

The Mexican Revolution:

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Best Book in the field of Latin American History, 1967
Second Edition, Revised

**FEDERAL EXPENDITURE AND
SOCIAL CHANGE SINCE 1910**

by James W. Wilkie

The Mexican Revolution

Federal Expenditure and Social Change Since 1910

James W. Wilkie
Second Edition, Revised

This is one of the very few books to test empirically the success of a social revolution in terms of its own goals, using detailed census and budgetary data. Winner of the 1967 Bolton Prize for The Best Book in Latin American History, the book has now been revised and includes new data in several areas, particularly regarding land reform. Wilkie's conclusions challenge the accepted ideas about the achievements of the Mexican Revolution, and his work has been acclaimed for its highly original research methodology.

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WITH A FOREWORD BY HOWARD F. CLINE

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DEDICATION

This book is dedicated to my parents, Lucile and Waldo Wilkie, who have studied Spanish, traveled to Mexico, and personally supported Latin American studies in their own way for the last dozen years.

Foreword

The Mexican Revolution, now past its fiftieth year, is an established historical fact. It has had many successes, despite frustrating obstacles to the attainment of the broad goals its leaders have set. A remarkable political system has achieved stability and an economic system has been painfully devised to produce an increasing volume of goods and services for a rapidly expanding population. The Mexican nation has made notable contributions in artistic and intellectual realms. In short, Mexico has achieved many of the aspirations common to what now are termed "newly emergent" countries, whose present is not unlike the Mexican past.

In this study of Mexico's recent history, James Wilkie separates social development from economic, and asks how successive presidents have allotted federal revenues to achieve change in different ideological phases of the Revolution. He analyzes the rate and direction of social change, using as measures the stated national goals: elimination of poverty, illiteracy, and malnutrition. Wilkie's methods, I think, are adaptable to the analysis of other emergent countries in their course toward similar goals.

The first problem that Wilkie set for himself was an analysis of Mexican national budgets as indicators of the actual, rather than the projected, amounts spent to alleviate poverty. As one who some years ago attempted the same thing, I can attest to the difficulties the author has faced and the unseen amount of drudgery that lies behind his revealing tables.¹ Merely to glean actual expenditures from scattered sources, much less to reduce them to a common measure (as Wilkie has done) is a tremendous task.

¹ Howard F. Cline, *Mexico: Revolution to Evolution, 1940-1960* (New York, Oxford University Press, 1962), pp. 237-241.

Equally impressive is his analysis of these figures as allotted to various fields by each president. Here the "style" of the various presidents emerges, as does the fact that, until Lázaro Cárdenas, negligible sums were apportioned for the social benefits long promised by the Constitution of 1917. Quite striking is the rate at which Cárdenas's successors exceeded his pioneering efforts, both relatively and in the aggregate. It may come as a shock to the detractors of Miguel Alemán, for example, to note the remarkable results his policies achieved in the social field.

The second part of this volume charts the heartbreakingly slow process of upgrading a whole society, virtually decapitated during the violent phases of the Revolution (1910–1917). Wilkie's main device—a Poverty Index—is an innovation. He explains it sufficiently to obviate summary here. The Index can be extended and its trajectories statistically gauged as later figures become available, especially at decennial census intervals. Whatever its limitations, the Index does give us one measure of how the national investment in social improvement has produced net gains in welfare, even in the face of a population explosion.

To the historical elements treated in Part I, Wilkie adds geographical elements in Part II by applying the Poverty Index to the regions of Mexico. In common with other investigators (like myself), he found that the statistical regions into which Mexican officials traditionally have divided the Republic are inadequate for socio-historical research; hence he had to devise subdivisions that are historically more coherent and likely to yield more valid findings.²

The application of the Poverty Index to regional units (again a massive and arduous series of calculations) reveals not only the general gains but the depth of penetration of the Mexican Revolution's social aspects in various parts of the Republic. Important inferences can immediately be drawn from his summary Table 9–11: all regions have improved since 1940, and a majority have accelerated their rates of such improvement over the decade 1950–1960. The same table provides an interesting statistic for the

² Howard F. Cline, *The United States and Mexico* (Cambridge: Harvard University Press, 1953), pp. 88–111; Cline, *Mexico*, pp. 49–59. Wilkie's scheme provides more regional units, especially in the North and Central portions.

students of urbanization: the Federal District, the recipient of the bulk of internal migrants, remained static.

Wilkie's data and conclusions have wide-ranging implications. What will be the future policy for expenditures on social change? Wilkie has indicated that substantial outlays of funds now over a relatively extended period are making visible if still only modest progress. But, as he stresses, the widespread feeling that their government continues to strive to achieve the goals of the Revolution satisfies most Mexicans.

Beyond the statistical matters I have stressed here, readers will find much that is new and exciting in this study. In the course of his research, the author interviewed many participants in the Revolution and its governments. Their frank and often revealing remarks about how Mexico is governed form a contribution in themselves.

Anyone interested in present-day Mexico and documented social change can profitably read and enjoy this work.

Howard F. Cline

Arlington, Virginia
August, 1966

Preface to the Second Edition

Revisions in this second edition present new data regarding "indirect measurement" of Mexico's Revolution, especially in the area of land reform. Since the first revision of statistics on land reform, recently prepared by the Mexican government, needs to be disseminated widely, it is important to include a full summary for analysis in this work. Other changes, for example, involve inclusion of statistics on the land policy of Francisco I. Madero for the year 1912-1913 as well as revision of figures to account for changes in definition of the economically active population since 1910. Because complete data on federal expenditure and social modernization for the entire decade of the 1960's will not be in existence until the 1970's, no new or revised analyses of state policy or "direct measurement" of social conditions have been undertaken. Thus, excepting a minor adjustment in an aspect of the Poverty Index for 1910 to account for new data on the Baja Californians, the basis of this book remains the same.

Changes in this new edition in no way affect my original interpretations; rather, they strengthen the work and make new series available to the student of Mexico.

J.W.W.

San José, Costa Rica

July, 1969

Acknowledgments

Grants to carry out this study came from the Inter-American Cultural Convention (1960–1961), the Modern Foreign Language Fellowship Program (1962–1963), the William Harrison Mills Traveling Fellowship Program in International Relations (1963–1964), and the Foreign Area Fellowship Program of the American Council of Learned Societies and the Social Science Research Council (1964–1965). This generous assistance permitted full-time research in Mexico for three years as well as almost a year in which to write. While expressing gratitude for these grants, it is also important to note that the interpretations expressed in this work do not necessarily represent views of the above fellowship programs.

Indebtedness to several scholars is acknowledged for their counsel and support. Woodrow W. Borah suggested presentation of this unified study of federal expenditure and social change as a separate part of my studies of the Mexican Revolution. Clark W. Reynolds not only advised on statistical method and organization of the material but patiently criticized the formulation and reformulation of the ideas presented here. James F. King pointed out that interviews with historical figures of Mexico would be doubly valuable if tape recorded. A long and careful critical evaluation of the manuscript by Stanley R. Ross aided greatly in revising the work, toning down exaggerations, and filling in logical gaps between some concepts. Oscar Lewis generously offered his time to discuss the concept of poverty developed in this work, and Robert H. Bremner suggested the definition of social deprivation which deals with characteristics of poverty. Howard F. Cline gave encouragement and consulted on the method of presenting poverty statistics. Robert E. Scott drew upon his experi-

ence in Mexico to suggest some changes in presentation of the study; and Lyle C. Brown spent two days discussing editorial changes, clarifying concepts, and developing writing style. Others who carefully read the manuscript and made many helpful comments were Arturo Torres-Ríoasco, Robert R. Miller, Albert Michaels, and John J. TePaske. Special thanks goes to Dauril Alden for his continued help. It is also necessary to note that without the tireless research and editorial assistance of my wife, Edna Monzón Wilkie, this study would not have been possible. Richard W. Wilkie supplied the cartographic assistance and spent two weeks carefully checking tables for logic in presentation and for errors. The Bancroft Library of the University of California, under the direction of George P. Hammond and Robert H. Becker, graciously facilitated transcription of the oral history materials; and the Computer Center at the Ohio State University, under advisers Earl Raley and Clinton Foulk, speeded necessary mathematical calculations. Statistical questions raised by Albert Fishlow assisted in sharpening the focus of this study immensely; and the content of Chapter 10, especially, is directly related to his critical analysis. Of course, valuable aid and criticism from these counselors does not in any way make them responsible for the final results presented here.

