late the 1995 GDP at $285 billion, such that the total foreign public debt represents 41% of the national product. Adding to this the foreign debt of the banking sector ($21.147 billion) and of the non-banking business sector ($20.204 billion), the total foreign debt in December 1995 ($159.127 billion) represented 55% of the 1995 GDP.

There is one consolation in all this, we are told. As the Treasury has assured us, such increases are not as problematic as they seem, in that the huge conversion operation of internal debt to foreign debt was merely a means of extending repayment deadlines. Throughout last year, Ortiz insisted that "we are changing short-term debt for long-term debt, resulting in a less-pressured payment schedule."

But what Ortiz does not say, is that this insane growth of financial obligations has nothing to do with productive activities which generate jobs and produce goods. What is going on is a purely financial transaction, in which the mountain of dollars involved is a world apart from the real physical economy. And all of it has been placed on the shoulders of the Mexican people.

According to the Treasury Department, service on the foreign public debt for the year 1995 rose to $47.288 billion, of which 86.7% ($41.4 billion) corresponds solely to payments on money market instruments, within which the Tesobonos absorbed $30 billion. The amount of $5.888 billion was allocated to servicing the interest on the "traditional" foreign debt.

For 1996, payments of $15.481 billion have been allocated to service the public foreign debt. Added to what was paid out in 1995, the total is $62.769 billion. Thus, in a mere 24 months, 70% of what had been the public foreign debt in December 1994, was paid out in service charges.

And if it is the case, as they claim, that Mexico's commercial banks and non-banking private businesses will be paying out $14.948 billion combined in 1996, then the total outlay of the Mexican economy between last year and this will equal 87% of what the Mexican public debt was in December 1994.

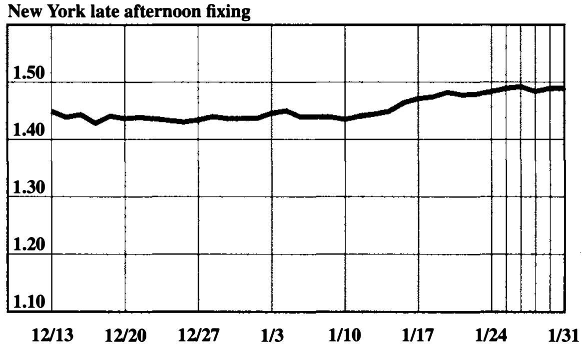
Why mix foreign public debt with foreign private debt? The answer is simple. Who is giving the dollars to the "private sector," if not the government? Ever since the blowout of the Salinas "economic model," not only was internal debt converted to foreign debt, but private foreign debt was also converted to sovereign (public) foreign debt. Throughout 1995, for example, the World Bank gave Mexico loans worth $2.387 billion, and 63% of that ($1.518 billion) was used to "rescue the national banking system."

Can the Mexican economy survive by delivering its flesh and blood over to the voracious parasites of usury? Evidently not. The only guarantee for survival that Mexico has, is for the nation to repudiate the IMF policies which have led it into the worst crisis of its history. The only possibility for survival is that the State once again undertake the historic function for which it was created: to lead the sovereign national economy along the path to progress.

Currency Rates

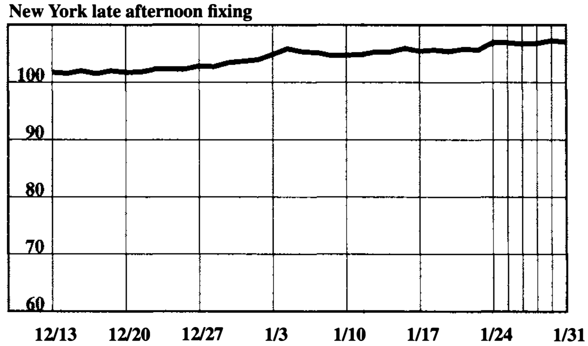
The dollar in deutschemarks

New York late afternoon fixing



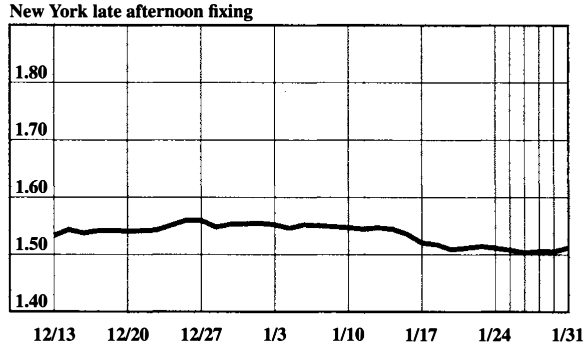
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing