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News, Commentary and Documents on Current Events in Mexico and Latin America

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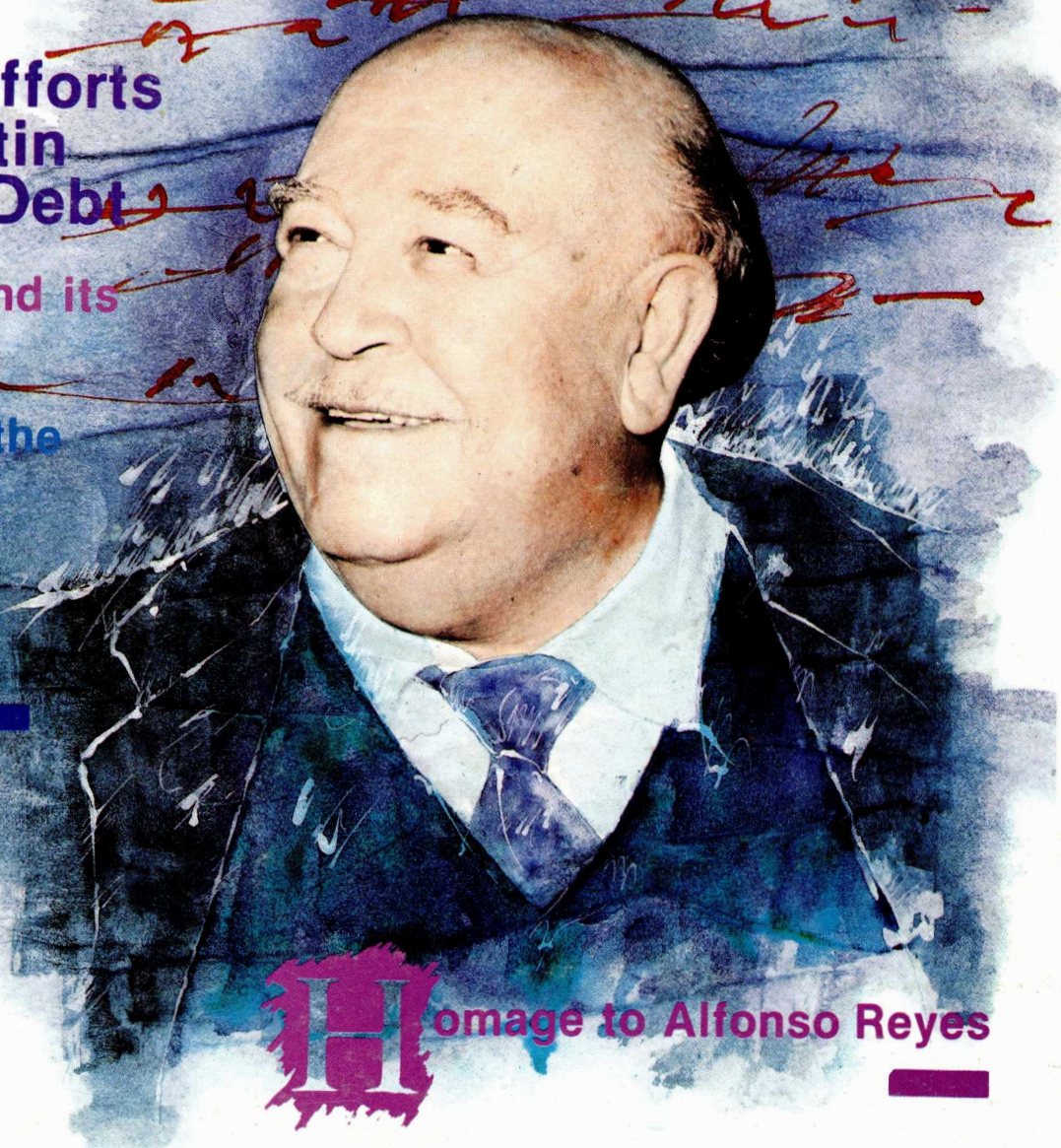
■ Mexico and its Creditors ■

