

Mexico: New IMF scam dooms Salinas

by Hugo López Ochoa

The new proposal of the Mexican government to its creditors, to obtain a reduction in foreign debt payments through a bond-conversion scheme, is being presented as a great “innovation” by José Angel Gurría, director of public credit of the Finance Ministry. We are acting on the basis of our “feelings,” said Gurría on Sept. 21, to the XXVth Meeting of Latin American Bank Governors, “because we are doing things that have not been tried previously. And therefore, there are no rules. One must test the waters.”

But even a brief glimpse of Mexico’s new proposal suggests that the only thing Gurría is testing is the patience of the world’s indebted nations. Gurría said, “We are in the phase of involving the international organizations in the creation of a world system of guarantees that would favor the real reduction of the debt and allow for the development of the highly indebted nations through new flows of fresh money.”

According to Gurría, that “world system of guarantees” would be made up of “a group of nations . . . who answer for the highly indebted nations to the banks of the world” (*Excelsior*, Sept. 22, 1988).

On Sept. 22, speaking from Berlin where the International Monetary Fund was holding its annual assembly, Mexican Finance Minister Gustavo Petricioli reported on his lobbying efforts to “convince” the international banks to support his ministry’s proposal to obtain new monetary flows through a bond issuance, as was done six months earlier, that would convert some \$7 billion worth of old debt into \$4.5 billion worth of new debt at market discount.

A one-percent ‘solution’?

However, as analyst Enrique Quintana writes in the daily *El Financiero* Sept. 26, “the spending of one billion dollars to guarantee the new [bond] issue could allow for a net reduction of the debt by slightly more than 2 billion pesos, and an annual savings in interest payments of \$180 million dollars. . . . This savings of 1.1 percent in debt service payments scheduled for 1989 (out of a total of \$16 billion) does not seem to be a solution of the range required.” Another *El Financiero* columnist wrote the same day that “between 1988 and 1991 Mexico will have to pay \$27.4 billion amortization

on its debt, in addition to another \$27 billion in interest payments.”

On Sept. 22, the *Journal of Commerce* published an article where, in language clearer than that of the pompous Petricioli and Gurría, it states that what is “attractive” about the new Mexican offer is that “foreign governments would take turns guaranteeing that Mexico will pay interest on the bonds over five years.”

It was Venezuelan socialist Carlos Andrés Pérez, addressing Harvard University Sept. 21, who revealed the criminal backdrop to Gurría’s “system of guarantees.” Pérez argued for the creation of a “multilateral agency” to manage the Third World debt with the same bond mechanism proposed by Gurría, et al. He also argued the necessity for “the participation of the creditor governments” and for “economic and financial discipline” on the part of the Latin American governments as “indispensable collateral.” Pérez also insisted that “isolationist or confrontationist” positions on the part of debtor nations had proven ineffective, an apparent reference to besieged Peru.

Not accidentally, the language of this so-called “Third World” politician proved identical to that of banker David Rockefeller, who received an honorary degree Sept. 20 from the Universidad de las Américas in Puebla, Mexico. In the presence of such recognized narco-bankers as Manuel Espinoza Yglesias and Emilio Azcarraga Milmo, Rockefeller threatened: “The economic growth of a country today depends upon the credits it receives from abroad, on the loans it gets. Thus, if Mexico or another country takes a very hard stance and shuts the doors to foreign loans, there is the risk that that credit will be canceled.” Rockefeller stressed that his “solution” for Mexico is that the country become part of a “North American Common Market.”

Mexico’s debt negotiators, thus, are once more unmasked as the puppets of international usury. The scheme of Gurría and Petricioli fits in perfectly with the new supranational economic dictatorship being discussed at the IMF meeting in Berlin, which has already become known as the new Wannsee Conference, where Hitler prepared his “final solution” for the Jews.

That President-elect Salinas de Gortari will follow the genocidal path of the De la Madrid administration is a foregone conclusion, and yet to pursue that path will mean Salinas’s political suicide. The economic depression in Mexico is already causing protests among the industrialist circles of Concamin, whom fascist Luis E. Mercado openly insulted in his Sept. 25 column in *El Universal* for daring to say that the Economic Solidarity Pact caused the depression that is destroying Mexican industry.

Suffice it to say that if the next Salinas regime is already acknowledged to be still-born—because of the July 6 electoral fraud and because it is co-author of the current economic catastrophe—the ongoing negotiations with the IMF could well prove the final nail in its coffin.