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Calderon's Budget Seeks Large Increases for Security, Anti-Crime Measures

by LADB Staff
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President Felipe Calderon sent a 2009 budget proposal to Congress that increases spending by 5.7% above 2008 levels, but a larger-than-usual percentage of expenditures are to be devoted to security and anti-crime initiatives. The president's budget proposal is sure to meet some resistance in Congress, which will push for increased expenditures on social programs, education, and infrastructure.

The Calderon budget proposal of 2.82 trillion pesos (US$260 billion) in total spending, sent to Congress in early September, assumes an oil-export price averaging US$80 per barrel, compared with a projected level of US$49 per barrel in the 2008 budget (see SourceMex, 2007-11-14).

The president's decision to boost expenditures on security was influenced to a great extent by the spike in violent crime in Mexico since Calderon took office in December 2006. Crime has been especially violent in the spring and summer of 2008 (see SourceMex, 2008-09-03). The Mexican Congress is expected to go along with the security and anti-crime expenditures, but opposition legislators have expressed strong concerns about proposed cuts in education, agriculture, communications, and transportation. They either have to increase the total budget or find other areas to cut, such as the executive's travel budget.

Congress expected to boost agriculture, education spending

By law, the Congress must pass both the expenditures and the income budgets, which are considered separately, by Nov. 15. There were some grumblings among members of Congress about the president's priorities in the budget. "Education is being left behind in contrast to the amount of money spent on security," said Deputy Tonatiuh Bravo Padilla, a member of the center-left Partido de la Revolucion Democratca (PRD). "This is an area that should receive a higher priority in the budget," added Bravo, who chairs the education committee (Comision de Educacion) in the lower house.

There is some concern about education cuts at other levels of government. In early September, education secretaries from 24 Mexican states issued statements rejecting Calderon's meager increases in funding for public education. But administration officials defended the line item for education in the president's spending proposal. Public Education Secretary Josefina Vazquez Mota noted that Calderon had proposed an increase of 13% in the 2009 budget. "It's not enough to devote more money to education," said the secretary. "You also have to ensure that the money is spent productively." There were also strong protests about the president's plan to reduce expenditures for agriculture.

In the 2009 budget, Calderon proposed a reduction of almost 10% in the budget for the Secretaria de Agricultura, Ganaderia, Desarrollo Rural, Pesca y Alimentacion (SAGARPA) and about 3.5% in...
allocations for the Secretaria de Reforma Agraria (SRA). Opposition legislators vowed to restore funding for agriculture programs, particularly in light of recent weather-related problems that have affected Mexican growers. "We will stand with the campesinos in Mexico," said Deputy Emilio Gamboa Patron, floor leader of the opposition Partido Revolucionario Institucional (PRI) in the lower house.

Several agriculture groups also expressed their displeasure with the administration's proposed cuts to agriculture. "[The Calderon government] has increased funding for security by more than 30%, which in itself is not a bad thing. But it comes at the cost of our country's economic development and productivity," said Cruz Lopez, president of the Confederacion Nacional Campesina (CNC).

Calderon acknowledged that some of his proposed the cuts would not be popular but said they were necessary. "I have presented Congress with a proposal to boost security by 39%. This is a necessary expenditure, but we must make sacrifices in other areas," said the president during a speech in Mexico state. "We are committed to putting our house in order and restoring safe conditions to our parks and our plazas."

Some experts raised concerns about the president's decision to base the budget plan on an average oil price of US$80 per barrel. Gabriel Casillas, an economist at Banco UBS Pactual in Mexico City, cautioned that the average price may not be that high. "It's a bit risky, Casillas told Bloomberg news service. "If oil falls below that level, they will have to cut the budget." Casillas suggested that a price of US$70 or US$75 per barrel would be a much more prudent basis for the budget. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Sept. 17, 2008, reported at 10.82 pesos per US$1.00.]

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