



Privacy in Mexico

Background Report in Draft Form

Prepared by
Emily Smith, Researcher

For the Globalization of Personal Data Project
Queen's University

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c/o Department of Sociology
Queen's University
Kingston, ON K7L 3N6
(613) 533-6000, ext. 78867
(613) 533-6499 FAX

surveill@post.queensu.ca

<http://www.queensu.ca/sociology/Surveillance>

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Privacy in Mexico: Draft Report

Political History and Privacy Policies and Laws

Mexico was ruled by the same political party, the Institutional Revolutionary Party (PRI), for over 70 years, from 1929 until 2000. The stability of this political system is now being overturned with the introduction of democratic policies, including efforts to enforce the Constitution (Ipsos 2005). However, the transition to democratization is occurring slowly. Many political and social problems dominate public consciousness in Mexico, such as poverty, inequality, political corruption and violence. Thus, privacy rights and legislation are not at the forefront of Mexican concerns. Privacy laws in Mexico are well behind developed countries, such as Canada, the United States or that of the European Union, as well as other Hispanic countries, such as Chili, Argentina and Brazil, all of which have enacted federal laws to protect privacy (ibid).

The authoritarian political system, which was ruled by the PRI, developed after the violent Revolution of 1910 to 1921 as an attempt to create stability for Mexico (Leal 2003). The destruction, death and chaos of the Revolution, lead by Emiliano Zapata, left a long-standing Mexican fear of political and social instability. The political system was remade in order to prevent the repetition of the revolution by institutionalizing a one-party system that represented middle class, labour, agrarian and military interests (ibid; Colborn 2002). This system, and the power of the PRI, was maintained because of continued economic growth, its adaptability to the changing needs of society, the cohesion of political elites, as well as patronage, corruption, electoral manipulation and the use of coercion (Gawronski 2000; Colborn 2002). The PRI was the longest ruling political party in the world (Colborn 2002). Elections were held regularly

every 6 years, but were spoiled by fraud and corruption. Opposition parties were marginalized and the president ruled with almost unconstrained authority (Beer and Mitchell 2004).

Mexicans are accustomed to adversity, crisis, violence and instability. During its time in power, the single-party PRI regime led to authoritarian violence, military abuses and human rights violations against its own citizens (Beer and Mitchell 2004). In 1968, several hundred students were massacred in Mexico City for demonstrating against government repression. President Luís Echeverría clashed with Mexican business leaders that resulted in a financial crisis in the 1970's and rumours spread of a military coup (Gawronski 2000). A debt crisis occurred in 1982, causing economic decline. Inefficiency and corruption of the state were demonstrated with a poor government response to a Massive earthquake in 1985. The limits of Mexican democracy were evident in 1988, when many believe the presidential election was actually won by the opposition candidate Cuauhtémoc Cárdenas, not Carlos Salinas de Gortari (ibid). This series of political and economic crisis began to erode the political monopoly of the PRI.

The 1990's also marked great human rights abuses; torture was widespread, killings occurred outside of the legal system, and members of the military and police disappeared (Beer and Mitchell 2004). The threat of violence on opposition party activists was high, especially for the leftist Party of the Democratic Revolution (PRD). Journalists were also the target of hostility and intimidation. Crime rates were high and fighting also occurred in rural areas, such as the Zapatista uprising in Geurrero in 1994 after the emergence of the Popular Revolutionary Army (EPR) in Chiapas (ibid). The assassination of Colosio and Ruís Massiew caused doubt in the stability of the political system and the 1995 economic crisis brought the government

development model into question. Mexico has experienced crisis since the 1960's creating momentum for transition towards a more liberal political system (ibid).

Over the past two decades, Mexico has moved towards a more open electoral system (Leal 2003). Mexico has experienced socioeconomic development, stronger US Mexican relations, and increased democratization (Gawronski 2000). More competitive elections began to be held after the collapse of the debt crisis in the 1980's. Opposition parties assembled and democratization spread in the 1990's. A transition occurred in the 1990's with the relatively free election of President Ernesto Zedillo, who introduced judicial reform, granted new powers to the Supreme Court and reformed police forces. In the 1997 election, the PRI lost the congressional majority and lost the presidency in 2000 to Vicente Fox, a candidate of the National Action Party (PAN) (Beer and Mitchell 2004). Fox promised to stop political corruption and police abuse and to investigate past human rights violations. In order to accomplish this, he created an undersecretary of human rights and democracy, increased cooperation with the UN and the Inter-American Commission on Human Rights, provided greater openness to international human rights observers, and introduced a new freedom of information law to open up secret archives on past human rights cases (ibid).

