

Will Mexico's new President get away with another year of austerity?

by Carlos Méndez

In his Dec. 1 inaugural address, Mexican President Carlos Salinas de Gortari asked his countrymen to make "an additional effort" in the economic realm during 1989. He affirmed that the Economic Solidarity Pact, which freezes wages, prices, and exchange rates, would continue throughout 1989. With more grinding austerity as his fundamental policy premise, Salinas used the rest of his speech merely to try to calm the people and the nationalist factions within his Institutional Revolutionary Party (PRI). In the July 6 elections, Mexicans had voted overwhelmingly against Salinas and the International Monetary Fund (IMF) austerity he represents. Few believe he actually won.

Having defined his economic policy, Salinas faces the problem of whether patriotic forces inside and outside the PRI will let him continue to destroy the country.

Mexico's creditor bankers are nervous, not in respect to Salinas himself, but because he may be so weak as to have to make concessions to those resisting usury. The *Wall Street Journal* reported Dec. 2 that some bankers feel that "the Salinas administration may get tough on debt to broaden its political appeal in Mexico. One U.S. banker commented, 'They have a lot to prove politically.' "

Cabinet includes all factions

That bankers' fears may be warranted is shown by the composition of Salinas's cabinet, in which all factions of the PRI are represented. Unlike his predecessors, Salinas could not choose his own cabinet. This was because he came to office in a position of severe political weakness, due mostly to the dubious legitimacy of his election victory and to opposition in the ranks of the PRI.

The main opposition to Salinas's candidacy and to his economic policies came from the PRI's "Democratic Current." A year ago, that faction split from the PRI to become the main base of the National Democratic Front (FDN), led by Cuauhtémoc Cárdenas, son of the great Lázaro Cárdenas, who ran against Salinas. Opposition to Salinas and the gang which imposed his nomination has not ceased inside the PRI, although it is expressed in different ways. For example, the "Critical Current" inside the PRI has already taken on organized form; its formal unveiling is expected in January.

If departing President Miguel de la Madrid got away with

paying \$57 billion in interest at the expense of real wages, which were cut in half in the same six years, it was partly because, during his administration, there was no organized force like Cárdenas's FDN, which has changed the country's political picture irreversibly.

On Dec. 1, 1982, De la Madrid was handed a growing country. He has given his successor an economy in ruins. Large and growing unemployment, a burgeoning food deficit, and political arrogance by the technocratic gang in power have spawned social discontent which could explode.

On Nov. 19, Cárdenas explained to 200,000 supporters gathered in Mexico City's Zócalo Plaza, "The administration now ending has consciously and systematically focused its activities on undermining the accomplishments of the Mexican Revolution and destroying national popular resistance as part of its political design for making our country a dependency of the powerful economy of our neighbor to the North." Such "dependent modernization," he added, "clashes with whatever worker resistance remains." Therefore, the opposition leader concluded, "ungovernability begins to emerge from within" the PRI regime.

Tactical alignments

The composition of the cabinet shows, among other things, a tactical realignment and weakening of the forces which Salinas had expected to use to purge the PRI—and the government—of the so-called "old guard," and to destroy the pillars of the party's mass base: the Confederation of Mexican Workers (CTM), especially the oil workers' union, and the National Peasant Confederation (CNC). The cover story for his "reforms" is provided by accusations that the "old guard" was corrupt. The intent of this is to try to hide the fact that the "old guard," whatever its deficiencies, identifies itself with the economic and political program of the Mexican Revolution, i.e., that the Mexican government exists to defend sovereignty and improve the lives of all its people.

The economic side of the cabinet is dominated by the technocrats of austerity and financial speculation. De la Madrid, the great elector of Salinas, left several of his key men in the cabinet. Thus, Miguel Mancera was reappointed director of the Bank of Mexico, Mexico's Federal Reserve. Mancera masterminded the economic recession and financial

speculation which prevailed during the past administration.

Another hold-over, Labor Secretary Arsenio Farrell, imposed the economic austerity pact on the unions. Pemex, the state oil company, remains in the hands of Francisco Rojas, a personal friend of De la Madrid.

De la Madrid said it himself in his Nov. 29 final address, "Miguel de la Madrid does not say goodbye; a President who has finished his constitutional term says goodbye; Miguel de la Madrid remains in Mexico."

