

Here—so as not to jump into decisions . . . on prices, wages, interest rates and budget expectations . . . which would aggravate the problem. . . . Neither the low prices nor the high interest rates will last; nor can they last. The world economy will either have to solve its problem or collapse. . . .

So long as foreign exchange flowed at a sufficient pace into Mexico, the country has been so generous that it time and again permitted the dollar to serve not only the interests of the country, but a social class which has the capability to use dollars even for speculation. . . . Certain tendentious publications rebroadcast from abroad created alarm about our economic vulnerability, about our lack of confidence, and encouraged the understandable desire to continue speculating. That caused an abnormal and excessive demand for dollars on the exchange market. . . . Hundreds of millions of dollars were pulled out of our monetary system in a matter of days. . . . In two weeks or in another month, our reserves would have run dry and then we would not have had dollars to pay our foreign commitments and Mexico would—but this is not now the case—have had to declare a suspension of payments. . . .

In Mexico . . . the dollar has come to be used for paying for our imports and for servicing and paying our debts.

But in Mexico, and I admit quite legally . . . people feel secure in placing their savings in dollars. The dollar is used to travel abroad in an exaggerated way. And one sector of society which has excessively consumed dollars for that purpose has found dollars useful for buying abroad things that may be cheaper than the ones we make or are unavailable here. And they also buy articles which are available here. There have been excessive purchases. . . .

But the time has come, gentlemen, in which our foreign exchange income has taken on a special condition and demands a special response. The overwhelming majority of dollars which have entered the country recently come from the public sector, mostly from oil sales and debts contracted abroad by the state. Unfortunately, only a tiny proportion of dollars comes from private sector exports. . . .

Under these conditions of limited foreign exchange, we have to guard our income by reserving it for what the country needs most, not what private interests would like to use it for. And the only one who could and should set the priorities is the government of the Republic. . . .

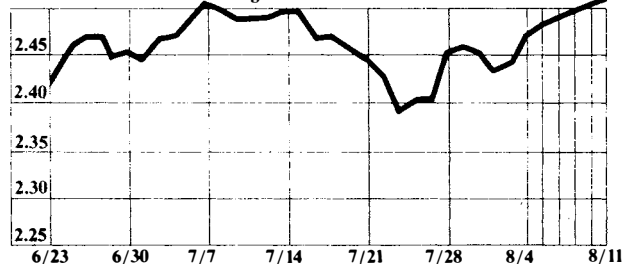
What the government of the Republic categorically affirms is that income from oil sales and public credit will go exclusively for what the country needs and not for waste and speculation. Those days are over. . . .

This is the commitment of the executive of a government which has to make bitter and tough decisions in tough times in which precedents are worthless, since the circumstances are new ones. This is the great burden on an executive who in times like these bears only responsibilities, and, in my case, no longer manages expectations, but only the realities which we must confront. . . .

Currency Rates

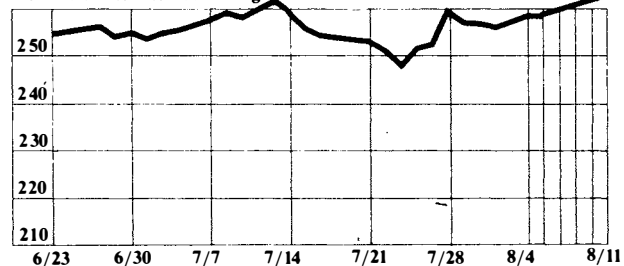
The dollar in deutschemarks

New York late afternoon fixing



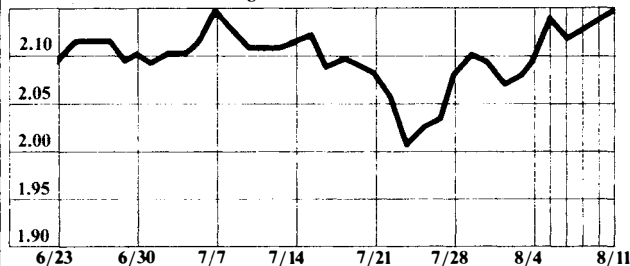
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

