



Juan Cedilla

A campaign poster of Mexican President Carlos Salinas de Gortari, as "doctored" by participants in a rally for Cuauhtémoc Cárdenas, July 1988, Mexico City. Salinas's original slogan, "The facts will confirm my words," was altered to read, "The frauds will confirm my words" ("Los fraudes confirmaran mis palabras").

grams to generate productive jobs, provide new incentives and opportunities for national businessmen, restore the economic infrastructure destroyed by the previous administration, and create new basic infrastructure.

Whether or not the new President agrees, Mexico should hold a summit meeting to found a Common Front of Ibero-American Debtors.

Debt moratorium should be accompanied by strict exchange controls and a domestic monetary reform to eliminate the speculative rot imposed by the Salinas government.

The federal government ended 1988 with an internal debt calculated at 96-100 trillion pesos (\$80 billion). It doubled, in peso terms, during the year. The debt ballooned last year for the same reason as the previous five years: the monetary policy of keeping the interest rates on government debt paper high. These are mostly treasury certificates bought by speculative brokers from the government. The brokers do not then sell them to "small investors," but to other government offices and state sector companies. Sooner or later this bubble will explode in the President's face. The government may simply become unable to pay interest.

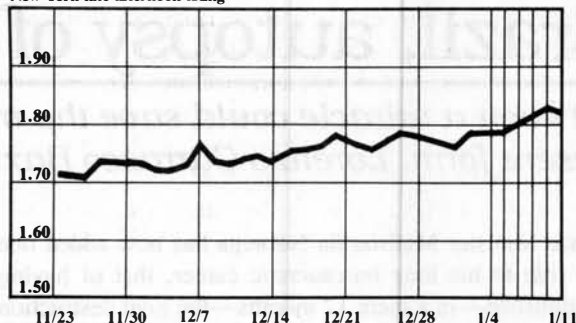
The challenge is to turn this speculative mess into efficient low-interest credit for productive activities. Small savers, who hold a minuscule part of the public debt, should get preferential treatment.

We are not talking about populist actions. We must replace the wheels of a moving train, a train which is about to go over a cliff. We have to repair it, we have to stop its fall and we have to get it back on the track.

## Currency Rates

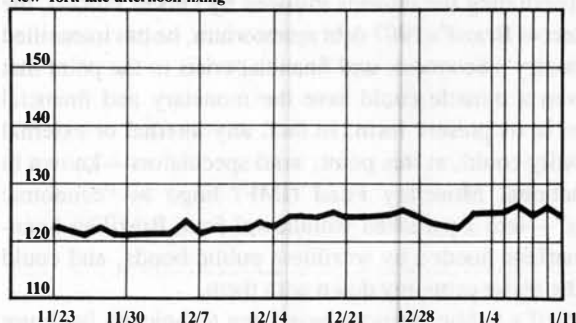
### The dollar in deutschemarks

New York late afternoon fixing



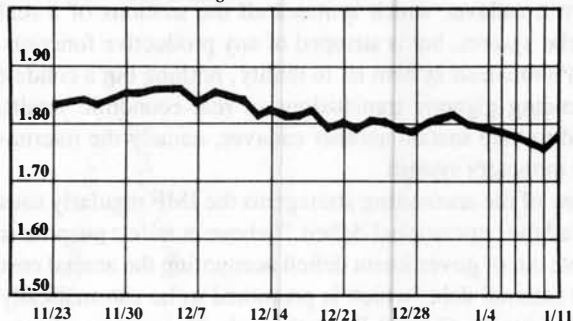
### The dollar in yen

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