Mexican consciousness is dominated by the history of political and social problems that resonate from the period of authoritarian rule of the PRI. Thus, Mexico does not currently have a comprehensive legislative framework on privacy and data protection. There is no individual appointed responsible for the management of personal information, the purposes of data collection do not generally need to be made at the time of collection, and there are no overall laws governing consumer privacy in commercial organizations (Cockfield 2004). There are also no civil organizations that specialize exclusively in the protection of privacy rights (Ipsos 2005).

However, Mexico does have some legal protection through the Constitution and amendments to secondary laws that address the protection of personal information.

Within the legal framework, Article 7 and 16 of the Mexican Constitution guarantees the right to privacy. Article 7 guarantees freedom of expression, which shall not exceed the boundaries posed by the “respect for private life, morality and public peace” (Ipsos 2005, 9). Article 16 states, “One’s person, family, home, papers, or possessions may not be molested, except by virtue of a written order by a proper authority, based on and motivated by legal proceedings...” (Privacy International 2003). In 1996, articles were added to protect private communications (Ipsos 2005). Modern concepts, such as personal data are not specifically addressed in the Constitution (Cockfield 2004).

There are several secondary federal laws that have sections which relate to privacy regulation, including consumer protection (ibid). For example, the Mexican E-commerce Act of 2001 includes provisions on consumer privacy that address electronic communications only, such as providing confidentiality, prevention of data transfer to third parties without consent, technical security measures to provide confidentiality, notification to consumers before transactions, and respect for consumer rights not to receive commercial solicitation (Cockfield 2004). Mexico’s Consumer Protection Agency (PROFECO) also made changes to Federal Consumer Protection Law in 2004 to protect consumer data privacy, including provisions of informed consent, providing correct information, demanding that information not be transferred to third parties and allowing an opt-out of marketing to personal residences (ibid).

Privacy of correspondence is recognized under Chapter 6 of Mexico’s Postal Code since 1988. The General Communication Law of 1939 also has penalties for interruption of communications and divulging secrets (Privacy International 2003). In addition, the General

Population Act regulates the National Registry of Population and Personal Identity, which registers all individuals in the Mexican population and uses the data to certify their identity. Privacy International claims that the aim of the registry is to issue official ID cards to citizens that endorse the data of the holder (ibid).

Furthermore, Article 214 of the Federal Penal Code protects against the disclosure of personal information held by government agencies and has penalties for revealing personal secrets by any means (ibid). However, the Law Against Organized Crime of 1996, allows electronic surveillance with a court order and prohibits unauthorized surveillance of electoral, civil, commercial, labour or administrative matters and private means of communication. Mexico's human rights organizations have highly criticised this law as violating Article 16 of the Constitution (ibid). Moreover, the media has reported numerous illegal wiretapping scandals by the ruling party on the opposition using telephones. President Vicente Fox ordered a government review in 2000, uncovering illegal surveillance operations by the federal attorney general, the interior ministry, military, national security agency, and statistical institutions (ibid).

As a result, in 2002 President Fox enacted Federal Law on Transparency and Access to Public Government Information, called Ley Federal de Transparencia y Acceso a la Información Pública Gubernamental (LFTIAPG). This law was approved by parliament and came into effect in May 2003, allowing public access to information held by government bodies (Privacy International 2003). This legislation defines personal data and also contains some provisions for the protection of personal data, which make it confidential without due cause for access. Additionally, this law protects personal data gathered by government authorities and standardizes principals regulating the handling of personal data by the state. Principals of consent, disclosing the purpose of collection and guaranteeing the rights of access and correction of personal

information are safeguarded (ibid). A National Commission on Access to Public Information was created to supervise the implementation of this law, and several exemptions have been made (ibid).

A federal agency was created to deal with handling personal data requests, establishing guidelines for information handling, and for the maintenance and protection of personal data in government possession. The Instituto Federal de Access a la Información Pública (IFAIP) was in charge of implementing LFTAIPG (Ipsos 2005). The IFAIP created The General Directorship for Personal Data (DGDP), which was exclusively dedicated to protecting personal data. However, this office closed after its first year, 2003-2004, because it was not able to guarantee adequate protection of personal data and due to budget constraints (ibid). There are currently no civil organizations that specialize in the protection of privacy, but some privacy advocacy groups do exist, such as Freedom of Information Mexico, the Foundation for Information and Democracy, as well as law and research institutes based out of university centres (ibid).

