

Mexican government admits economic woes

by Carlos Cota Meza

The newly released report of Mexico's National Statistical Institute (INEGI) on this year's third trimester economic performance caused a commotion when it revealed that the trimesterly Gross National Product fell to a *negative* rate of 1.5%, while the cumulative GNP from January to September barely increased 0.5%. Most interesting is the fact that the report was released on Dec. 4, a full two months later than usual. And so it is not until nearly the end of the year that Mexican businessmen have discovered, statistically speaking, that the national economy is no longer experiencing a "deceleration," but rather an officially confessed "recession." The truth, of course, is that the country is in a full-fledged economic depression.

According to official information, the GNP has gone from the roller-coaster highs and lows of 1992, virtually into free-fall since early 1993. The government projection for this year was for a GNP growth rate of 2.5-3%, but in his Nov. 1 State of the Union address, President Carlos Salinas de Gortari readjusted that to 1.1%. What is now certain is that the GNP growth rate for 1993 will be zero or less, a descent which has not occurred since 1987, known as "the year of hyperinflation."

Manufacturing decline far worse

The most recent report of the National Accounting System noted that the 12 branches of the manufacturing sector (accounting for 24% of GNP) registered a rate of collapse nearly three times greater than the trimesterly GNP fall of -1.5%. By mid-1992, machinery and equipment began to show constant negative indicators. Textiles have been suffering a "sustained fall" for 18 months. Food, beverages, and tobacco have registered negative figures since mid-1993. Wood and its derivatives, which, in 1992, registered a negative 2% growth rate, were showing a whopping -19.5% by the third trimester of 1993.

The report nonetheless states that "there is an incipient recovery" in agriculture, given that the first nine months of 1993 showed a -1.2% growth rate, after the first trimester was "pronouncedly more negative," (i.e., -3.3%). Those sectors which still show a positive growth rate (trade, construction, electricity, water and gas, basic metals, and non-metallic minerals) have shown severe declines nearing zero.

The latest figures, which the government claims reflect the "effects of modernization," have triggered the usual wish-

ful thinking. Germán Carcova García, president of the Businessmen's Coordinating Council, stated that "the deceleration has ended," and predicted a "less than spectacular" recovery backed by a "great era of stability." What these businessmen hysterically refuse to admit is that government economic projections have been consistent failures, for admitting this would mean abandoning their fanatic belief in free trade.

But to identify the state of affairs in Mexico, it should suffice to examine the contorted arguments of Salinas himself. For example, in his fourth State of the Union address in 1992, Salinas readjusted his economic goals with the argument that "world circumstances have again changed," and that therefore "the dynamism of the domestic economy will not be equal to that of last year." In his fifth report, Salinas said, "The world has not found its direction, the route to progress," which "affects our potential for growth." Salinas also insisted that the economic rate of growth had surpassed the population's growth rate, but immediately after the approval of the North American Free Trade Agreement and the designation of the ruling PRI party's presidential candidate, that lie was officially retracted.

The unemployment fraud

In his fifth report, Salinas argued that unemployment had disappeared. What Mexico now has, he declared, are "collective contracts which are sufficiently flexible as to replace clauses which block productivity." But a late-1992 INEGI census, whose results were recently revealed, made Salinas's statistical tricks apparent. According to the INEGI census, the economically active population (EAP) is 30.2 million Mexicans, of whom 29.1 million are "busy." Would Salinas have us believe that Mexico has a mere 1.1 million unemployed, and these only because of the "flexibility" of collective contracts?

Under the "busy" category, INEGI places 13 million who work a 40-hour week. Taking these figures at face value, this would be Mexico's true employed. The other categories—"more than 50 hours/week," "self-employed," and "1 to 30 hours/week"—add up to another 14.3 million. Some 50% of Mexico's officially acknowledged EAP is under- or unemployed, but the government considers them "busy."

In his 1992 address, Salinas said of the immense trade deficit: "We should import more in the first stage to improve and expand our productive capacity and to be able to raise our exports in the future." In his 1993 address, he repeated: "In recent years there has been a trade deficit, resulting from the process of technological changes required by imports."

But a recent government study shows that under Salinas, no new export products have been added to those already exported through 1989, while all the major export industries—extractive, food, beverages, tobacco, publishing, plastics, leather, steel, and metals—have shown dramatic declines in exports through September 1993.