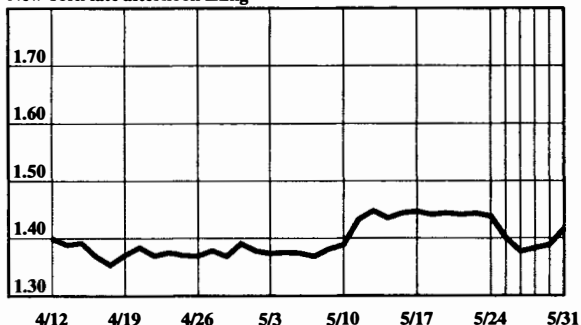


## Currency Rates

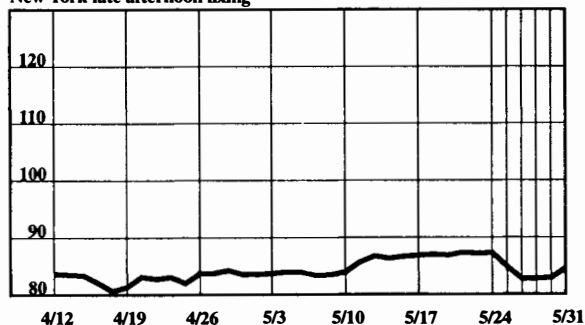
**The dollar in deutschemarks**

New York late afternoon fixing



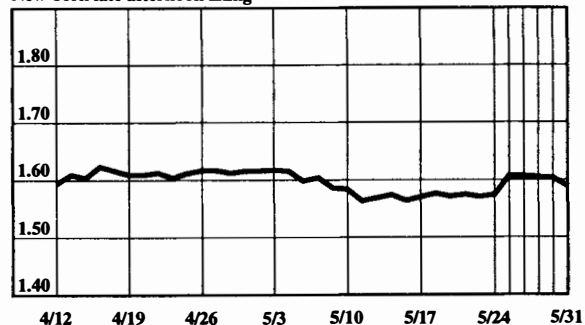
**The dollar in yen**

New York late afternoon fixing



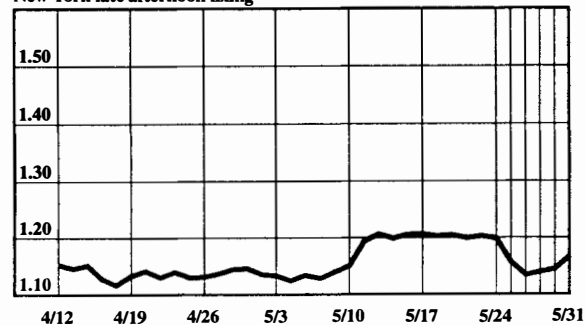
**The British pound in dollars**

New York late afternoon fixing



**The dollar in Swiss francs**

New York late afternoon fixing



## Interview: Jaime Miranda Peláez

### The 'free market' is a mental disease

*Miranda Peláez, president of the Cajeme Agricultural Credit Union (UCAC) and coordinator of the Permanent Forum of Rural Producers (FPPR) in Sonora, Mexico, replied in writing on May 25 to EIR's questions.*

**EIR:** The UCAC and the FPPR are leading a protest, proposing that the producers mobilize not only for a better price for wheat, but for a radical change in economic policy toward agriculture. What do you propose?

**Miranda Peláez:** Ever since Mexico joined GATT [General Agreement on Tariffs and Trade] in 1986, and launched an indiscriminate trade opening policy, the government has undertaken a series of measures that are dismantling the entire productive apparatus that sustained our agricultural activity. One of those measures is the abandonment of price guarantees, which we now know is a condition of the International Monetary Fund and World Bank. The fact is that, stemming from those measures, what we have seen is a constant collapse in prices for our products simultaneous with a constant rise in the cost of our inputs. This has been a fatal combination, which has led to decapitalization, indebtedness, and insolvency.

**EIR:** The U.N. Food and Agriculture Organization no longer has food reserves, and even the U.S. government is without reserves. How does this affect Mexico?

**Miranda Peláez:** This is very serious for our country, more so in the present period when we are threatened by a severe drought that has taken out of production more than 5 million hectares and which demands an increase in the volume of imports of grains and edible oils. This world shortage of food will cause an exponential increase in food prices, at a moment when the country finds itself in total financial bankruptcy which will make it practically impossible to import the necessary quantities of food to cover our growing domestic deficit. In sum, we are facing the immediate prospect of famine, which will endanger the lives of millions of Mexicans.

This reminds me of what we have been insisting upon in various meetings with producers and officials regarding the absurd theory of "comparative advantage," which argues that in a free-market economy, it is cheaper to import food than produce it in our own country. And now, just as we warned them, "the bargain is turning out to be very expensive." This convinces me that the so-called "free market" is not an

economic theory, but a mental disease.

**EIR:** What response do the rural producers of Sonora, and nationwide, have to your proposals?

**Miranda Peláez:** The fact that we are arguing for a programmatic proposal that seeks a fundamental and lasting solution to the crisis of our sector, and of the economy in general, has given us tremendous influence nationally. Because we have clearly presented the fact that our choice as producers is very simple: Either we die under economic liberalism, or we get rid of this madness so that we can survive as producers, and as a nation. There are ever-broader strata within the productive sectors that have come to understand this. Last January, we participated in a national meeting of agricultural producers in the state of Guanajuato, and our proposals were endorsed by producers and organizations from 22 states of the republic. Our proposals were promoted by producers movements from Baja California, Sonora, Sinaloa, Jalisco, Guanajuato, Chihuahua, and we have received the decisive support of producers from the state of Chiapas.

**EIR:** Do you believe that President Ernesto Zedillo hears your proposals to change economic policy?

**Miranda Peláez:** President Zedillo is trapped by the pressures of the international creditor banks which continue to demand greater sacrifices and austerity from our country. And he is also trapped by his own liberal beliefs, and unless he abandons them very soon, he will become a tragic figure in our history, just as [former President] Carlos Salinas de Gortari has become. On the other hand, our movement is not waiting to find out whether he has heard us or not. Our movement has assumed responsibility for creating a correlation of forces so that the President can truly exercise his executive powers and can impose an emergency program that can protect our primary sector and the nation's productive plant in general.

**EIR:** What is the significance of the response of the producers from Chiapas and the San Cristóbal Civic Front, given the problems created by the Zapatista National Liberation Army (EZLN)?

**Miranda Peláez:** I believe that it is extremely important that we not turn our backs on Chiapas. According to the available information, it is clear that the so-called EZLN has nothing whatever to do with the Indians, nor does it defend them, and it does not rely on national backing. The EZLN enjoys the support of foreign interests and organizations, and the government should treat them like a foreign invasion force. What it seeks is to strip our nation of its resources through a separatist movement in Chiapas; to take away our water and oil which are abundant in that region. And we know that no important program of economic growth can succeed if we lose those resources. We understand that if we lose Chiapas, we lose Mexico. Thus, our links with the producers of Chiapas must be understood as a matter of life and death for our nation.

## Greenie 'poison' threatens Germany

by Rainer Apel

Talks about a ruling coalition between the Social Democrats and the anti-industrialist Greens of Germany's industrial powerhouse, the state of North Rhine-Westphalia (NRW), began on May 31. There is strong opposition, especially among labor-related Social Democratic Party (SPD) members, but the opportunist SPD leadership is expected to opt for the Greens.

Hans-Olaf Henkel, president of Germany's Industry Association, in an interview May 26 with Germany's national picture daily *Bildzeitung*, warned that the Green program is "poison for the safety of jobs. I only hope that Bonn isn't running after the Greens and imposing a national energy tax on us."

"Jobs will be killed, because energy-intensive branches like steel or chemical would have to transfer entire production sites abroad," Henkel said, urging Germans to keep in mind that "being one of the biggest industrial and exporting nations, we must not strangle ourselves by eco-socialism." An SPD-Green political pact, Henkel warned, would mean "another Morgenthau Plan colored red-green, which would turn Germany into an agrarian state—as it was the plan of the then-finance minister of the U.S. against us after the war."

Rudolf Scharping, the national SPD chairman, responded in *Bildzeitung* on May 28 that he saw no basis for cooperation with the Greens, should their party program, especially their proposals for an energy tax and their obstructionism against army, police, and counterespionage remain unaltered. Scharping said he saw no common ground on a national level—but avoided a clear statement concerning NRW.

Encouraged by the increase of ecologist votes in the two state elections on May 14 (10% in NRW, 13% in Bremen), the Greens called for a drastic increase of gasoline prices to make car-driving unattractive. They proposed that a liter of gasoline which costs DM 1.65-1.70 now, shall cost DM 0.50 more this year, and another DM 0.30 each of the next 10 years. By 2004, the price of one liter of gasoline would be DM 5. One tank fillup would take 10% of an average monthly worker's income.

The gasoline tax is only one aspect of the overall national energy tax which the Greens envision, to be raised on all raw materials, machines, and products that are processed, produced, and consumed. The energy-intensive sectors of industry would be punished. Hoechst, the chemical-pharmaceutical giant, already announced its intent to stop all production of chlorine paraffins in Germany and produce abroad. This will affect about 6,000 jobs directly, and two or three times more in the supplier industry.