The Mexican legislature has unsuccessfully attempted to pass omnibus privacy legislation in recent years (Cockfield 2004). A proposal was submitted to the House of Representatives for a decentralized public institution to be called the Federal Institute of Personal Data Protection, by Deputy Luis Miguel Barbosa Huerta of the Democratic Revolution Party (PRD) (Ipsos 2005). This institute was to be modeled after the European Union Privacy Directive and to protect the flow of personal data. This bill did not receive enough support from the private, public, or academic sectors, and received extreme opposition from business organizations in the United States (ibid). The proposal contained serious business provisions, including opt-in requirements for consumers. The bill did not receive public attention, likely due to other pressing political issues involving the indictment of the former president Echeverría in the assassination of college

students in 1968-71. The proposed law could be used to bring out damaging military records in this case (Ipsos 2005).

Internationally, Mexico is a member of the Organization for Economic Cooperation and Development (OECD), but has not adopted the Guidelines for the Protection of Privacy and Transborder Flows of Personal Data from October 1st, 1980. Mexico has signed the American Convention of Human Rights (Privacy International 2003). These policies would help to influence public regulations on privacy, and have precedence over federal laws, but not the Constitution (Ipsos 2005).

While all of the laws mentioned above relate to the protection of personal data in Mexico, no comprehensive legal body is dedicated to privacy protection alone. In the shift to a more democratic political system, serious political and social issues relating to poverty, security, violence, inequality and political instability are more prevalent concerns to the Mexican people. Attempts at enacting legislation and legal bodies solely directed to the protection personal data suggest that privacy may be of growing importance in years to come.

Cultural Values, Attitudes and Public Opinion on Privacy

Public awareness of privacy issues in Mexico is very low. Public opinion polls related to privacy and the electronic storage and flow of personal data using information technologies are virtually non-existent (Ipsos 2005). The majority of public opinion polling is related to public perceptions of the elected public officials and polling for elections. The limited studies that touch on privacy address it as a legal right, and are primarily conducted by the United States (ibid). An examination of Mexican cultural values and attitudes helps to shed some light privacy orientations within the country. Geert Hofstede's rankings situate Mexico's culture as

historically authoritarian; while more recent examinations of Mexican political and cultural orientations suggest a shift toward more democratic and participatory citizenry. This change strongly influences how citizens relate to government and the policy making-processes. Privacy will likely be a rising concern for Mexico in this transition.

According to Bellman, Johnson, Kobrin and Lohse (2003), national cultural values and regulation have a significant influence on privacy concerns. These authors define cultural values as an enduring “set of strongly held beliefs that guide attitudes and behaviour” (ibid: 8). In this regard, Geert Hofstede’s four dimensional analysis of Mexican culture and values among forty other countries in *Culture’s Consequences* (1980), provides valuable insight. Although Hofstede’s research data is dated, it can provide some limited insight into the history of Mexico’s culture and values. This research data was obtained using the HERMES sample, which focused on survey responses from men in the workplace setting and not the general society (Hofstede 1980). Hofstede attempts to control for an equal number of female responses, as well as age, in his results. Despite these shortcomings, Hofstede’s four cultural dimension rankings can provide important background information about Mexico cross-nationally.

Mexico received a high ranking of second out of forty countries on the Power Distance Index (PDI), with a score of 70 out of 100 (Hofstede 1980: 104). This high score reveals that Mexico is dominated by authoritarian values, and society is autocratic and paternal (ibid). Societal norms include tolerance of hierarchy and inequality, superiors and subordinates consider each other as being of a different kind, power is a basic fact of society and cooperation among the powerless is difficult to bring about (ibid). Thus, Mexican society was classified as having centralized political authority, little population resistance to state power, a more static society with little questioning of authority (ibid). Hofstede’s results portray Mexico as a highly stratified

society, where ruling political parties and classes dominate the obedient masses. In authoritarian societies, privacy is not highly valued and may be easily forgone.

