

LATIN AMERICA

IMF Forces Mexico To Devalue Peso In Pre-Coupo Drive

Oct. 29 (NSIPS) — For the second time in less than two months the International Monetary Fund and its right-wing agents in Mexico have forced the devaluation of the peso, in what amounts to a virtual coup against the Echeverria government. The devaluation, which according to press sources has thrown the Mexican economy into its worst crisis in 30 years, represents a high-point in a months-long campaign by the IMF and Henry Kissinger and their fascist business allies in Mexico headed by the Monterrey Group to pressure incoming President Jose Lopez Portillo into imposing a Brazil-style "economic model" in Mexico.

On the day after Bank of Mexico head Fernandez Hurtado announced the "floating" of the peso this week after a five-week "fixed float," IMF president Johannes Witteveen announced that a pending \$1.2 billion loan for Mexico would be granted. Witteveen, together with Mexican Monterrey fascists, spelled out a series of fascist austerity measures regarding every aspect of the Mexican economy as "conditions" for the IMF loan. Rightwing businessmen are already demanding the immediate imposition of some of Witteveen's major conditions: a wage freeze and massive cutbacks in public spending.

This latest devaluation, followed by the agreement to IMF drawings for Mexico, has been identified and denounced by progressive elements in Mexico as an action taken independently and against President Echeverria's stated wishes and policy by Wall Street's Mexican Finance Minister Beteta and his close associate Fernandez Hurtado. The Cuban news agency Prensa Latina warn in a release Oct. 28 that the devaluation "coincides" with the fact that "Echeverria, for the second time in less than 48 hours, has attacked groups who are promoting a coup in Mexico."

Together with the earlier float in September, the devaluation of the peso now amounts to 52.8 per cent as against the dollar. Meanwhile, according to press reports, the massive flight of capital from Mexico which helped trigger the devaluations continues unabated.

Pro-Development Politicians Denounce Devaluations

Oct. 28 — At the Congressional Memorial for Lazaro Cardenas, progressive President of Mexico during the late 1930s, Senator Horacio Labastida, president of the National Economic Council, and Jorge Cruickshank, Secretary General of the Popular Socialist Party delivered the following remarks on the IMF devaluation:

"Purely monetary measures, like those that are presently being taken, put us in danger of a devaluation spiral.

"I think that the President has outlined coherent and appropriate measures and is taking the appropriate steps to change the way life is structured in this country. But I also think that perhaps his collaborators have misunderstood (the President's plans), because while he has recommended profound revisions in the life of our country, many of his collaborators have just skimmed the surface." — (excerpted from the daily *El Sol*)

Cruickshank:

He called for the resignations of (Finance Minister) Beteta, (Minister of Industry and Commerce) Campillo Sain, and

Fernando Hurtado, President of the Bank of Mexico "for their lack of foresight" in their financial leadership of Mexico.

He accused those officials of "disloyalty to the policies of Echeverria." The measure adopted by the Bank of Mexico the day before yesterday "is due, fundamentally, to the lack of foresight by the financial leaders of our country." He said that these men are "bad Mexicans," accusing them of "having collaborated with multinational corporations in pressuring President-elect Jose Lopez Portillo to compromise himself with Yankee imperialism."

Cruickshank also urged the search for sources of financing other than the World Bank and the IMF "which serve Yankee economic imperialism," and emphasized that phenomena such as the floating of the peso "represent aggression against the head of state (Echeverria) who has untiringly defended the interests of the Mexican people."

"Monetarist Measures Must Be Abandoned"

Oct. 28 — The following paid advertisement, by the National College of Economists, is reprinted in part from today's issue of the Mexican daily *Excelsior*.

"Mexico has been obliged to watch the devaluation of the peso which has come as the result of pressures applied by international financial agencies — which promote growing indebtedness, and thereby foreign dependency — and by the flight of capital carried out by those privileged Mexicans and foreigners who have opted for self-serving speculation instead of investment.

"These speculators have been rewarded with the recent devaluations at the expense of workers, peasants and the popular sectors, salaried or not, unionized or not — who suffer from the impact of the (resulting high) prices and unprecedented foreign debt. this lack of solidarity also affects small, medium and large national businessmen who are hurt by rising costs and decreasing markets.

"It is necessary to abandon developmentist monetarist which seeks to reimpose imperialism's financial bureaucracy and that of those nationals connected to interests which most Mexicans oppose.

The historic possibility exists to strengthen Mexico with a clear political economy which genuinely benefits the people, and which lends certainty and confidence to the common task of all Mexicans: to advance towards a democracy with benefits the majority and which promotes a greater independence from financial and industrial transnationalism.

the National College of Economists ad then called for exchange controls, precise regulation of wages and prices in order to stop the systematic impoverishment of the majority, adjustments in interest rates, and for the enactment of a profound and progressive fiscal reform.

The ad concludes that if these changes are not acted upon, "the national economy will continue along the road of more devaluations and uncontrolled erratic measures which will only lower the standard of living of the majority of Mexicans."

Devaluation: Friedman's Program

Oct. 28 — The following article is reprinted in part from today's Mexican daily *El Dia*.

The director of the School of Economics of the IPN (National Polytechnic Institute), Cuauthemoc Anda, asked for control of the exchange rate and for taxes on capital, stating that the floating of the peso was due to "an economic measure provoked by a powerful group of the same current as the winner of the Nobel prize in economics, Milton Friedman, and that they are the ones who asked for the currency devaluations."

