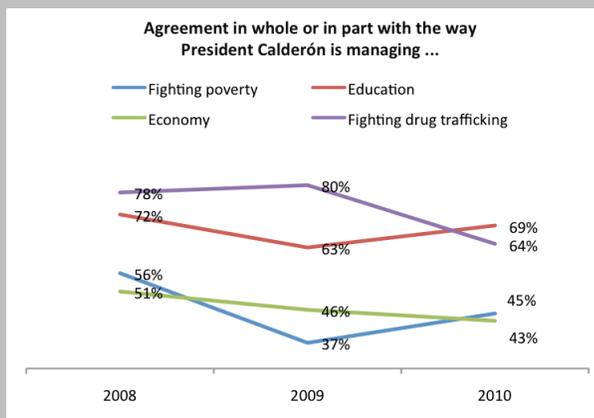
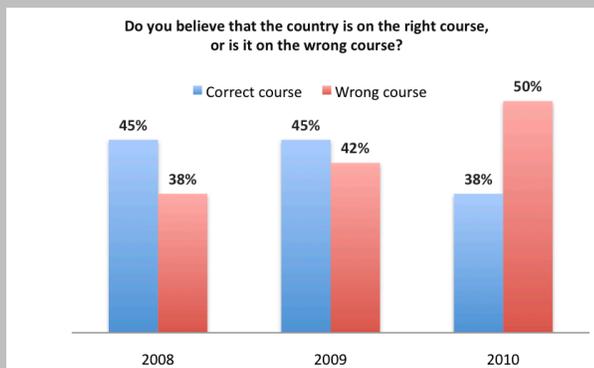


**Alan Stoga, President**  
**Daniel Wilson, Managing Director and Editor**

## Polls

### Confidence in Government's capacity slipping

As President **Felipe Calderón** prepares to deliver his fourth *Informe* on September 1, an Excelsior-BGC poll shows that support for the Government has fallen sharply. Fifty percent said the country was on the wrong course, compared to only 38% who said it was on the right course. Only 52% of those surveyed believed the Government is capable of solving the nation's problems, down from 67% last year. The sharpest shift was on the security front: one year ago 80% supported the President's management of security issues; this has now dropped to 64%. ([Excelsior 8/30](#))



## Key Dates

**9/1:** Presidential *Informe*; start of fall congressional session  
**9/15:** 200<sup>th</sup> Anniversary of Independence  
**11/15:** 100<sup>th</sup> Anniversary of the Revolution  
**11/29-12/11:** UN Climate Change Conference (COP-16), Cancún

### Government takes hard line on Mexicana bailout

The cessation of operations by Mexico's largest air carrier **Mexicana** on the 28<sup>th</sup>, along with its two affiliates Click and Mexicana Link, creates a new policy headache for the government. The shutdown occurred after a new investor group was unable to get concessions from the flight attendants union and passengers avoided the airline after it filed for bankruptcy. Labor Secretary **Javier Lozano** published a front-page editorial in *El Universal* that called Mexicana's recent history "a disaster." He attacked the new investor group (that includes buyout specialist Advent International) for expecting the government to bail out the airline. "From the beginning we have said that the federal government would not come to the rescue of [Mexicana] with taxpayer resources nor would there be direct intervention by the State to continue to operate and manage the airlines." Lozano said the bankruptcy proceeding was the ideal venue for resolving the airline's problems transparently, and concluded, "The most important lesson ... is that the traditional manner that some have carried out business in Mexico, based on irresponsible management, official paternalism, and the collective submission of labor has been overcome." ([Universal 8/30](#))

### Controversial award of wireless spectrum to Televisa completed

While legal challenges will continue, the Federal Telecommunications Commission (Cofetel) and the Ministry of Communication and Transportation (SCT) completed the award of new nationwide wireless spectrum to a Televisa-Nextel consortium that could create a new challenger to the dominant market position of **Carlos Slim's** Telcel. The rules of the spectrum auction effectively prevented the incumbent providers from bidding for the new spectrum and enabled the Televisa consortium to pay a far lower price than others paid for frequencies that were auctioned at the same time. Cofetel approved the award by a vote of 2-1, with newly elected Cofetel chairman **Mony de Swaan** in the majority. Two holdover commissioners from the Fox government opposed the terms of the spectrum auction from the outset; one abstained, and the other refused to appear. In a statement, Cofetel said that the auction results provided a "more equitable distribution of spectrum among the operators" and said, "It was necessary to modify the structure of the market ... where two operators controlled 92% of the market." Among those who criticized the process was political commentator **Denise Dresser**: "The decision to give everything to Televisa reveals the persistence of the statist/corporatist mentality in the SCT, the Competition Commission, and Cofetel. Instead of creating conditions for true competition, the State determines who will be the winners. Instead of generating a regulatory environment that provides certainty to investment, the State once again concentrates public goods in a pair of private hands." (Cofetel 8/16, [Universal 8/17](#), [Reforma 8/23](#))

### Doubts about drug war increase within PAN

With a steady stream of bad news on the security front, more prominent *panistas* are publicly raising questions about the government's strategy against the drug cartels. Within the PAN, former president **Vicente Fox**, former party president **Manuel Espino**, and congressmen including **Manuel J. Clouthier**, **Javier Corral**, and **Santiago Creel** have said the strategy needs to be rethought. **Fauzi Hamdan**, the rector of **President Calderón's alma mater**, the Escuela Libre de Derecho, said the government had neither reduced the consumption of drugs or the power of the cartels and that the reaction by the cartels was creating the conditions for a guerrilla war that would be lost from the outset. ([Universal 8/30](#))

### Almost 10% of new federal police force sacked

Police commissioner **Facundo Rosas** said that 3,200 members of the new Federal Police were sacked for failure to meet their obligations or on suspicion of corruption; the figure represents almost 10% of the force. ([Reforma 8/30](#))