

What were called “war crimes,” and “crimes against peace,” at Nuremberg, are also committed by the drug lobby every day. There is a proven interrelationship between the international drug trade and weapons trafficking. The weapons are used to equip separatist and terrorist movements deployed in covert war against nations. Armed establishments of significant size are maintained by drug interests in such nations as Bolivia.

The policies of the IMF toward the advanced-sector nations also constitute “crimes against peace,” since they have fostered the conditions in which disorders up to the level of insurrection occur. The separatist, fundamentalist, and terrorist elements deployed for such purposes also work with, and for, the policies of world domination of the Russian imperial political intelligence services.

The IMF and its allies are smoothing the way for Russian takeover, and not just in Yugoslavia. They are insisting that advanced-sector nations like the United States cut defense expenditures, to continue to service the debt which the IMF itself helped to create, in order to destroy the sovereign nation-state as an institution.

Is it only with the hindsight acquired in the aftermath of war that one may correctly say, the following policies constituted crimes against peace, at the pre-war point they occurred? Do not the Nuremberg guidelines—“knew or should have known”—establish responsibility before the case, and not simply afterward on the basis of *post hoc ergo propter hoc*?

Here the ignorant, or the sniffer of the winds of oppressive dominant opinion in the bureaucratic pecking order, will take refuge in the nonsense argument, for example, that economics is not classed among the exact sciences. That the behavior of economies is therefore not predictable, and that consequently the individual cannot be held responsible for what he cannot do.

Fortunately, that was all taken care of in the founding document of economic science, the Book of Genesis: “Be fruitful and multiply. Dominate the earth and subdue it.” In some ways we have come a long way since then, in others not so far at all. To the extent we order the affairs of our culture and society to increase the capacity to support an expanded population, at higher levels of potential relative population density, by developing the science and technology which enable us to “dominate and subdue the earth,” we can be assured that we are violating the laws of neither God nor man in the conduct of our affairs. We can know that we are acting as instruments of the good in the governance of man’s affairs.

But on the other hand, we have a force of international institutions, based on the debt they created and the drug weapon they employ, working with the Eastern enemies of our Western culture, which recognizes no such good.

Where does that leave those who claim ignorance, or that they were just following orders today?

The IMF in Mexico

‘Adjustment plan’

by David Ramonet

The precipitous decline of the Mexican economy since the signing of a “program of economic adjustment” with the International Monetary Fund on Dec. 23, 1982 is a particularly savage case study of the effects of the IMF’s austerity policies in the Third World. The program included cuts in government spending to reduce the budget deficit by half, an end to subsidies for goods produced by state-run enterprises, maintenance of domestic interest rates above the rate of inflation, and “market control” of prices and exchange rates.

At the beginning, the government’s spokesmen—particularly Secretary of Planning and Budget Carlos Salinas de Gortari—insisted that the “adjustments” were merely aimed at resolving deep-seated problems which grew worse with the “maladjustment” of 1982—when then-President José López Portillo nationalized the banks, stopped paying the foreign debt, and imposed foreign-exchange controls. More than two years after the adjustment program started, it is now difficult to sustain this myth in public, so seriously have the measures adopted eroded the productive capacity of the economy—in particular the productive capacity of the workforce. Mexico’s economy is now on the verge of an irreversible collapse, with food production and consumption levels approaching those of the “Fourth World” countries of Africa.

The Immediate Program of Economic Reordering (known by its Spanish acronym of PIRE, which in Mexican slang means “flight from reality”) was supposedly designed to resolve Mexico’s balance of payments problem. The foreign debt could not be paid since Mexico’s income was not sufficient to buy the imports needed to maintain the economy at a functioning level and at the same time comply with debt-service payments. But in essence, the PIRE was only the programmatic expression of the famous “IMF conditionalities.”

The only promise which Budget Secretary Salinas de Gortari made two years ago that has been kept, is his pledge that the economy would undergo a “structural change.” This means allowing that sector of the economy oriented to satisfying the needs of the domestic population to die, while the entire sector which is oriented to markets abroad is strengthened. Of course, this is not what was explicitly proposed by the Budget and Planning Department, nor by the Finance and

means starvation

Public Credit Department, nor by the Bank of Mexico. But this is the case in practice.