In Hofstede's Uncertainty Avoidance Index (UAI), Mexico ranked eleventh out of forty countries, with a score of 86 out of 100 (Hofstede 1980: 165). This high UAI indicates that uncertainty in life is a continuous threat in Mexico, resulting in citizens' experiencing high anxiety and stress, in addition to great concerns with security in life (ibid). This score also suggests that Mexican political views tend to be conservative towards law and order, with belief in experts and authorities and a need for written rules and regulations (ibid). Eckhard (1971) claims that societies with high UAI lack political interest, never express their points of view, and are loyal to their nation (ibid: 185). This results in stronger nationalism, greater dependence on authorities, less tolerance for citizen protest, and a more elaborate legal system with more written rules (ibid). These findings would suggest that because Mexico has very little privacy regulation, public concern over privacy is low (Milberg et al. 2000). Mexican's are more concerned with security issues.

On the Country Individualism Index (IDV), Mexico ranked fourteenth out of forty countries, scoring 30 out of 100 (Hofstede 1980: 222). This lower individualism ranking suggests that Mexicans value the importance of large companies, traditional group decisions over individual ones, social relations determined by group membership and aspire to conformity and order (ibid). This indicates that Mexican culture is collectively oriented, with strong ties to extended families, and high values attached to organizations and institutions, less press freedom and repression of the public (ibid). These more traditional values rely on community based social order, unbalanced power in political systems, and income inequality. Individuals expect organizations to defend their interests and policies and practices are based on loyalty and a sense

of duty (ibid). Low individualism results in greater acceptance of intrusions by organizations into individual life, and thus, less concern with individual rights and freedoms, including privacy (Bellman et al. 2003). As a collectivist culture, Mexico may be more tolerant of privacy invasions for the greater good of society.

Finally, Mexico ranked sixth out of forty countries on Hofstede's Masculinity Index (MAS), and received a score of 64 out of 100 (Hofstede 1980: 278). High MAS scores mean that Mexican's place more value on earnings, recognition, advancement and challenge. Sex role differentiation is experienced, with tolerance for greater inequality between males and females (ibid). Company interference into private life is accepted and a greater social role is attached to the corporation, making Mexican's more willing to accept surveillance by organizations. Caribbean and Latin American countries tend to score high on the MAS index, such as Venezuela, Mexico, Columbia and Italy (ibid: 279). The MAS is associated with the Mexican term 'machismo', a need for ostentatious manliness, contrasted by 'marianismo', the weaker position of women as saintly, submissive and frigid (ibid: 289). According to Hofstede, Mexico fits the machismo image with clear sex role differentiation and male domination.

Hofstede's cultural values index results for Mexico show high scores on PDI, MAS and UAI, with a lower score on IND. Bellman et al. (2003) claim that countries with high levels of PDI, IND and MAS are less concerned with information privacy and unauthorized access to personal data. Thus, Hofstede's analysis of cultural values in Mexico would suggest that individual privacy rights are historically not a great concern. Some more recent work demonstrates a slow shift in these authoritarian value orientations toward democracy, along with a change in Mexican beliefs, behaviour and attitudes.

The resilience of the authoritarian regime in Mexico is evident from the 70 year rule of the PRI. This stable system was characterized by paternalistic, corporatist and national values, as well as corruption and fraudulent elections (Colborn 2002). A transformation in behaviour, political beliefs and attitudes amongst the Mexican people is also occurring. A slow transition towards a democratic political system is now occurring with free and fair elections beginning in the 1990s (ibid). Mexican's possess a long-standing fear of political and social instability resulting from the violence and destruction of the Revolution (Leal 2003). The long reign of the PRI was enabled by this fear, as well as negative public perceptions of politics and civil participation (Colborn 2002).

Popular perceptions of Mexico by the Mexican people are not optimistic. The unique historical circumstances of Mexico's authoritarian regime caused public disillusionment with government, exemplified in the 1998 Latinobarómetro, with 68 percent of Mexicans reporting they had little or no confidence in government and 61 percent of Mexican's considering elections fraudulent in 1998 (Kenney 2001, 115, 112). Twenty-six percent of Mexicans also characterized the economic situation as not-at-all stable, and 39.5 percent believed it was only somewhat stable (Gawronski 2000). These numbers were worse for the economy, with 43.5 percent believing it was not-at-all stable and 34.1 percent seeing it as somewhat stable (ibid). The political system is seen as somewhat more stable, possibly because the PRI endured despite the economic situation (ibid). The quality of life for Mexican people is improving, but poverty and unequal income distribution remain widespread (Gawronski 2000). Seventy percent of Mexicans believe that income distribution is unjust or very unjust and only 59.2 percent view the coming year with hope, while 40.8 percent look to the year ahead with worry or concern (ibid). These fears are

valid, in that an estimated 70 percent of Mexicans live in poverty and there is an unemployment rate of 30-40 percent of the working population (ibid).

