

2016: A year of cautious economy

By Luis Kaim Gebara

A new year is beginning, with new political, social and economic goals and expectations at the national and state levels. Without leaving aside the international issues, which can alter the scenario in one way or another.

Socially, we can say that, like all Mexicans, we hope and wish that life becomes safer and that the plans of the different authorities concerned with combating crime prove to be successful. This is an important step to revive the national economy and therefore that of the states and municipalities, which rely heavily on national and international tourism.

When the economy of a country is revived, the economy of its state and municipalities are also revived immediately, no matter by whom they are governed. The population will be able to assess the performance of their authorities, allowing them to design a course of work for the elections coming in June.

As we can see, everything is part of a chain, a symbiosis in which all political, social and economic issues converge. Federal authorities have said that 2016 will be the year when the results from the structural reforms begin to make themselves apparent. One example is the decrease of the price of gas, although it is still minimal.

The global economic situation has not behaved as people would have liked. The increase in the U.S. Federal Reserve interest rates, the fall in oil prices and the recent devaluation of the Chinese currency can shake down any economy.

There is no doubt this will be a difficult year. The important thing will be to trust in our authorities at all levels of government to make the best decisions when allocating the 2016 budget. Although we have to remember that this is a “base zero” budget, which has different interpretations as to its meaning.

When this budget was first proposed it caused a controversy and there were positive and negative opinions about it. Some said that it could not be applied, because there already existed a labeled expense which couldn't be moved. Others said that it was a new way to create a clean slate.

Because it is an election year, critics will continue to attack elected officials if the economy doesn't grow. However, it should be noted that if bureaucracy costs can be reduced, all of us will have won something in 2016.

If we're talking about how the state of Hidalgo will do this year, it should be noted that the state obtained additional resources amounting to almost 7 billion pesos (\$387.3 million), a figure that surpasses the resources approved in 2015.

The Hidalgo government, led by Gov. Francisco Olvera Ruiz, has anticipated resources totaling 34.1 billion pesos for its operation and delivery of services.

These resources will be distributed in different areas such as education, infrastructure, health, culture and sports, among others.

A collection of 2.9 billion pesos, made up from taxes, rights, products and local commercial exploitation, is expected in the revenues area, considering both the central and parastatal sectors. Revenues amounting to 11.9 billion pesos are estimated from the Federation Expenditure Budget.

Regarding the debt policy for the 2016 fiscal year, there are no plans to contract debt to finance public spending. Maintaining the assessment level of the three major international rating agencies, Fitch Ratings, Standard and Poor's and Moody's, remains a priority.