels of educational utilization. About 8 million children could not follow their studies remotely due to a lack of computer equipment and internet access. 80% of households with children and adolescents declared having had difficulty following studies remotely¹⁴.

Food-deprived families have also increased among the poorest families, making the nutritional prospects for children even more restricted. This will have detrimental effects on the development of children in the medium and long term

The gap between men and women is going to widen.

Those who have lost the most income and employment in the informal sector are women.

¹⁴ Signos Vitales. "La pandemia en México. La dimensión de la tragedia"

C. THE SANITARY OR THE ECONOMIC: FALSE DILEMMA

The false dilemma into which the government fell since the beginning of the pandemic when opposing health and economics, has placed it in a trap. By not focusing on controlling infections from the start, but even passively promoting them, and by not enforcing social confinement accompanied by support measures for people to stay home and not have to go out to work, the government did not take advantage of the three months of isolation of a large part of the population. Four months after the first case of infection, the country requires going out to carry out all kinds of economic activities after months of relative isolation, at the same time that the spread of the disease is still unstoppable and forecasts indicate that we will have at least 45 thousand deaths. The pandemic is out of control, and there are no reasons why it has to stop before a successful treatment or vaccine is found and massively implemented.

D.WHAT COMES AND HOW TO PREPARE?

The government's decision to simply be a spectator of the pandemic and restrict itself to attending to cases that reach hospitalization, apparently only accepting cases that are already very advanced in the disease, leaves the population with only one option: to take care of themselves as much as possible through hygiene protocols, avoid going out as much as possible, and work as always to once again have income with which to subsist. The only way out is to provide children with a computer to take their courses and accept that the income will be lower, either because of the unemployment generated by the pandemic or because of the need for a member of the household to stay home to take care of children and older adults.

Image:<https://www.infomediatico.com/2020/03/18/el-presidente-de-mexico-utiliza-amuletos-y-estampitas-contr-el-coronavirus/>

Image:https://www.clarin.com/internacional/mexico/coronavirus-mexico-andres-manuel-lopez-obrador-rechaza-declarar-toque-queda-presume-trebol-hojas-suerte_o_ldmHSYnov.html



CONCLUSIONS

From the above, it can be said that job loss is focused on certain groups of the population, either by type of employment (formal and informal), sex, age groups, regions, and specific sectors. The main characteristics are as follows:

Low-income jobs. In the case of formal jobs up to 3 UMAS (7,923.45 pesos monthly), where a very high percentage of job loss is concentrated between January and May of this year.

What was presented by Encovid-19 suggests that there is a small difference between men and women, however, in the case of formal jobs, the reduction in jobs is more acute in the case of men.

By age group, we know from the IMSS data that the losses are persistent in most age groups up to 44 years for both sexes, but the loss is persistent up to 54 years in men.

The contraction of employment can be observed in the different sectors of the economy, however, those related to construction and services are the most affected.

The companies that register a greater loss of formal jobs are those with more than 6 workers, however, the loss is more noticeable for those that are in the range of between 51 and 500 workers.





THE COST OF UPHOLDING PEMEX

Human lives and the environment

The cost of upholding PEMEX



SUMMARY

The Mexican federal government has strengthened its strategy to benefit the internal market of production of petroleum products, especially gasoline and diesel. However, in its effort to achieve this, it is generating long-term negative externalities in the economy, environment, and most hazardously, people's health.

This happens because by increasing the production of petroleum products, the production of fuel oil increases. This is a highly polluting residue from the same refining process, which can flood the domestic market. For this, the Ministry of Energy tries to ensure that CFE absorbs the monopsony of said fuel without

losing its market share since the marginal costs for its use are incremental.

PEMEX EVEN IN THE AIR

The lack of information in regards to the environment and the delay of the publication about production and energy consumption documented by Signos Vitales -especially related to emissions of particles less than 10 and 2.5 microns and the energy balance- have impeded a yellow alert for what is to come.

The generation and monitoring of information in regards to these particles is the responsibility of the federal entity, SEMARNAT (Secretariat of Environment and Natural Resources by its acronym in Spanish). It also must make said information public following the current regulatory framework, nonetheless, the most recent data in the information system of said Secretariat, has not been updated since 2016.

However, the oil production policy announced in recent days, allows us to understand the reason for the lack of information. The drop in oil prices and the losses faced by Mexican Petroleum (PEMEX for its acronym in Spanish), seem to not leave many options for the federal government nor the company, to continue on the path of hydrocarbons. From its perspective, it faces a dichotomy: exporting crude oil or increasing its presence in Mexico, while decreasing oil imports.

The Federal Executive has opted for the second option, which leads to an increase in oil refining, resulting in gasoline, diesel, liquefied petroleum gas, and fuel oil. It is intuited that within the logic of the Executive, it is better to process crude oil and transform it -mainly into gasoline- than to import said products. In other words, energy security is implicitly superimposed using the concept of aggregation.

However, the path towards this choice may not be as easy as it was presented in his discourse. The implications of such a decision are only as profound as the radicalization of the measure. It remains to be seen if the administrative and strategic decisions taken by the company are the most appropriate for the country. However, the most important consequences are those of the energy policy regarding the environment and, in turn, the health of Mexicans.

