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time the alarm went off was last September when then Mexican President José López Portillo called on the governments of Argentina and Brazil to back his call for a debt moratorium. Ibero-America failed Mexico then, and that nation lost its sovereignty, was plundered by its creditors, and is now being fractured by separatist movements and the increasingly powerful fascist PAN party's organizing of a civil war and "the Iranization" of Mexico.

Today Venezuela and Brazil are receiving the "Mexican treatment," being forced by the IMF to give up their sovereignty, their industry, their capability of growth for the promise of loans that no banks intend to disburse. The Caracas conference underlined the losses of the past months, and emphatically stressed that the time to act is now, before the continent's most precious resource, its population is dismembered.

IMF arsenic

During the congress, six ex-presidents met and gave a press conference on the necessity for continental unity in the battle for economic growth. Rodrigo Carazo Odio of Costa Rica called for global renegotiation of the debt, stressing that such negotiations cannot be left in the hands of those who would "postpone the national interest in the interest of economic minorities." The press asked the ex-presidents if they would put forward a joint declaration on how to confront the IMF. Former President Carlos Andrés Pérez, still an active political figure in Venezuela, answered by presenting himself as "the most well-known gladiator against the IMF," which he attacked for its "economic totalitarianism." He described the great capacity that a unified continent would have to set the terms of global negotiations, specifying interest rates, and guaranteeing new credits and markets for products. Said Pérez: "If four countries were to say we can't pay, catastrophe would come to the international financial world. We must unify the fear of Venezuela, the fear of Argentina, the fear of Brazil and the fear of Mexico, for example, with which we would succeed in convincing the international banks and the Fund of the necessity of a global framework for the solution of the Third World debt with the goal of development."

Carazo Odio backed Pérez's declaration, adding that his government had broken with the IMF because "they give the same prescription to all patients."

"Arsenic" responded Pérez, and the former heads of state all had a hearty laugh.

The spirit of the congress was clear: Although it took a tough negotiating position on a life and death issue, the leaders are still attempting to evoke the "political will of the advanced sector" for a fair settlement. Carlos Andrés Pérez underlined that the meeting was without the United States, but not against it.

Venezuelan President Luis Herrera Campins stressed after the Caracas congress ended that the debt problem must be solved by the continent as a whole, and reiterated his request that the United States attend the meeting of the Organization

Mexico: import slashes fail to restore national solvency

In the last two weeks of June, international wires began to buzz with reports that Mexico was regaining its solvency. The ploy could not have been more obvious: create an image of Mexico as the "good boy on the block" who had put his house in order, and stood to lose by allying with his troubled neighbors to the south.

Mexican financial officials informed the Mexican population and the world that Mexico was not only meeting all its current financial obligations, but had deferred for a month drawing down the next $1.1 billion tranche of its $5 billion term loan negotiated in March; that the peso had been slightly revalued, to 146 to the dollar, from the 148-150 range of the past four months; that $2.0 billion of private sector debt to foreign governments had been successfully renegotiated in meetings in Paris; and that because of Mexican government roll-back of sections of the nationalist laws governing foreign investment, the country could count on a substantial new flow of foreign investment, starting with five new hotels in the Sheraton chain.

A front-page June 27 *Washington Post* article ballyhooed: "Mexico's Debt Crisis Abates Markedly"; and this was the tenor throughout the press.

Nothing could be further from the truth. Mexico has more or less kept even with $11 billion of interest payments so far this year (all amortization has been frozen since last summer and remains so) by *virtually eliminating mports*. Over the first four months of the year, Mexico imported only $2.3 billion worth of goods—67 percent below the year before level of $6.8 billion. This savage cut back in imports produced a trade surplus of $4.3 billion, as against a trade deficit of $1.1 billion in the same period a year before. At the same time, wage adjustments in June were kept to a 15-25 percent range, way below inflation rates.

Neither austerity measure can continue for long, without internal breakdowns. IMF-linked insiders are scheduling the next blowout, in terms of further declines in oil prices or a new devaluation or both, for as early as August. By then they hope they will have lulled Mexico sufficiently so that it will have spurned a link-up with the debtors' cartel activity.

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