

depends upon improved investor confidence. The inflation rate slowed to 2.5 percent in November and is expected to fall gradually throughout the year. The unemployment rate fell to 6.0 percent in November, down from 7.6 percent in August, but still much higher than the 3.9 percent posted for November 1994. *Banco de Mexico*, the central bank, is expected to loosen its grip on the money supply. In addition, the government plans to develop the export sector, with greater efforts towards the integration of small- and medium-sized enterprises. The government has also made progress towards meeting its promises of electoral reform. In spite of these encouraging signs, domestic consumption is expected to recover slowly, especially if new tax incentives are introduced to encourage saving.

POLITICAL STRUCTURE AND LEGAL SYSTEM

Mexico is a federal republic composed of 31 states and a federal district which includes Mexico City. The federal government is comprised of three branches: executive, legislative and judicial. The head of the executive branch is the President who is elected by popular vote for a single six-year term. Legislative power is vested in the Chamber of Deputies and the Senate, whose members are elected for three-year and six-year terms, respectively. The judicial branch consists of a Supreme Court of Justice, Circuit Courts and District Courts.

Each of the 31 states has its own constitution, civil code and other local laws and regulations, as well as its own executive, legislative and judicial authorities. The head of the state executive branch is the Governor. The legislative branch consists of the Chamber of Deputies

and judicial power is exercised by the local courts.

Mexico has a civil law system, which is based on the continental European legal tradition stemming from Roman law and Napoleonic principles. Under this system, basic legal principles are established by civil, commercial,

criminal, judicial and procedural codes. Judicial precedents are not binding except for Supreme Court decisions under certain circumstances.

Political Parties

The *Partido Revolucionario Institucional (PRI)*, Institutional Revolutionary Party, has dominated

Mexican Federal Government Secretariats

Department	Acronym	English equivalent
<i>Presidencia de la República</i>		Office of the President
<i>Procuraduría General de la República</i>	PGR	Office of the Attorney General
<i>Secretaría de Agricultura, Ganadería y Desarrollo Rural</i>	SAGAR	Secretariat of Agriculture, Livestock and Rural Development
<i>Secretaría de Comunicaciones y Transportes</i>	SCT	Secretariat of Communications and Transportation
<i>Secretaría de la Defensa Nacional</i>	SDN	Secretariat of National Defence
<i>Secretaría de Comercio y Fomento Industrial</i>	SECOFI	Secretariat of Commerce and Industrial Development
<i>Secretaría de Contraloría y Desarrollo Administrativo</i>	SECODAM	Secretariat of the Comptroller General
<i>Secretaría de Turismo</i>	SECTUR	Secretariat of Tourism
<i>Secretaría de Desarrollo Social</i>	SEDESOL	Secretariat of Social Development
<i>Secretaría de Marina</i>	SM	Secretariat of the Navy
<i>Secretaría de Energía</i>	SE	Secretariat of Energy
<i>Secretaría de Educación Pública</i>	SEP	Secretariat of Public Education
<i>Secretaría del Medio Ambiente, Recursos Naturales y Pesca</i>	SEMARNAP	Secretariat of the Environment, Natural Resources and Fisheries
<i>Secretaría de Gobernación</i>	SG	Secretariat of the Interior
<i>Secretaría de Hacienda y Crédito Público</i>	SHCP	Secretariat of Finance and Public Credit
<i>Secretaría de Relaciones Exteriores</i>	SRE	Secretariat of Foreign Affairs
<i>Secretaría de Salud</i>	SS	Secretariat of Health
<i>Secretaría de Programación y Presupuesto</i>	SPP	Secretariat of Planning and Budgeting
<i>Secretaría del Trabajo y Previsión Social</i>	STPS	Secretariat of Labour and Social Welfare