It faces a dichotomy:

exporting crude oil or increasing its presence in Mexico, while decreasing oil imports.

Increasing the production of petroleum products not only faces limitations in its oil production (or imports) for its subsequent refining process but also faces the restrictions imposed by the company's infrastructure. The obsolete conditions of said infrastructure, impose indirect costs associated with the production of gasoline and diesel, above all.

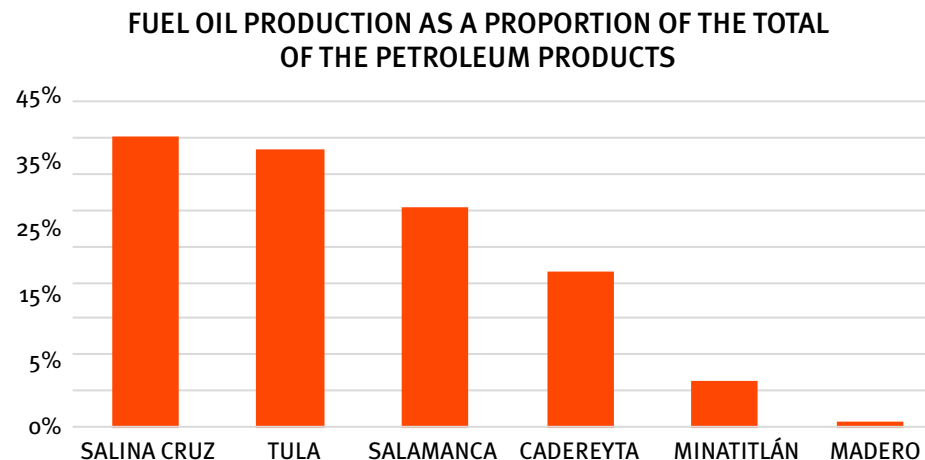
Internalizing these costs in the company can lead to a higher level of fuel oil inventories given its low demand in the industry, which means, excess supply is generated. For this reason, to implement this policy, the Federal Electricity Commission (CFE by its acronym in Spanish) was chosen to protect it from the competition. As a result of the increase in crude oil refining, proposed by the federal executive, a greater amount of fuel oil will be generated (a residue from the same refining process). This is due to the fact, that refineries in Mexico do not have sufficient technology to refine crude oil and convert it into gasoline with smaller portions of fuel oil, as is the case of the refineries in the United States of America.



Image: <https://vanguardia.com.mx/articulo/gobierno-de-amlo-quemaria-combustoleo-que-no-se-ven-de-para-generar-energia-es-danino-para>

However, it is convenient to specify that not all the refineries in Mexico produce the same amount of fuel oil as a proportion of their total oil production. As of April 2020, those of Salina Cruz and Tula stand out in this case, where approximately 4 out of every 10 barrels produced in said refineries, are fuel oil, followed by Salamanca with 3 out of 10. It is also convenient to clarify that the situation that the refineries undergo, is largely due to the low investment that was made in these, in previous governments.

Also, it should be noted that international trade regulations have prohibited the use of fuel oil on ships, due to the high levels of pollution that it generates, which partially reduced the demand for fuel oil three years earlier. Its production had been declining for years, especially from January 2017 until November 2018, a reduction of 42.1% can be observed. This reduction in domestic consumption was the result of replacing the use of fuel oil with natural gas for the production of electrical energy and the effort to comply with international agreements regarding the reduction and mitigation of climate change.



Source: In-house product with data from SENER.

This implies that PEMEX could not easily place such a surplus in the national and international markets. Consequently, given the increases in gasoline production (with high sulfur content), the federal government has chosen to concentrate fuel oil surpluses in the domestic market. For this, it is necessary for the largest fuel oil consumer in the country to use such energy. CFE will absorb this fuel oil for the production of electricity, which turns out to be more polluting than gas and with greater health effects, due to the emission of particulate matter less than or equal to 2.5 micrograms, better known as PM2.5.

The range of health effects of such particles is wide but, they particularly affect the respiratory and cardiovascular systems. The entire population is affected, but susceptibility to contamination can vary with health or age¹. These contaminants are mainly deposited in the tracheobronchial region (trachea to the terminal bronchiole), although they can enter the alveoli due to their tiny size (approximately between 1/20 and 1/30 the diameter of a hair).