During the slow transition to democracy, many uncertainties, contradictions and doubts remain and distrust is a common characteristic of Mexican culture (Kenney 2001). Timothy Power and Mary Clark argue that interpersonal trust within a political culture, which are the attitudes, feelings and values towards politics at a given moment, relate strongly to democratic sustainability (2001). Low levels of interpersonal trust are a common theme in Latin American countries, which is deeply embedded in the social values of authoritarian culture. For example, the World Values Survey found in 1990 that only 33 percent of Mexicans believe that most people could be trusted. This number dropped to 21 percent when asked the same question on the 1996 Latinobarómetro. A significant rise was recorded in 1998, when the Hewlett Survey found 44.8 percent of Mexicans believed that other people could be trusted (Power and Clark 2001). When controlling for all factors, the highest predictor of these results was education, those with more education were more trusting, followed by income. Women, the elderly and those from larger cities had lower trust (ibid). With greater democratic participation, levels of citizen trust have been rising.

Gradual changes in Mexican values have occurred as a result of political reforms (Leal 2003). Kenney argues that the rise in trust is a byproduct of democracy taking shape in Mexico, and the realization that individuals are responsible for solving their own problems (Kenney 2001). Jorge I. Domínguez and James A. McCann claim that Mexican citizens have changed and are ready for more democratic politics (Colborn 2002). New political culture arose in the 1980s with alternatives to traditional norms, and civic awareness and community responsibility grew. Civic outrage emerged over the recurring economic crisis and inadequacy of government

services. The public began to demand change through public mobilization. Mexicans began to demand democracy and became active participants in change (Leal 2003). In 1998, the Hewlett study revealed that approximately 50 percent of Mexicans supported democracy (Kenney 2001). Optimism was stymied for political action and the political opposition as a real alternative after fair elections were held in the 1990s. Economic and social development is also playing a key role in shaping democratic development in Mexico (Leal 2003). The hopes and expectations of the Mexican people are rising for a better quality of life with the transition to democracy (Gawronski 2000). However, Vincent Gawronski warns that democracy in Mexico is still fragile, with many regional, ethnic, social and political fissures, as well as unequal income distribution (2000).

Security concerns remain a constant threat in Mexico, with high levels of surveillance experienced. For example, at the US Mexican border security sweeps of homes bordering the US are a regular occurrence (Privacy International 2003). Immigration and Naturalization Service at the Otay Mesa border crossing (San Diego- Tijuana) have implemented biometric facial feature recognition systems for frequent US commuters to Mexican maquiladora factories. Biometric data, drivers licence number, vehicle registration number, and passport status information are stored in an Immigration and Naturalization Service database with the drivers' image (ibid). Kidnapping is also a major problem for government officers. The attorney-general and other senior staff have had computer chips implanted in their arms to serve as a tracking mechanism in case they are abducted (ibid). Security concerns such as these tend to override issues of privacy, and are a limiting factor in legislating privacy.

The introduction of participatory governance has led to an evolution in participatory values; citizens and activists have been fighting for freedom of information through greater access to official records, government archives and company documents (Ipsos 2005).

Historically, public access to information was very limited in Mexico, with government decision-making in the authoritarian system being very secretive. The emergence of new independent media outlets in the 1980's and 1990's played a key role in revealing the character and limitations of the PRI regime, as well as changing public attitudes towards the ruling party (Colborn 2002).

Many controversial political and privacy scandals have been exposed in recent years, including telephone wiretapping without a court order, politicians taking bribes and the sale of public databases to Choicepoint (Ipsos 2005). Privacy was not been at the forefront of these issues because the notion of protecting privacy is in opposition to the desired transparency of government actions (ibid). These scandals are considered the consequence of greater freedom of expression and the press (Privacy International 2003). However, new laws enacted by President Vicente Fox on freedom of information also contain provisions on the protection of personal data.

