Dateline Mexico by Josefina Menéndez

GATT entry a disaster for Mexico

The government has dropped its opposition to the IMF's sister organization and is signing its own "death certificate."

President Miguel de la Madrid's decision to begin the procedures for Mexican entry into the GATT (General Agreement on Trade and Tariffs) is perhaps one of the most serious mistakes made by a President of the Republic since the 1923 signing of the Bucareli Agreement, which stipulated the impossibility of developing a capital goods industry in Mexico.

The move goes against Mexico's longstanding policy and is vehemently opposed by both industry and labor associations. It will favor the "Hong Kong model" of sweat-shop production for export and labor-intensive agriculture. Said one official from the Canacintra industrialists' association, "Mexico is writing her own death certificate."

In his letter of Nov. 22 addressed to Trade Secretary Hector Hernández, to begin the GATT entrance process, President de la Madrid asserted that the country's debt was in large measure due to the high levels of goods and services imported from abroad. This, he declared, became a serious problem with the increase in interest rates and fall of oil and other raw materials prices. Thus, he said, Mexico is *obliged* to seek membership in GATT, which would ostensibly enable the country to boost its exports, and thereby its foreign-exchange earnings. This, in turn, would supposedly help to finance the federal budget and investments, and would contribute to making national industry "more efficient."

But in fact, GATT was created to perpetuate colonial domination by the same financial oligarchy to which Mexico is today indebted. Since its 1947 founding as a sister organization to the International Monetary Fund, GATT has opposed the industrialization of member countries.

In his letter of instruction to initiate entrance negotiations with GATT, de la Madrid claimed that the Senate of the Republic "had carried out the broadest discussion on whether or not entering GATT was appropriate for Mexico," concluding that it was necessary for the good of the country. The ruling PRI party, in an important policy shift, endorsed entrance into GATT in a document issued Nov. 26 which expressed the wishful belief that the move "will promote foreign commerce and diversify the markets," qualifying this endorsement with the weak proviso, "it must be with total respect for the sovereignty of raw materials, especially energy materials."

But to understand the actual significance of the entry into GATT, look at the real economic context in which this policy shift is occurring. Under pressure from the IMF and following the disastrous earthquakes of the summer, the following picture has emerged:

- The budget which the Mexican government is implementing for 1986 budget is *lower* than that of 1983 in real terms—and that was a year with a record tight budget.
- In 1986 Mexico's public debt is expected to reach *95.5% of the country's Gross National Product*. Growth in GNP is projected at 1%, but this figure does not take into account internal interest rates now reported at 64% on new borrowings by the nationalized banking system—meaning that real "growth" will be negative.
- *Real wages have been reduced by 50%* as a result of the IMF's austerity measures, reported Faustino Chena Perez, the labor representative to the government's Miniumum Wage Commission, on Nov. 20.
- Finance Minister Silva Herzog has submitted a tax increase package for 1986 which will cover gasoline, diesel fuel, domestic telephone service, and "luxury" items like alcohol and cigarettes.

Opposition to the entry into GATT has been led by the national industrialists' association, Canacintra, which represents small and medium-sized industry, and by the CTM labor federation and its umbrella Labor Congress.

Labor Congress leader Olivo Solis—who has consistently argued for a "Peruvian solution" to Mexico's debt—warned that joining GATT would turn Mexico into one large assembly plant of the United States. Canacintra leaders have charged that the disappearance of small and medium industries through their inability to compete with foreign firms, would endanger the very sovereignty of Mexico. Canacintra has demanded renegotiation of the country's foreign debt under terms its debt payments equal only non-oil exports.

The Chamber of Deputies has been sponsoring a nationwide series of conferences on how to deal with Mexico's debt crisis, conferences which have served as forums for one national or local organization after another to endorse Peruvian President Alan García's method of limiting debt payments to a rational amount that will not bind the national sovereignty of the debtor nations.