Probably there is no adequate way in which to thank the many Mexican citizens who participated in oral history interviews or granted access to documents and statistics. Their kindness has made investigation in Mexico a great pleasure. Since expressions of gratitude to individual Mexicans would include most of the living leaders of the Revolution and its opponents, gratitude is here acknowledged in a collective manner. The presidency of Mexico was especially helpful in permitting and encouraging research in the official records of the nation.

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Introduction

This study is primarily intended for three different groups of readers. Mexicanists will find the history of the Mexican Revolution, 1910 to the early 1960's, examined from the point of view of federal expenditure and social change. Students of social change in underdeveloped areas will find an attempt to measure decrease in poverty and to link it with the politics of modernization. Political analysts will find an attempt to assess outcomes of ideology. Since readers interested in each of these themes may approach this study from their own particular vantage points in history or social science, it is hoped that they will understand from the outset that there are many difficulties in linking analyses which fall into the purview of several academic disciplines.

Through an examination of carefully delineated statistical data, it is possible to assess the Mexican Revolution in two new ways. The Mexican federal budget may be tested against actual expenditures in order to determine to what extent the official party of the Revolution has carried out its projections to raise the standard of living for the poverty-stricken masses. By investigating and organizing budgetary figures in relation to social, economic, and administrative expenditure, we may characterize varying presidential programs from 1910 to 1963 and concretely test the ideology of each leader's program as it works out in practice. Analysis of social statistics gathered in the decennial censuses from 1910 to 1960 permits the preparation of an index of poverty or social deprivation which allows us to examine levels of characteristics of poverty in order to measure the effectiveness of government programs in bringing about social change.

The Mexican Revolution was begun in 1910 to protest the lack

of democratic elections, but it could not be contained. As civil war ravaged the country for the next six years, ideas about the reconstruction of society on a new basis gradually came to the fore. In 1916 Manuel Gamio, one of Mexico's most famous anthropologists, suggested that Mexico's national well-being depended upon integration of the huge mass of poverty-stricken, isolated, illiterate, and non-Spanish-speaking population into Mexican society. This population had no loyalty to the *patria* because the federal government had done nothing for it except perhaps to sanction the seizure of its ancient land holdings, levy taxes, and search its villages for military conscripts. Gamio's call was one of many for the integration of the Mexican nation, and a new constitution, which was written in 1916-1917, offered a program of action. The Constitution of 1917 postulated active state intervention in social and economic life to favor the masses: the state represents the interests of all classes of society and collective interest is vital for the fulfillment of individual rights. In contrast, the nineteenth-century Mexican state was conceived in the Liberal mold: governmental action with few exceptions meant administrative maintenance of the status quo. In Liberal philosophy, poverty was seen to be inevitable, and the state was not allowed to upset the operation of natural laws. Thus seventy-nine years of nationhood prior to 1910 did not result in national strength, but in national weakness.

The Revolution's program of state-directed integration of Mexican social and economic life has always been justified on the basis that it has given the poor classes a better standard of living. However, creation of a common national interest and a myth of the fatherland which bind people into nations has been a long process. Fifty years is a short period for the task of eliminating a high level of poverty in a country where relatively little social improvement took place prior to 1910. The Revolution has taken different approaches to developing an integrated nation.

In the Mexican debate over the nature of government policy and its results since 1910, several stereotypes about the Revolution have emerged. Advocates of violence as a solution to continued problems have urged a new violent political upheaval on the grounds that mass social change only occurs with the explosive overthrow of government, as in the decade from 1910 to 1920.

Critics of government intervention in social and economic spheres of life have maintained that a change in laws is quite adequate to bring about social advance, as during the latter 1920's when "statesmanship" was considered more important than "demagoguery." A decade of proletarian organization and strikes in the 1930's has resulted in the criticism that government-sponsored social action kills private investment and brings a halt to economic growth. This stereotype has been countered with another which claims that the greatest social benefits for the masses come during times of social tension and proletarian self-assertion. According to this view, immediate, direct benefits for the people are justified on the grounds that the masses have waited long years to see the promise of the Mexican Revolution fulfilled. Land distribution, agricultural credit, educational outlay, public welfare expenditure, an adequate minimum wage, and the right to strike are deemed absolutely necessary for national integration, even if economic laws and the economic order must be sacrificed to achieve social justice.

Since Mexico entered into a period of economic development during World War II, a new set of stereotypes has emerged to compete with the old ones. Proponents of industrialization have argued that healthy national integration requires development of economic infrastructure which will allow Mexico to keep up with twentieth-century modernization. In this view, direct governmental intervention in favor of the masses is not necessary, for in the long-run the common man will gain jobs and opportunities from economic development. Nonintervention in favor of the masses has been further justified on the basis that capital formation, vitally necessary for industrialization, has always been achieved at the temporary expense of the worker. To counter such arguments, critics have insisted that the masses have been sacrificed for unrealistic and unattainable goals. The Revolution, it is claimed, came to an end after 1940.

Since only a small band of vocal Communists and some disaffected intellectuals see violent revolution on the horizon, and since Mexico is committed to an active role for the state, the locus of debate has centered upon the programs of Lázaro Cárdenas and Miguel Alemán. These two presidents are the respective advocates of social and economic revolution. On one hand, during the pe-

riod from 1934 to 1940 Cárdenas is said to have set back Mexico's economy, and on the other, Alemán supposedly sacrificed the masses in order to industrialize the country from 1946 to 1952. To ease tensions in the Revolutionary Family (the group which rules Mexico) developing over what course government action should take, Adolfo López Mateos propounded a "balanced revolution" during his presidency from 1960 to 1964. This formula calls for balanced political, social, and economic change under the sponsorship of the revolutionary regime.

Scholars have previously identified these periods of different ideological emphasis within the Revolution in which Mexico's presidents have taken a political, social, economic, or balanced approach to make Mexico a better place in which to live.¹ However, no one has attempted to gauge the real difference in governmental programs or to assess directly the social change which has resulted. Since economic change is much easier to evaluate than social change, students of Mexican history have examined the former and inferred that the latter develops at the same rate. Thus the present study is one of the first attempts to balance economic analysis of the results of the Revolution with an assessment of change in the level of poverty for the half century from 1910 to 1960. It is also one of the first attempts to measure pragmatically the ideology of the Mexican Revolution. Fortunately, the first three ideological periods of the Revolution begin and end with census years, and the task of analyzing social results of government programs is greatly simplified. The fourth period has only recently begun, and though outcomes of government spending can not be evaluated, we can assess policy. It would be folly, of course, to predict that balanced revolution launched by López Mateos will or will not continue under new presidents. If a balanced ideological program continues, its results may be measured in the 1970 census.

Part I examines governmental expenditure in several aspects. Projected budgets are contrasted with actual expenditures in order to show how each president wanted to spend the federal purse

¹ See, for example, works by Howard F. Cline: "Mexico: A Matured Latin American Revolution," *Annals of the American Academy of Political and Social Science* 334 (1961) 84-94; *Mexico: Revolution to Evolution, 1940-1960* (London: Oxford University Press, 1962); *The United States and Mexico* (Cambridge: Harvard University Press, 1963, Rev. ed.).

and how he actually spent it. Theoretically, presidents may wish to give a certain emphasis to their expenditure, but the domestic and foreign political context may preclude independent action. Also, since the budget circulates freely and the account of actual expenditure does not, the budget may be used as a propaganda device which leaves the president free to go ahead with whatever programs he actually desires. More often, however, neither government officials nor the public are aware in quantitative terms of executive policy and its results. However, politicians and the citizenry in general *are* aware of contraction or expansion of agricultural credit, investment in public works, budgetary emphasis on certain government agencies over others, and the general tone of expenditure which give a style to each president. This style is felt throughout Mexico. Analysis of yearly gross federal expenditure yields a pragmatic measure of presidential style and the analysis is summarized in the share of funds spent for social, economic, or administrative activity. Since there is no complete record of where total federal funds have been expended geographically, it is impossible to link directly expenditure and regional social change.

