

other such documents.

Other measures to attract revenues include a peso futures market to be opened soon and a drastic increase in interest rates on bank deposits, coinciding with stratospheric interest rates on loans. Like U.S. Federal Reserve Chairman Paul Volcker, the PIRE authors argue that such hikes will "discourage excessive lending and financial populism." The same ministers have avoided congressmen's questions as to the inflationary effects high interest rates will have on the budget and the economy in general.

The "economic cabinet" also expects to build up the treasury through a fiscal reform which will increase sale taxes on all consumer goods, especially luxury items. There is a 10 percent income tax increase for high-salary brackets, including public officials. Charges for state-controlled goods and services such as trains, buses, the Mexico City subway, gasoline, and other oil products have also been raised.

### The political background

Although the main components of the Mexican political system, including politicians and congressmen from the ruling PRI party, labor and peasant leaders, and pro-government journalists, have, as tradition demands, given the new President a chance to establish himself as chief of the powerful executive power, signs of protests against the PIRE's austerity demands are already showing up.

Leaders of the Congreso del Trabajo labor umbrella group Dec. 9 called on their millions of workers base to strengthen the presidential-labor alliance which has secured Mexico's stability for the last 50 years. They nonetheless appointed a commission to study each of the PIRE demands in detail. On Dec. 14, after a meeting with labor-backed congressmen, the head of the Mexican Workers Confederation (CTM) and key figure in the Congreso del Trabajo, Fidel Velázquez, called the press to state that workers will oppose any tax on basic goods and services such as water, medicine, transportation, education, and others.

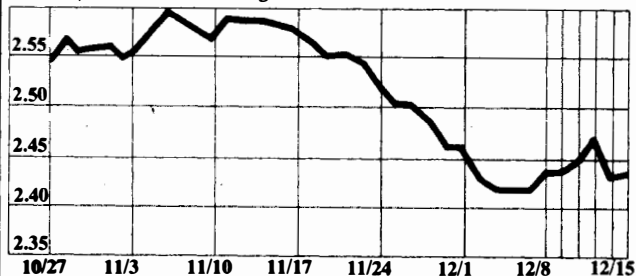
PRI and left-wing congressmen have also incisively questioned the "economic cabinet" over the social consequences the demands for austerity will have. PRI congressman Oscar Cantón Zetina won front-page headlines Dec. 13 when he asked Planning and Budget Secretary Salinas de Gortari whether he had contingency plans to "respond to the protest demonstrations which will arise." Salinas also had to explain that the PIRE is not a Chilean-style "shock treatment," as some congressmen and journalists have said, because "it protects the lower-income strata."

Despite the publicity which has surrounded the economic announcements, there is a sense throughout the country that the measures cannot really be applied. Mexican sources have told this news service that if the country has not seen more protests, it is only because political forces are now "in a sort of year-end truce." They emphasize that "in the first months of the year you may be seeing a million and a half workers opposing the government."

## Currency Rates

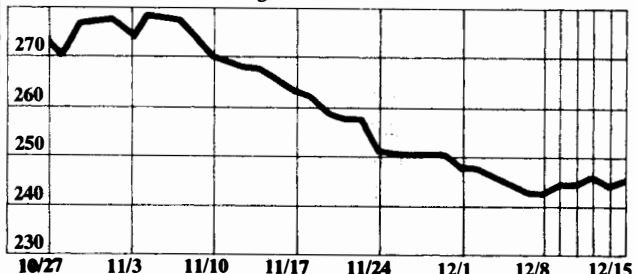
### The dollar in deutschemarks

New York late afternoon fixing



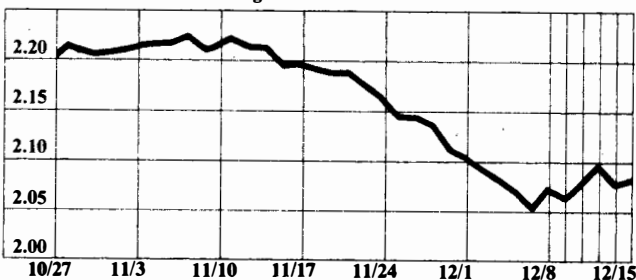
### The dollar in yen

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing

