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Parties Projected to Spend Record Amount of Money on 2006 Elections

LADB Staff

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A combination of more competitive elections and weak campaign-finance controls has opened the door for illegal money from outside sources to make its way into Mexico's 2006 presidential and congressional campaigns. The outside funds would be in addition to the 4.9 billion pesos (US$451 million) the Instituto Federal Electoral (IFE) is planning to distribute to the eight political parties that qualified to participate in the elections.

Mexico's electoral code allows parties to raise a matching amount from private contributors, but controls are inadequate and spending caps are frequently ignored. The IFE has also requested 6.9 billion pesos (US$635 million) for operational costs for the elections, making this the most expensive election in Mexican history. The IFE budget request surpassed the allocation for 2000 by 12.7% and for the 2003 midterm congressional election by 2.5%.

The IFE's request for more operational funds is in addition to the 1.2 billion pesos (US$110 million) requested to cover expenditures for a postal voting system for expatriates to cast their ballots in the presidential race. The postal system was a compromise to a more expensive plan proposed by the Chamber of Deputies (see SourceMex, 2005-01-12 and 2005-08-31). Some critics questioned the IFE's budget request, pointing out that the total of 12.9 billion pesos (US$1.18 billion) is a much higher amount than the government spends on anti-poverty programs.

By some estimates, the cost of the 2006 election will translate to about 290 pesos (US$26.70) for each ballot cast, compared with only about 3 pesos (US$0.27) in 1991. Until the last two or three presidential elections, however, spending had been down because there was no viable challenger to the candidates of the long-governing Partido Revolucionario Institucional (PRI).

Spending already high on primary campaigns

The IFE expenditures are only the tip of the iceberg, with outside funds already making their way into the primary elections, which are not regulated. "As long as the primaries are not regulated, we will see illicit funds entering the campaigns," said Elias Huerta Psihas, president of the Asociacion Nacional de Doctores en Derecho (ANDD).

Candidates in the presidential primaries for the center-right Partido Accion Nacional (PAN) and the former governing Partido Revolucionario Institucional (PRI) have already spent large sums. The Mexico City mayoral election is also becoming an expensive race, especially among contenders from the center-left Partido de la Revolucion Democratica (PRD).

The four PRI members challenging then party president Roberto Madrazo for the right to represent the PRI in the 2006 presidential election had spent 189 million pesos (US$17.4 million), mostly on
television and radio advertisements, as of late July. The four contenders Govs. Enrique Martinez of Coahuila, Arturo Montiel of Mexico state, and Tomas Yarrington of Tamaulipas, and Sen. Enrique Jackson used the spots primarily to criticize Madrazo rather than to attack each other.

In a nationwide survey conducted among PRI members and voters at large, Montiel defeated his three rivals (see SourceMex, 2005-08-17). He will face Madrazo in a primary on a yet-to-be-determined date this fall.

Campaign expenditures have also surged among the PAN presidential candidates, who had spent about 193 million pesos (US$17.8 million) on the campaign during May-August of this year. Former interior secretary Santiago Creel Miranda has been responsible for the lion's share of the spending. Even with the large expenditures, Creel appears in danger of losing the nomination to former energy secretary Felipe Calderon Hinojosa, who won handily in the first of three primaries conducted by the PAN among its members.

The PRD is saving its funds for the general election, since ex-Mexico City mayor Andres Manuel Lopez Obrador is facing no competition after potential adversary Cuauhtemoc Cardenas decided not to seek the party nomination. Instead, Cardenas is hoping to lead a coalition of leftist parties (see SourceMex, 2005-08-24).

PRD candidates are instead pouring money into what has become a very competitive race to gain the party nomination in the 2006 Mexico City mayoral election. Pablo Gomez, on leave from his post as PRD floor leader in the Chamber of Deputies, has released records showing that he has already spent 1.89 million pesos (US$174,000) on his campaign. Sen. Jesus Ortega has also spent a considerable amount of money on the race, although his expenditure report to the PRD was not made public. The third candidate, Marcelo Ebrard, is said to be favored by Lopez Obrador and is expected to tap into the same sources of funding as the former mayor.

Commercial television networks benefit

The surge in campaign expenditures will primarily benefit Mexico's two largest commercial television networks, Televisa and TV Azteca, which are expected to obtain more than 2 billion pesos (US$184 million) in revenues from political advertising during the election season. The two networks control 80% of the television broadcasts in Mexico (see SourceMex, 2005-05-25).

