

Mexico Prepares Break With Dollar, IMF

In a break with traditional protocol, Mexico's new ambassador to France, renowned economist Horacio Flores de la Peña, took the occasion of the ceremonial presentation of his credentials to France's President Giscard d'Estaing to condemn the Bretton Woods monetary system and the International Monetary Fund for maintaining a "monetary veil" over the dis-

mando. Labra denounced the "enemies of Mexico's development," singling out the Carter Administration's "mini Marshall Plan" for special attack in proposing labor-intensive solutions to the capital-intensive requirements for Mexico's full industrial development. Both columnist Buendia and an editorial in *El Sol* gave their full support to Labra's attacks on Lucey and Carter the following day.

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astrous world economy. Mexico and the Third World need growth, technology, and industry, Flores de la Peña proclaimed, and Mexico "looks to France for cooperation." Giscard replied that France is committed to giving the Third World technology and that Mexico's extraordinary untapped oil reserves provide the basis for a most advantageous oil for technology exchange.

This attack on the IMF comes at a time when Mexico is moving away from the U.S. dollar and closer to European nations, such as France, which have strong currencies and are challenging dollar hegemony.

Flores de la Peña's initiatives followed a week-long campaign by a group of Mexican Congressmen against the IMF's policies toward Mexico, which Congressman Armando Labra termed "an absolutely restrictive scheme for the country's economic growth...a straight-jacket that will strangle the Mexican economy." This group of Congressmen, most of whom are also progressive economists trained by Flores de la Peña, agreed in calling for "a mass movement of public opinion — in which all sectors of the population must participate in analyzing the intentions of the International Monetary Fund — in order to break those chains which, unless dissolved, would set back the objectives of the Mexican Revolution in achieving more social justice, a high rate of development and increases of the standard of living" of the population.

This assault against the IMF, which highly placed Mexican sources confirm received the "green light from the top", was signalled by the publication of the much-guarded IMF "letter of intent" signed with Mexico last September. Revealing the secret document only three days after Mexico's Independence Day celebrations, columnist Manuel Buendia, writing on Sept. 18 in the nation's second largest news daily *El Sol*, called for a "new cry of independence" by the country's nationalist forces.

Attacks this week were focused on U.S. Ambassador Patrick Lucey and Jimmy Carter himself, for being the executors of IMF policy in Mexico. Congressman Ar-

The following are excerpts from Manuel Buendia's "Sun and Shade" column in El Sol de Mexico, Sept. 18:

"Sun and Shade" obtained a copy of the agreement signed between Mexican authorities and the International Monetary Fund on Sept. 13, 1976....

There should be a vigorous movement of public opinion to bring the present government to *renegotiate* that agreement and make a *radical change of its position* towards the IMF.

The most important reason for this is a fact which appeared in the (President's) report of Sept. 1: *President José López Portillo does not propose a development model for Mexico like the one set in the agreement with the IMF.*

The movement of public opinion should logically support anything the President could and would want to do to *break the chains* which bind us to a program which *delays the objectives of the Revolution* and favors the designs of the most reactionary national and foreign capitalists."

How to Ruin a Country

According to news reported on Aug. 15, an agreement with the IMF has now given *brilliant results* in Peru: two ministers had to go home, the government was faced with *labor discontent* because the workers no longer would accept being subjected to wage increases of only 10 percent; public expenditures had contracted to the point of political crisis; the internal market had collapsed; and layoffs were beginning in the state enterprises and government offices.

And Peru, in the end, had to declare a *debt moratorium*, which, is and has always been the clearest confession that the treasury of the country is bankrupt.

But you don't even have to read the daily press to know the following is true in Latin America: the implementation of the economic policies of the International Monetary Fund have always *endangered the democratic life of any country*. The majority of the IMF's clients, when the democratic orientation of their economies crumbles, have had to fall into *authoritarian regimes*, or into naked *military dictatorships*.

