Speech by Mexican President Salinas raises doubts about his sanity

by Carlos Cota Meza

Traditionally, the delivery of the "state of the union" message, or *Informe*, by the President of Mexico to the Congress of the Republic, is a report on the political, economic, and social health of the nation. But this time, what Mexicans received on Nov. 1 was a sorry picture of the mental health of Carlos Salinas de Gortari. The Mexican head of state, whom George Bush has described as "that young and talented Harvard-trained economist, my friend," has reportedly pegged his political future to a successful portrayal of Mexico as the model for the continent, but the glaring omissions and outright lies with which Salinas composed his *Informe* bode ill for his political future.

For Salinas, the nation's economic woes have simply disappeared. To explain this supposed improvement in Mexico's economic and living standards, he resorted to a new theory, according to which the strength of the national economy "does not lie merely in the greater generation of wealth, nor even in the improved distribution of that wealth. It demands this, and more: a socially shared conviction and emotion that belonging to the nation means making its destiny one's own."

Based on this deep psychoanalytical insight, it should be possible to eliminate wages altogether, as the the individual "I" becomes dissolved into the social "I." Thus, reports Salinas, "in the past two years, average wages have grown in real terms, *although they have not recovered to the levels preceding the crisis*. Contractual wages, the most common within the population of the formal economy, have been renegotiated in accordance with the situation of the different companies and branches of industry. Minimum wages have had a less favorable evolution" (emphasis added).

That unruly beast of inflation has now been tamed, according to Salinas. He dispatched the inflation issue with one simple sentence, asserting that "inflation remains in the range of 20%, significantly below the levels registered in previous years." Of course, what Salinas chooses not to mention is that the inflation "range" is currently closer to 30%, signifying a total failure of his policy, which was premised on an officially projected 1990 inflation rate of 15.3%.

Two years of increasing misery

Throughout the two years in which the Solidarity Pact (Salinas's tripartite agreement to implement economic austerity) has been applied, the living standard of the majority of Mexicans has registered no progress whatever. The accumulated loss in buying power is already at 55%; in the first nine months of 1990 alone, it suffered a real fall of 18%. The minimum wage has been frozen since December 1989, and other wages have been adjusted between 20-25%, well below the inflation rate.

During those same two years, Mexico's trade balance has been severely skewed. Imports have dramatically increased, and no one knows how to get them under control. In previous years, a trade opening was decreed to counteract the shortages incurred due to the bankruptcy of internal production. The myth promulgated at the time was that imports were freed in order to "regulate internal prices" and "combat domestic oligopolies." Unrestricted imports are now permanent policy—at least as long as financing remains available for them—and the outcome has been the expulsion from the national market of thousands of capital-strapped Mexican companies, and elimination of the jobs they provided.

The Mexican government is now awaiting the formalization of its Free Trade Pact with the United States, in order to change the name of what is in fact a dangerous deficit in its trade balance to "a flexible trade exchange" with the economy to the north.

Still wallowing in the social "I" of Mexico's "majesty," Salinas's *Informe* says only that "the evolution of the balance of payments, in its entirety, has been favorable." This, despite the fact that the country disbursed $1.374 billion to restructure its debt, and has already paid out another $1.336 billion against foreign bridge loans.

What Salinas did not reveal was that the net result of the foreign debt renegotiation has been a $3.7 billion reduction in transfers abroad (a savings of some $925 million a year), a "benefit" immediately annulled by the increase in interest rates paid on the un-renegotiated remainder of the foreign debt. In other words, the country continues to be in a state of insolvency.

The "favorable" situation which Salinas claims, is due to the increase in export income stemming from the increase in price and volume of oil exports. But even Salinas admits that "the important additional income we are receiving is of a temporary nature, and as such, cannot be allocated to permanent costs. They will be channeled primarily to fiscal and financial consolidation"—Harvard-ese for paying debts and taxes.

The collapse of agriculture . . .

