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1991 Federal Budget Outline

by Steven Ranieri

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On Nov. 15, President Carlos Salinas de Gortari presented his administration's 1991 budget proposal before the national congress. Budget projections are based on a GDP growth rate of 2.5 to 3%, and 14% annual inflation. Total real spending at 233.8 trillion pesos is 5% less than in 1990. Lower domestic interest rates and the restructured foreign debt are expected to reduce both domestic and foreign debt service payments. Next year's financial deficit is expected to equal only 1.9% of GDP, compared with 4.3% in 1990. Planning and Budget Secretary Ernesto Zedillo Ponce de Leon said social welfare spending would increase 15.7% in real terms over 1990. Tax rates for low-income persons will be reduced by up to 40%, and more rigorous enforcement of tax laws is expected. The administration will request authorization to contract up to \$2.7 billion of new foreign debt, and up to 7.1 billion pesos of new domestic debt. Additional selected budget items are summarized below. * Debt service (both foreign and domestic) is projected at 25.6% of the total 1991 budget. Debt service in 1991 is expected to decline by 23.3% in real terms compared to 1990. * Spending for agriculture and rural development is to increase 10.5% over the 1990 budget. * Investment in PEMEX is to increase 11.8% in real terms. (Sources: Notimex, 11/15/90; The Mexico City News, El Financiero, Excelsior, El Nacional, 11/16/90)

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