

# WebMemo



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## Mexico's Swine Flu Crisis: Expect Political and Economic Fallout

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The current swine flu crisis will have a negative impact on Mexico, a neighbor whose democratic health and political stability remain vital to the interests of the U.S. A Mexico seriously weakened by fears of pandemic, economic meltdown, or drug violence will adversely impact U.S. domestic politics and this nation's capacity to demonstrate leadership in the Americas and around the globe.

The recent spread of the swine flu virus that appears to have originated in Mexico also demonstrates the interconnected and transnational nature of global challenges facing the U.S. The current outbreak recalls previous infectious disease crises, notably the SARS outbreak in 2003, and more recent avian flu incidents. Pandemic scenarios and fears of possible bio-terrorism attacks demonstrate the unending need to provide adequate resources and authority to the Departments of Homeland Security and Health and Human Services to handle a wide range of disease-driven emergencies.

Previously challenged by drug and economic issues in Mexico, the Obama Administration must keep a steady hand on the tiller if it wishes to successfully navigate current and future challenges in U.S.-Mexico relations.

**Origin of an Outbreak.** The flu-like symptoms now diagnosed as swine flu were first reported on March 9 in Vera Cruz, Mexico. The first swine flu fatality reported to the Mexican government occurred on April 13.<sup>1</sup>

It was not until April 23, however, that a Canadian laboratory confirmed the presence of the new

strain of flu, the H1N1 virus. The Mexican government maintains it did not have adequate laboratory facilities at the time to conduct a full investigation—hence the need for Canadian assistance. Once the H1N1 virus had been confirmed by Canadian scientists, the Mexican government rushed into action—but not before the flu had begun to spread inside and outside of Mexico.

Critics of the Mexican health system's performance point to the valuable time lost between the initial detections of the flu that triggered a comprehensive investigation and the subsequent emergency response. Future policy attention will be given to Mexico's broad but weak public health and hospital system.

**The Calderon Government's Response.** On April 24, President Felipe Calderon's government launched sweeping measures to contain the flu's spread. These measures included the closing of schools, first in a limited area around Mexico City but later throughout the country. The government also ordered the closing of numerous public places as well as restaurants in the capital for all but take-out service. The government has tapped emergency credit supports from the International Monetary Fund and World Bank for masks, medicines, and other needed medical equipment.

This paper, in its entirety, can be found at:  
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President Calderon will continue to exercise emergency executive powers for as long as the virus threatens Mexican and international health. He has promised a strategy of transparency and openness in response to the crisis.

President Calderon's critics will now look closely at his handling of the swine flu situation and public support could evaporate if the crisis worsens. Calderon faces critical legislative elections this summer that will be interpreted as a referendum on his leadership. In the handling of the flu crisis, Mexico City's leftist daily *La Jornada* argued that, "the government's discourse has been characterized by imprecisions and fooleries that, like it or not, created confusion, uncertainty and anxiety in the public."<sup>2</sup>

**A Trifecta of a Crisis.** The current swine flu crisis promises to impact Mexico's already faltering economy, its tourism industry, and its war against the drug cartels.

- **Increasing Economic Woes.** Mexico is being severely affected by the global economic crisis. Its economy is already struggling as production falls, jobs losses increase, and U.S. demand for Mexican exports such as cars and home appliances plummets. GDP shrank 1.6 percent in the fourth quarter and probably contracted another 4.2 percent in the first three months of this year.<sup>3</sup> The fall in the price of oil has also hurt the Mexican government, which depends on oil giant PEMEX for approximately 40 percent of its operating budget. Mexico's Finance Minister Augustin Carstens warned that there is a "high potential" the swine flu outbreak will damage the economy.
- **Hurting Tourism.** In 2008, Mexico's tourism industry generated more than \$13.3 billion in revenue and was the third largest source of foreign income after petroleum and remittances.

Keeping the door to tourism open will be vital to the overall health of the Mexican economy.

- **War Against the Drug Cartels.** The ongoing battle against the drug cartels has shown some signs of improving in recent months, largely due to the liberal deployment of the Mexican army in highly violent areas such as the state of Chihuahua, particularly in the drug gateway city of Ciudad Juarez. This struggle cannot take a backseat to the swine flu issue. Therefore, the Obama Administration must move forward with commitments made in both the Merida Initiative and in recent meetings between senior U.S. and Mexican officials to coordinate actions to stop the northbound flow of drugs and immigrants and the southbound flow of arms and cash.

**An Opportunity.** The swine flu crisis is placing an additional heavy strain on Calderon and the Mexican government. This health crisis will require further monitoring and a steady and helpful hand from the U.S. It does not at this time appear to require a border closure strategy that would have serious disruptive effects on Mexico's economy and the psychology of its citizens.<sup>4</sup>

In the days and months ahead, the Obama Administration needs to develop a comprehensive, cabinet-level strategy for dealing with Mexico's multi-dimensional crises of drugs, violence, economic recession, and public health. It must continue developing effective border security strategies and move quickly to place a U.S. Ambassador in Mexico City.

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2. Tracy Wilkinson, "Questions About About Mexico's Response to the Crisis," *The Los Angeles Times*, April 27, 2009, at <http://www.latimes.com/features/health/fla-sg-mexico-flu27-2009apr27,0,915348.story> (April 29, 2009).
3. Jens Erik Gould and Thomas Black, "Swine Flu Outbreak May Deepen Economic Decline," *Bloomberg News*, April 27, 2009, at <http://www.bloomberg.com/apps/news?pid=20601086&sid=aWMig8uWlkZ0&refer=news> (April 29, 2009).
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