

Asked by a reporter if any country in history had ever gone from hyperinflation to "single-digit" inflation Mussa said, "Yes, a particularly dramatic instance would be the end of the great post-World War I German hyperinflation, where there was a currency reform in November of 1923 and the inflation rate was brought down really quite rapidly. . . . Yes, it is indeed possible to bring down the inflation rate quite rapidly."

All of this, Mussa said, has been decimating, and will further decimate the Russian physical economy. "Material product has been continuing to decline in Russia during the first quarter of this year at a quite rapid pace. And some further decline in output over the remainder of 1992, I would think, is more likely than not."

Third World hit the worst

The new IMF global dictatorship must also use its increased powers to completely crush national economies in the Third World, Camdessus, Lamont, and U.S. Treasury Secretary Brady said repeatedly. "You will not be able to do what you should do with the eastern European countries and the 15 CIS republics if you are allowing protectionist forces to be reinforced" in the Third World, Camdessus told the press April 25.

"Our task must be to create a global environment that supports the struggle to create market economies in the news states and in eastern Europe," Treasury Secretary Brady said in his April 27 Interim Committee speech. "We must not forget and we should continue to encourage the remarkable reforms taking place in much of the rest of the world: Latin America, Africa, and Asia. Countries which have adopted market-oriented growth strategies are now seeing better economic results," Brady lied.

The April 26 communiqué to the IMF Interim Committee by the "Group of 24" Third World nations headed by Ismaila Usman, Nigeria's finance minister, complained strongly about the IMF's new expansion. The G-24 are "angry and they are worried," one minister told reporters April 28, that the new expanded IMF empire in Russia and the CIS will mean that the Third World will be forced into last place and not be able to get a cent of credit. "They feel they have gone through a very difficult period, taken reform measures, and been pushed aside."

The G-24 communiqué "welcomed the forthcoming membership of the republics of the former Soviet Union. However . . . the transfer of resources and assistance to these countries should be additional, and not at the expense of financial and other assistance to other developing countries."

Camdessus made clear April 28 that the IMF is aware how badly the IMF-induced economic collapse in Russia and the CIS is already hurting Third World nations in Asia and Africa. "India is one of the countries in the world which has been more severely victimized by the dramatic fall of output in the former Soviet Union," he told the press.

IMF is behind the Guadalajara tragedy

by Hugo López Ochoa

All the propagandistic efforts of a decade to get Mexico to "modernize" and join the "First World" were overturned the morning of April 22, when a series of violent explosions caused by a massive gasoline leak from a facility of the state oil company *Petróleos Mexicanos* (Pemex) destroyed a 6-7-mile-long swath of Guadalajara, the capital city of Jalisco state. More than 200 people were killed, 1,800 injured, and an unknown number are missing. The explosions are the tragic result of 10 years of deterioration of Pemex's distribution infrastructure, due to lack of maintenance, a systematic disinvestment strategy, and the mass layoffs of qualified technical personnel because of the diversion of revenues into debt service.

The Anglo-American financial elite, which has been itching to get its hands on Mexico's oil for half a century, sees the Guadalajara disaster as an ideal opportunity to break through long-standing nationalist resistance on the question, and has already deployed its media mouthpieces, like vultures to a kill, to exploit Mexico's latest tragedy.

Physical and moral rot

Guadalajara not only reveals the deplorable state of collapse of Pemex's installations, but the moral rot and incredible corruption of the entire municipal, state, and federal apparatus which, with total contempt for the value of human life, refused to take proper measures for evacuation of the affected area despite warnings by the population at least five days prior to the explosions of strong gas odors. According to the report prepared by the federal attorney general's office, the gasoline spilled into the sewage system because the gasoline pipeline corroded after it had been mistakenly spliced with a water aqueduct installed by a private company five years earlier. The spilled gasoline reached depths of a meter which, for such an extensive area, had to have been leaking over several weeks. Indeed, Pemex technicians revealed to the weekly *Proceso* that they had detected the leak at least five weeks prior to the accident.

In the beginning, Pemex directors, municipal authorities, state Gov. Guillermo Cosío Vidaurri, and Urban Development and Ecology Secretary Luis Donaldo Colosio hurriedly tried to blame the accident on the cooking-oil company

La Central, for having supposedly dumped hexane waste products, which are highly explosive when combined with oxygen, into the sewer system. The authorities had gone so far as to shut down the company. Once the company's directors and several experts succeeded in proving that the fault was not theirs, and the population insisted that the problem was gasoline, the attorney general's office had no other choice but to lay the blame on the nearest culprits: four Pemex officials, Guadalajara's mayor, the local head of the Department of Urban Development and Ecology, the owner of the company which built the original aqueduct, and other minor functionaries.

