

Statements on the future

The Mexican Labor Party (PLM) held press conferences in Mexico City and Monterrey on Nov. 7. Below are excerpts from the PLM press release, portions of which were carried in seven of Mexico's national newspapers and the two leading Monterrey papers.

It's not accidental that in the Alfa case all the threads of the campaign against healthy collaboration between the state and the private sector lead to the Socialist International, to its economic espionage arm, the Wharton School, and the Mont Pelerin Society, this last from the extreme right. These agencies carry out a division of labor, from the "left" and the "right," to promote a neo-Malthusian strategy of depopulation and de-industrialization. . . . [These forces] attack the Banobras-Alfa negotiation as conclusive proof of "overheating of the economy." The only overheating is going on in their heads. What the credit-needs of the Alfa group do in fact demonstrate is the urgent necessity of taking measures that permit lowering interest rates, at the same time protecting the national economy from a capital flight.

The PLM proposes the immediate establishment of exchange controls for this purpose.

Excerpts from a statement released Nov. 8 by Alfa President Bernardo Garza Sada and Alfa Public Relations Director Juan B. Morales:

The interest-rate increase outside the country, principally in the United States, created a difficult conjunctural situation for us. Interest rates rose from 11 percent to 21 percent in dollars, and in national currency rose by 30 percent. Given our foreign debt of 50 billion pesos [\$2.25 billion], we had to absorb a surcharge of over 2.5 billion pesos [\$110 million] just on the service of this debt. . . .

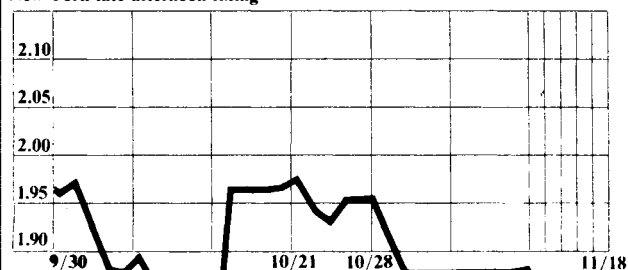
We had to cut in half our expansion program. . . . It was necessary to adopt strict administrative cutbacks, among them . . . the reconsolidation of three divisions.

The credit is for 12 billion pesos [\$180 million] under strict banking conditions, plus selling stock to the state worth 5 billion pesos [\$200 million]. These are preferred stock without voting rights, which come from some of our medium-sized operating firms. Both the financing and the sale of stock constitute normal actions within banking practices. Our aim is to continue growing. In 1980 we acquired several industrial concerns. We raised our steel production from 1.0 million to 1.6 million tons, and we planned the Durango Project, worth 5 billion pesos. The situation of Mexico is excellent and its economy is solid, since the oil wealth has been converted into a mechanism to stimulate expansion. Our country is moving ahead in an international climate characterized by instability and uncertainty.

Currency Rates

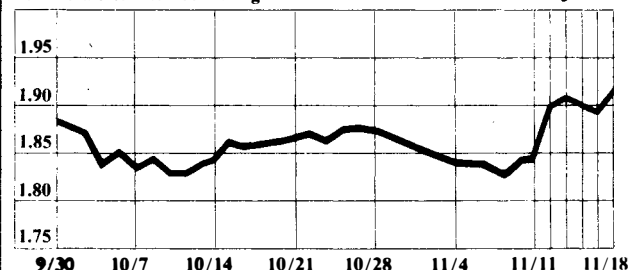
The dollar in Swiss francs

New York late afternoon fixing



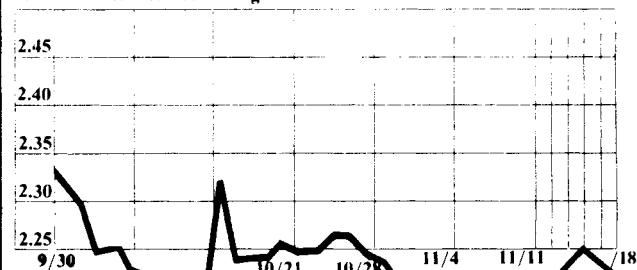
The British pound in dollars

New York late afternoon fixing



The dollar in deutschemarks

New York late afternoon fixing



The dollar in yen

New York late afternoon fixing