Part II develops an index of social characteristics which may be denominated an Index of Poverty. This index is based upon census items which portray the number of people who actually responded that they lived in conditions of deprivation or traditionalism in 1910, 1921, 1930, 1940, 1950, and 1960. The index is analyzed by federal entity and by region. Mexico's total Poverty Index is linked indirectly to presidential policy by a discussion of decrease in the level of characteristics of poverty during each decade. Analysis is based on the assumption that it is the style of each ideological period which contributes to social advances, for example, and not social expenditure per se which brings about a decrease in the level of poverty. The index or scale of poverty is to some degree associated with traditional Indian culture and it reflects the type of characteristics from which the Mexican Revolutionists have consciously sought to escape in order to build an integrated nation. The Revolution has tried to ameliorate these conditions of poverty while maintaining the best values of Indian culture.

Eleven notations on the limits and nature of this study are in

order. *First*, summaries of method and generalizations about budgetary policy are presented in Chapters 1 and 2, respectively, in order that the argument of the thesis in Part I may be clearly followed. Since these résumés are not linked to historical circumstance until Chapters 3 and 4, and since the internal movement of funds behind the generalizations is not presented until Chapters 5, 6, and 7, the reader is advised to suspend judgment until each aspect of the case has been examined. In addition, budgetary analysis is presented in percentage terms as well as in terms of expenditure of standard pesos per capita. Expansion of federal funds since the 1930's has given each president a great deal more money with which to work, but the test of ideology still remains with the percentage of allocation for different types of expenditure. Ramifications and relations of these two kinds of analysis will be made clear, in turn, and further suspension of judgment is required until this has been accomplished.

Second, this work is not developed with the usual approach taken by students of public finance. Since political programs and social results in historical context are the themes which follow, orthodox analysis of federal finances is not included. This study does not take up such types of economic classification and monetary analysis as capital and current expenses, direct (exhaustive) and indirect (non-exhaustive) expenditure, and virtual, cash, and net outlay. In contrast to economic analysis which considers, for example, only interest payments on the federal debt, this study of gross federal expenditure also includes analysis of the percentage of the budget devoted to redemption of the debt. Thus, for the purpose of our investigation, the term "debt payment" refers to payment of interest as well as retirement of the debt. Readers interested in economic analysis of Mexico's public finances should look elsewhere for such data.² It should be noted that the figures

² See, for example, Roberto Santillán López and Aniceto Rosas Figueroa, *Teoría General de las Fianzas Públicas y el Caso de México* (México, D. F.: Universidad Nacional Autónoma de México, 1962); Combined Mexican Working Party, *The Economic Development of Mexico* (Baltimore: International Bank for Reconstruction and Johns Hopkins Press, 1953); Ernest O. Moore, *Evolución de las Instituciones Financieras de México* (México, D. F.: Centro de Estudios Monetarios Latinoamericanos, 1963); Henry J. Gumpel and Hugo B. Margain, *Taxation in Mexico* (Boston: Little, Brown, for Harvard University, 1957); Ernesto Flores Zavala, *Elementos de Fianzas Públicas Mexicanas, Los Impuestos* (México, D. F.: Editorial Porrúa, 1963); Ramón Beteta, *Tres Años de Política Hacendaria, (1947-1948-1949), Perspectiva y Acción* (México, D. F.: Secretaría de Hacienda y Crédito Público, 1951);

prepared by the United Nations are generally based upon net federal expenditure and will usually not agree with projected and actual figures given here. It is important to note also that the Mexican government has traditionally presented its own budgetary analysis to the public almost exclusively in terms of gross federal expenditure.

Third, in line with the above qualification on economic analysis, federal income is not discussed except tangentially, for we are interested in types of expenditure and not detailed taxation policies. The latter study would, of course, be extremely useful; but it requires complex historical analysis in itself and must be left for another scholar to develop as fully as is required.

Early governments of the Revolution received limited amounts of income, but at that time this often was not conceived as a great problem. In spite of Mexico's Constitution of 1917, until the 1930's the Mexican Government's role was limited by the Western world's apparent return to the normalcy of nineteenth-century Liberalism after the Great War. Only since the world depression of the 1930's gave rise to the active state has a large income been necessary in order for the state to fulfill its expanded role.³

Fourth, the budget does not represent the entire impact of federal policy, as Chapter 1 points out. This factor is no problem, however, because public expenditure by governmental decentralized agencies and mixed public and private enterprises has been autonomous and excluded from direct presidential control.

We do not know the historical extent of decentralized expenditure, and there is a great need for a study which makes such an investigation. Also, since decentralized agencies are mixed public and private organs, it is difficult to assess their effect in terms of either public or private expenditure. Certainly this relationship needs to be explored but to date we have no such scholarship.

Ricardo Torres Gaitán, *Política Monetaria Mexicana* (México, D. F.: Distribuidora Librería Ariel, 1944); Manuel Yáñez Ruiz, *El Problema Fiscal en las Distintas Etapas de Nuestra Organización Política* (México, D. F.: Estampillas y Valores, 1958-1961. 6 vols.). R. L. Bennett, *The Financial Sector and Economic Development; The Mexican Case* (Baltimore: Johns Hopkins Press, 1965).

³ For a cogent discussion of the Western world's concept of the state after 1929, see Karl Polanyi, *The Great Transformation; the Political and Economic Origins of Our Time* (Boston: Beacon Press, 1963).

We can not then judge the activeness of the state in relation to its total impact upon society, but we can examine the percentage allocations of the federal income to characterize the government's concept of its role and measure the rise of its active policies.

Fifth, it must be acknowledged that the government is not solely responsible for social change. The private sector plays a key role in national integration. However, the government creates the climate within which private enterprise operates. The government sets policy, consciously or unconsciously, which is a major determinant of what role the private sector will be able to play. Therefore, when this study asserts that any federal policy has resulted in a given amount of social and economic change, it intends to say not that the change came from government policy itself, but that it came from the over-all climate which the attitude of the government engendered. Also, since no direct link between federal expenditure and social changes can be established, we may suggest the results of each governmental period of ideology by evaluating the decrease in poverty in relation to economic change. Recent writings of other investigators may be consulted for specific contributions of the private sector to the process of change in Mexico.⁴

Sixth, analysis of per-capita social change and vital statistics does not fit into the framework of direct examination which is offered here. As stated in Part II, per-capita analysis is not very revealing in underdeveloped areas. Figures may well show that there is one automobile per capita, but in reality a small percentage of the population may own most of the vehicles. The postulate of this study is that we must attempt to find out what has happened to people, and we can do this by examining data which directly offer measures of social standards. Vital statistics are not examined because the Mexican government has not systematically compiled them with historical consistency. In contrast to the census data which have been gathered according to a

⁴ Consult Frank R. Brandenburg, "A Contribution to the Theory of Entrepreneurship and Economic Development: The Case of Mexico," *Inter-American Economic Affairs* 16:3 (1962) 3-23, and *The Making of Modern Mexico* (Englewood Cliffs: Prentice-Hall, 1964); see also Raymond Vernon, *The Dilemma of Mexico's Development, the Roles of the Private and Public Sectors* (Cambridge: Harvard University Press, 1963); and Raymond Vernon (ed.), *Public Policy and Private Enterprise in Mexico* (Cambridge: Harvard University Press, 1964).

concerted plan, vital statistics are volunteered by the populace. There has been no organized coverage and the available vital statistics show strange patterns generally related to campaigns which attempt to convince people that they should report, for example, birth, sickness, and death to the authorities.