Doubtless, all the indicted merit blame, but the attorney general covered up for the principal criminal: the International Monetary Fund.

Cheating on maintenance

The real story cannot be understood without referring to the fact that oil trade union leader Joaquín Hernández Galicia ("La Quina") was jailed in 1989 because he opposed the official policy of making Pemex more "efficient" through budget cutbacks and layoffs of qualified personnel. *EIR* has published the repeated warnings by that nationalist faction in the Pemex union to the effect that the economic policies being carried out, first by President Miguel de la Madrid and then by Carlos Salinas de Gortari, would lead to many tragedies like the Guadalajara disaster. "La Quina" intensified his warnings following a similar tragedy that hit Mexico City in 1984, causing more than 400 deaths.

Today, the national press is filled with reports of other, more minor accidents that have taken place in recent years across Mexico, and which point to new potential disaster areas today. The refrain is the same: lack of maintenance and personnel.

The most important figures to look at are these:

- Between 1981 and 1989, physical investment in Pemex fell 80% in real terms. As of 1990, Pemex initiated a five-year investment program of \$18 billion, according to financial director Ernesto Marcos Giacomán. But the 9.7 billion pesos planned for 1992 represent barely one-fourth of that invested in 1981!

- Since the jailing of "La Quina," Pemex has fired 130,000 union workers, leaving only 70,000 of the 200,000 that had existed. By the end of 1992, another 40-45,000 will be laid off as well, leaving a mere 25-35,000 work force. With such reduced labor power, and at significantly reduced wages and benefits, Pemex cannot possibly maintain the sophisticated levels of maintenance its distribution network demands.

- Official data indicates that between 1987 and 1991, Pemex paid 100 trillion pesos (more than \$33 billion) in taxes, against 113 trillion pesos in revenue obtained during that same period. According to analyst Arturo Bonilla from the National Autonomous University, "this proves that the

state company, rather than financing itself, is being brought to ruin in order to prop up the public treasury."

Without this tax burden, adds Bonilla, Pemex's internal and foreign debt—the latter reaching \$20 billion out of a total national foreign debt of \$104 billion—would not have grown so. This virtual absence of any investment has not only led to the serious deterioration of the fuel distribution network, but has also led to its substantial shrinkage over the past three years, today reaching a point of virtual saturation.

- The capacity of Pemex's transport fleet fell between 1990 and 1991 from 214,500 cubic meters to 185,700, its lowest level since 1981, and, according to the census of the Institutional Pipeline System, the size of the actual pipeline network fell 1,465 kilometers for the second year running.

Push for privatization

The same criminal bankers who imposed these conditions on Mexico are now deploying their mouthpieces to take advantage of the Guadalajara tragedy, and push for the privatization (i.e., capture) of Pemex, symbol since the 1938 oil nationalization of Mexican economic and political sovereignty.

On April 27, articles in both the *Wall Street Journal* and the *Washington Post* proposed that the immense political cost of the Guadalajara disaster for the corrupt political elite which has ruled Mexico since 1988 be exploited to force through the denationalization of the company and its delivery to Mexico's creditors under the pretext that Mexicans don't know how to manage it.

The tragedy of Guadalajara, wrote the *Journal*, is that it "may also have caused irreparable harm to the image of the last idol of economic nationalism in Mexico." Pemex's role in the disaster, according to the *Wall Street* mouthpiece, presents Salinas de Gortari with both a political channel as well as "a possible opportunity to further his program of market-oriented reform." Cynically, the *Journal* observed, "The catastrophe occurs at a time when lax Mexican industrial standards have become a major political obstacle in Mexico's efforts to negotiate a free-trade agreement with the United States and Canada. . . . The public anger at Pemex might give President Salinas the backing he needs to restructure the oil monopoly. . . . He won't have a chance like this again in a long, long time."

The *Washington Post* added that the accident "could weaken [Pemex's] defenses against U.S. attempts in the free-trade negotiations to open investment in oil to foreign companies." One of the main instruments of this privatization strategy is the ecologist movement, whose leaders in Mexico—Homero Aridjis, of the so-called "Group of 100," and Alfonso Cipres, of the Mexican Ecology Movement—are lending the movement to the campaign that argues, as does the *Wall Street Journal*, that "it's necessary to open [Pemex] to private capital to prevent these accidents."