

Dateline Mexico by Carlos Valdez and Hugo López Ochoa

Salinas invites IMF dictatorship

The President has signed anew with the Fund, but bankers say all Mexico will get in return is a few crumbs.

On April 11, Mexico's Secretary of Finance Pedro Aspe Armello announced the signing of a new Letter of Intent with the International Monetary Fund (IMF). Offering the same cynical arguments given since 1982 by then-President Miguel de la Madrid, the current government announced its new commitment to impose genocidal austerity policies on the population as a great "victory" by the Mexican negotiating team.

In fact, the government is playing a highly dangerous game. In the face of an increasingly untenable economic and political situation inside the country, it is buying time with the appearance of taking action, in hopes that some kind of global debt mechanism will be pulled out of a hat by the Bush administration before all of Mexico explodes.

Finance Secretary Aspe announced that the deal with the IMF complies with "the presidential instructions and guidelines regarding debt renegotiation strategy" given by President Carlos Salinas de Gortari in his Dec.

reduce the transfer of resources abroad, from the current 5% of GNP (the equivalent of \$12 billion a year in debt service alone) to 2% of GNP; to assure additional resources over the long term; and to assure that the real value of the debt will diminish in proportion to Mexican production.

While such objectives are, in fact, an unpostponable necessity for Mexico, reading between the lines of the Letter of Intent reveals that such goals will not only *not* be met, but that the economic depression will be dramati-

cally accelerated, because of the economic cabinet's adherence to the belief that surrender to "foreign investors" will somehow lead to economic recovery.

The first thing that is clear from the Letter of Intent, is that IMF oversight over Mexico during the term of the agreement will be *total*. The first assessment of Mexico's "performance" will take place on Aug. 31, 1989, and on the 28th of every February thereafter. Failure to meet the established IMF goals could mean a return to the drawing board. In fact, point 28 of the Letter of Intent says that "the Mexican authorities . . . are prepared to adopt additional measures, as necessary" to keep the IMF happy.

In sum, the Letter of Intent is a recognition of the Schachtian austerity policies imposed in December 1987 by then-President De la Madrid under the name of the Economic Solidarity Pact and continued by Salinas de Gortari under the name of the Stability and Economic Growth Pact. The daily *El Economista* stressed that the difference between the agreements signed by De la Madrid with the IMF, and the current one, is that now 60 million Mexicans are on "the brink of poverty."

And of starvation, as well. On April 12, José Manuel Caso Menéndez, president of the National Agricultural Council, insisted that Mexico is on the verge of an unprecedented agricultural crisis, as reflected in the fact that the country is now importing 20% of its grain requirements. He said that prices now paid to producers are

"suicidal," and that in the case of wheat and corn, in particular, the foreign producers "from whom we have to buy . . . at higher prices" are the only ones benefiting.

And if there were any doubt that these murderous policies are to continue, and worsen, during Salinas's six-year term, the Letter of Intent establishes that the Salinas government will be just "an initial transition phase."

Salinas has repeatedly insisted that the IMF's endorsement was necessary to get Mexico's approximately 500 bank creditors to agree to relieve the country's debt payment burden. From the banks' perspective, however, the reality is different. Carmen Lira, correspondent of *La Jornada*, recently reported on her telephone interviews with several New York bankers, whose consensus was that "the signing of the Letter of Intent with the International Monetary Fund will be insufficient guarantee for Mexico to obtain a reduction in its foreign debt principal from us." A spokesman for creditor banks declared, "Mexico insists that we banks reduce its debt, in total amount and in interest, in addition to granting it new credits, and this is not possible. . . . There is a consensus to give a reduction in debt service, that is, in interest, up to 50%; and some banks have 'fresh' money ready for new small loans, but nothing more."

Mexico's nationalists have responded with outrage. In a session of the Permanent Commission of the Mexican Congress, Sen. Ifigenia Martínez of the Party of the Democratic Revolution (PRD) compared the defenders of the new Letter of Intent with those who, in the last century, thought that "it was necessary for a foreign government to achieve the political stability and development of the country," a reference to Maximilian Hapsburg, the Austrian dictator who was overthrown by Mexicans in 1867.

1, 198