

Dateline Mexico by Hugo López Ochoa

PRI faction admits there's no recovery

Nationalists in the ruling party are breaking ranks with the government's disastrous austerity policy.

Veracruz Gov. Fernando Gutiérrez Barrios, the man who is mooted for the powerful interior ministry post in the next Mexican cabinet, set off a political shockwave on Oct. 20, when he demanded a reversal of Mexico's disastrous economic policy. He was speaking before a gathering which included President Miguel de la Madrid and his designated successor, Carlos Salinas de Gortari, known to all as the architect of the current economic debacle. Salinas is the presidential candidate of the PRI, Mexico's traditional ruling party.

Gutiérrez Barrios said that a policy of economic development would have to be adopted, to halt the dangerous splintering of the party and the nation. Without national unity, he said, Mexico would become a severely weakened state, whose "logical result would be a people lacking in creative energy, unable to grow and progress."

Under the austerity regime of de la Madrid and Salinas, food consumption has plummeted; investment fell 9.4% in the first six months of this year; and during that period, machinery and equipment imports fell 30% in state-sector industry, and 15.3% in the private sector.

Gutiérrez Barrios's challenge to the ruling Establishment represents a "calling in the chips" of the political faction which he represents. That faction is known as the "Echeverrista" wing of the PRI, associated with former President Luis Echeverría (1970-76); its enormous influence among the nation's peasant organizations helped secure the PRI presidential candidacy

for Salinas de Gortari on Oct. 4.

In a parallel development, the Mexican Labor Congress, made up of Mexico's 36 leading trade union organizations, released a document asserting that "great structural imbalances, combined with galloping inflation, have caused the looting of the masses and have made the government's plans unviable." The document was released on Oct. 26, in time to have an impact on the PRI convention of Nov. 7-8, at which Salinas's candidacy will be made official.

However, the survival of the "Echeverrista" group in the circles of the next President of Mexico, and the fate of the peasant and labor federations, will depend on the measures that President de la Madrid takes now, given the collapse of the illusion of "economic recovery" caused by "Black Monday" in stock markets around the world, including Mexico's. As one PRI official put it to this columnist, "No one foresaw it. Now, the field is wide open for whoever first fills in the vacuum of ideas for confronting the catastrophe."

In an attempt to fill that vacuum, Budget and Planning Minister Pedro Aspe—a graduate of MIT and member of the financial aristocracy which has been imposing its policies on the Miguel de la Madrid government—announced Oct. 26 that Mexico would use \$11 billion of its reserves, out of a total of \$15 billion, to repurchase its own foreign debt at 50-55¢ on the dollar, on the secondary markets. Allegedly, this would reduce Mexico's foreign debt by some \$22 billion; in fact,

it would condemn the already moribund Mexican economy to permanent collapse, while condemning the PRI to an electoral disaster in 1988.

The question of whether to use the reserves accumulated by five years of brutal austerity for economic growth or to pay the foreign debt, has been at the center of the political battle in Mexico for many months. In fact, the very existence of the reserves is the only political stock upon which Salinas depends to give credibility to his claim that he will preside over an economic "recovery" over the next six years. Aspe's announcement, delivered before the National Congress of Economists, was received with frigid silence.

Marivilia Carrasco, presidential candidate of the Mexican Labor Party (PLM), issued a call for urgent measures to reverse the crisis. On Oct. 21, the Monterrey daily *El Norte* published her proposal to President de la Madrid that he declare a national economic emergency, to include protection of the national currency and reserves, through exchange controls, "suspension of payment of the debt until the shady movements of the international financial system are clarified," and formation of a common debtors' front at the upcoming summit of Ibero-American Presidents in Acapulco, at the end of November.

President de la Madrid continues with his head in the clouds. On Oct. 27, speaking before a gathering of industrialists, he rejected "spectacular measures," insisting that the economy was in "recovery." Yet that same day, the battle within PRI ranks erupted anew: An article published in the weekly *Punto*, controlled in part by Interior Minister Manuel Bartlett, revived charges of "political espionage" against Fernando Cordoba Lobo, a collaborator of Gutiérrez Barrios and the PRI president in Veracruz.