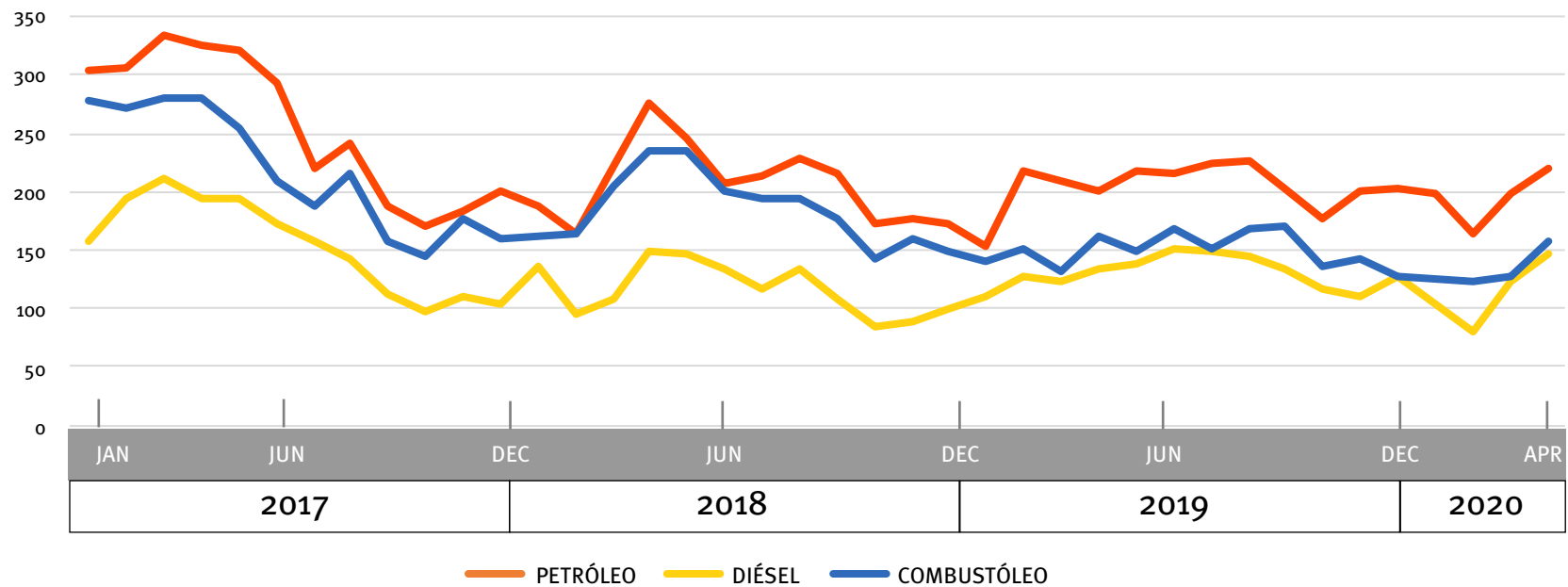
So, for said highly polluting value chain to be effective and in practice, the Mexican government resorted to actions in violation of international treaties on the matter. As well as a violation of the federal laws of the electric industry, transition energy, and climate change. This means that investment in new projects for the generation of renewable energy in Mexico has stopped. Consequently, this has reduced Mexico's participation in the electricity market.

CFE will absorb this fuel oil for the production of electricity,
which turns out to be more polluting than gas and with greater effects on health.

¹ World Health Organization (WHO) air quality guidelines for particulate matter, ozone, nitrogen dioxide, and sulfur dioxide (2005).

On the other hand, when executing such action, the National Energy Control Center (CENACE by its acronym in Spanish) exceeded its faculty as an operator for those of a regulator of the Electric System and the Wholesale Electricity Market, which corresponds to the Energy Regulatory Commission (CRE by its acronym in Spanish).

GASOLINE, DIESEL AND FUEL OIL PRODUCTION. MBD



Source: In-house product with data from SENER.

All of the above mentioned is necessary so the CFE could make use of the fuel oil produced by PEMEX in its power plants without losing its market share. The key criteria for assigning power plants for the generation of electricity is based on their variable production costs, which are mainly determined by the cost of used fuel oil. This process assigns the lowest cost plant first, then the generating plant with the next best offer up to its maximum capacity at the associated cost, and so on, until all the demand estimated and modeled by CENACE is covered. In this sense, the last assigned plant sets the market price, since it is a marginalist market. The use of fuel oil to generate electricity raises the cost of production, making it less competitive compared to other energies such as wind and solar in a dispatch center. For this reason, the dispatch rules have had to be modified to advocate towards the reliability of the system - a highly debatable issue - regarding the criteria of costs and efficiency.

It should also be mentioned, that the transformation of fuel oil into electrical energy can be carried out in plants that use a combined cycle, conventional thermal, or internal combustion technology. In Mexico, 36.5% of electricity is generated in combined cycle plants and 17% in plants with conventional thermal

technology. This means that more than half of the electricity consumed by Mexicans is generated with technologies that make intensive use of fossil fuels such as fuel oil and natural gas. However, as previously mentioned, given the excess of fuel oil, it will have to replace the use of natural gas in the electricity transformation process, once the demand for electricity returns to its peak of use, as it was prior to the health crisis.

The aforementioned, without considering the coal-fired plants that generate 7.7% of the total electrical energy which, likewise, are a fixed source of contamination in the communities where they are located.

LIGHTS, BUT CONTAMINATION

Among the set of power plants to be highlighted are those that strengthen linkages in the PEMEX-CFE production chain, such as the plants in Tula (Hidalgo), Tuxpan (Veracruz) and Salamanca (Guanajuato). This is due to the closeness they maintain with the

The increase in the use of fossil fuels will generate great pressure on other ecofriendly technologies such as wind power and photovoltaic, which represent 9.4% of the total generators of electricity. Their presence may be reduced due to the agreement in mention, which restricts the entry of new investments in the matter. This implies that if the supply of electric energy increases, the participation of the two mentioned technologies will be less as a proportion of the total. It is important to note that the greater dependence on fossil fuels the greater the subsequent effects on the environment.