You could say that it is historically proven that the "economic salvation" programs which the IMF imposes

have failed or are failing even in countries where they are applied with dictatorial energy, as could be the case of Chile (despite — or perhaps because — of the personal direction by Milton Friedman, Pinochet's main advisor, and ideological inspirer of the IMF, as recognized by the official journal of the IMF, vol. XIX, No. 1, March, 1977.)...

The Invisible Chain around Our Neck

Since it is impossible to see the actual text of the agreement (between Mexico and the IMF), we have been speaking of "letters of intent." In reality, there has been a series of documents, and the essence of the agreement is in two of them: a letter to Mr. Witteveen and a memo "on the economic policy of the government of Mexico."

"Sun and Shade" today publishes a table which is included in point six of the memo as a statement of "goals, projections and estimates for 1976."...The table emphasizes the intention to *reduce public investment* from 8.3 percent of GNP in 1977 to 8 percent in 1978, while at the same time *increasing private investment* from 15.7 percent to 18 percent. This is a main point, a confession of intentions. But as the reader will see in the final part of this report, this is also one of the points of greatest disagreement between that development model and the one proposed to the nation by President José López Portillo.

The figures at the top of the table on real GNP show that during the year ending September, 1977, the first year of the implementation of this economic plan for our country, the IMF, its philosophers and its followers *have already been grossly mistaken*: the GNP couldn't grow 4 percent in 1976, nor will it grow 5 percent in 1977. López Portillo stated this clearly on September first.

At the beginning of point four of the memo, a commitment is made to achieve "a progressive convergence between the nominal rate of increase of wages in Mexico and the rates in its major trading partners."

In other words, this simply means that — according to the IMF's desires — Mexican workers should limit their wage increase hopes to those percentages won by workers in the United States, whose wage structure and fringe benefits have an absolutely different historical evolution.

How could anyone accept that the struggle of the Mexican labor movement, which til now has been guided by the ideals of the Revolution of 1910 end in such a way?

López Portillo Is Against It

The development model which the IMF tried to impose on Mexico has evidently *collided* with what López proposed in his State of the Nation message.

"We want to solve the contradictions between a mode of development which is already *worn out* and the model of the country aspired to by the Mexican Revolution," said López Portillo. Previously, he had said, "We see that the contradictions it involves have virtually put an end to a pattern of growth that violated its ultimate structural taboo with the devaluation." As the exact antithesis of the philosophy of the IMF, López Portillo asserted: "The regime will not accept any growth which is based on the injustice or on the exploitation of man and his family." But if those adhering to the "IMF Model" still hold any doubts about how much it contradicts the

plan of López Portillo, they should look at his statement that "the most dynamic element of the state's role in this overall plan, that is the final objective of administrative reform is government spending. It is on the total sum, structure, distribution and financing of that spending that the pace and course of the economy as a whole will basically depend; therefore, such spending should directly correspond to the basic priorities of the nation and government."...

Perhaps because it is September, we sense a new era of independence.

El Sol: Pressures from the IMF

The following are excerpts from an editorial in the Mexican daily El Sol Sept. 20, entitled "Pressures from the IMF."

"It has never been established that the IMF is the manager of any country's economy, nor that it has the authority to intervene in (any country's) internal affairs, creating a lack of confidence.

...Naturally, Mexico has chosen its own course. President López Portillo, in his first State of the Union address, designated the direction the country has to take at this stage of the Revolution as 'the updated version of (the revolutionary) program.' Therefore, the existence of the pressures (being) denounced, must be rejected as unacceptable. Mexico is in an excellent position to decide if it will accept or reject the recommendations of international institutions, but naturally (Mexico) will follow its own road to development.

Popular Socialist Party: Mexico Must Break with Dollar

Statement by Jorge Cruickshank Garcia, Secretary General of the Popular Socialist Party, reported Sept. 20 in El Dia:

Mexico should unlink itself from the dollar sphere, and our country should seek other capital markets aside from those controlled by the IMF. The IMF is a pressure and destabilization organization which acts against the countries which don't submit to the policy of the U.S.

