

## Dateline Mexico by Josefina Menéndez

### Out of the nosedive?

*The State of the Union address reaffirmed austerity; labor insists the country needs something more.*

President Miguel de la Madrid Hurtado gave his first *Informe* (State of the Union) message to the nation on Sept. 1, and left things pretty much where they were. This was a feat for such speeches, which carry much more weight in Mexico than the corresponding annual address in the United States. They traditionally contain new policy initiatives, and in some cases such dramatic announcements as the first devaluation of the peso in 22 years (Echeverría in 1976) and the nationalization of the banks (López Portillo in 1982).

De la Madrid clearly did not want to rock the boat of "Mexico's financial success" now finding port in Wall Street, London, and Basel. Preferring airplane metaphors, he stressed that Mexico has "pulled out of the nosedive" which had characterized the economy a year before, when Mexico declared to its international creditors that it was bankrupt, and the peso crumbled in value.

The President promised no relief from the crushing austerity program now in effect, for at least a year. But neither did he announce any dramatic new measures to further open up the economy to foreign capital, or sell off state sector companies—both measures urged by certain international bankers.

He did not skip over potential expansion of ties to the rest of the continent, but he gave no hints that Mexico was seriously considering joining the debtors' cartel activity so prevalent

elsewhere. De la Madrid outlined the importance of the Mexico-Brazil summit at Cancún at the end of April, noting that "In my meeting with President Figueiredo of Brazil, we spoke of Latin American collaboration as a paramount question. Concrete accords were made with Brazil in the areas of capital goods, steel, and petrochemicals. With Latin America we share problems and we have common yearnings." But he went no further.

In an interview with *Le Monde* released the next day, he was both more and less explicit. He stated that "I don't believe in an overall refinancing of the foreign debt of the developing countries, and especially of Latin America. The situation varies with each country. I do not share the opinion of those who advocate a long moratorium. That solution is neither realistic nor just." But he added that agreement is necessary to establish greater cooperation among the countries to emerge together from the crisis. This "has to be planned," he declared.

Cutting across the technocratic tenor of the bulk of the three-hour speech was a passionate final call for Mexicans to stay "on a war footing" to preserve the nation in a great hour of crisis. He urged particular determination to overcoming inflation, which "everyone must fight from his own trench."

"The economies [of the world] are not recovering; international finances are erratic. The challenge is enormous; it is analogous, in the economic

realm, to times of war. The destiny of the nation is in the balance," De la Madrid declared.

More appropriate to this call than the unmitigated austerity he himself offered, was the proposal made the next day by Fidel Velásquez, head of the Mexican Labor Confederation (CTM). Whereas de la Madrid had stressed that the fight against inflation was the number one battle of the country, Velásquez, speaking to the closing session of the CTM's annual national congress, said the central battles were two: the fight against inflation, and the fight for a recovery of production. His program for a rebound of production featured:

- Forcing speculative investment into productive investment;
- Establishing a "selective credit program" that gives special consideration to "production of basic and strategic goods."
- Establishing preferential interest rates for productive activity;
- Allowing "flexible amortization due dates" for repayment of capital on loans.

Velásquez insisted that, since the government has bailed out private sector companies by shouldering those companies' dollar debts, in return those firms must adhere to 1) maximum reinvestment of profits, and 2) maximum plant utilization.

Perhaps Velásquez's most important announcement was that he has no intention of retiring, though he is 83, and that he will continue leading the CTM until he dies, "if that is the will of the membership."

One of the most insistent rumors just before the President's *Informe* was that he might nationalize the private television monopoly in the country, Televisa. De la Madrid did not go ahead with such a decree, but the rumor sent a shock through the dirty-money-ridden Televisa circles.