The shift from an authoritarian to a democratic political system has had many effects on cultural values in Mexico. Mexican's are becoming more individualistic in that they believe their actions increasingly create results in the political system. They are becoming more trusting of each other and government. Many important social issues relating to inequality, political corruption and security are currently more significant in the cultural agenda than privacy. Mexicans are becoming increasingly aware of privacy issues and these issues will continue to arise as legislation is introduced on privacy and personal data. However, privacy concerns have not yet gained full public knowledge or support.

E-Commerce and Internet Diffusion

The Mexican government is attempting to steer the country into becoming a first-world nation through a commitment to advancing the digital economy. They have created allied trade partners with Canada and the United States (UNESCO 2002). Mexico previously relied on its proximity to the United States to receive technological innovation, but the flow of electronic data in Mexico continues to trail behind (Ipsos 2005). Internet diffusion is low, but continues to increase. Mexico has a very traditional economy, of which e-commerce represented only 0.17 percent in 2001. The majority of businesses (95 percent) are Small Market Enterprises (SMEs) that lack finances to go online (Palacios 2001). Despite this, e-commerce is still a 47 billion (US) dollar industry in Mexico and the internet is the fastest growing market in Mexico's telecommunications sector (Ipsos 2005, 19; Palacios 2001).

The internet was introduced in Mexico in 1989, with large growth in the late 1990's, especially in business transactions. Public and private internet connections soared in the mid-1990's due to the liberalization of the telephone industry, which was previously dominated by the government monopoly provider, Telmex (Palacios 2001). Internet use and diffusion grew from an estimated 0.044 percent of the population in 1994 to 3.672 percent in 2001 (Thomasson: Ipsos 2005). Growth has now been gradually decreasing, with a projected increase of 14 percent in 2005, for a total of 17 million users (Ipsos 2005; AMIPICI 2003).

The Mexican Internet Association found in 2003 that 34.6 percent of users are concentrated in Mexico City (Ipsos 2005, 18). Most internet use and e-commerce activity takes place in the most developed areas of the Federal District, Nuevo León (6.1%), Jalisco (7%), and Mexico State (11.4%). The highest concentration of activity is in the Greater Mexico City metropolitan region, because more PCs are installed in these locations (ibid; Palacios 2001).

The majority of internet users are private businesses and organizations because they have more resources and are driven by profits (ibid). Business-to-business (B-to-B) e-commerce is more prevalent than business-to-consumer (B-to-C), with 77.5 percent B-to-B and 22.5 percent B-to-C (ibid). In 2000, 70 percent of companies had PC's connected to the internet, with the largest majority (40 percent) in Mexico City (FINSAT 2001, Palacios 2001). Comparatively, only 4.2 percent of Mexican homes had access to a computer at this time (Palacios 2001). Moreover SME's tend to resist going online or buying PCs because they see the risks involved in investing large amounts to set up e-commerce solutions. B-to-B connections are expected to grow in the short-term, while B-to-C will expand over the long-term (Ipsos 2005).

Low consumer use can be attributed to low internet penetration rates, limited PC ownership, lack of public access to PCs, low consumer purchasing power, lack of physical infrastructure, lack of Spanish content online, high prices of broadband connectivity, lack of IT education and awareness and an underdeveloped market for consumer credit (Palacios 2001; Ipsos 2005). There are also cultural barriers to e-commerce diffusion. Mexicans prefer to traditionally go to stores and buy products personally. In addition, 45 percent of internet users believe it is unsafe to conduct transactions online and there is a tendency to distrust the quality of products online, as well as the delivery of e-providers (ibid). Future success of e-commerce depends on how government and private organizations deal with these limiting factors (ibid).

Of the 11.4 percent of the population that use the internet and can afford to buy a PC, the majority are young (42 percent are 25-34 and 23 percent are 18-24), educated (69 percent have attended college), male (67 percent male, 33 percent female), and have higher income levels (48 percent have higher socio-economic income levels) (Ipsos 2005; AMIPCI 2003). Lower middle

class internet use is greatly increasing due to the growth of publicly available PC sites. The majority of Mexicans use the internet for email, searching for information, banking, to read the news and download music. Fifty-four percent of users shop online, the fear of giving out credit card information is decreasing, while the fear of not receiving items is increasing (ibid). The main services used online are electronic banking, as well as to pay bills, buy books, airline tickets, CD's, MP3's and electronic appliances. Finance, retail and manufacturing are the most advanced sectors in e-commerce, with most banks offering their services online. E-commerce remains limited because most businesses are small and medium, and lack resources to invest in technology to go online (ibid).