Seventh, construction of the Poverty Index in Chapter 9 is based upon a relatively small sample. This problem is difficult to overcome because only the readily identifiable census items have been utilized which cover six censuses with any consistency. Even with this statistical limitation, however, the Poverty Index offers a method for examination of social change in a developing area. Though Mexican statistics often have been criticized for incompleteness or for containing errors, they provide the best sample available and do reveal a remarkably logical view in most cases. Where obvious errors or omissions have been encountered, some adjustments have been made with full explanation. Items included in the Index are actually quite broad in scope.

Eighth, this study does not undertake an examination of social change in the middle sectors of society or even in all ranges of the lower sector. The role of the middle class in sponsoring social change is not considered since we are interested in examining the ideology of elite political leaders and its effect on the masses. Chapter 8 contains a brief discussion of existing literature on social class change which is based upon indirect analysis. Exclusion of the middle sectors from our discussion does not mean that they have not been of major import in stimulating social and economic change in Mexico. In order to develop an investigation, however, of the lowest level of society as carefully defined with a series of measurable characteristics, it has been necessary to leave other strata of society out of the discussion. Indeed, this analysis does not delve into the several layers of poverty which exist at the very bottom of the social scale. Different indices are needed to explore the nature of these other levels.

Ninth, the definition of poverty which is developed here does not necessarily deal with individual poverty. Persons included in the index may exhibit several characteristics of poverty and yet have a relatively high income. Nevertheless, collectively speaking, the integration of the Mexican nation is greatly impeded by the persistence of a high level in characteristics of poverty. Social

modernization, along with economic development, is required in order to raise general standards of living. The Poverty Index seeks to measure decrease in the collective level of social deprivation in Mexico at different historical times.

Tenth, many students of the Mexican Revolution have claimed that each period within the movement has built upon the preceding one in order to obtain ever-mounting social and economic change. If this were true, theoretically, indices of economic growth and decreases in the characteristics of poverty should have changed with greater rapidity in each decade, yet this has not happened. It is true that many government programs may take years to phase into operation and there is a lag in the consequence of decisions and programs developed at an early stage of the Revolution; but it is probably impossible to take this into account given our present state of knowledge about Mexico and the state of methodology in general. There is little lag in the consequence, however, between changes in political ideology. Given the power of the president in Mexico, fixed costs of budgetary policy are few and the great flexibility of the budget allows the chief executive largely to mold federal expenditure in his own particular manner, as will be explained in some detail in Part I. Also, characteristics of poverty chosen for this study do not represent items which require long periods of time to reflect a change in living standards. In other words, a person who simply stops going barefoot and buys a pair of shoes immediately has changed his position in relation to an aspect of the poverty scale. He has not engaged in a social investment that will require years to show up in the censuses. Likewise, given the elementary criteria of literacy in the Mexican census, persons who have received several months of instruction in one of the many government campaigns to extend education to the masses will qualify for moving out of the poverty level in relation to this item. In sum, the politics of the budget and the poverty index stand as quite accurate reflectors of immediate changes within each period. We do not have to allow specifically for great lag in consequence in discussion of the effect of the budget on the index of poverty, though we must bear in mind that in general the Mexican Revolution has been successful precisely because each president has had a more solid social, economic, and political base with which to work. What we

have done here is to isolate several factors that are largely more related to current policy than other long term programs which would not show up as distinctly belonging to one era or another.

Eleventh, the following study attempts to solve some new problems which historians face as social scientists. It is hoped that the reader will accept the spirit in which the work has been developed and will look upon the analysis as a point of departure for discussion and further research. Mexican statistics are sometimes incomplete or need adjustment, but we are looking for trends, not exact data. If the work presented here stimulates more thought and research about the problems of measuring social and economic change in relation to governmental programs, then the rather primitive quantitative analysis presented here may well have served a useful purpose. Because some readers may not agree with all of our methods and conclusions, full data has been provided so that other scholars may make use of it in relation to their own research. Obviously this study can not be definitive; as we fit together more and more pieces in the Mexican puzzle, conclusions tentatively reached here will have to be modified.

Though this study was prepared for publication in 1966, it was written basically in 1965 with data gathered through 1964. As a historical work, it can never be up-to-date, but it can bring together historical data which allow fresh perspectives of the Mexican Revolution. Many prior analyses offer a statistical view of a certain period or a given moment in time. The present study is intended to present statistical patterns in which numbers take on a historical relevance.

The nature of a study such as this requires citation of sources. Full citation for a source is given in the footnotes only once and subsequently a shortened form of reference is used. The bibliography serves as a ready key to shortened citations and is organized alphabetically rather than topically.

J.W.W.

La Paz, Bolivia
August, 1966

LIST OF SYMBOLS

- Three dots (. . .) indicate that data are *not available*.
- Three dashes (---) indicate that the magnitude is *zero or negligible* (less than .05).
- Two dashes (--) indicate that the item or category *does not apply*.
- A minus sign (-) before a figure indicates a *deficit or a decrease in magnitude*.
- An asterisk (*) is used to indicate *partially estimated figures*.

PART I

THE FEDERAL BUDGET

The following seven chapters characterize the policies of each president since 1910 and present a comparative view of four different periods of ideology within the Mexican Revolution. Chapter 1 discusses the method used in breaking down budgetary expenditures. Chapter 2 offers a summary view of executive policy by examining the average actual expenditure of each president. Since governmental financial policy is not made in a vacuum, Chapters 3 and 4 examine presidential programs in the light of Mexico's political history since 1910. Chapters 5, 6, and 7 take a thematic approach to the federal budget: administrative, economic, and social expenditure are analyzed respectively. This latter approach delves into the Revolution to examine, for example, educational expenses from 1910 to 1963. In contrast to a general examination of all expenditure within given periods, a thematic scrutiny of expenditure allows compact presentation of statistical data for each important organizational category in the Mexican budget. This arrangement of statistics into tables by type of expenditure facilitates interpretation of specific aspects of government policy which range over fifty years of history.

There is no intent in this study to offer a history of Mexico or to duplicate the interpretations of other investigators. The Mexican Revolution is examined in the light of ideology as expressed in pragmatic action.

1

Problem and Method

The federal budget has always been the most important governmental expenditure in Mexico because state and local authorities have had little access to sources of income. Table 1-1 shows the relationship of federal income to all governmental income in

TABLE 1-1
*Income in Mexico: Federal, State, and Local Shares
in Selected Years, 1900-1960*

Year	Total ^a	Per Cent	Federal	State	Local
1900	63	100.0	63.0	24.1	12.9
1923	84	100.0	72.6	14.5	12.9
1929	101	100.0	71.1	21.2	7.7
1932	86	100.0	64.0	27.1	8.9
1940	122	100.0	71.4	23.3	5.3
1950	180	100.0	78.3	18.4	3.3
1960	369	100.0	71.1	26.3	2.6

^a In pesos per capita of 1950.

SOURCE: México, Dirección General de Estadística, *Anuario Estadístico* (cited as *Anuario Estadístico*) 1906, 222-224; 1923-1924, II, 285; 1926, 285; 1940, 741, 745, 747-748; 1942, 1245; 1954, 695, 697-698; 1960-1961, 585, 587, 592.

Mexico in selected years. Though real income has increased at all levels, local government has received a progressively smaller share of total national revenues, and the federal and state governments have competed unequally for the rest of the income; federal income has been about 70 per cent of all receipts.