According to a study of the National Nutrition Institute, in 1970 meat consumption in Mexico was at 170 grams per capita per day. In 1983, it was barely 38 grams, an amount barely above the consumption levels of Ethiopia, Iran, India, and Kenya, which take in an average of 30 grams per capita per day.

The cause of Mexico's plummeting meat consumption is, on the one hand, the dramatic deterioration which the buying power of wages has undergone, and, on the other hand, the fact that financial and monetary policy has provoked an increase in the costs of agricultural products, which causes the farmers to lose their investment if they sell their product domestically.

Right now, the minimum wage of a Mexico City worker is 1,060 pesos a day. Although the government has fixed a limit on the price of a kilo of beef at 900 pesos, in reality meat can only be found at 1,200 pesos a kilo. This means that a worker must use up almost 11 hours of his labor to buy one kilo (slightly over two pounds) of meat. In 1981, he had to invest 3 hours and 32 minutes of labor to acquire a kilo of beef. In 1982, it was 5 hours and 32 minutes. In 1984, 6 hours and 28 minutes. Today, even if the price of meat were to stick to the official price, the worker would have to work 7 hours and 40 minutes, or 85% of his day, to buy it. This, of course, assumes that he would not have to pay rent, transportation, nor clothing for his whole family.

At the start of the present government in 1983, the Budget Department planning office issued a study proposing that due to the adjustments in the economy, the fall in the buying power of wages and unemployment would be the causes of 30 million inhabitants or 40% of the population having to drastically reduce their food intake. They designed a program providing for a "change in eating habits" of this sector of the population as a solution.

Recently, a nutrition specialist at Mexico City's General Hospital, Dr. Luis Llescas Ambriz, proposed that in Mexico City, "people will have to get accustomed to eating cat meat, and, if necessary, rat meat, as they do in some Asiatic countries."

None of the government departments having to do with the economy has made known its official statistics for 1984. Nonetheless, *unofficially* it has been pompously announced that a growth rate of 2.5% was realized last year, and that inflation at year's end was 60%—22 points below 1983, and nearly 30 points under the record of 1982. It has also been leaked that the current account of the balance of payments shows a surplus of \$3.5 billion, and that the international reserves of the central bank added up to \$8.5 billion. All these indices are presented as the proof that "the crisis has touched bottom."

However, the reality is that these figures only serve to hide the wretched condition of the national productive apparatus.

How can one speak of economic growth at the same time that the average wage was reduced during 1984 by 30%, on top of the 26% that it was reduced in 1983? This, on top of—according to official statistics themselves—a drop in operatives employed in manufacturing industries by 8.4% in 1983, and a further drop of 2.5% in 1984. Evidently, if there was so much growth, it did not provoke any growth in domestic consumption.

And in effect, the statistics themselves give a signal of the direction which such "growth" was taking (quite apart from the fact that "growth" of that level, after two consecutive years of drastic economic contraction, is hardly something to crow about).

Unofficial leaks report an increment of 2.5% in manufacturing production (after it dropped in 1983 by 8.1%). But the production of durable consumer goods again fell by 1.6% (in 1983 it went down by 18.2%). In 1983, refrigerator production was reduced by 28.7%, according to Budget Department figures; and in mid-1984, production had fallen an additional 40%. Production of stoves went down by 10% in 1983, and by the first half of 1984 was reduced a further 13.4%. Washing-machine production fell by 21.9% in 1983, and by June 1984 was off by an additional 50.9%. Black-and-white television sets fell by 44.5% in 1983 and then 35.4% again in the first six months of 1984. Not to mention the automotive industry, which has practically turned into a cheap-labor assembly plant like those which have sprung up along the border with the United States. The list goes on and on.

Eliminating consumers eliminates inflation

Yet government claims of a "recovery" are based on the form in which the Bank of Mexico, directed by the liberal Miguel Mancera, computes inflation. One sector of the population has been turned into "useless eaters," and for statistical purposes, these people don't count.

