

Dateline Mexico by Carlos Cota

IMF's 'Mexican model' set to blow

The spreading social ferment against Salinas's IMF policies is threatening a PRI defeat in 1991.

Growing sectors of the Mexican population are joining the ferment that is stirring against the economic policies of Carlos Salinas de Gortari's government. Labor strikes, public sector protests, and mobilizations against layoffs in the industrial sector are piling on top of more generalized demonstrations against local electoral fraud, new taxation policies, and recent hikes in public service rates.

The most intense moment of the discontent was reached during the past weeks in Mexico City, where the government raised the water consumption tax in a range from 1,500% to 10,000%! To this can be added increases in real estate and corporate income taxes, telephone service costs, and, hitting especially the poorer sectors, a 200% increase in the metro fare at the beginning of the year. The metro system transports more than 5 million people a day.

Although Mexico City Mayor Manuel Camacho Solís tried to cover himself by claiming the outrageous increases were the result of "computer error," it is known that the Federal District's new revenue law explicitly establishes those increases. That law was approved in the Chamber of Deputies by a "majority" made up of the ruling Revolutionary Institutional Party (PRI) and its bought-and-paid-for voting buddies in the Cardenist Front for National Reconstruction Party (PFCRN). Shut out by that combination were other congressional factions with alternative proposals.

No one inside the government, but inside the PRI, wants to hear warnings about the danger of a social explosion.

But the consequences of turning a deaf ear for so long are that chaos now reigns in the world's largest city. The majority of the population is on a de facto payments strike, while other economic sectors are organizing themselves deliberately around the same strategy, in protest against the array of taxes the government is in fact determined to collect.

The National Action Party, Party of the Democratic Revolution, and the Authentic Party of the Mexican Revolution have all called for a suspension of payments, in order to force a reorganization of city finances. In an act of desperation, Mayor Camacho Solís announced that his government will subsidize the taxes and services rate charges to the lower income population of the Federal District, but that it would not alter the standing revenue law.

All this is but the tip of the iceberg. In the first 11 weeks of 1990, there have been strikes of national and international consequence, all based on fundamental wage issues. The 7.8% official inflation rate for the first two months of this year has already virtually pulverized the wage hike of 10% granted in November of 1989. The minimum wage is equivalent to \$108 per month, and its buying power is in constant decline.

The first strike of the year was by workers at the Ford Motor Company in Mexico, which prompted the owners to threaten to withdraw their investments and abandon the country altogether. Work has begun again, but the conflict remains unresolved.

The strike at the Modelo brewery

was taken by the government as the model for applying the new federal labor law, which has yet to be approved by the Congress. The company fired all its workers, accusing them of "declaring themselves on strike." The police repressed the strike and kidnaped its leaders, while the Labor Secretary and the Mexican Labor Federation conspired to form a new union to rehire personnel under new conditions. The strike was de facto prohibited.

Yet not a single labor conflict has been resolved. Striking workers at the border assembly plants of Tamaulipas were forced to return to work by armed bands backed by the authorities. Strikes are threatened at the Mexican Social Security Institute, and in the health and education sectors.

This social crisis is shaping a very tense political and economic situation, one that, it is increasingly believed, will lead to a PRI defeat at the polls in 1991, turning that long-ruling party into a political minority in the country.

That possibility is already being analyzed by nervous international financial bodies. In a roundtable seminar organized by Business International in the Dominican Republic Feb. 21-24, discussion on Mexico centered on "growing labor discontent" and "Mexico's political future: the federal elections of 1991 and the threat of the PRD." At that meeting, it was agreed that in the event of truly free elections in the country, the victor would be Cuauhtémoc Cárdenas, "who is very nationalist and opposes Carlos Salinas de Gortari's program."

The International Monetary Fund's highly touted "Mexican model" is thus appropriately caught between the threat of mass social upsurge and a long-overdue political drubbing at the polls.