



TRUSTS

An operation with a *machete* instead of a scalpel

Trusts



SYNTHESIS

The extinction of public trusts, not only bolsters the pattern of the president to rule by decree, but it breaks the juristic value of the country, by boosting the uncertainty that generates as a consequence of the breach of contracts of which the interests and rights of people and companies are deposited. Furthermore, the exclusion of the chamber of deputies, and the lack of transparency given the use of resources concentrated in those disappeared trusts make the order of counterweights in the Mexican political system susceptible.

There is no doubt that the front against the sanitary crisis in most of the world had an important burden



on public finances. Few countries in the world were prepared to deal with a pandemic like the one we are still living in. Hence, you can understand that the federal government of Mexico tried to release resources that allow it to stand against the extraordinary expenses, but what's incomprehensible is that the processes used to gather those surpluses are not attached to the proper practices of democracy. On April the 2nd 2020, The Mexican president published in the Official Journal of the Federation the decree to extinguish the public trusts with the goal to stop the squandering and face the COVID crisis.

Albeit The Federal Republican Austerity Law on its eight transitional specified that The Secretariat of Finance and Public Credit on a time frame of one hundred and eighty working days after its implementation would be tasked with the analysis of the goals, efficiency, and efficacy of the public trusts so that the Executive Power along with the Chamber of Deputies took into account the Project of Budgeting and Expenditure of the Federation that was corresponding, it's also true that the report had to be presented to the lower chamber of the legislative branch so that, in its budgetary counterweight condition, decided were to allocate those resources

In fact, that was exactly what should've been done to relocate the resources that came from the extinct trusts. Standing on the legality of the decree that mandates it, the amounts operated on said trusts should have returned to the Treasury Federation (TESOFE for its acronym in Spanish) so that afterward they could be considered by the Chamber of Deputies for next year's budget. On the contrary, the Federal Executive decided to dispose of those resources without the need to ask or require counsel to anyone. After the return that the administrative branches made on April 15th to TESOFE, The Secretariat of Finance was left in position to make the pertinent reassignments discretionally. So far we don't know with certainty the destination of that money. But, how much is the budgeting adjustment?

335 trusts
740,572 millions of pesos

As of the fourth trimester of 2019 issued by the Ministry of Finance, it is known that heretofore 335 trusts existed without an organismal structure, together they allocated 740 thousand 572 millions of pesos, but the decree excludes from itself the trusts that by mandate of the law or legislative decree and which termination or extinction require legal or constitutional reforms, as well as the legal tools that work as mechanisms of public debt, or that their end is to attend to emergencies in the field of health or to comply with labor duties or.¹ Contemplating, exclusively the trusts that cover the features to disappear, 181 thousand 440 millions of pesos are calculated spread through 23 administrative branches, where 88.4% of the resources is concentrated just in 7 branches of the federal administration: the SHCP (The Secretariat of Finance and Public Credit for its acronym in Spanish), the SCT (Secretariat of Communications and Transportation for its acronym in Spanish), the SEDENA (Secretariat of the National Defense for its acronym in Spanish), the CONACYT (Mexican National Council of Science and Technology for its acronym in Spanish), the SE (Secretariat of

¹ DOF. 5th article of the decree in which the extinction or termination of public trusts, public mandates, and analogues is amended, (April 2nd 2020). Available at: <https://tinyurl.com/wqqwzfp>

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Economy for its acronym in Spanish), SEP (Secretariat of Public Education by its acronym in Spanish), and SEDATU (Secretariat of Agrarian, Land, and Urban Development for its acronym in Spanish).

It should be stressed that, even if the trusts of the federal administrations were already criticized by its lack of transparency, and for working as tools through which the underspending of each federal dependency were not to be returned to the Treasury Federation, hence, budgeting of the following fiscal year was not allocated to each branch coming from the real expenditure each had, this decree, instead of correcting the existing murkiness, it makes the budgeting transparency processes harder by ex-

cluding the Legislative Power from the most relevant task of deciding the allocation of public resources. Besides the issues associated with budgetary transparency, the extinction of these trusts could place several of these Secretariats in complex positions in front of the trustees that argue being affected, since the decree makes the explicit mention that the expenditure executives are responsible before the beneficiaries of the trusts.

This stress is generated in the middle of a crisis that should boost diverse actors to find points of agreement that benefit all parts not just one of them. Also, it is worth mentioning that the time of the pandemic has taken the lights off of relevant issues for the constitutional order of the country, nevertheless, by not being easily associated with immediate risks of the pandemic, are left to the background.

Last but not least, you can't bypass that the Mexican State could have used the open credit line with the International Monetary Fund that is worth 61 thousand millions of dollars which, apart from avoiding a legal trampling that breaches contracts and feeds, even more, the atmosphere of judicial uncertainty, could have left the government with more liquidity to face future challenges. Despite it, all seems to

point that the 4T government, and president López Obrador in particular, keeps the obsession of focusing attributions and the one related to the execution of expenditure is without a doubt, the most important one.



SIGNOS VITALES
EL PULSO DE MÉXICO

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