The Bank of Mexico's economists calculate as follows: They start with a "sample" of selected products in the most important cities of the country, comparing the prices of these products each month. Then they take a weighted average of the increases in the monthly prices. "Weighted average" means

TABLE 1

Industrial activity indicators have plummeted

(variation compared to previous year)

	1983	1984 II Q.	1984 III Q.
General index	- 8.2%	0.4%	2.6%
Mining	- 2.8	2.9	1.4
Manufactures	- 8.1	- 0.3	2.5
Consumer goods	- 6.8	- 0.5	1.7
Durables	- 18.2	- 9.8	- 1.6
Non-durables	- 4.2	1.5	2.3
Intermediate goods	- 7.0	0.2	3.0
Capital goods	- 25.1	- 3.7	4.2
Construction	- 15.1	- 0.6	2.8
Electricity	1.8	7.8	6.2
Manufacturing operatives	- 8.4	- 6.2	- 2.5
Fixed gross investment	- 23.9	- 2.1	4.9

Source: Banco de México

TABLE 2

How Mexico's trade balance has shifted

(billions of dollars)

	1981	1982	1983	1984*	1984(e)
Exports	19.4	21.2	21.4	18.0	23.5
Imports	23.9	14.4	7.7	8.0	11.0
Trade balance	- 4.5	6.8	13.7	10.0	12.5

Source: Banco de México

*At 3rd quarter.

(e) Estimated by EIR.

TABLE 3

How wages have dropped under the IMF

(annual variation in percents)

	1981	1982	1983	1984(e)
Average annual wage	4.6	- 2.4	- 26.0	- 30.0

(e) Estimated by EIR.

that not all the products have the same weight, at the time the average of increases is derived. In effect, the products that have the greatest weight are the ones that have the greatest demand; the products that have less demand have a lower weight. This means that the "weight" of the same product could go down from month to month, as demand for it fell off.

So the products that go up in price the most, will keep having less and less demand, since most of the population

has no access to them on the market. And the products that most rapidly increase in price are those with the least specific weight when the "weighted average" is taken. Presto! Inflation is reduced by the method of eliminating the consumer, and the technocrats euphemistically call this "reducing demand."

Therefore, what the Mexican citizens cannot buy—and not exactly because they don't want to—is sold abroad to get dollars and pay interest on the debt. And thus it is that in the 11.1% growth in exports in 1984, increases in agricultural and manufacturing exports played a very key role. Agricultural exports increased by 26.5%, and manufacturing exports by 28.5%. The rise in imports (which did not even reach 1981 levels) was due to the fact that the private sector increased its purchases abroad by 51%, although most of these goods returned abroad. The public sector only increased its imports by 7%.

In the last three years, Mexico has had a surplus in its trade balance. It used to be claimed that one of the "structural" problems of the economy was its constant trade deficit. Yet the United States has had a record-breaking trade deficit for three years, and the bigger the deficit, the louder the cries of "recovery"!

More austerity, fewer petrodollars

In spite of the fact that the public budget for 1985 included a "budgeted reserve" of 260,000 million pesos (more than \$1 billion) to guard against any reduction in international oil prices and rise in interest rates, it was recently announced that, thanks to the fall in oil prices, additional austerity measures would be taken.

In 1983, the direct cause of the closing down of many private firms was the drastic cutback in public-sector investment. This tendency continued last year. And with the announced reduction of another 4% in public investment, the situation can be expected to worsen.

However, it is calculated that losses on account of the fall in oil prices will only be \$300 million. Why, therefore, reduce the budget by more than \$1 billion? The secret, rumors have it, is that the banks don't want to sign the new restructuring plan for the debt if President Miguel de la Madrid's government does not give evidence of continuing the austerity program *even when the IMF accord, which expires at the end of this year.*

With these grim prospects in sight, a social explosion could be in the making. The leader of the powerful Confederation of Mexican Workers, Fidel Velázquez, stated recently that "if they cannot buy food to sustain themselves, the emaciated workers cannot contribute anything to the productivity of the country. . . . The deterioration of the buying power of the workers is already worrisome. . . . In the face of the impossibility that the government, which is busy with other grave matters, will solve the problem, the workers' movement will try to do it by its own means."