Runaway campaign spending is becoming a larger concern than electoral fraud, with "stuffed wallets" replacing "stuffed ballot boxes," as the main obstacle to democracy in Mexico, say critics like Kelly Arthur Garrett, a columnist for the Mexico City English-language newspaper The Herald. "If nothing else, this is poor distribution of income," said Garrett. "In the days of fraudulent one-party rule, much of that money would at least find its way into the pockets of the poor, who were given financial incentives to vote for the PRI candidate or show up at their rallies. Now it all gets dumped into the coffers of media moguls."

Additionally, candidates may not have a level playing field regarding access to the broadcast media. "Television station owners are accused of giving discounts to their favorite party for those
precious spots, and as yet there's no audit mechanism to monitor this," said Kenneth Emmond, also a political columnist for The Herald. Garrett said current campaign-spending patterns were already developing in the 1990s in some state races, including the very competitive gubernatorial election in Tabasco state in 1994 between PRI candidate Roberto Madrazo and PRD rival Andres Manuel Lopez Obrador (see SourceMex, 1995-08-30).

"Madrazo was accused of exceeding spending limits by a factor of as much as 60 when he defeated Lopez Obrador," said Garrett. "He got away with it." There is a strong chance that Lopez Obrador and Madrazo will face each other again in the 2006 presidential race. Madrazo, however, still needs to win what appears to be shaping into a very competitive race with Montiel (see this issue of SourceMex).

Some members of Congress have proposed initiatives to reform Mexico's electoral laws, including plans to control private donations. These initiatives have stalled in Congress, so no meaningful electoral reforms will be in place for the 2006 elections. Abstentionism becomes a concern. There is some concern that the high cost of elections, as evidenced by the saturation of political advertisements on television, will discourage voters from participating in the 2006 election. "The lack of interest in the political life of our country is increasing daily," said Rafael Abascal y Macias, a columnist for the Mexico City daily political newspaper La Crisis. "This is a serious problem, not only because it reflects a lack of confidence in political institutions but also because it calls into question the legitimacy of our democracy."

Jose Antonio Crespo, a columnist for the Mexico City daily newspaper El Universal, also raised concerns about the potential for abstentionism, which he said was clearly evident in the recent election in Mexico state, where only 40% of registered voters cast a ballot (see SourceMex, 2005-07-20). "With a lack of electoral reforms in place in 2006, citizens can send a message to the candidates by refraining from voting for those who spend large sums of money and rewarding those who practice austerity," said Crespo.

Even with the lack of legislated reforms, the IFE has implemented new guidelines to keep a greater control of the elections. The electoral agency is now requiring political parties to prepare detailed reports on all expenditures, including flyers, billboards, and public events. Previously, such detailed reporting was only required for advertisements on television and radio, in newspapers, and in magazines.

Authorities are also keeping an eye on illegal campaign-financing schemes, similar to ones used in the 2000 election. President Vicente Fox's political action committee Amigos de Fox financed his presidential campaign with illegal contributions from outside sources, drawing a stiff fine from the IFE (see SourceMex, 2003-10-15). Similarly, some members of the PRI supplemented the campaign coffers for their candidate Francisco Labastida Ochoa by diverting funds from the state-run oil company PEMEX, in a case commonly known as Pemexgate. The perpetrators were also sanctioned for their actions (see SourceMex, 2005-05-18).

One of the biggest concerns about the private money used in the election is that candidates become obligated to their donors. "Private contributions obviously carry with them the potential for abuse,"
said Garrett. "Corporations and wealthy entrepreneurs don't donate to presidential campaigns out of a sense of civic duty; they want something in return."

Critics say the presence of private funds has the effect of weakening political campaigns. "The abundance of money has poisoned the parties and converted what should be a debate of ideas, of programs, of personalities, into a marketing contest," said Crespo. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Sept. 28, reported at 10.85 pesos per US$1.00] (Sources: Agencia de noticias Proceso, 08/17/05, 08/18/05; El Financiero, 08/18/05, 08/19/05; Notimex, 08/02/05, 08/15/05, 08/23/05; El Universal, 02/14/05, 07/18/05, 07/24/05, 07/25/05, 08/18/05, 09/12/05; La Jornada, 07/20/05, 08/25/05, 09/07/05, 09/12/05; The Herald-Mexico City, 08/03/05, 08/29/05, 09/07/05, 09/12/05; Spanish news service EFE, 09/12/05; El Economista, 09/26/05; La Crisis, 07/25/05, 08/19/05, 08/23/05, 09/20/05, 09/27/05)