THE PROBLEM

Given the importance of the federal government as an organized body with the resources and the desire to effect social change, the question which faces us is how to analyze policy as it is reflected in actual expenditure of the federal purse. How can the style of each president and period be pinned down? A special problem has always plagued analysis of ideology in Mexico, for personalism has been a major point at issue. Are policies undertaken at the whim of the president or strongman behind the presidency? Or has the Revolutionary Family, represented by an official party which monopolizes election victory, responded to the changing demands of different interest groups?¹ We know that Mexican politicians have a love of rhetoric which obfuscates the ideological terminology that Western society has developed to such a fine degree. Also, since each president has promised everything to everybody at one time or another, the problem of determining actual presidential policy is compounded. By determining concrete actions in a manner that makes presidential programs easily comparable, however, we can resolve the problem. If the personal whim of the leader really takes precedence over actions which form a consistent way of resolving social and economic problems, there should be little difference in expenditure from one executive to another. Further, there would be no correlation between presidential leadership and periods of ideology in the Mexican Revolution.

Several investigators have attempted to treat the Mexican budget, but they have not been able to get very far with their analyses. Gustavo F. Aguilar of the Mexican Treasury Department has published an unofficial account of Mexican projected budgets since colonial times, but his work suffers from two seri-

¹ Cf. Robert E. Scott, *Mexican Government in Transition* (Urbana: University of Illinois Press, 1959), who sees a relatively democratic official party, in which interest groups *can* influence the president of Mexico; he also develops the role of interest groups outside the official party. Whereas Brandenburg, *The Making of Modern Mexico* (Englewood Cliffs: Prentice Hall, 1964) sees Mexico as ruled by an elite, Scott postulates a more sophisticated approach to understanding why the Mexican Revolutionary Family has been able to maintain power. We take the view that both writers are essentially correct but will show that personalism and pragmatic ideology have interacted (see Chapters 3 and 4).

ous problems.² First, the projected budgets which he presents have almost no relation to actual expenditures since 1910, as we shall see. Second, Aguilar presents only the total amounts for each agency; he does not examine the changing functions of agencies in order to separate the budget into meaningful categories which have historical continuity and validity.

Other investigators have run into the problem of sources. Whereas the projected budget is given wide publicity, the real budget is printed in a limited edition which is not readily available in Mexico, let alone outside the country. Actual figures are almost never summarized or commented upon in the press. As noted above, analysis in Mexico has almost exclusively treated projected budgets.³ It is no wonder that investigators have not been aware of the problem which the Mexican budget presents. Such talented investigators as Howard F. Cline and Oscar Lewis have compared projected budgets of one year to actual budgets of another.⁴ Without the ready availability of budgetary publications, they have been unable to decipher the budgetary category entitled *erogaciones adicionales* (unclassified expenditures). The Mexican budget has been confused since the creation of this category in 1947, for it cuts across agency lines, and it has expended 15 to 23 per cent of actual funds. Scholars have, in general, tended to treat this category as a lump sum "general expenditure," which prevents any real understanding of policy behind the Mexican budget.

Signs that the Mexican budget handling is to improve somewhat are evidenced by the new law which beginning in 1965 brought decentralized and mixed public and private agencies under the control of projected and actual accounting by the Mexican Treasury Department. Projections for 1965 indicated that regular governmental expenses were to be about equal to autonomous expenditure by 52 decentralized agencies and 96 mixed cor-

² Gustavo F. Aguilar, *Los Presupuestos Mexicanos desde los Tiempos de la Colonia hasta Nuestros Días* (México, D. F.; n.p., 1947).

³ For an exception see *El Día*, Oct. 30-31, 1964, which printed the results of the actual expenditure for 1963. The *Anuario Estadístico* presents total budgets and results without analysis, except for education and irrigation in recent years.

⁴ Cline, *Mexico; Revolution to Evolution, 1940-1960*, Chapter 25; Oscar Lewis, "México desde 1940," *Investigación Económica* 18:70 (1958) 185-256.

porations.⁵ The latter expenditures are classified as "indirect" budgetary considerations, and therefore the direct analysis of the Mexican budget presented here can be carried forward with no difficulty. Apparently, presidential control over indirect expenditure of the public sector had diminished to such an extent that abuse of autonomous authority by members of the Revolutionary Family was growing steadily. Executive action was necessary to bring all federal expenditure under control.⁶ Not until after the election of 1964, however, was this budgetary reform announced. Presidents prudently often have chosen to reform the government at the beginning of their term instead of the end in order that they might have time to regain the confidence of the Revolutionary Family and the general public well before elections and the transfer of power.

Since total expenditure of decentralized agencies and mixed corporations is not known, we can only indirectly gauge the activeness of the state in relation to society, as was pointed out in the fourth qualification of this study. Table 1-2 reveals the growth

TABLE 1-2

The Public Sector's Capital Investment Expenditure as a Per Cent of Gross National Product, Selected Years, 1925-1961

Year	Per Cent	Year	Per Cent
1925	2.1	1940	4.3
1928	2.3	1946	3.9
1930	2.6	1952	5.8
1932	2.6	1958	5.8
1934	2.6	1961	7.8

SOURCE: México, Secretaría de la Presidencia, *México Inversión Pública Federal, 1925-1963* (México, D. F.: Talleres Gráficos de la Federación, 1964). GNP is from México, [Secretaría de la] Presidencia and Nacional Financiera, S. A., *50 Años de Revolución en Cifras* (México, D. F.: Editorial Cultura, 1963), 32 (cited as *50 Años en Cifras*).

⁵ For the number of decentralized agencies and mixed public and private enterprises see *El Día*, Jan. 4, 1965; for projected budget, 1965, see *El Universal*, Dec. 16, 1964.

⁶ Vernon, *The Dilemma of Mexico's Development*, 118-119, comments on the president's lack of control over the decentralized agencies at the beginning of the López Mateos term.

in importance of the public sector, but it is incomplete for the early years. Appendix J shows the relationship of capital investment by the public sector to investments by the private sector, but no data are available prior to 1939. For the purposes of this study, Table 1-3 theoretically should be quite revealing as it presents direct federal expenditure as a percentage of the Gross National Product. Since no method for the formation of the GNP is presented in the source for comparison, and no method for conversion of the GNP to prices of 1950 is given, however, it is not really possible to judge the impact of federal expenditure upon

TABLE 1-3

Actual Federal Expenditure as a Per Cent of Gross National Product in Selected Years, 1925-1961

Year	Per Cent	Year	Per Cent
1925	6.3	1940	8.6
1928	6.1	1946	6.6
1930	6.4	1952	10.8
1932	7.0	1958	11.1
1934	6.7	1961	13.7

SOURCES: Table 1-8, and *50 Años en Cifras*, 32.

society; therefore our analysis concentrates on characterizing the government's concept of its role. We mainly attempt to measure the rise of the active state through analysis of direct federal projected and actual expenditure of federal income.

After the investigator has located and defined the appropriate sources, can he be sure that the data have been presented accurately? In making the myriad calculations necessary for the presentation of statistical tables in the following chapters, we found no error in the government's presentation. Of course, one may question the reliability of the Mexican accounts themselves. Since the House of Deputies conducts only a superficial audit of expenditure, a question of possible falsification of accounts is raised. Here we may note that Mexican politics have always been more sophisticated than foreigners have tended to point out. If accounts were falsified by the government, actual expenditure would agree

with projected figures, and this is not the case. Also, falsification of accounts is a clumsy method of taking a share of the federal purse for private use. The general manner in which money is allotted to the faithful in the Revolutionary Family is through the granting of contracts for public works. Work is generally performed; however, the result may be very costly. The point is, however, that the work is completed, and funds are generally spent for what the accounting office says they are spent to obtain. As in the United States, kickbacks and high profits from substitution of shoddy material and substandard workmanship yield the same result as pilfering from the till. Also, no one knows when he will lose favor with the government. If he has been a simple thief, he is doomed; but if he has merely contracted with the government, he is fairly safe—the government does not like to incriminate itself and adverse propaganda is taboo.

