

tion, the government correspondingly puffs up the figures for real GDP growth.

Revealing trends

However, the budget show provided by the two ministers did reveal significant trends, if not reliable statistics. The percentage of the total budget dedicated to internal and external debt service stayed at 36 percent. For comparison, the United States, even with its enormous deficits in recent years, earmarks 10 percent of its budget to debt. The National Development Plan promulgated with great fanfare just last May stipulated a ceiling on interest payments of 5 percent of GDP; the 1984 budget allocates \$18 billion to interest payments, 10 percent of GDP.

The budget likewise slants the economy into heightened de-industrialization. Salinas de Gortari classified debt payments, revenue sharing with states and local governments, and the basic government wages bill as fixed costs in the budget. Of the remaining "programmable expenditure," education, health, and social security stays roughly the same, at 24 percent; ditto agriculture and fishing, at 20 percent. But the energy sector drops two percentage points, to 26 percent, and other state sector industry, 2 percentage points, to 8 percent. Salinas de Gortari announced an increase in expenditure in communications and transport explicitly because the pick-and-shovel work crews put to work on the country's back roads "use manpower in a labor-intensive way."

The political devastation

The leftist, Jesuit-run daily *Uno mas uno*, sighed that the government figures could not be trusted, but celebrated that at least they were presented amid spirited congressional debate in which all of Mexico's 7 registered parties participated.

This is the bad joke of Education Minister Jesús Reyes Heróles, who as interior minister from 1976-79 designed Mexico's "political reform" for exactly this kind of parliamentary cretinism. Reyes emerged early this year as the "inside" ideological capo in the government behind the IMF program; he is the author of a strategy, with the PAN as his shocktroops, to pin the "populist" regimes of the past two presidents, Luis Echeverría and José López Portillo, with the blame for Mexico's current woes.

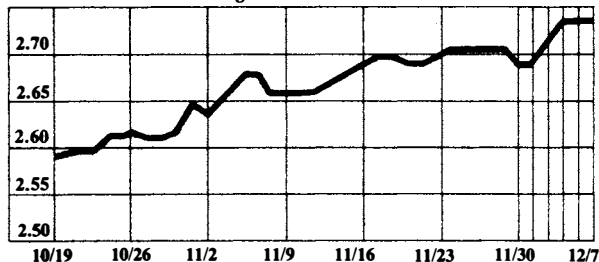
The continuing political base of Echeverría and López Portillo, the labor movement and the peasant sector, is slated for destruction in the witchhunt against the former presidents. Removing the resistance of these layers would clear the way for disintegration of the long-ruling PRI party and for a "dual power" situation with the fascist PAN faster than almost any observers, except perhaps those in the inner IMF circles, yet recognize.

On Nov. 25, Fidel Velásquez, head of the PRI's powerful labor wing, left few in doubt where he stood when asked about Salinas de Gortari's congressional presentation. Raising his voice to be heard by Silva Herzog, standing nearby, he declared: "This year's austerity was reactionary."

Currency Rates

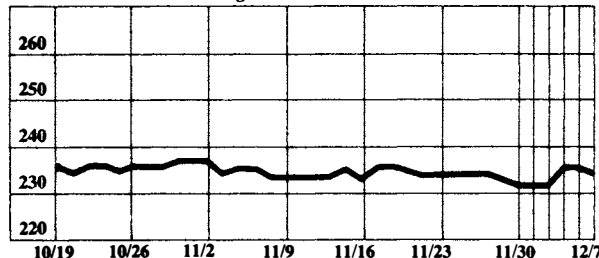
The dollar in deutschemarks

New York late afternoon fixing



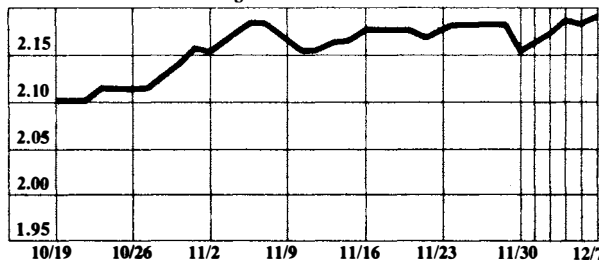
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

