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Center-left Party Withdraws from Pacto por México, Threatening Viability of Political Agreement

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Just days before the one-year anniversary of the Pacto por México, the agreement by the major parties to push for significant political and economic reforms in Mexico has begun to unravel. On Dec. 1, the center-left Partido de la Revolución Democrática (PRD) announced that it was withdrawing from the agreement because of differences regarding the strategy of the two other partners to push through energy reforms before the end of the year.

The governing Partido Revolucionario Institucional (PRI) and the conservative opposition Partido Acción Nacional (PAN) have reportedly been negotiating behind the scenes to push through a legislative package to overhaul Mexico’s energy industry to allow greater private participation in the state-run oil company PEMEX and the government-operated electrical utility, the Comisión Federal de Electricidad (CFE). The PRI and the PAN and their allies together have sufficient votes to ensure passage in Congress of a reform very similar to the one President Enrique Peña Nieto proposed in August (SourceMex, Aug. 28, 2013). The PAN proposal, released in July, differs slightly in approach from the president’s blueprint but the content is very similar (SourceMex, July 31, 2013).

The PRD’s departure reflects a conflict between two of President Peña Nieto’s priorities at the start of his administration. The president has said passage of energy reforms was essential to jump-start the Mexican economy and put this effort at the top of his agenda. However, the president also put a premium on reaching a consensus with the two opposition parties to push through reforms in education, banking, taxation, and elections. This consensus would be reached by the three major parties via the Pacto por México, signed in December 2012 (SourceMex, Dec. 5, 2012).

The three parties did reach agreement in several of these areas, including an overhaul of public education, banking regulations, and telecommunications (SourceMex, Dec. 12, 2012, June 12, 2013, and June 26, 2013). Tax reforms were also enacted along with the 2014 budget, despite strong opposition from some PAN members (SourceMex, Oct. 23, 2013). The relationship among the parties was not always harmonious, with both the PRD and the PAN threatening to withdraw from the Pacto por México in April because of allegations that PRI officials and governors were using patronage to help boost the party’s candidates ahead of the July elections (SourceMex, May 1, 2013).

While Peña Nieto convinced the two opposition parties to remain in the agreement earlier this year by promising to seek changes in the current system through political reforms, the president was unable to keep the PRD from defecting in November.

The PAN also strongly considered withdrawing from the agreement during the debate on tax reform, following the PRD’s decision to support the administration’s proposals to extend the value-added tax (IVA) to border states and enact several new taxes that affected the middle class. "There is much indignation and irritation among PAN senators and deputies and many other members of the party who feel mistreated by the federal government and the PRD in this reform," party president Gustavo Madero said at the end of October.
In the end, the conservative party decided it was in its best interest to remain in the agreement, particularly with discussions on energy reform pending.

**Differences over energy reform prompted exit**

At a press conference in the Senate, PRD president Jesús Zambrano Grijalva and members of the party in the upper house made their withdrawal from the agreement official. Zambrano explained the decision by pointing to secret negotiations held by the PRI and the PAN regarding legislation to reform the energy sector. The PRD leader said his party would not participate in approving legislation "that affects democracy in our country and the energy patrimony of Mexico."

The PRD, which has called for a national referendum on the plan proposed by Peña Nieto, has repeatedly pointed to a number of public-opinion polls that show many Mexicans disagree with opening the energy sector to broad private investment (SourceMex, Oct. 16, 2013).

Zambrano reiterated the PRD’s support for political consensus and suggested that it was the PRI and the PAN that violated the Pacto por México. "They were the ones that gutted the Pacto and the possibility for consensus," said the PRD president, suggesting that the two parties violated several rules and norms in the Senate by holding secret conversations.

Zambrano’s criticisms of the PRI were especially strong. "They believe they have full authority because they have the presidency," said the PRD president. "They think they can violate what they signed and are pushing for a regressive reform."

Still, Zambrano left the door open for the PRD to work with the PRI and the PAN in the future but not under current conditions. "We have withdrawn from the agreement and will continue outside the agreement until certain anomalies are corrected," said the PRD president.

The PRD concurs that changes to Mexico’s energy sector are required, including the need to give PEMEX much greater financial and managerial autonomy. However, the center-left party opposes the plan by the PRI and the PAN to open up PEMEX and the CFE to private investors, which it considers a violation of the Mexican Constitution.

"If a responsible [reform] is accepted, with a commitment to the nation, it will help the country," said Zambrano, who added that an energy reform is urgently needed to lower PEMEX’s high tax burden. "On the other hand, [the reform] being proposed by Peña Nieto and the PAN would mean privatization and would severely damage our national welfare."

The PRD’s willingness for consensus, however small, is in stark contrast to the stance taken by the Movimiento de Regeneración Nacional (Morena), which views the PRI and the PAN as corrupt parties that do not have the best interests of most Mexicans at heart. Morena has planned a series of noisy protests outside the Senate building when the upper house begins to debate energy reform.

Former presidential candidate Andrés Manuel López Obrador was set to lead the protests but had to scale back on activities after he suffered a heart attack on Dec. 3. The Morena leader was stable and a full recovery is expected. His son, Andrés Manuel López Beltrán, thanked Morena members for their expressions of support for his father and urged them to forge ahead with plans to surround the Senate building at the start of the debate on energy reform. "Our leader cannot be with us, but the
best thing we can show him is to go to this [protest] and not give up on the fight that he is leading us in," López Beltrán said.

**Analysts agree that Pacto por México is flawed**

Some observers agreed with the PRD's leaving the Pacto por México because of the lack of transparency in the discussions on energy reform. Journalist and political commentator Carmen Aristegui, who hosts a show on MVS Radio, wondered why the PRI and the PAN were in such a hurry to move forward a piece of legislation that requires a much broader debate. "In closed, clandestine, and hurried negotiations, the federal government and legislative delegations have entered into a frenetic and dangerous game that could either destroy the reforms—if the effort fails—or have a deep national impact if the legislation is approved," Aristegui said in a syndicated piece carried by several newspapers in Mexico.

Other observers noted that party leaders negotiated the Pacto por México without the consensus of many rank-and-file members. "The problem is that the presidents of the parties, except for César Camacho Quiroz of the PRI, have come under strong criticism from the Chamber of Deputies and the Senate to the point that anything that is passed in Congress has little to do with the agreements set forth in the pacto," columnist Adrián Trejo García wrote in the Mexico City daily business newspaper El Financiero in mid-November, just two weeks before the PRD left the agreement.

Others pointed out that the Pacto por México is a limited and weak document. "The agreement was never a viable instrument to establish practical and credible consensus," columnist Jaime Preciado Coronado wrote in the Mexico City daily newspaper Milenio. "There is an absence of mechanisms to follow through and evaluate the agreements that have been reached."

The perception of the Pacto por México has been mixed among the Mexican public—at least among those who know anything about the agreement. A public-opinion survey by the polling organization BGC, Beltrán, Juárez y Asociados showed that only 57% of respondents knew of the existence of the agreement. Of those who were aware of the accord, 51% said they agreed with Peña Nieto's efforts to reach agreements with other parties, while another 23% disagreed and 21% were indifferent.

There were mixed opinions on the effectiveness of the agreement. Of the respondents who knew about the accord, 27% said they believe it is working, another 25% were not certain, and 38% said the agreement was not effective.

"There was no dominant opinion on whether the Pacto por México is different or similar to agreements signed during other administrations," said the Mexico City daily newspaper Excelsior, which commissioned the poll. "There is also no clearly defined sentiment on whether this is perceived as an adequate agreement."

-- End --