 by Hugo López Ochoa

Bankers fear a break with IMF

New York bankers' press confesses that the loan package was nothing but political pressure on Mexico.

Now that Mexico's Program of Enterprise and Growth has become a fiasco, and the promises of the International Monetary Fund to get Mexico $12 billion in credits are vanishing, the Trilateral Commission media have started speculation over the presidential succession as a smokescreen to hide reality: The international financial system is about to blow up, and with it, all the deals that have been made.

The dramatic reality of the Mexican program's failure is reflected in the fact that on Oct. 21, while visiting Brazil, Mexico's foreign minister proposed a summit of Presidents of Hispanic-America and Brazil to deal with the foreign debt issue. Although Brazil said no, the proposal reflects the fact that Mexico (and, with it, the Ibero-American continent) once again faces the urgency of adopting the path of Peru and limiting payment on foreign debt to a percentage of export revenues—or be destroyed as a sovereign nation.

Mexico suffers the destructive effects of a rate of collapse of Gross Domestic Product of 5%; an inflation heading toward well over 100%; hundreds of millions of workers laid off; a devaluation rate of 150%; interest rates of 140%; and the imminent bankruptcy of 25% of the manufacturing industries. Mexico will also have to deal with the reentry of a million citizens which it is feared will be thrown out of the United States as a result of the new Simpson-Rodino immigration law.

In the face of all this, and as part of the negotiation for $12 billion Mexico asked for to service its external debts, the bankers are intervening in the fight over the successor to President Miguel de la Madrid. The *Wall Street Journal* started its campaign on Oct. 9 by saying that the new loans are "a bet that the IMF package will allow President de la Madrid to control succession within the PRI, that he will pick a candidate to further his fledgling reforms, and that they will spark enough growth in the Mexican economy to make the loans sound. Or, alternatively, a bet that $12 billion will prevent a lurch to the left that would destroy whatever value the Mexican loans retain."

The bankers are basing their bet on the knowledge that even though President de la Madrid differs from the extreme monetarists in paying the debt at the cost of economic recession, in the face of blackmail, he capitulates.

On Oct. 23 the *New York Times* added psychological pressure, calling President de la Madrid the "Hamlet" of Mexico: "Mr. De la Madrid, known for his extremely deliberate manner in aproaching problems, is called Mexico's Hamlet. . . . The President has consistently done too little, too late in economic initiatives."

It is not the first time that the bankers used this image; they have done it every time they have wrung a new concession from the Mexican government: entry into GATT, the sale of debt for equity in the indebted firms, the sale of more semi-state-owned entities, etc.

"What ensures 12 months of tension in Mexico is that no one knows what criteria Mr. de la Madrid will use to designate his successor," said the *New York Times* on Oct. 22. This is just a euphemism for announcing 12 months of pressures, blackmail, and destabilization, the purpose of which is not to designate a successor, but to impose the bankers' program when the monetary system finally collapses.

De la Madrid has chosen the "no confrontation" path to maintain a fictitious external and internal stability, but the time has come in which new concessions to the banks mean that what little stability the country has, will vanish. Both the *Wall Street Journal* and the *New York Times* speak of an uncertainty factor in Mexico's future behavior, a factor not residing in the President as such, they say, but in the emergence of a growing opposition in the nationalist ranks of the PRI, expressed in the labor movement—the backbone of the PRI—and what the *Wall Street Journal* identifies as the "behind the scenes" power of ex-President Luis Echeverría. The *Journal* recognizes that no matter how many economic accords there are, everything will depend on political relations inside Mexico when the economic crisis worsens. "Ultimately, real reform of Mexico's economy probably does depend on an opening of its political system. . . . An open split in the PRI might be a good thing," it threatens.

Nonetheless, these maneuvers have not succeeded in diverting the attention of Mexican nationalists. On Oct. 22, former interior secretary Enrique Olivares Santana went right to the point, saying that what is urgent is not choosing the next President but "being consistent with the times. We have other problems to worry about, such as how to find ways to solve the foreign debt."