POWER PLANTS IN MEXICO					
POWERPLANT	STATE	MUNICIPALITY	TECHNOLOGY*	FUEL**	MW***
Manzanillo	Colima	Manzanillo	CT, CC	FO AND GAS	2754
Tula (Francisco Pérez Ríos)	Hidalgo	Tula	CT, CC	FO AND GAS	1881
Tuxpan (Adolfo López Mateos)	Veracruz	Tuxpan	CT	FO	1750
Presidente Juárez	B. California	Rosarito	CT, CC	FO AND GAS	1063
Salamanca TC y Cogeneración	Guanajuato	Salamanca	CT, TG	FO AND GAS	1023
Samalayuca I y II	Chihuahua	Cd. Juárez	CT, CC	FO AND GAS	838
Villa de Reyes	San Luis Potosí	Villa de Reyes	CT	FO	700
Puerto Libertad	Sonora	Pitiquito	CT	FO AND GAS	632
Mazatlán II (José Aceves Pozos)	Sinaloa	Mazatlán	TCT	FO	616
Río Bravo (Emilio Portes Gil)	Tamaulipas	Río Bravo	CT, CC	FO AND GAS	511
Guaymas II (C. Rodríguez Rivero)	Sonora	Guaymas	CT	FO	484
Altamira	Tamaulipas	Altamira	CT	FO AND GAS	465
Topolobampo II (Juan de D. Bátiz)	Sinaloa	Ahome	CT	FO	320
Lerdo (Guadalupe Victoria)	Durango	Lerdo	CT	FO	320
Francisco Villa	Chihuahua	Delicias	CT	FO AND GAS	300
Valladolid (Felipe Carrillo Puerto)	Yucatán	Valladolid	CT, CC	FO AND GAS	295

* CC: Combined Cycle; CT: conventional thermal; IC: internal combustion

FO: Fuel Oil; DIE: Diesel; GAS: Gas. *Effective capacity in Megawatts

Source: In-house product with information from PRODESEN 2019-2033.

THE HIDDEN LIABILITIES OF PEMEX-CFE, DEATHS BY PM_{2.5}

It should be mentioned that only for 2014, The National Institute of Ecology (INECC by its acronym in Spanish) estimated that the preventable deaths caused by PM_{2.5} ranged between 8,464 and 9,767² for the central region of the country. Additional to this, both the Health Effects Institute and the Institute for Health Metrics and Evaluation, estimated that during 2017, in Mexico, the deaths attributable to PM_{2.5} were 32,800 and the death rate per 100,000 inhabitants was 30.³ That is a higher rate than the deaths caused by COVID-19 so far.

One issue that contributes to aggravate the situation, is that, according to the National Air Quality Report from 2018 carried out by the INECC, of 191 monitoring air stations distributed in 83 cities and metropolitan areas of the country, only 118 of them, distributed in 60 cities, have the ability to measure PM_{2.5} suspended particles, and of these, only 4 met the Official Mexican Standard (NOM by its acronym in Spanish), 45 did not meet the NOM and for the remaining

The preventable deaths caused by PM_{2.5}
ranged between 8,464 and 9,767 for the central region of the country.



² The variation in the calculation depends on the applicable Standard, either the NOM (Official Mexican Standard) or the one proposed by the World Health Organization.

³ Health Effects Institute. 2019. State of Global Air 2019.

Fuente: <https://www.univision.com/noticias/politica-ambiental/mala-calidad-del-aire-favorece-la-muerte-de-55-millones-de-personas-cada-ano>

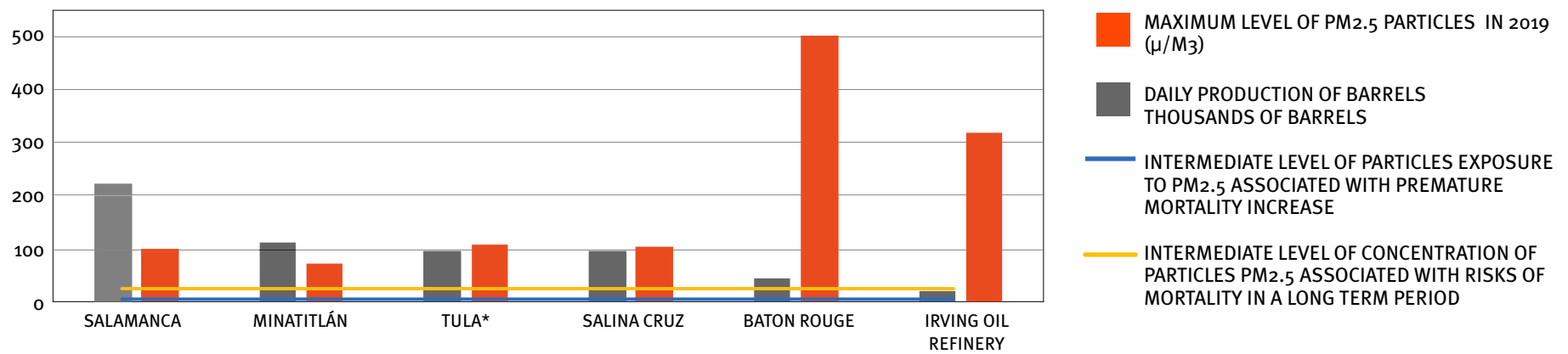
69 it is not possible to assess the compliance with the NOM due to insufficient data or because they were not in operation. This implies that regardless of the results– which in principle are not encouraging –only 41.5% had sufficient information. The results are as serious as the fact that the State does not have the capability to make decisions that safeguard the health of the inhabitants in the municipalities that may be at high risk.

