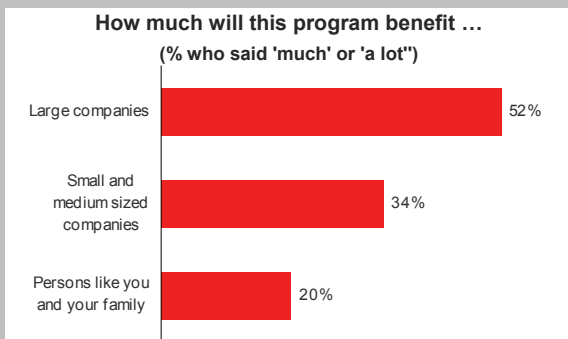
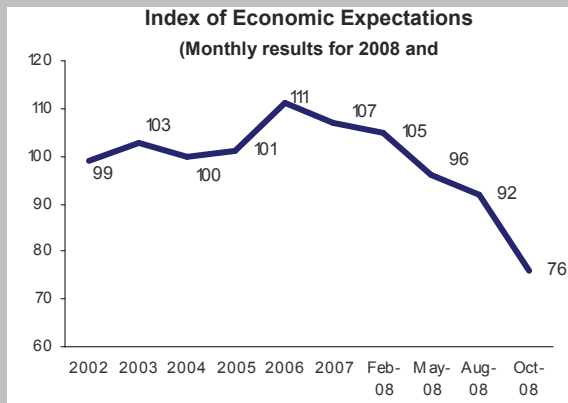


Alan Stoga, President
Daniel Wilson, Managing Director and editor
Mariana Campero, Vice President, Mexico City

Polls

Outlook on economy tanks

Mexicans showed a sharp drop in confidence regarding the economy, sending it to the lowest levels of the decade, according to a new GEA-ISA survey. The general index of economic confidence (100 plus the %-age who think things will improve in the coming year minus the share who think things will worsen) in October reached its lowest level recorded in the past seven years. While respondents were generally favorable towards the President's emergency economic program, they thought it was more likely to benefit large companies rather than 'persons like you.' (www.isa.org.mx)



Key Dates

11/9: Hidalgo elections
11/14: Deadline for budget approval

Late Dec.: Minimum wage announcement for 2009
7/5/09: National congressional, 6 gubernatorial, and 5 other local elections.

Senate approves limited energy reform

Meeting outside their normal chambers in order to stave off the threat of disruption by followers of **Andrés Manuel López Obrador**, the Senate voted approval of all seven energy reform laws by wide majorities. The compromise package, much watered down from the President's original proposal, won approval of all parties, including a majority of the PRD. Fewer than ten senators from the PRD and PT voted against each law. The legislation now goes to the Chamber of Deputies, where it is expected to be voted and approved as early as today. (Reforma 10/24)

President Calderón celebrated the vote, and applauded the participation of the PRD senators. He called the compromise legislation, "the best possible with limitations and natural imperfections." While the leaders of the major parties also hailed the package, most observers concluded that the watered down reform fails to address the core problems of Pemex, with several calling it a "Pyrrhic victory." Columnist **Ricardo Alemán** described the final outcome "neither a privatization nor a reform," and said that the only winner was "the mediocrity, the smallness, and blindness of the political class." (Universal 10/23)

Energy reform deepens PRD divisions

The vote on the energy reform package deepened the internal crisis within the PRD. AMLO loyalists denounced those who voted in favor as "traitors." Senator **Ricardo Monreal** declared that "Senators that gave their back to the movement will pay a price." On the other hand, Senator **Carlos Navarrete**, the leader of the moderates in the Senate, said his colleagues "acted in an institutional manner." Party President **Guadalupe Acosta Naranjo** declared "the end of an era in which only one voice is heard." However, as a gesture of reconciliation, the lower house agreed to give AMLO 30 minutes to address the Chamber of Deputies leadership regarding his objections to the energy package. (Universal 10/23, 28, Reforma 10/24)

Narco penetration of top anti-crime agency revealed

Acting on information provided by the U.S. DEA, the government arrested the chief of staff of the organized crime unit **SIEDO** for being on the payroll of the **Beltrán Leyva cartel** since 1997, and forced the removal of at least 25 agents and other officials. The investigation also found that the U.S. embassy and DEA office had been penetrated. There are also broad hints that other senior Mexican government officials will be unmasked as the investigation continues. (Universal 10/27-28, Excelsior 10/28)

President moves to create a National Police force

The President sent two law initiatives to Congress that will create a single Federal Police force with broad powers for both crime prevention and investigation. If approved, the Federal Investigative Agency (AFI), which currently is part of the Justice Ministry, will disappear. The 4,000 AFI agents will be given the choice of joining the new police force, which will be part of the Ministry of Public Security. The Federal Preventive Police (PFP) will also disappear. The initiative also modifies the role of the public prosecutors, the Federal Public Ministers. (Proceso 10/22)