

## Dateline Mexico by Carlos Méndez

### President presses ahead on austerity

*The Mexican system's refusal to ease austerity further splinters the ruling PRI party.*

President Miguel de la Madrid's insistence on increasing austerity in order to continue paying the \$102 billion foreign debt under the terms set by the International Monetary Fund threatens to split the ruling PRI party at the very moment it most needs unity. The PRI's narrow majority in the newly elected Chamber of Deputies, which will have the final say on who won the disputed July 6 presidential election, will become a minority if labor-based PRI deputies continue going over to opposition candidate Cuauhtémoc Cárdenas.

De la Madrid renounced all his economic maneuvering room Aug. 3 by shooting down rumors he would declare a moratorium on the foreign debt. He told a bankers' meeting that during his final four months in office, "We will avoid demagogic acts or irresponsible pronouncements in favor of a unilateral moratorium, which I understand from opposition parties as an electoral tactic argument, but do not understand from responsible people."

The President pledged to the bankers that he would continue taking "the necessary measures, maintaining fiscal, monetary, and credit discipline—always within the framework of the Economic Solidarity Pact. . . . This is no time to falter, nor to weaken our steps, which have given us such good results."

On Aug. 14, De la Madrid announced the next stage in the Economic Solidarity Pact, a seven-month old corporatist agreement among government, business, and labor. He froze

all wages and many prices. This came as a shocking insult to PRI party labor leaders who had been demanding 43% wage increases to make up for the decline in real wages over the past three years, and had been offered 7% by business. De la Madrid's freeze condemns the country to deeper poverty, lower consumer demand, and deeper recession. That is exactly what ex-banker Agustín Legorreta had said was the substance of the pact.

Carlos Salinas de Gortari, whom the government has named "President-elect," remains fully committed to another six years of austerity and growing poverty. As Budget and Planning Secretary for De la Madrid, he drafted the austerity program. On the eve of the elections he proclaimed, "As for the debt, we put firm negotiations over and above open confrontation." Thus, he pledged to stick to the IMF's rules of the game. Salinas also said his administration would continue the recessionary Economic Solidarity Pact.

Proof that he was serious is that Antonio Ortíz Meña was recently named as the "brain" of his administration's economic program. On receiving a medal from De la Madrid Aug. 1, he called for the Economic Solidarity Pact to continue during the Salinas term. As for his own role in it, "if the next regime calls me, there is no doubt I will come."

Ortíz Meña was given the post of president of the PRI transition team on foreign debt and financing. He is well known in Mexico for having twice been finance secretary, and is trusted

on Wall Street for the way he ran the Inter-American Development Bank to make sure the region's debtor nations put debt service over and above development.

Cárdenas was the real winner of the presidential elections because he articulates the Mexican people's desire to put development over and above debt service. He told a rally in the city of Tlaxcala in early August, "We cannot separate the immediate political struggle from the great majorities. We must *suspend servicing the foreign debt under its current terms*, deepen agrarian reform, protect natural resources, and raise wages."

He repeats this theme everywhere he goes. At the National Polytechnic Institute in Mexico City, Aug. he declared, "We are millions of Mexicans who have decided not to surrender until we achieve democratic transformations in the economic, political and social fields." On Aug. 12, in Colima, he demanded, "Recognition of the popular will expressed at the polls and policy changes to obtain better living standards, economic growth and restoration of the country's dignity."

On Aug. 14, the former head of the PRI, who is now serving as Cárdenas's campaign manager Porfirio Muñoz Ledo, hit the nail on the head. Muñoz Ledo explained to one of the 14 rallies held that day in Mexico City the real issues underlining the opposition's persistence in fighting the vote fraud committed by the government: "If they defraud us now, tomorrow they will not respect the popular will. If we tolerate that they steal elections from us, we will not be able to do anything tomorrow; democracy is today." He concluded, "If Mexico wins, if the people win, better days for our history will come. We will be able to better negotiate the debt and the struggle for sovereignty will revive in many regions of the continent."