Ramón Beteta, Minister of the Treasury Department under President Miguel Alemán, 1946–1952, has summed up his cogent view of dishonesty in government:

Corruption in the Mexican Government, unfortunately, is a fact. It is not, as people are apt to believe, that the minister of the treasury or the president of the republic or some other minister can one day say, "Well, from such and such appropriations of the budget, send one half to my home." There are some people who believe this, mind you. . . . [Upon resigning as treasury minister in 1952], I personally was accused, for example, of having taken the gold reserves of the Bank of Mexico with me to Europe when I went there as ambassador [to Italy from 1952 to 1958]. I say it is absurd, but there are people who believe it. As you say, that is not necessarily the only way to take advantage of the government. There are many less vulgar ways, unethical but legal, in which a public official can acquire wealth.

Let us say that a public official knows that a highway is to be constructed, and that he also knows the person in charge of building or directing the work. He can buy, directly or indirectly, the land that will be affected by such a highway and thus obtain an advantageous position. This is not ethically right, but legally it is not a crime. And this kind of thing is quite common, much more so than people think.

A public official has innumerable means of acquiring advantages from his position, without there necessarily being corruption, in the sense that he need not collude to receive money as happens in the very inferior [governmental] levels. . . . [For example], fiscal inspectors do take what in Mexico is called a *mordida*, that is a bribe or a tip, in order to do or not do a certain thing. This has several degrees. There

is the *mordida* paid to have something done rapidly which one has a right to have done—that is really a tip. Then there is the *mordida* paid in order to have something done slowly which one does not wish done quickly—this is going much further. The third step is to have something done to which one does not have a right, for example to smuggle merchandise into Mexico. This, unfortunately, does exist, but Mexico is not the only country where it does, and it does not happen at the ministerial level. That is to say, there has not been any president or minister of, let us say, the last five or six terms who has ever gained a significant advantage for himself through really illegal means.

The treasury minister receives a relatively low salary—in my time it was 5,000 pesos [a month]—, but he also receives expenses for representation . . . let us say 3,000 or 4,000 pesos a month. But besides, he is a member of the board of directors of Nacional Financiera, [the government development corporation], the Bank of Mexico, the railroads, Petróleos, [the national oil industry], and of, well, many of the decentralized organizations which frequently practice the custom of paying a share in profits earned during the year. One can receive about 100,000 or 150,000 pesos in a year from one of these agencies as participation in profit sharing. This is perfectly legitimate for all concerned, and it is one of the ways in which a public official receives a higher income than that which his salary indicates.⁷

This is one of the most candid, authoritative views on governmental dishonesty in Mexico ever presented.

In sum, the efficiency of Mexican government expenditure is not an issue in determining governmental policy. We may say, in fact, that there is an undetermined overhead cost in maintaining any bureaucracy. This does not mean that policy cannot be determined, it means that policy may be overly expensive in all realms of government. This seems to be an especially necessary aspect of government in countries which are dominated by one political party. Some observers have maintained that this extra cost of government contributes to capital formation in less-developed countries, but, since the recipients of this unorthodox governmental subsidy usually prefer to invest in luxury items and real estate instead of capital goods, this view is difficult to substantiate.

Final historical considerations regard the Mexican president's transfer of funds marked for one category in the budget to another category, and the expenditure of funds not authorized in the

⁷ Ramón Beteta, Oral History Interviews with James and Edna Wilkie, Dec. 17, 1964, Mexico City.

budget. If we were to examine only the projected budgets, this factor would present a problem. Any discrepancies, however, in the amount allocated and the amount actually allotted for all expenditures show up in the final accounts, and this helps explain why actual expenditure has little relation to projected budgets.⁸

THE METHOD

In order to determine the amount of federal expenditure in economic, social, and administrative activity, projected budgets and actual expenditures of each budgetary category are analyzed according to emphasis. It is assumed, for example, that all expenditure for education serves a social purpose, and that the costs of administering education contribute to social development. Educational expenditure includes salaries, construction, books, equipment, and all the expenses which make a governmental agency function. Social expenditure is classified differently from economic expenditure, for the former is long term and its results are hard to measure. A dam may take ten years to build, but specialized education of a youth may take twice that long, and even then there is no concrete result. Administrative expenditure includes only expenses devoted to governing society. This expenditure does not build the nation; it only maintains an orderly atmosphere in which development can take place. Since the government acts as a transfer agent for many funds, transfer expenditures are included in federal expenditure, for they provide development that might otherwise not take place. However, as Table 1-4 shows, transfer payments are separated by function. To locate government transfer payments for economic development from 1937 to 1946, it has been necessary to go beyond the projected and actual account books of the Mexican government, and to consult Treasury Department files (*auxiliares por ramo*) for investment records.

As noted above, the Mexican federal budget is constructed on

⁸ Robert E. Scott, "Budget Making in Mexico," *Inter-American Economic Affairs* 9:2 (1955) 3-20, especially 4-5. The projected budget is the key to actual accounts which are listed only by number. When new items are added to the expenditure during the year there is thus no key to the actual accounts readily available. In 1956 there were 32 items under unclassified expenditure in the projected budget, and 12 more items were added during the year; none were added in 1951. Classification is usually clear, but improvement is needed to show exactly what the expenditures were.

agency lines, except that many different types of expenditure are included in an unclassified category called *erogaciones adicionales*. In order to overcome the problem of what this item means and to present a clear picture of the nature of all federal expenditure, this category is broken down into administrative, economic, and social shares according to each item's function. To develop analysis of federal expenditure it also has been necessary to separate some budgetary items from their category in order to form divisions not included in the Mexican budget. For example, agricultural credit has its own category under our classification. It was included in the "investments" item within the funds assigned to the Treasury Department from 1931 to 1932, after which investments became a separate budgetary category. Agricultural credit, however, was included in investments only from 1935 to 1948 (no agricultural credit was provided 1933-1934). Since the category *erogaciones adicionales* was established in the budget, it has included agricultural credit. Thus when agricultural credit was separated from Treasury funds, 1931-1932, investments, 1935-1948, and unclassified expenditures since 1949, organizational units have been modified considerably in order that they functionally have historical consistency and validity.

Other modifications of the Mexican budget have been necessary. Government pensions have been separated into a new category. They were included in the Treasury Department expenditure until 1923 when they were reclassified as part of the public debt, and in 1948 they were transferred to the unclassified expenditure category. The public debt itself was included as an item in the Treasury Department division until it became a separate category of the budget in 1923. These shifts are indicated in Appendix D in order to show changes which have been made here in official budgetary organization.

For clarity, many of the categories in the Mexican budget have been combined. The Ministry of Development, for example, became the Ministry of Commerce and Industry (including an inadequate labor department) after the Revolution, and during the 1930's its name and functions were changed to the ministry of National Economy. It has since become the Ministry of Commerce and Industry once again. As we shall see in Chapters 6 and 7, the change of name of this ministry in the 1930's and the crea-

tion of an autonomous labor department marked the full emergence of the active state in Mexico.

With regard to classification by type of expenditure in Table 1-4, a few comments are in order. First, government pensions are treated as an administrative expense following the budgetary classification of the United States. Though the Mexican government classifies pensions as a social expenditure, the bureaucracy is notably inefficient and overstaffed, and government employees have long been looked upon as an arm of the official party's power resource. In any case, since pensions were included as an expense of the Treasury Department prior to 1922, and were not separated from general public-debt figures in 1928, 1929, and 1931, it has seemed clearer to consider them as an administrative cost in order to establish consistency in the global percentages for administrative expense. Medical payments and insurance for public employees, however, clearly support social needs and are easily identifiable for classification as social expenditures.

Second, expenditure on the public debt is classified as an administrative expense since the government must manage its redemption, interest, and cost payments in relation to social and economic expenditure. Also, debt payment does not contribute directly to national development. Whereas debt redemption is excluded from budgets analyzed by economists, especially in developed nations, it must be included for underdeveloped areas which are dependent on foreign capital and which are required to pay their debts in order to enjoy good standing among creditor nations and investors of the world. In Mexico, the debt has been linked with political policy, and political policy is the subject of this work.

