## Dateline Mexico by Carlos Cota Meza

# Why is Mexico the bankers' model?

*Salinas's willingness to suck the socks of the bankers has failed to reverse the decline of the Mexican economy.*

While President Carlos Salinas de Gortari is running around trying to convince Mexicans and foreigners alike that Mexico could not be in better shape, within the labor force and even among certain government circles, things are not as rosy as official propaganda would have it. On Sept. 24, the city of Hermosillo, Sonora was "suddenly" paralyzed by a strike called under the auspices of the local branch of the Mexican Labor Confederation (CTM). CTM-affiliated unions at 239 companies all rolled out their red-and-black strike banners, demanding a 39.6% wage hike.

Response to the local strike was immediate, and on a national scale. The labor secretary called the strike movement "nonexistent," and all national business organizations condemned the Hermosillo CTM. National leader of the CTM Fidel Velázquez withdrew his support for the regional confederation, and Hermosillo business associations counterattacked with a partially effective "business strike."

Francisco Bojórquez Mungaray, Hermosillo's CTM leader, responded that his movement was heeding Velázquez's own call to the regions to seek wage increases. In Hermosillo, said Bojórquez, they took Don Fidel at his word because "we're the only ones with a little bit of pride."

In the midst of this conflict, five governors (of Jalisco, Aguascalientes, Durango, Morelos, and Michoacán) spoke out in favor of the unconditional right to strike, while expressing their hopes that the Hermosillo strike would not go national. They also urged the federal government to implement new economic measures that would enable workers to recover their purchasing power, thereby avoiding social explosions.

These governors, and their colleagues nationwide, know whereof they speak. Politically, the country is already in the throes of electoral fever, with an eye on the 1991 federal elections, while the national economy continues to decline despite official promises. The state machines of the ruling PRI party are predicting a devastating defeat at the polls.

The shrinking of real wages has been disastrous. Between 1980 and 1990, the minimum wage has been more than halved, while the wages of manufacturing workers have fallen by 22%. In 1981, wages represented 37.5% of the Gross National Product; by 1989 their share had fallen by 14.4%, to 23.1% of GNP. Also by 1989, employment in the "formal" sector (regulated by the government) had grown a mere 1.9%, while in the so-called informal sector—better known as "disguised unemployment"—it had grown 13.2%. Officially, unemployment stands at 10.9%.

The Salinas government had promised that by 1990, it would bring the inflation rate to 15.3%, nearly a quarter less than that registered in 1989 (19.3%). By the end of September, however, inflation was still at 19.3%, and with the recent price hikes in the construction, automobile, and airline sectors, as well as those anticipated by December, a minimum annual inflation rate of 30% is expected.

The 100% difference between projected inflation and real inflation will constitute over the next three months another severe blow to the buying power of wages, which have been frozen since January. The same thing will happen with the 1990 federal budget, calculated on the basis of a 15.3% annualized inflation rate.

Similarly, the government's economic program projected a GNP growth rate in 1990 of 3.5%, but for the first half of the year the annualized growth rate was only 2.1%. The reason for this is that private investment has begun to decline in reflection of growing symptoms of loss of confidence. The same is occurring with foreign investment, which has only reached about 50% of the $4 billion looked for this year.

In response to the growing pressures from below, Budget and Planning Secretary Ernesto Zedillo Ponce de León and Finance Undersecretary Guillermo Ortíz went before the annual meeting of the International Monetary Fund and World Bank, and declared that the Mexican government "finds itself in a position to raise its spending," given the positive evolution of its economic indicators and, more importantly, the greater flow of dollars from the Persian Gulf crisis.

Finance Secretary Pedro Aspe personally took this message to IMF director Michel Camdessus, from whom he received the response: "It would be foolish to slacken the controls on spending in Mexico." After accepting this public scolding, the line of the Salinas government is now that "we will not fall again into the illusion of an oil windfall," and "we will not weaken the policies of economic restructuring."

Clearly, serving as a "model government" demands a certain shamelessness in sucking the socks of the oligarchs at the IMF and World Bank. The Salinas government appears to have this quality in abundance.