When Salinas's *Informe* finally does enter into the terrain of hard statistics, he lies outright. "This year, more than 25 million tons of the 10 primary crops will be harvested, 14% more than last year. This demonstrates the strong recovery capacity of the sector." Indeed, according to statements from the Department of Agriculture and Hydraulic Resources (SARH) regarding the National Agricultural, Forestry, and Agroindustrial Program (PNAFA), production of 23.916 million tons in basic crops was expected in 1990 from an area of 13.791 billion hectares. But now, instead of this, the SARH is projecting a 13.8% fall in crop volume and a 10% reduction in area under cultivation over 1988.

Agriculture and fishing output in 1989 registered a third straight year of negative growth rates (less than 3.0%), which has seriously aggravated the country's dependency on foreign imports of food.

One is forced to ask, where lies Salinas's claim of a "strong recovery capacity"? Of Mexico's main export products, the 1989 growth rate for cotton was −47.9%, for coffee −61.0%, and for tomatoes −6.1%. Of products for internal consumption, there was a negative growth rate for beans of −30.1%, sorghum −18.5%, and sugar cane −30.5%. Head of cattle went down −4.5%, pork −16.4%, fowl −7.2%, milk production −10.6%, and eggs −3.9%.

Such was the extent of Salinas's "recovery."

. . . and infrastructure

According to Salinas, "The Federal Electricity Commission (CFE) has maintained its expansion program, which has permitted electricity generation to increase more than 6% this year." And yet, according to a report sent by the CFE to the Congress on its 1989-90 accomplishments, "for the fourth consecutive year, the CFE will postpone the start-up of at least three electrical generating plants and a substation, due to the delay in receiving funds to finance the construction of these installations." These delays have cost the country approximately 1,000 megawatts of electricity that would have been brought on-line by these projects. According to various industry engineers and technicians, the CFE's problems do not stem from "excessive increase" in demand, but rather from the electrical system's inability to generate sufficient energy as a direct result of the historic failure to invest in the sector.

Public investment in the electrical sector has not recovered since 1982, and in 1988 represented a mere 41.8% of what was invested in 1981. This disinvestment of nearly 60%, continued to the present, has meant in real terms that 9,024 megawatts of installed capacity—equivalent to 90% of the planned 1989-94 growth of the electrical sector—has yet to be constructed.

Salinas's *Informe* included yet another creative innovation, regarding the health of the Mexican people. In a single paragraph, Salinas asserts: "Regarding health matters, in 1990 construction began on some 490 medical units, four general hospitals, and six rural hospitals. Sixteen regional hospitals will be completed. Regarding food and supplies, more than 1,700 new stores have been set up in the countryside and in urban areas. Three hundred forty-eight public kitchens were opened."

It would be nice if Salinas revealed the whereabouts of these hospital centers. Further, it would be appropriate for someone to let Salinas in on the results of a scientific study on malnutrition in Mexico just released by the Salvador Zubirán National Institute of Nutrition. "The heart of the malnutrition problem," report the scientists of the Salvador Zubirán Institute, "lies in the coexistence of a poor-quality, protein-deficient diet with many infectious diseases throughout early infancy. The child gets sick and inadequate nutrition doesn't help in recovery. With hunger, the child weakens and spends more days sick than the norm."

This is how 50% of children living in rural areas, 12% of children in the urban zones, and 12% of pregnant and nursing mothers currently live in Mexico.

But in Salinas's new vision, the 10 million Mexicans—among them 6.2 million women—who have been driven into the informal economy by hunger and unemployment, simply do not fit. Nor do the students who are forced to abandon their studies, nor the youth who suffer unemployment and drug addiction, nor the victims of AIDS, nor the 1 million peasants forced to abandon their homeland for work abroad.

The 'conversion' of Salinas de Gortari

Salinas's *Informe* was a show orchestrated for the purpose of announcing Salinas de Gortari's latest "conversion." The technocrat who for eight years managed the federal budget with the tyrannical rigidity of an International Monetary Fund official, is no more. In his place stands someone who has seen the light, who now understands the importance of having "a socially shared emotion."

Inviting one and all to visit Mexico's shantytowns—at least one of those favored by his National Solidarity Program—Salinas passionately defended the objects that give substance to his new vision of the world: "the shine in the eyes of a child," "the modest home where the Solidarity Committee meets," or "those aspects of daily life which are common to the majority of Mexicans." But his new-found emotions overflowed while more than 40 million Mexicans remain mired in dire poverty.