

Document 1529

[21529002]

The Mexico-United States Institute is glad to see such a high official as Mexico 's undersecretary of finance view his country 's reforms " in the context of a larger , world-wide process " of profound change toward free-market economics , especially in the statist countries .

[21529003]

Having said that , we must caution against an apparent tendency to overstate the case .

[21529004]

It is not quite true , for example , that the Mexican government has " privatized " Mexicana de Aviacion , as Mr. Ortiz claims .

[21529005]

In the same sentence he contradicts himself when he reports that the government still retains 40 % of the total equity of the airline .

[21529006]

How can a company be considered " privatized " if the state is so heavily represented in it ?

[21529007]

(True , the Mexican government has granted " control " over the airline to a new private consortium , but its propensity to take back what it gives is too well known to permit one to be sanguine .)

[21529011]

Those enterprises , however , are not going to be privatized .

[21529012]

They are officially considered " strategic " and their privatization is prohibited by the Mexican Constitution .

[21529013]

In language that sidesteps the issue , Mr. Ortiz writes , " The divestiture of nonpriority and nonstrategic public enterprises is an essential element of President Carlos Salinas 's plan to modernize Mexico 's economy ... " .

[21529014]

Yet clearly , modernization must embrace its key industries before it can be said to have caught the " privatization bug " .

[21529015]

The bottom line , however , is not economic but political reform .

[21529016]

A long succession of Mexican presidents arbitrarily nationalized whatever industry they took a fancy to , without having to answer to the public .

[21529017]

