

## A. OVERVIEW

### A.1 SCENARIOS

Mass poverty in Mexico -- affecting up to twice the population of Canada -- is not only unjust but contributes to instability in North America. This is particularly the case for the United States, in terms of pressure of migration and context for the illegal trade in narcotics.

The demographic challenge facing Mexico and Mexican government will continue for the foreseeable future, increasing pressure for access to economic livelihood, resources and participation.

The process of decomposition of the Mexican dominant party/state system will likely continue at a greater or lesser rate, with potential for democratization on the one hand or further repression, suffering and chaos in the coming decade. The mid-term elections are likely to provide important indicators of the speed, extent and character of the process.

The level of corruption, fed by narcotic commerce, together with its attendant effects of violence, obfuscation and generalized criminal behavior, will continue to be a major obstacle to effective democratization, social peace and the rule of law, and an impediment to transparent commercial and diplomatic relations of confidence.

The extent and depth of environmental degradation continues despite improvement in the law and relative strengthening of environmental ngos and public consciousness. The extent of the threat is of significance from a global perspective -- rainforests, species, atmosphere, trade health and safety -- and is fed by marginalization and poverty at the bottom and corruption and lack of political will at the top.

The North American Free Trade Agreement will continue in existence, reinforcing trade and investment links and assisting wealth creation and accumulation for some. The economic crisis which came in its wake will continue to profoundly affect the majority of the Mexican population.

Canada has significant and growing economic interests in trade with and investment in Mexico, in the strengthening of civil society and democratic institutions in Mexico and in "balancing the relationship" with Mexico, that is reinforcing social, cultural, organization, aboriginal and other not strictly economic linkages with Mexico. It can be argued that Canada has an interest in reduced inequality and enhancement of basic needs for the Mexican poor majority, in terms of extending democracy, ensuring stability and expanding markets. Canada has an interest in protecting and recuperating the natural environment in Mexico as part of its global responsibility.

#### *A short-term scenario*

The highly-articulated struggle over the control of the state at national, state and municipal levels will continue. There is potential for positive experimentation with public participation in policy formation and government. There is also considerable potential for hard-line or "dinosaur" reactions in particular regions of Mexico or parts of the Federal government. The process of