The verdict to rescue PEMEX through the increase in refining is questionable if it has consequences on the health of Mexicans due to the increase in emissions of atmospheric pollutants PM_{2.5} (among some others), the reduction in competitiveness and finally, the monetary costs associated with the impact of said policy.

Consequently, if the refining volume increases, a large part of imports will be replaced by domestic production, which implies ensuring the placement of national gasoline and diesel in the domestic market. (Where PEMEX continues to lose market at an accelerated rate as shown in the energy section.) To close this combination of elements that ensure income for PEMEX, it will be necessary to increase the price of gasoline and diesel imports, and the following two measures would come in handy:

1. Cancelling permits to service stations other than PEMEX
2. Cancelling import permits altogether. Although this implies, once again, the violation of the regulatory framework, however in this context it would not be surprising.

OIL REFINING AND POLLUTION LEVELS

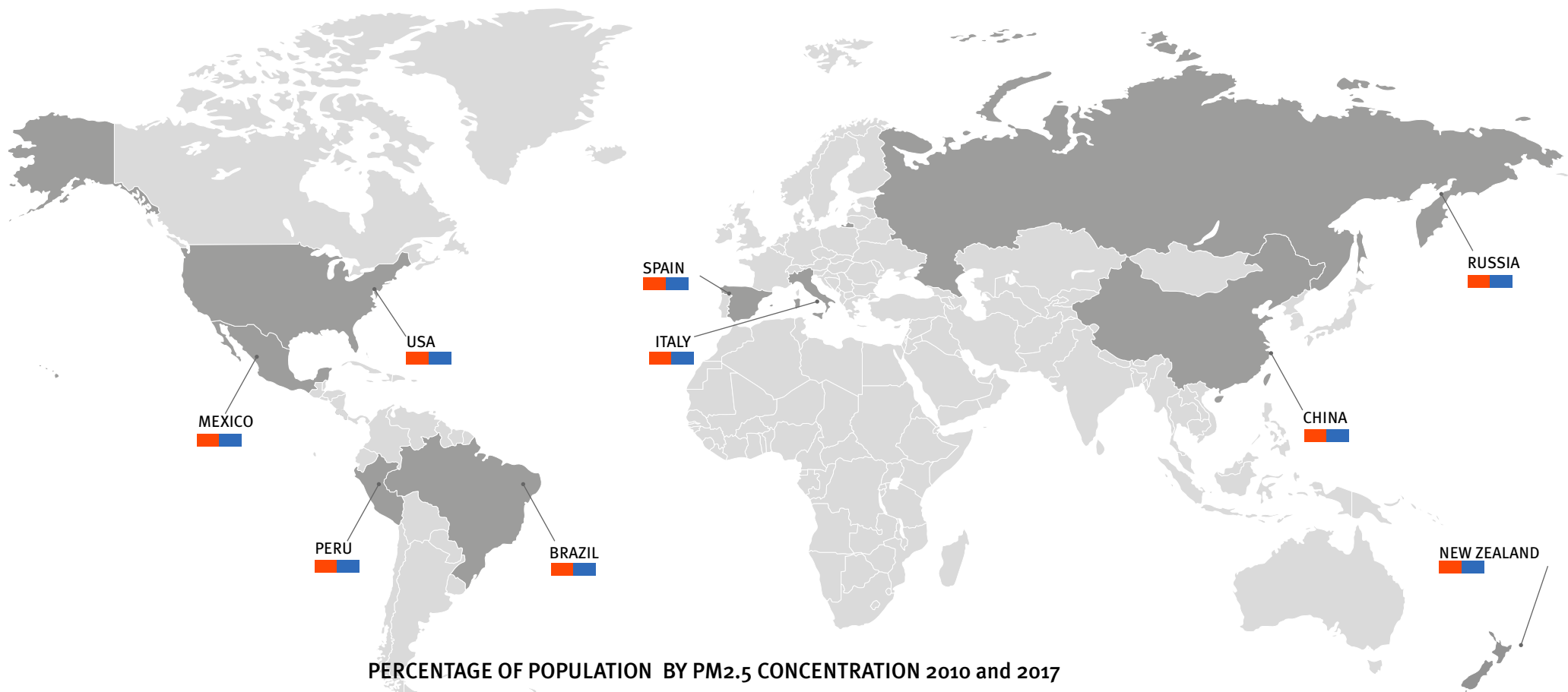


Source: Wilson Center

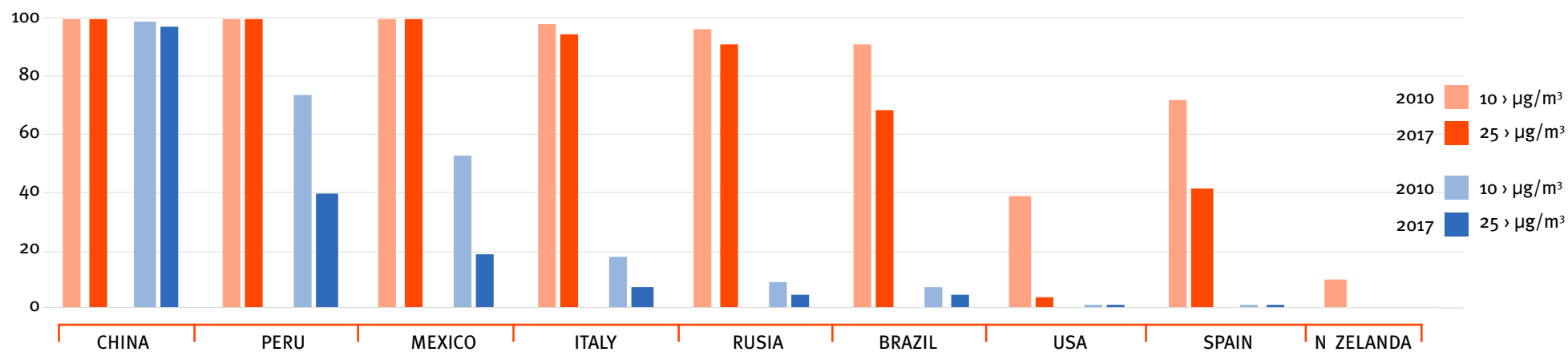
On the other hand, although we do not know precisely how lethal the combination of COVID-19 with the pollutants we are talking about can be, the central region of the country is the one that concentrates the largest number of people infected by the virus and the one that reports increased air pollutants. Furthermore, we know from a revealing study from Harvard University (<https://tinyurl.com/ycb5e8te>) that the $1 \mu\text{g}/\text{m}^3$ increase in $\text{PM}_{2.5}$ is associated with an 8% increase in the mortality rate caused by such a virus, that is, the virus becomes more lethal under certain pre-existing conditions. Other results of this research mention:

1. Population with $\text{PM}_{2.5}$ concentrations greater than or equal to $8 \mu\text{g}/\text{m}^3$ have an average mortality rate per 100,000 inhabitants almost 3 times higher than the population with a concentration less than $8 \mu\text{g}/\text{m}^3$;
2. In a previous study carried out by the same researchers, it was found that an increase of $1 \mu\text{g}/\text{m}^3$ of $\text{PM}_{2.5}$ was associated with an increase of .73% in the mortality rate (from all causes) for the elderly population 65 years or older. This means that an increase of the same magnitude leads to an increase in the mortality rate of COVID-19 almost 11 times more.