New York Broker:

"Mexico Is Not Yet Safe For The Dollar"

Excelsior correspondent Fausto Fernandez Ponte interviews "the famous advisor in investment and finance" from New York, Elliot Janeway, who declares that "Mexico is not yet secure for the dollar," referring to the recent flotation of the peso decreed by Mexico. Janeway writes a column published in 900 dailies and, according to Fernandez, exercises enormous influence among small and medium sized investors. "He af-

firmed that the cause of the peso flotation was the government incapacity to cover the service payments on the foreign debt," writes Fernandez. Fernandez also notes:

"The expert declared that if the first peso flotation has caused considerable panic and lack of confidence among the investors, the second will inspire hysteria. He added that a third peso devaluation could occur if measures are not adopted which will tend to encourage the confidence of those who have to invest."

"I advise my readers," Janeway says, "not to invest until some time has passed, until one can see what type of favorable conditions there are for investment."

"He also said that the Mexican government finds itself obliged to take these measures when the debt service payments exceed the government's capacity to pay them."

"He added that the solution is not solicit credits, because this feeds an already vicious circle, but rather to encourage private investment of all sorts. He mentioned that as has occurred with England, one flotation is not sufficient to supercede the problem of the foreign debt. Others are likely to follow, as experience has shown; a third devaluation of the peso could be decreed within a relatively short period."

Deported NSIPS Correspondent Denounces Peru Coup Plot

NEW YORK, Oct. 29 (NSIPS) — NSIPS correspondent Gretchen Guthrie Small arrived in New York City this morning after being deported from Peru with the full cooperation of the U.S. Embassy in Lima. Mrs. Small had been imprisoned in Lima without charges for 11 days and for six of them held incommunicado.

Upon arriving at John F. Kennedy International airport, Mrs. Small emphasized that the repressive actions against NSIPS and left organizations in Peru are part of a plan by Henry Kissinger and the U.S. State Department to overthrow the government of President Morales Bermudez. "Luis Vasquez, NSIPS Director in Peru," Mrs. Small reported, "is still being held in prison with no charges brought against him. The NSIPS office has been closed by the right-wing-controlled Interior Ministry, and contacts and associates of our news service are being harassed daily." She reported that a third staff member who had been arrested on Wednesday, Oct. 27, and then released, is still being called in for questioning by the Peruvian Political Police (PIP).

"At the same time," Mrs. Small continued, "heavy repression of the highly-effective strike of Peru's fishermen has been stepped up, with new police attacks on the fishermen of the key port of Callao, near the capital city Lima. As well, in the last two days, arrests have begun against the youth organization of the Peruvian Communist Party and the Communist-affiliated CGTP trade union federation." The correspondent pointed out that such measures against the CP and CGTP indicate a significant escalation of the ongoing attacks against the trade union movement as a whole and are "unprecedented since the 1968 Peruvian Revolution."

Asked about the connection of U.S. Secretary of State Kissinger to the repression, Mrs. Small replied: "Kissinger is determined to carry out a fascist coup in Peru. The cabinet shakeup in August pushed the government to the right but not far enough to guarantee the subservience in economic and foreign policy demanded by the New York banks. Kissinger directed my arrest and deportation and those of my colleagues as part of this coup plan, because we were disseminating information to business

layers and trade unions on international organizing for debt moratoria and a new international economic order. Even the PIP investigators noted how little the U.S. Embassy did to obtain my release or reopen our press agency."

The NSIPS correspondent also noted that the increased repression inside Peru was being accompanied by a press-orchestrated, sudden resurgence of tensions between Peru and her neighbors. "Kissinger is using the threat of war with Chile and Bolivia to attempt to bludgeon the centrist elements in the Peruvian military, like Morales, into submission." She referred to statements by Chilean Air Force chief Gustavo Leigh charging that the Soviet Union was trying to provoke a Chile-Peru war as evidence of the push for hostilities and of Kissinger's attempts to "cover his tracks." She also noted reports in the London newsletter, *Latin America*, that Bolivia had received U.S. and Brazilian assurances of support in the event of war in the region.

expose Kissinger Network

Mrs. Small dismissed claims by Peruvian officials and U.S. State Department officials that she was forced to leave Peru because NSIPS did not fulfill "legal requirements." "Salcedo Peña, Director of State Security, told me while I was in Jail that 'legal issues' were not the reason NSIPS was being forced out of Peru," Mrs. Small stated. "Peña said, 'NSIPS is being expropriated and its people incarcerated because of their frontal assault on the government.' When I pointed out to him that NSIPS has consistently posed debt moratorium and the new world economic order as critical, in total agreement with President Morales Bermudez, who has openly stated his support of such policies, Peña said, 'Debt moratorium? New world economic order? Those are demagogic terms!' clearly implicating himself as a leader of Kissinger's occupation army in Peru and as a leader of anti-Bermudez forces."

Added evidence of Peña's direct link to Kissinger's fascist forces, Mrs. Small said, is the fact that he held consultations at the Interior Ministry before visiting her in prison. (Luis Cisneros, Minister of the Interior, is a known Kissinger agent in Peru and the State Security Police is an official arm of the Interior Ministry.)