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## Chihuahua Governor Accuses Mexico's Federal Government of Retribution over Corruption Probe

by Carlos Navarro

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A major conflict is brewing between Chihuahua Gov. Javier Corral and President Enrique Peña Nieto's administration over a corruption investigation and perceptions of financial retribution, and the clash could have implications for the 2018 presidential election.

Corral, a member of the conservative Partido Acción Nacional (PAN), has accused the finance ministry (Secretaría de Hacienda y Crédito Público, SHCP) of withholding federal allocations to Chihuahua as punishment for his state's move to charge a former official of the governing Partido Revolucionario Institucional (PRI) with corruption.

The conflict between the current Chihuahua administration and the PRI is rooted in part on the investigation of Corral's predecessor, César Duarte Jáquez, of embezzlement and other corrupt practices. Duarte Jáquez, who completed his term in October 2016, is accused of using public resources to build his personal wealth, in part by incurring high debt levels for the state government ([SourceMex, July 13, 2016](#), and [Aug. 17, 2016](#)). A federal judge issued an arrest order for Duarte in March of 2017. The former governor is said to be hiding out in the US.

The Corral administration also accused Duarte Jáquez of paving the way for PRI members to divert money from the state to fund PRI candidates in the 2016 elections, which yielded poor results for the governing party ([SourceMex, June 15, 2016](#)).

In December 2017, the Corral government detained Alejandro Gutiérrez, a national PRI operative, on charges of diverting 250 million pesos (US\$13.3 million) in public resources to finance the campaigns of PRI candidates. The arrest of Gutiérrez was based on published testimony from former state finance secretary Jaime Herrera, who provided details of how funds from Chihuahua were channeled through the states of Veracruz and Tamaulipas.

The arrest of Gutiérrez was only the beginning of the controversy. According to Corral, the Peña Nieto government responded by withholding 700 million pesos (US\$37.6 million) in allocations that were due to be disbursed to Chihuahua at the beginning of 2018 via the Fondo para el Fortalecimiento Financiero (FORTAFIN), an annual allocation provided to Mexican states and municipalities to help meet certain obligations, including payments to contractors and other providers, current expenditure obligations, and holiday bonuses.

While the overall funds are approved as part of a general allocation for the SHCP, the finance ministry is given wide discretion on how to disburse the money under Line 23 (Ramo 23). This, said the non-profit organization México Evalúa, has created a situation whereby the SHCP can selectively use the funds to reward state and local governments that cooperate with the federal administration and punish others that are considered less cooperative.

"The Chamber of Deputies approved the budget for FORTAFIN without knowing to which governments the money would be allocated," Mariana Campos, coordinator of México Evalúa's

program on public expenditures and accountability told the daily business newspaper *El Financiero*. "The federal executive, via the SHCP, thus makes the decision on the allocations."

### *Political motivations?*

According to México Evalúa, data provided by the SHCP confirms Corral's arguments that political considerations were used in determining how this year's allocation was distributed. The state of Chihuahua received only 61 million pesos (US\$3.3 million), when the amount, based on an equitable distribution of the total of 32.8 billion pesos (US\$1.75 billion) allocated for 2017, should have been about 1 billion pesos (US\$53 million). In contrast, México state received 5.3 billion pesos (US\$283 million) through the same period. The large amount sent to México state is questionable, given that 2017 was an election year, México Evalúa noted. PRI candidate Alfredo del Mazo narrowly won a very contested gubernatorial election in June 2017 ([SourceMex, June 14, 2017](#)).

"Because the majority of the funds available through FORTAFIN are allocated without prior approval from the Chamber of Deputies, the federal executive via the SHCP makes the decision on how the funds are disbursed," said an analysis from México Evalúa. "Is the management of the Ramo 23 funds, therefore, a decision based on political control?"

After noticing the holdup in federal transfers, Corral and key aides traveled to Mexico City in early January to plead their case and try to reach some sort of accommodation with the SHCP.

When the finance ministry did not accept the Chihuahua government's argument, Corral called a press conference in the Mexican capital to reiterate his point. "This is an attempt to strangle the government of Chihuahua economically," the governor told reporters.

"Let there be no doubt about it," Corral later said in a statement published on social media. "This is a fight for the dignity and sovereignty of our state ... We are not going to allow them to force us to submit to them."

The SHCP offered an explanation on why Chihuahua received a smaller amount of money than expected, rejecting the charge that the move was politically motivated. In a radio interview, deputy finance minister Miguel Messmacher said the Chihuahua state government had asked for additional "extraordinary" funds at the end of last year. He explained that these types of requests are conditional, based on whether the federal government has budgetary flexibility. "But they're not funds they have a right to," the SHCP official said in the interview. According to Messmacher, the SHCP in the end rejected requests not only from Chihuahua but from other states.