Finally, the Agrarian Department is classified under economic expenditure, since its purpose has been to shift Mexico's land tenure system to a stronger economic base for national development than the hacienda system provided.

Classification of Mexican expenditures set forth in Table 1-4 presents a pragmatic test of ideology in the Mexican Revolution. Surprisingly, or not surprisingly, it is very close to the functional budget prepared by the Ministry of the Treasury since the mid-1950's. A functional analysis supposes an item-by-item grouping

TABLE I-4

*Classification of Mexican Federal Government Budgetary
Expenditure by Type of Emphasis*

ECONOMIC EXPENDITURE:

- Commerce and Industry (including National Economy and Statistics)
- Communications and Public Works
- Agriculture, Livestock, and Forestry (Fomento)
- Agricultural Credit
- Agrarian Department
- Hydraulic Resources and Irrigation
- Tourism
- Investments in trust funds, stocks, bonds, railways, electrical industry, etc.
- Economic Share of Unclassified Category:
 - Transfers to industry and commerce, price supports (Compañía Nacional de Subsistencias Populares, etc.), subsidies to decentralized agencies (Puertos Libres Mexicanos, Comisión Nacional de Valores, railways, etc.)

SOCIAL EXPENDITURE:

- Education and Physical Education
- Indian Affairs
- Public Health, Welfare, and Assistance
- Potable Water and Sewage Disposal
- Labor
- Social Share of Unclassified Category:
 - National Housing Institute and Social Security Institute
 - Social and Cultural Aids (including agricultural insurance, Banco Nacional Hipotecario Urbano y de Obras Públicas, S.A., and Patrimonio Indígena del Valle del Mezquital).
 - Payments to governmental employee medical services
 - Military and Civilian Insurance Programs

ADMINISTRATIVE EXPENDITURE:

- Public Debt (including redemption, interest, and costs)
 - Military (including army, navy, and military industry)
 - Legislative
 - Executive
 - Judicial
 - Foreign Relations
 - Interior (Gobernación)
 - Attorney General
 - Treasury (including Accounting Department)
 - General Expenses:
 - Department of General Supply (1919-1924)
 - Department of Press and Publicity (1937-1939)
 - National Resources (1947-present)
 - Administrative Share of Unclassified Category:
 - General Services (including interest and contingency funds)
 - Transfers (including subsidies to states and territories), government pensions and administration of pensions.
-

SOURCE: México, Secretaría de Hacienda y Crédito Público, *Presupuesto General de Egresos de la Federación* (cited as *Presupuesto*) and *Cuenta Pública* by year. For the *Leyes de Secretarías y Departamentos de Estado*, from 1821 to the present, consult the *Revista de Administración Pública* (Mexico City) 10 (1958), 49-165 and 11-40.

TABLE I-5

A Budgetary Comparison of (A) the Mexican Government's Functional Analysis and (B) Classification by Type of Emphasis, 1954-1963 (in percentage shares)

Projected Expenditure	I									
	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Economic (A)	45.9	45.9	49.2	47.3	48.1	42.1	42.6	41.3	38.6	38.9
(B)	43.1	44.2	46.6	45.6	45.4	40.9	40.1	39.2	36.8	37.2
Diff. B to A	-2.8	-1.7	-2.6	-1.7	-2.7	-1.2	-2.5	-2.1	-1.8	-1.7
Social (A)	20.7	22.6	22.3	23.9	24.1	27.4	30.5	31.4	34.7	35.0
(B)	19.4	19.7	20.0	21.6	23.2	26.1	29.9	30.7	33.6	33.7
Diff. B to A	-1.3	-2.9	-2.3	-2.3	-.9	-1.3	-.6	-.7	-1.1	-1.3
Administrative (A)	33.4	31.5	28.5	28.8	27.8	30.5	26.9	27.3	26.7	26.1
(B)	37.5	36.1	33.4	32.8	31.4	33.0	30.0	30.1	29.6	29.1
Diff. B to A	4.1	4.6	4.9	4.0	3.6	2.5	3.1	2.8	2.9	3.0

Actual Expenditure	II									
	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Economic (A)	...	49.8	50.6	50.8	52.2	46.1	43.1	32.1	37.1	42.0
(B)	...	50.5	52.4	50.5	51.0	44.8	42.1	31.8	35.1	41.3
Diff. B to A7	1.8	-.3	-1.2	-1.3	-1.0	-.3	-2.0	-.7
Social (A)	...	14.8	15.4	16.3	16.7	18.1	17.0	18.0	21.1	24.2
(B)	...	12.8	15.5	15.2	16.4	17.4	16.4	18.7	20.9	22.6
Diff. B to A	...	-2.0	.1	-1.1	-.3	-.7	-.6	-.7	-.2	-1.6
Administrative (A)	...	35.4	34.0	32.9	31.1	35.8	39.9	49.9	41.8	33.8
(B)	...	36.7	32.1	34.3	32.6	37.8	41.5	49.5	44.0	36.1
Diff. B to A	...	1.3	-1.9	1.4	1.5	2.0	1.6	-.4	2.2	2.3

SOURCE: *Presupuesto and Cuenta Pública, 1954-1964. See also Appendix B.*

which cuts across organizational lines to reorganize expenditure in regard to function. The Mexican government breaks its budget down in the following functional expenditure groups: (1) communication and transportation; (2) agriculture, livestock, conservation, and forestry; (3) industry and commerce; (4) education and culture; (5) health, assistance, and hospital programs; (6) welfare and social security; (7) military; (8) administration; and (9) public debt.⁹ If we consider these groups as serving economic (1-3), social (4-6), and administrative (7-9) roles, we can compare the government's analysis of percentage of expenditure to our form of analysis. Table 1-5 shows a résumé of governmental functional analysis and our analysis of percentage shares for projected and actual expenditure.

Our analysis of projected expenditure, 1954-1964, summarized in Table 1-5, is in all cases very close to the government's functional analysis, extreme differences being no more than 4.9 to -2.8 per cent. This treatment is even closer to governmental analysis of actual expenditure, and the extreme difference is negligible, ranging from 2.3 to -2.0. In fact, the slight difference between the Mexican government's functional analysis and our analysis of social and administrative expenditure can largely be explained by the classification of pensions as an administrative expenditure instead of as a social expenditure. Table 1-6 reveals the difference if pensions are counted as a social expenditure.

In all except a few cases differences have been reduced to as little disagreement as could be expected. *Therefore we can say with some certitude that the method of budgetary analysis used here for the entire Revolution is probably quite accurate, within the tolerances suggested above.* In any case, consistency in analysis is more important than differences about whether such an item as pensions is categorized as a social or administrative expenditure. Presumably the method of budgetary analysis by category presented here is simpler and easier to apply than the Mexican government's complex method of item-by-item analysis; and, in any case, we may question the Mexican system of classification which defines payments for administration of governmental social

⁹ See Appendix A for a complete breakdown of the Mexican government's functional classification.

TABLE 1-6
Pensions Calculated as a Social Expenditure to Account for Differences in Table 1-5

Diff. B to A	I. Projected Expenditure									
	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Social	.6	-1.1	-.5	-.5	1.6	1.4	1.9	.7	.1	.5
Administrative	2.2	2.8	3.1	2.2	1.1	-.2	.6	1.4	1.7	1.2
	II. Actual Expenditure									
Social	...	.8	1.3	.6	1.3	.8	.4	2.0	1.8	.8
Administrative	...	.1	-3.1	-.3	-.1	.5	.6	-1.7	.2	-.1

SOURCE: Tables 1-5 and 5-5.

security programs, for example, as a social rather than as an administrative function.

Two types of projected budgets can be used. The president sends an initiative budget to the House of Deputies for its debate and approval. The approved congressional budget is theoretically the real guide for governmental action. In practice, the presidential budget is rarely modified to any extent, and it is frequently not changed at all. Table 1-7 presents a comparison of these two budgets. It is obvious that since the Revolution of 1910 began Congress has had little authority to change the presidential budget. President Benito Juárez had the least control over the House of Deputies, for his initiative was reduced by 28.5 per cent. President Porfirio Díaz's budgets were changed only slightly, usually from 1 to 2 per cent. Francisco Madero followed in the Díaz tradition, but Victoriano Huerta had some trouble with the Deputies, for his budgets were modified by 7.7 and 9.2 per cent.