Federal ministries and state governments have taken an active approach in striving to make Mexico a digital economy, providing infrastructure, institutional support and passing legislation to this end (Ipsos 2005). Private businesses also enthusiastically support and promote the transition to e-commerce (Palacios 2001). The government developed the E-Mexico plan, designed to reduce the existing digital divide by giving citizens access to the internet and government services. This plan includes promoting the use of IT in education, health, commerce, tourism, government and community sectors. Telecommunication bandwidth is being combined into a macro network and provided to small rural communities, along with services at lower prices, to increase public access (UNESCO 2002). The government would like to have all Mexican's online by 2025 (Ipsos 2005; Palacios 2001).

The Mexico On Line project was also created, which is aimed at putting all government transactions and services online. This is being promoted as diminishing the distance between the citizen and government by involving the public in decision-making processes (UNESCO 2002). E-government is seen as a tool for developing an improved public sector for Mexico. The Citizen

Participation Plan includes increased citizen to government online consultations, providing information, interactive facilities and routing citizen concerns (ibid). These efforts are being made to increase democratic participation of citizens. A National Development Plan has also been created to involve citizens in internet surveys and online policy consultation (ibid).

The pro-business administration of President Vicente Fox has been instrumental in promoting e-commerce in Mexico. Fox has much optimism for the future of the digital free market economy in Mexico and has generated social and political momentum since winning the presidential election in July of 2000. The Fox government has aggressively promoted liberalization policy to modernize and extend Mexico's telecommunications infrastructure (Palacios 2001). In reality, the Mexican economy is erratic and declining. Inflation is declining, while Foreign Direct Investment, consumption and productivity are rising. According to a 1999 National Employment Survey, only 56 percent of the Mexican population are economically active, with half of these earning only a small income (INEGI 2000; Palacios 2001). Thus, merely a small portion of the population can afford a computer due to limited income and internet access is structurally limited by skewed income distribution (Palacios 2001).

A debate also exists over the regulation of e-commerce activities. The limited federal laws on e-commerce mentioned above came into effect in June of 2003 to regulate online communications and inter-operability with other digital economies (Álvarez 2000; Palacios 2001). Many believe that Mexican e-commerce lacks adequate legal frameworks to regulate and provide security in online transactions. However, the Mexican e-commerce community favours a self-regulatory approach that relies on standards and parameters adopted by individual companies that are accepted by consensus, instead of a compulsory legal framework (Álvarez 2000; Palacios 2001). It is widely believed in the public that e-commerce will only advance if

information is permitted to freely flow and a self-regulatory approach prevails, and the public do not want to stifle the growth of the digital economy (Ipsos 2005). Rising numbers of the public online may also impact the level of regulation.

E-commerce is a growing industry, but is not yet widespread. Many factors limit the spread of e-commerce by consumers, such as structural and financial inequality, while business use is growing and expanding at a much faster rate. Federal and state governments, as well as private businesses are playing an active role in promoting the digital economy. With the growth of e-commerce, privacy legislation will be an important trend to impact internet diffusion and online buying habits. Currently, liberal telecommunications policies are being promoted by government, and a system of self-regulation of e-commerce is developing.

Conclusion

The lack of extensive federal privacy legislation as well as the history of authoritarian, individualistic and masculine cultural values in Mexico, suggest that individual privacy is not currently a great concern to Mexican people. Democracy is only recently being introduced, and many more pressing political and social problems dominate the public agenda. Public awareness of privacy issues is low and cultural values suggest that Mexico is historically an authoritarian, unequal and collectivist society where security issues are of greater concern than privacy. However, a shift in cultural attitudes is occurring. The transition to democracy has resulted in greater citizen trust, the belief that individuals are capable of making change and optimism for the future. Some attempts have been made to establish federal privacy legislation and agencies to protect personal data that have been unsuccessful. Privacy and fair information principals will also be an important trend to impact the development of e-commerce in Mexico. Privacy issues

will likely be of growing concern to the Mexican people with the spread of democracy and e-commerce. Further research is needed to assess the developing public opinion on privacy issues in Mexico, as well as demographic influences related to these.

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