As a federal senator, Corral often spoke against the misuse of federal funds and in favor of consumer rights ([SourceMex, May 10, 2006, April 30, 2014, Nov 12, 2014](#)). The Chihuahua governor, who began his term in October 2016, has received support in his claim against the SHCP from the business community and former federal officials. "We have to celebrate that the governor of Chihuahua is fighting corruption head on," Aristóteles Núñez, former director of the federal tax collection agency (Servicio de Administración Tributaria, SAT) during the first three years of the Peña Nieto administration, said in an interview with the daily business newspaper *El Financiero*. "It is his obligation and duty, as is the case for the governors of the 31 other states, which I believe are not doing so."

"Javier Corral broke the circle of institutional complicity," columnist Elisa Alanís wrote in the daily newspaper *El Universal*, referring to the investigation of Alejandro Gutiérrez. "Because of this,

a judicial process is in place, even though some big fish might be implicated in this network of corruption.”

Many members of the Chihuahua private sector also offered their public support for Corral’s actions. “It is evident that outside interests who are opposed to the development of Chihuahua are manipulating and placing obstacles in the effort to bring former officials to trial on charges of corruption,” said a statement signed by more than 420 major businesses in Chihuahua.

Others pointed out that independent Gov. Jaime Rodríguez Calderón of Nuevo León has challenged the corrupt practices of the PRI governments and also faced retributions. Rodríguez Calderón joined citizen organizations in requesting a probe of his predecessor, Rodrigo Medina de la Cruz, who is accused of using state funds to buy property in Texas ([SourceMex, July 15, 2015](#)).

Rodríguez Calderón, commonly known by his nickname of El Bronco, was the first independent to win a gubernatorial election in Mexico. He pledged during the campaign to “investigate all officials from the prior administration, including Rodrigo Medina,” to determine whether they engaged in any acts of corruption.

According to Martín Moreno of the online news site Sinembargo.mx, federal authorities retaliated against Rodríguez Calderón. “How do you squeeze El Bronco?” said Moreno, who addressed the relationship between Rodríguez Calderón and Peña Nieto in his book entitled “El Derrumbe” (the collapse). “By closing the tap on the money that comes from the SHCP, by denying resources while pleading a need for austerity.”

Rodríguez Calderón is among a handful of independent candidates seeking the presidency in the July 1 election ([SourceMex, June 7, 2017](#), and [Oct. 11, 2017](#)).

### *Implications for presidential race*

Corral also received conditional praise from presidential candidate Andrés Manuel López Obrador, who will be representing the center-left Movimiento Regeneración Nacional (Morena) in the presidential election. López Obrador lauded Corral for his challenge to the SHCP, which he said reflects the complicity of former finance secretaries Luis Videgaray and José Antonio Meade Kuribreña in the scheme. Meade will represent the PRI in the election ([SourceMex, Dec. 6, 2017](#)).

Conversely, López Obrador criticized Corral for not bringing up the “illegal financing that PAN candidates also received during their campaigns.” He specifically mentioned recent gubernatorial and municipal elections in Veracruz and Tamaulipas, which were won by the PAN ([SourceMex, June 15, 2016](#)).

Others chimed in on the implications of Corral’s revelations for the 2018 elections. “I don’t know if Corral’s press conference was a political act, but there is no doubt that corruption will be a central theme of this year’s electoral campaigns,” syndicated columnist Sergio Sarmiento wrote in the daily newspaper Reforma.

Sarmiento said the PRI sought to minimize the potential charges of corruption by selecting Meade, a candidate who is considered corruption free. In the end, this may not work, noted the columnist, as the party, and not the candidate, is tainted by the corrupt reputation.

“Not even Meade can escape the charges of corruption that have been levied against governors and officials from the PRI,” noted Sarmiento, in reference to a myriad of accusations against the PRI in

recent years ([SourceMex, April 19, 2017](#), [June 21, 2017](#), [July 19, 2017](#)). “Meade can express his regrets that Javier Duarte betrayed the party, but the ex-Veracruz governor is not the only one responsible for the situation. Roberto Borge [Quintana Roo], César Duarte [Chihuahua] and a long list of ex-PRI governors engaged in similar conduct.”

Others suggested that Ricardo Anaya, the former PAN president who is the presidential candidate for a coalition formed by the PAN and the center-left Partido de la Revolución Democrática (PRD), might be behind the campaign to exploit the corruption of PRI governors for political purposes. Columnist Víctor Hugo Michel of the daily newspaper El Financiero suggested that allegations of corruption against former PRI governors Egidio Torre of Tamaulipas, Roberto Sandoval of Nayarit, and Jorge Herrera Caldera of Durango might become a campaign issue.

“Just weeks from the official start of the presidential campaigns, Anaya appears to have discovered a lucrative strategy: to expose the corrupt ways of former PRI governors,” said Michel. “There are two clear objectives: to keep the PRI on the defense and to ensure that Meade falls to third place in preferences at the start of the race. The goal is to reach a position in April where the election becomes a face-to-face battle with Andrés Manuel López Obrador.”

-- End --