Presidents since Carranza have exercised absolute authority over the House of Deputies. From 1918 to 1928 there was only one change in the budget submitted by the president and approved by the House, and this amounted to only .1 per cent. This kind of control was possible since the president could ignore the House and decree his budget in case of an emergency, as was done in 1919, 1920, 1921, 1922, and 1924. The 1930's witnessed the last congressional budgetary modifications of any extent in Mexico. In 1932 and 1937 the president's initiative was changed by about 1 per cent, and in 1934 it was revised by 6 per cent, the high during the whole Revolution. Only very slight modifications of .1 to .2 per cent were made in the presidential budget from 1939 to 1953. Congress has abandoned its role as overseer of expenditure since 1954, except for a moment of daring in 1960 when it upped projections .1 per cent, and this exception may have been authorized by the executive in order to bring his budget up to date.

The president and the House really need not worry about projected budgets except as a statement of the government's ideology translated into practical terms, for two systems of the budgetary process make change of the actual expenditure a simple matter. First, many of the presidential budgetary items are approved by the House for automatic amplification should more funds become available. The president, of course, is free to determine the

TABLE I-7
Presidential Budget Compared to Congressional Budget

Year	President	(A) Presidential Budget ^a	(B) Congressional Budget ^a	Percentage Difference B to A
1869-1870	Juárez	25,637	18,324	-28.5
1900-1901	Díaz	58,009	58,941	1.6
1910-1911	Díaz	100,306	102,294	2.0
1911-1912	Madero	103,602	105,432	1.8
1912-1913	Madero	109,246	111,370	1.9
1913-1914	Huerta	129,413	141,356	9.2
1914-1915	Huerta	152,205	140,466	-7.7
1917	Carranza	178,524	176,942	-.9
1918	Carranza	187,138	187,138 ^c	---
1919	Carranza	203,482	b	---
1920	Carranza	213,250	b	---
1921	Obregón	250,803	b	---
1922	Obregón	383,659	b	---
1923	Obregón	348,487	b	---
1924	Obregón	297,982	b	---
1925	Calles	291,634	291,864	.1
1926	Calles	304,405	b	---
1927	Calles	318,721	b	---
1928	Calles	291,118	b	---
1929	Portes Gil	288,283	288,373	---
1930	Portes Gil	293,774	b	---
1931	Ortiz Rubio	298,489	299,490	.3
1932	Ortiz Rubio	212,987	215,217	1.0
1933	Rodríguez	215,015	215,542	.2
1934	Rodríguez	243,062	257,698	6.0
1935	Cárdenas	275,795	b	---
1936	Cárdenas	286,000	287,199	.4
1937	Cárdenas	330,593	333,226	.8
1938	Cárdenas	418,555	431,110	3.0
1939	Cárdenas	445,266	445,876	.1
1940	Cárdenas	447,800	448,769	.2
1941	Avila Camacho	492,000	492,931	.2
1942	Avila Camacho	554,747	555,227	.1
1943	Avila Camacho	707,332	707,845	.1
1944	Avila Camacho	1,101,000	1,101,816	.1
1945	Avila Camacho	1,004,250	1,006,631	.2
1946	Avila Camacho	1,200,000	1,201,427	.1
1947	Alemán	1,665,000	1,667,041	.1

TABLE I-7 (continued)
Presidential Budget Compared to Congressional Budget

Year	President	(A) Presidential Budget ^a	(B) Congressional Budget ^a	Percentage Difference B to A
1948	Alemán	2,300,000	2,302,617	.1
1949	Alemán	2,550,000	2,551,258	.1
1950	Alemán	2,746,057	2,746,549	---
1951	Alemán	3,101,713	3,102,902	---
1952	Alemán	3,995,949	3,999,203	.1
1953	Ruiz Cortines	4,158,057	4,160,382	.1
1954	Ruiz Cortines	4,827,681	b	---
1955	Ruiz Cortines	5,681,399	b	---
1956	Ruiz Cortines	6,696,374	b	---
1957	Ruiz Cortines	7,577,874	b	---
1958	Ruiz Cortines	8,402,552	b	---
1959	López Mateos	9,385,756	b	---
1960	López Mateos	10,251,341	10,256,341	.1
1961	López Mateos	11,041,481	b	---
1962	López Mateos	12,319,783	b	---
1963	López Mateos	13,801,440	b	---

^a In thousands of current pesos (rounded-off).

^b Congressional budget is the same as presidential budget.

^c *Cuenta Pública* corrects printing error in *Presupuesto*.

SOURCES: Aguilar, *Los Presupuestos Mexicanos*, table facing p. 172; Santillán López and Rosas Figueroa, *Teoría General*, 222; Flores Zavala, *Elementos*, 393; *El Popular*, Dec. 15, 1959; *El Universal*, Nov. 19, 1955; *El Día*, Dec. 16, 1964; México, Secretaría de Hacienda y Crédito Público, *Boletín de Informaciones*, Nov., 1929. See also Appendix B.

amount of amplification in each case. Second, if the president wishes to use new funds for items not covered by automatic amplification or to change budgetary allocations, he sends initiatives to the House for modification of the budget already approved for the fiscal year. Congress complies, changes in the budget are made, legality is followed, and presidential flexibility to disburse federal funds is maximum. Since the original presidential and congressional budgets will be completely changed by the end of the fiscal year, there is no need to fight over budgetary policy at the beginning of the fiscal year. In any case, if a Deputy wishes to mod-

ify the budget, he must not upset the budgetary balance of income and outgo submitted by the executive unless he provides a new source of income to meet new expense. Since this is virtually impossible for deputies to do every time they wish to make a change, and since income is strictly controlled by the Ministry of the Treasury, modification of the budget is virtually impossible.

The president's power over Congress stems from his political power. As head of the official party he literally appoints congressmen and senators or else delegates his power to appoint several legislators to an important personage in return for political support—elections are controlled by the president and his Minister of the Interior. Thus legislators are not in a position to question the president, and in fact there is no reason to do so. They do not really represent any district or state, and therefore do not have any constituents to satisfy with a money bill. The fact that they can not be re-elected for a succeeding term means that they have little drive to win public approval for taking a stand against the president. Once a politician leaves Congress, he is dependent upon the official party of the Revolutionary Family for a new post; hence loyalty is to the party and not to the people. Electoral reforms (discussed in Chapter 4) have introduced significant opposition-party representation to the House of Deputies since 1964; and though the caliber of debate and prestige of the House has increased immeasurably, the official party still controls the legislative process and no change can be predicted at this time.¹⁰

Since there is little, if any, difference between presidential and congressional budgets, and since the president is responsible for both budgets, budgetary analysis in this work utilizes either type. It has not been possible to locate all the original or all the ap-

¹⁰ Aguilar, in *Los Presupuestos Mexicanos*, 146-151, discusses presidential decrees of the budget. Scott, "Budget Making in Mexico," 4, notes that presidential decrees were necessary as congress often failed to enact the budget until after the beginning of the fiscal year as in 1919, 1923, 1929, and 1936. Scott discusses the process of formulating the budget as does William P. Tucker, *The Mexican Government Today* (Minneapolis: University of Minnesota Press, 1957), Chapter 11. Examples of complaints about the budget-making process by the opposition parties may be consulted in México, Cámara de Diputados, *Diario de los Debates*, Oct. 11, 1961, 9-10, and *El Día*, Nov. 28, 1964. A proposal by the *Partido de Acción Nacional* to modify the budget by increasing salaries of the Supreme Court Justices to those of cabinet ministers is presented in full in *El Día*, Dec. 28, 1964—the modification was for a small amount which would not "affect the budget balance."