

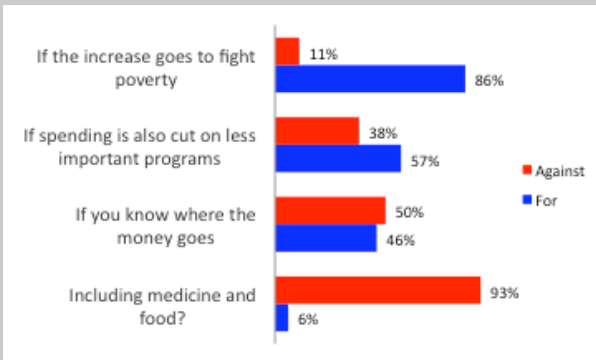
**Alan Stoga, President**  
**Daniel Wilson, Managing Director and Editor**

## Polls

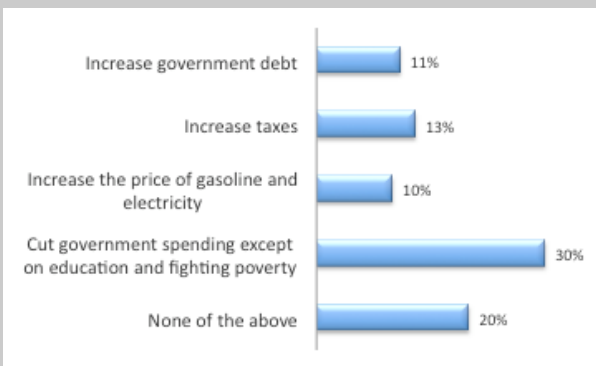
### Support for new taxes depends on purpose

A GCE/Milenio poll showed that support for increased taxes, as proposed in the government's 2010 budget, depends strongly on how the taxes are characterized. An overwhelming majority (93%) are against an increase in consumption taxes, including food and medicines. However, if asked if they are in favor of a tax increase with the resources used to fight poverty, a nearly similar majority (86%) is in favor. Other ways of putting the issue result in intermediate positions. Those surveyed favored cutting spending over raising taxes by a margin of better than 2:1. ([GCE 9/9](#))

#### Are you for or against increasing taxes ...



#### If you were to choose between the following options to solve the government's revenue problem, which would you pick?



## Key Dates

**9/16:** Independence Day  
**10/18:** Tabasco and Coahuila local elections  
**11/15:** Deadline for budget approval  
**12/31:** Terms end for President of Banco de México, CNDH, and two Supreme Court ministers

### Budget blends new taxes, spending cuts, and deficit financing

Finance Minister **Agustín Carstens** presented the government's budget for 2010. The highlight was a new 2% "Contribution to Alleviate Poverty," assessed on the value of all goods and services, with the proceeds dedicated to increased funding of anti-poverty programs. Other tax increases, including a 2% increase in the maximum income tax rate, a new 4% tax on telecommunications services, an increase in the tax on cash bank deposits, and higher excises are intended to offset the permanent decline in expected oil revenues. Total government programmable spending would be reduced by 3.4%, including the absorption of the Ministries of Tourism, Agrarian Reform, and Public Function by other agencies. The Public Sector Borrowing Requirement was pegged at 3.1% of GDP for 2010, with plans to return to balance by 2012. ([Hacienda 9/8](#))

### Anti-poverty levy hit as back-door tax on food and medicine

The opposition hit the proposed 2% anti-poverty tax as a back-door attempt by the PAN to introduce the value added tax on food and medicines, which are currently exempt. Senate coordinator **Carlos Navarrete** (PRD) declared the proposed new tax "dead and buried." The PRI was more cautious. **Francisco Rojas**, the PRI leader in the Chamber, said that while the PRI opposed taxing food and medicine, "There is nothing definitive; we are just getting a first impression. It will be several weeks before we have a position." ([Reforma 9/12](#))

### PRI demands cuts in bureaucracy

PRI Senate leader **Manlio Fabio Beltrones** demanded that the government make larger cuts in government spending as a condition for supporting the economic package. "The geometric growth in the top level bureaucracy in recent years, which we have documented, is evidence of the irresponsibility of conservative governments in the management of the public patrimony," he said. The PRI in the Senate released a study showing that the headcount in the 23 agencies controlled by the President increased from 522,000 in 2004 to 644,000 in 2009 – up 23%. Over the same period, the number of highly paid officials (those earning more than Ps. 100,000/month and receiving fringe benefits of more than Ps. 700,000 per year) increased from 4,612 to 7,568 – an increase of 64%. PAN Senate leader **Gustavo Madero** said the report was "worthy of study" and that the PAN and the government were prepared to review the size of the bureaucracy. ([Excelsior 9/10-11](#), [Reforma 9/13](#))

### Chávez nomination as Attorney General under fire

The nomination of **Arturo Chávez Chávez** as Attorney General is facing increasing criticism. According to Reforma's *Templo Mayor*, a confirmation hearing before the Senate Security Commission scheduled for Tuesday has been postponed. A majority of PRI and PAN senators are thought to oppose the nomination, and some PAN senators are also said to be unwilling to vote in favor because of the opposition of Mexican and international human rights groups. Chávez was Attorney General of Chihuahua when the case of the serial killings of women in Ciudad Juárez first came to light. ([Reforma 9/14](#), [Universal 9/14](#))

### PAN reflects on July's election defeat

The PAN marked the 70<sup>th</sup> anniversary of its creation in 1939 at the same time that the 'Committee of Reflection and Analysis' headed by the anti-Calderón wing of the party presented its confidential report on the causes for the July election debacle. Senator **Santiago Creel**, one of the forces behind the committee, said he was satisfied with the report, which he said highlighted the party's abandonment of its 'mystical origins,' the failure to bring about the change that the citizens demanded, and defending the privileges of interest groups that prospered under the old regime and that the PAN had previously opposed. ([Santiago Creel 9/13](#), [Universal 9/13](#))