Salinas named Juan Serra Puche to be Secretary of Trade and Development. Serra is the son of Spanish exiles linked to the Soviets' old Comintern networks and himself has a leftist past. Manuel Camacho Solís, an environmentalist and political scientist, was named mayor of Mexico City. He is the author of a book urging the destruction of the CTM, the PRI party's labor sector.

Agriculture and Water Resources went to Jorge de la Vega Domínguez, who, as president of the PRI, imposed Salinas's nomination on the party.

Manuel Bartlett, government secretary in the previous administration and competitor of Salinas for the PRI nomination, had not been expected to remain in the cabinet. Yet, he was designated Education Secretary, allegedly on pressures from Miguel Alemán Velasco, the head of Mexico's private television monopoly, Televisa.

Carlos Hank González, the most successful of PRI businessman-politicians, was named Tourism Secretary, which is considered an endorsement of those business and political groups which want casino gambling legalized. They have failed up to now, largely because the gambling dens were closed in the 1930s by the revered nationalist, President Gen. Lázaro Cárdenas. Also, many rightly fear that casinos would be used to launder dollars from the narcotics trade. Hank's son, Jorge Rohn Hank, owns the Tijuana race track, and Hank's nomination has put casinos back on the agenda.

The most prominent nationalist in the cabinet is Fernando Gutiérrez Barrios, who was named Government Secretary, the most important political post in Mexico after the presidency. Gutiérrez Barrios is the most capable and most experienced official on national security questions. From 1977 until 1987, he was the number-two man in the government secretariat. He is also considered a great political negotiator, "with wide political relations inside and outside the country," which is important, if one bears in mind that the Government Secretary is the official who deals the most with opposition political parties and state governors. Gutiérrez Barrios has been governor of the state of Veracruz for the past two years.

The nationalist Fernando Hiriart, a defender of nuclear energy, was retained as Secretary of Energy, Mines, and State Industry.

A 'transition' toward suicide

Salinas declared Dec. 1, "As for the foreign debt, the current situation impedes economic recovery. We will not

start growing again . . . if we continue . . . to transfer 5% of the national product abroad every year. That situation is unacceptable and unsustainable. We will avoid confrontation. But I emphatically believe and declare that the interests of Mexicans are above the interests of creditors. The priority will no longer be to pay, but to start growing again." Determined not to declare a moratorium on Mexico's \$104 billion foreign debt, Salinas said the debt should be renegotiated and that the renegotiation "should take place in a reasonably brief time" and must provide "permanent," not just temporary, debt relief.

In a *Wall Street Journal* interview Dec. 5, Salinas reiterated that he will not keep "sending abroad 5% of the GNP." But he also made clear, "I never said we would not pay; I just said that to pay, we first have to grow." He also said Dec. 1, "Our economic policy for 1989 will be one of transition. That is necessary to give time for the process of firmly renegotiating the foreign debt. . . . While that is going on, economic management must remain under strict discipline. . . . I ask my compatriots to make the extra effort this transition requires."

"Transition" means more austerity, as shown by the freezing of wages for another year at half their 1972 levels. In his *Wall Street Journal* interview, Salinas also said he would continue selling off to private buyers industries built up by government investments.

The transition from austerity to suicide is already under way. Energy, Mines, and State Industry Secretary Fernando Hiriart announced Nov. 30 that the federal expenditures for 1989 are budgeted to be 6-7% lower in real terms than those for 1988.

The National Chamber of Manufacturers (Canacintra) declared Nov. 30, "National industry is going through a decapitalization process which threatens its survival, given the recession the country is in and the regression suffered by the productive apparatus, particularly during the last three years."

On Nov. 29, the CTM labor movement ran an ad in the daily *El Universal* saying that Mexicans are asking, "What economic path should the nation follow in the next few years: the path of liberalism or the path of the Mexican Revolution?" The CTM says that the liberal model imposed in the last few years "has entered a stage of frank decline because it has led to the generalized ruin of the population. . . . The CTM has not the slightest doubt that the path to take is the one traced by the Mexican Revolution and the Constitution of the Republic."

But, such declarations are not enough to change things. As Cuauhtémoc Cárdenas said in a Nov. 19 speech, "The situation is so grave that it demands that the most varied revolutionary, political, and social forces of the nation come together to carry out the task of political, economic, and social reconstruction and recovery, with full respect for democracy and for differences among themselves."