It would be dangerous for the country to submit to the dictates of the IMF because that would translate into economic retraction, unemployment, reduction in public spending and everything which would place our country in a permanent economic crisis.

The IMF is an instrument of imperialism used to fix the parity of the different currencies of different countries to the U.S. dollar, and it does so through pressure and control.

Mexico has the possibility of acting from a position of strength towards imperialism. At this moment the dollar is declining and it doesn't hold the backing it once had in precious metals. It has no backing other than that of the military strength of the U.S.

IMF Wants Mexico On the Gangplank

The following are excerpts from statements made by Fernando Pescador, progressive economist of the Mexican Colegio Nacional de Economistas reported in El Sol Sept. 20.

...Mexico is presently in a position to decide if it accepts the recommendations of the IMF or rejects them because our country has oil and gas reserves which would allow it to seek financing in other capitals, in Europe for example.

...The IMF, through the World Bank, is pressuring Mexico to accept all kinds of mortgages that put our petroleum reserves in danger.

...Galopping inflation has been unleashed in all countries where these programs have been imposed, as in the case of Chile, which serves as an IMF branch office from which to organize Latin American economies.

...The IMF wants to have Mexico on the gangplank, blindfolded, with a sword to its chest...

Mexican Congressmen Hit IMF

The following are statements made by two Mexican Congressmen-economists during press interviews published in the daily El Sol Sept. 21.

Congressman Julio Zamora Bátiz: The IMF has had great success in finishing off the economic structure of many countries. What Mr. Buendia said about Peru has been repeated in all the countries of South America, so that we cannot permit in any way to be put into the straight-jacket that the IMF is trying to impose on us...It is very important to open a debate on the IMF affair. However, the topic goes beyond the exclusive competence of the Mexican Congress so that the debate must be opened at the national level with the participation of all sectors of public opinion in order to pressure the IMF to reconsider its attitude.

Congressman Antonio Tenorio Adame: It is evident that within the model which the IMF is trying to impose on us there are aspects which damage national sovereignty. Hence, the agreements must be renegotiated.

El Sol: Growth or Injustice

The following is an editorial which appeared in the Mexican daily El Sol Sept. 21.

No one who studies the world's economic prospects from a realistic point of view should be surprised by the demands which various groups have thrown against the IMF. Contradicting ideas is not all that is at stake. It is a matter of defending the premise of development with social justice against those who promote consumerism and utilitarianism as the final ends of productive activity.

In fact, there are much more authorized spokesmen than the fascistoid ravings of Milton Friedman and his 'Chicago School', who without advocating a planned economy (which would automatically put them 100 percent into the camp antagonistic to the IMF) have shown the dehumanization and the inequity they shelter under the illusions of the law of supply and demand and free enterprise, understood as a function of the most crude effort to capitalize.

Among these voices we can emphasize the example of John Maynard Keynes as one of the most prominent economic theoreticians of the century. The Keynesian model brought the world to Bretton Woods, from there the model which we know as developmentalism acquired momentum: growth of capital at the expense of labor, increasing impoverishment of worker groups, strengthening of large unproductive structures, charging the social cost to the poorer classes...

The model which the IMF, if allowed, simultaneously proposes and imposes, would imply starting over and would take us back to the Keynesian obscurities, sufficiently questioned by Galbraith and others. According to the Mexican economists, A. Labra, J. Puente Leyva, A. Tenorio Adame, and J. Zamora Batiz...the demands of the IMF are equivalent to a 'straight-jacket'. They warn against the risk of obstructing the attainment of social justice, the ultimate goal of the Mexican Revolution.

In broad outlines the choice is clear: the options are growth with equity or continuation of injustice. There is no room for vacillation. And even less so at this time.