In addition, we can observe in two time periods, the exposure to these particles for a group of selected countries, where the progress of some nations in terms of the percentage of the population that is exposed to concentrations greater than $25 \mu\text{g}/\text{m}^3$ is appreciated, a situation that is extremely harmful to health. It is not surprising that New Zealand was one of the first countries to lift the health contingency (without neglecting the efforts made to control the COVID-19 pandemic), where the levels of such particulate matter are 0. On the other hand, little progress has been made by different countries such as China, Italy, Russia, Peru, and Mexico; in regards to the reduction of the concentration of these particles greater than $10 \mu\text{g}/\text{m}^3$ to a greater proportion of their populations. Thus, it is surprising that in the case of Mexico, just over 99% of the population is exposed to concentrations greater than $10 \mu\text{g}/\text{m}^3$ without observing any progress between 2010 and 2017, but have reduced by 65%, concentrations greater than $25 \mu\text{g}/\text{m}^3$ in the same timeframe.



PERCENTAGE OF POPULATION BY PM_{2.5} CONCENTRATION 2010 and 2017



Source: Signos Vitales with information from World Bank

FOR THE RIGHT TO A HEALTHY ENVIRONMENT, LOCAL GOVERNMENTS AND CITIZENS

The governments of the federal entities will play an extremely important role here since the monitoring of pollutants that affect the quality of life of their populace can avoid more serious outcomes shortly. The following map shows the behavior of PM₁₀ – particles up to 4 times the size of PM_{2.5}– in Mexico during May for the period 2003-2018 (on average). As can be seen, there is a greater concentration in the central, western, and southeast areas of the country. This, like some other maps, can be consulted on the portal <https://tinyurl.com/ybbm3brb> developed by the European Commission. So, it remains to be seen what will be the measures that the states of the center of the country especially: Hidalgo, State of Mexico, Mexico City, Querétaro, Puebla, Morelos, Guanajuato, and Tlaxcala, will undertake in favor of preserving the right to a healthy environment. However, other states should also be interested in their environmental situation given the high levels of pollutants reported, such as Jalisco, Colima, Veracruz, and Oaxaca.

