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Mexico: new ratchet of IMF genocide

The government has agreed to measures, as a consequence of falling oil prices, which will mean mass starvation.

When lower oil prices were first rumored last December, Mexican President Miguel de la Madrid stated publicly that "if prices go down, the economy will unravel."

And this is precisely what is happening. Mexico has seen itself forced to lower its price per barrel by $1.25 in U.S. dollars, thus losing $4.5 billion a year in revenues. If we add to this the rise in LIBOR interest rates, the rates at which the Mexican foreign debt is being renegotiated, the suspension of gas exports to the United States (another $300 million), and the reduction of our daily production of crude oil ($300 million more) agreed to at the penultimate meeting of OPEC, Mexico has accumulated more than $1.3 billion dollars in losses.

Immediately after the President returned from his trip through India and Yugoslavia, he called an emergency meeting of the economic cabinet, where, in the face of this economic unraveling, he opted to adjust the economy to the scale of the new income levels. That is to say, the economy was slashed by $1.2 billion officially ($1.6 billion unofficially)—more than 260 billion Mexican pesos. This cutback comes on top of the budget cuts already programmed for this fiscal year.

Although the planning and budget secretary vowed that this will not have repercussions on the levels of consumption and employment of any Mexican, nobody believes that one can cut 250 billion pesos without having consequences on Mexicans' consumption and employment. The cutback measures are as follows:

1) The federal government will proceed to cancel all unfilled jobs and prohibit the creation of new job places. With this, 45 billion pesos will be saved.

2) Reduction of current subsidies and of administrative costs in general. The savings is calculated at 60 billion pesos.

3) Non-priority investment projects will be eliminated, with a savings of 100 billion pesos.

4) Liquidation, transferral, and sale of 236 partially state-owned entities.

5) through 8) deal with simplifying the process of accelerating exports.

9) The policy of setting prices and fares in the public sector will be conducted by means of formulas which affect price increases less—i.e., the consumer will pay.

According to the Planning and Budget Department, these new measures will obliterate 80,000 jobs in the state sector.

Besides the rise in the unemployment rate, Mexico is facing a situation of famine, with scarcity in food production and price increases which are making food inaccessible for the great majority of Mexicans. One of the few measures on which the government had resisted the pressures of the international banks was food subsidies. But now, it has initiated the process of dismantling the subsidies, which could truly set off a bombshell.

The subsidy policy announced a few days before the emergency economic cabinet meeting (which means that further "adjustments" can be expected) stated that the 1985 budget would be focused on "reducing operating losses." These cuts include reducing the annual purchases of Conasupo (government-owned department stores) to 9 million tons of grain, down from a level of 14.5 million tons the previous year; of these 9 million, 4.8 million tons would be of domestic origin and 4.2 million tons of imported grain.

The entire deficit in internal grain production can be covered with imports or purchases from private sources, which, of course, have already announced that "there will certainly be grain, although it will cost more." Moreover, Conasupo will increase its prices to the consumer by 126% for corn for tortilla dough, 30% for rice, and the same amount for wheat flour. These are what make up the staple diet of a Mexican.

In 1985, starvation looms over the country. The government opted to adjust to the IMF program at this critical political moment in which the National Action Party (PAN) is in open insurrection. What occurred in the state of Coahuila, where the PAN kidnaped and tortured an elected official of the ruling PRI party in December, is nothing but the beginning of this campaign. Now the second phase is being organized in Sonora, another northern state which faces crucial mid-term elections this summer and where the PAN is trying to grab the governorship. The campaign is based on trying to capitalize on popular discontent in the face of this "adjustment" of the government to the demands of the International Monetary Fund.

The bitter irony is that the same private international bankers who run the IMF are the ones who are running an international campaign of support for the PAN.

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