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Fox's Plan to Cut, Merge Some Government Agencies Draws Strong Protests

by LADB Staff
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President Vicente Fox has made a few more enemies with a proposal to sell off or restructure more than a dozen government agencies. The plan, contained in the president's budget proposal for 2004, mandates the "sale, dissolution, or merger" of the entities in question for the purpose of "freeing-up resources" that can be better devoted to "strategic and priority sectors."

The list of government agencies designated for privatization includes the state-run news agency Notimex, the Instituto Mexicano de Cinematografia (IMCINE), the Churubusco film studios in Mexico City, and the salt processor Exportadora de Sal Guerrero Negro (ESSA). The administration also proposed eliminating some agencies like the Centro de Estudios Superiores de Turismo and the Instituto Mexicano del Transporte and merging others with similar missions, such as the Comision Nacional de Acuacultura y Pesca and the Instituto Nacional de Pesca.

Still other agencies like the Fondo Nacional para el Fomento de las Artesanias and the Comision Nacional de Zonas Aridas would be folded into the Secretaria de Desarrollo Social (SEDESOL). The president has insisted that none of the proposed cuts or mergers are final but says some belt-tightening will have to occur. "We have worked for three years [getting the paperwork in order] and now we are going to sell some assets to give more money to schools, anti-poverty programs, and infrastructure we so badly need," Fox told reporters.

Fox's statements about the potential savings are a sharp contrast to the position presented by the Secretaria de Hacienda y Credito Publico (SHCP) in an official release. The SHCP acknowledges that the sale and restructuring of the agencies would bring little additional revenues to the federal treasury. "The purpose is not to save a significant amount of money from the federal budget," said the SHCP statement. "This is a strategy to avoid duplications and reduce bureaucracy."

Plan would affect state-run news agency, film industry

The proposed privatization of Notimex and the cinematography industry, in particular, have attracted strong opposition. Critics say these properties have helped Mexico maintain its identity, and their sale would leave the country vulnerable to foreign influences. Jorge Medina, a former director of Notimex, said the agency has been one the few affordable sources of national and international coverage with a Mexican point of view. "Now it turns out that we're just going to let the international agencies unilaterally impose their view of the world, and we Mexicans will only get our news from them," said Medina.

The possible sale of the Churubusco studios and IMCINE has brought a backlash from the arts community. Sara Bermudez, president of the Consejo Nacional para la Cultura y las Artes (CNCA), questioned the need to sell the cultural institutions because they are not a drain on government
resources. "They are producing and are not weak," said Bermudez. IMCINE is credited for a recent push to produce and market high-quality Mexican movies. Among those opposing the sale of the agency is Alejandro Gonzalez Inarritu, the Mexican director of two movies that recently gained acclaim in the US, Amores Perros and 21 Grams. "The Mexican movie industry must not be annihilated nor abandoned," said Gonzalez. "The government's proposal is the result of ignorance and insensibility."

Laura Esquivel, author of the popular novel Como Agua para Chocolate, participated in a protest organized by writers, directors, artists, and producers at the San Lázaro congressional building. "We will be left to the mercy and whims of distributors of Hollywood's worst productions," said Esquivel. The protest gained the sympathy of legislators from all political parties. Speaking on the floor of the lower house, Deputy Angelica Pena Gomez of the center-left Partido de la Revolucion Democratica (PRD) warned of the demise of the Mexican cinematography industry, which she said would be like "breaking the mirror in which we see ourselves."

Baja California Sur salt processor also affected

The possible sale of the Mexican share of ESSA and its sister company Transportadora de Sal has caused the strongest reaction in the company's home state of Baja California Sur. In mid-November, the PRD-dominated state legislature approved a resolution rejecting the sale of the Mexican share of ESSA, which is a strong source of revenue for Baja California Sur. The company is a joint venture between the Mexican federal government and the Japanese company Mitsubishi.

Federal Deputy Francisco Obregon Espinoza, who represents Baja California Sur in the Chamber of Deputies, said the government would be making a mistake in divesting itself of ESSA and Transportadora de Sal because the two companies have been profitable and also bring prestige to Mexico. "These two rank among the top five in their industry," said Obregon Espinoza, also a member of the PRD. ESSA was at the center of a controversy about plans to construct a salt-processing plant near an internationally recognized wildlife sanctuary. The plant was never constructed because of strong opposition from environmental groups and local residents (see SourceMex, 1999-11-10 and 2000-03-08).

The Fox Cabinet is not unanimous in its support of the president's plan, particularly the sale of Notimex and the film-industry assets. Interior Secretary Santiago Creel Miranda said he will push for the government to retain these properties. "We have attempted to convince our colleagues in the Cabinet of the importance of retaining a state news agency and the different instruments to support our national cinema industry," said Creel.

Creel's pleas have been rejected by Labor Secretary Carlos Abascal Carranza, who said Notimex is not an essential agency for the Mexican government because Mexican television networks and newspapers already do a good job of offering wide coverage of news events. Abascal's position reflects his business roots and is similar to positions expressed by others in the private sector. "These assets are not indispensable for the functioning of the government," said Hector Rangel Domene, president of the Consejo Coordinador (CCE). "They could pass to the private sector without affecting the functioning of the government." (Sources: Associated Press, 11/13/03; El Sol de Mexico, 11/14/03; El Financiero, 11/17/03; The Herald, 11/12/03, 11/18/03; El Universal, 11/14/03,
11/18/03; Notimex, 11/16-18/03; Milenio Diario, 11/17/03, 11/18/03; La Cronica de Hoy, 11/14/03, 11/19/03; Agencia de noticias Proceso, 11/17/03, 11/19/03; La Jornada, 11/14/03, 11/17-19/03)

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