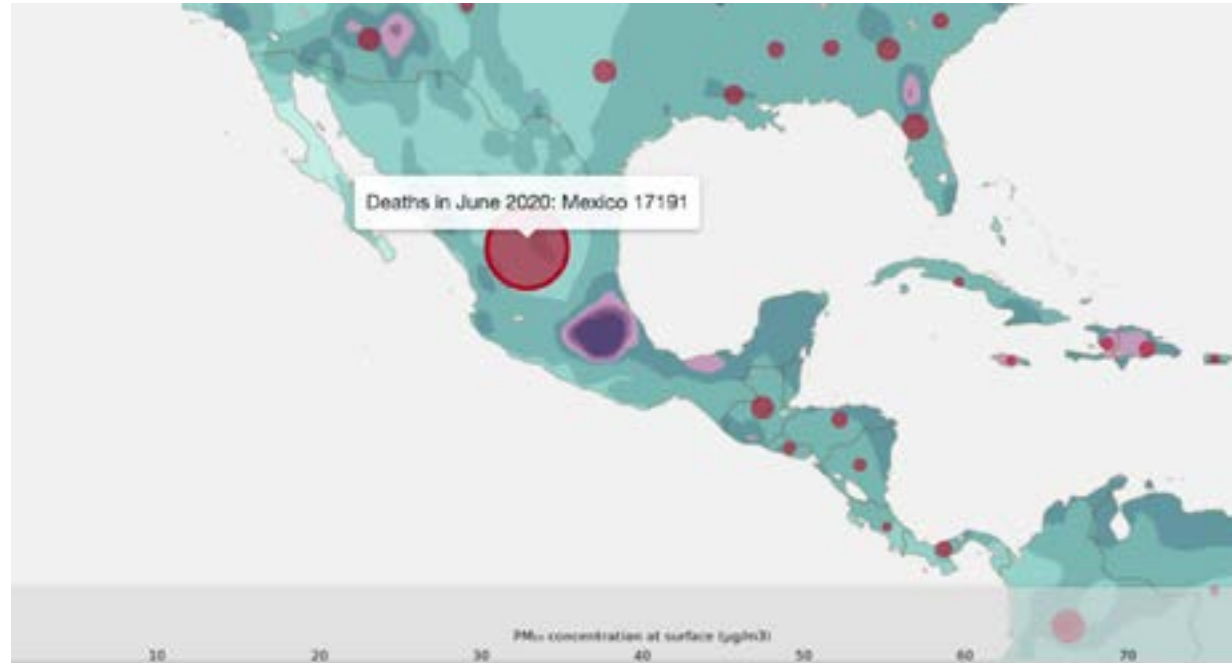


Imagen: niveles de contaminación en México, consultado el 30 de junio 2020 en <https://tinyurl.com/ybbm3brb>.

It is of utmost importance that citizens are informed about the risk involved in carrying out outdoor activities in the presence of various pollutants (including PM_{2.5} and PM₁₀) and to assess the risk to which each one is exposed. An instrument that can serve as a guide is The World Air Quality Project <https://tinyurl.com/yb3098jm>, where anyone can check the air qual-

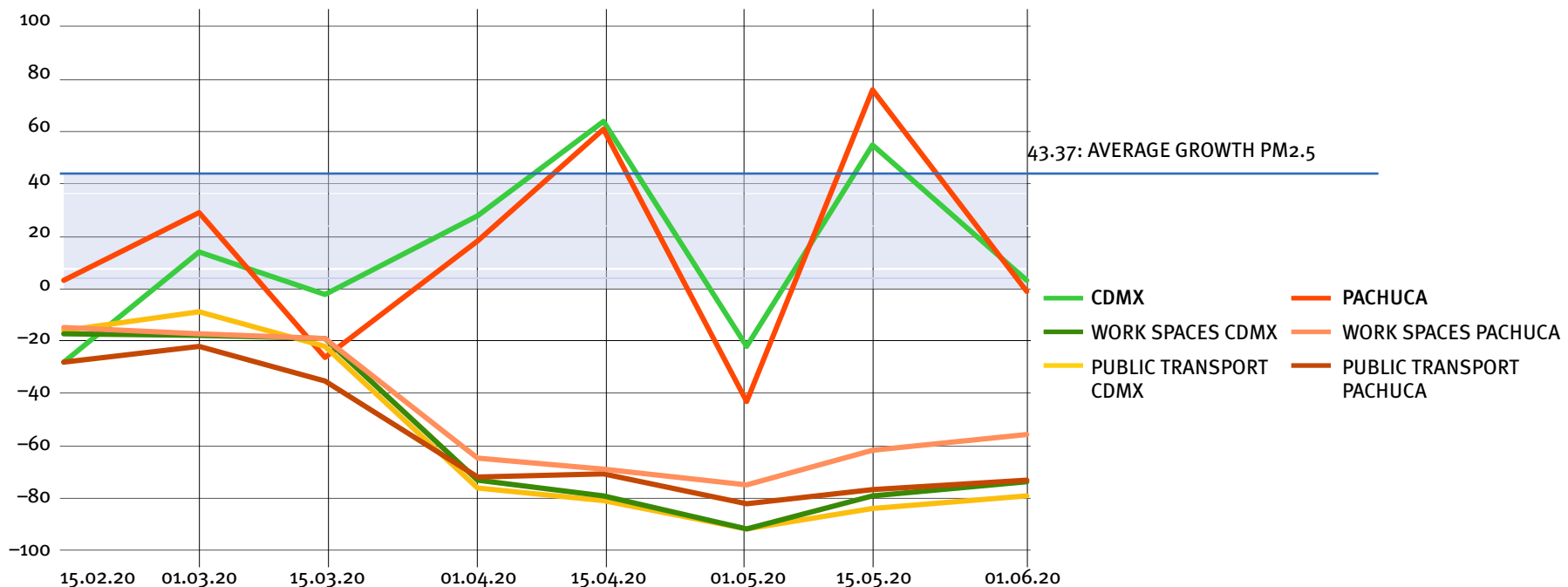
ity in their city in real-time. It is time to rethink as a society if what we really need is more fossil fuels, especially in Mexico, due to the indirect costs associated with the generation of gasoline and diesel and not necessarily because of the consumption of fuels for other uses such as transportation.

In recent dates, the increase in PM_{2.5} particles was 43.4%⁴ on average from February 15 to June 7 in a se-

⁴ The index for PM_{2.5} is estimated based on the same methodology used by Google in the case of mobility.

lected sample of states. contrary to the change in urban mobility patterns in the main cities of these entities, which began to drop in mid-March going forward, due to the closure of non-priority activities. This translates into greater contamination or presence of PM_{2.5} (among others) and less mobility in Mexico.

PM_{2.5} AND URBAN MOBILITY



Source: In-house product with information from Google and The World Air Quality Project

Given the above, the fact that despite the world has stopped its activities, which implies a decrease in the use of private and public transportation (due to its high dependence on fossil fuels), the level of pollutants stands out. In some cities in Mexico, it has not decreased. One of the great lessons of this health crisis can be strongly linked to the environment and the impact of human activities on it. Perhaps, it is time to rethink this strategy taking into consideration the air quality. This can be a turning point that results in a wakeup call for the government in regards to environmental policy closely related to the use and destination of energy.

This leaves us as a result a focus of our analysis on **fixed sources of pollutants such as refineries and power plants.**

It is clear why, the environmental conditions in the cities that host such infrastructures, have presented increases in air pollution, but it is also appropriate to point out other causes such as forest fires. The current situation of the world offers us a controlled experiment that could not have been seen or experienced at any other time.

THREE QUESTIONS ARISE FROM THE ABOVE:

1. Is it necessary to process the 1.8 million barrels a day⁵ that the Executive suggests satisfying the internal demand? At least those fuels related to high sulfur content.
2. Is the taken measure cost-efficient? Does the benefit of rescuing two companies offset the human and economic losses that this entails?
3. It is of utmost importance to know what local governments are doing in terms of decision-making about opening economies, under environmental conditions that do not correspond to the NOM.

⁵ Goal, that by the way has been adjusted and is much more reasonable than the 2.6 mbd that were initially suggested.

CONCLUSIONS: LOSSES ARE ALSO BREATHED

Mexicans have in their hands the decision to define their near future, as everything seems to indicate that it is more expensive to produce fossil fuels than to use them in their transportation. If imports decline and domestic fuel production increases, the results on the environment and above all, on health, point to be devastating in the midst of the health crisis. In other words, we will breathe the losses of PEMEX from when Mexicans let the electric current pass through their houses up till when they move in vehicles that use fossil fuels.

For now, the Tamaulipas state government has taken a step in the direction of discouraging the use of fuel oil in the electricity industry, by proposing to tax the generation of electricity when using fuel oil, given the carbon dioxide it generates. This is a solid argument because it is in accordance with the Paris agreement, however, from the economic point of view, it is worrying that said increase in the cost of production falls on the final consumers, so, politically it may also be counterproductive.

For its part, the Climate Change Council, which has the power to advise the Inter-Secretarial Commission on Climate Change, which holds said power under the General Law on Climate Change (LGCC for its ac-

ronym in Spanish), has spoken on the matter, urging the Ministry of Energy to reconsider the actions taken in recent days.⁶

On the contrary, the federal government has announced the construction of a greater number of combined cycle power plants, which perpetuates this situation and sends a clear signal: the rescue will deepen even if the costs are internalized in the health of Mexicans and debt must be paid with human lives.

It should be clarified that with the public series of decisions the Mexican government is transferring an issue of energy security to one of health, and, incidentally, contravening the Sustainable Development Goals in environmental matters. On the other hand, this problem can be aggravated over time since it will increase our dependence on fossil fuels. In other words, fire is fought with more fire.

The federal government demands taxes and the Mexicans, without knowing it, in many cases, pay with their lives.

⁶ <https://tinyurl.com/y8o5vwvb>





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