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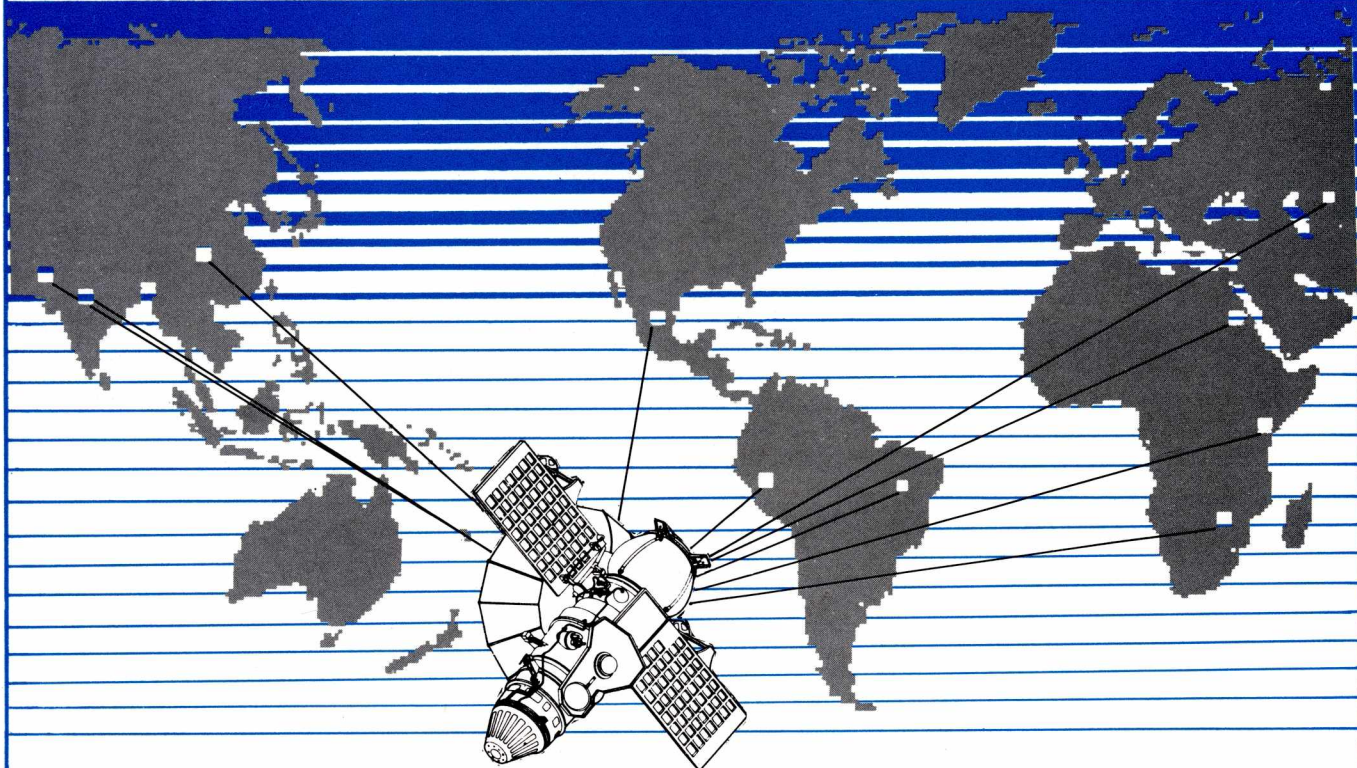
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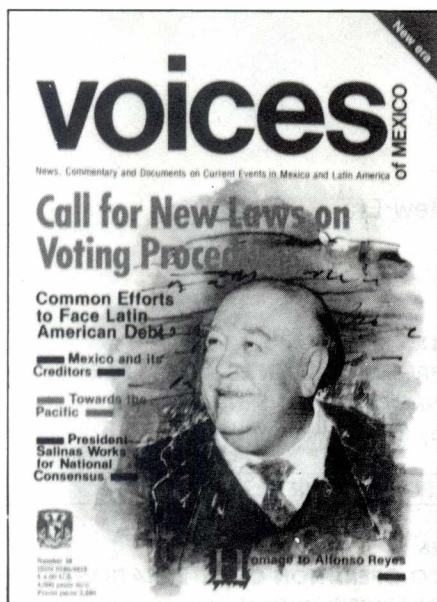
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THIS ISSUE

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Cover: Angel García Domínguez

Mexico and the rest of Latin America have achieved important levels of cultural and artistic expression with international recognition, but this intellectual growth contrasts with the region's economic, political and technological under-development, as Edgar Montiel points out in the homage to Alfonso Reyes presented in our cultural section. Without a doubt, the foreign debt has obstructed prosperity and threatens the right to development of Latin American countries. Ifigenia Martínez, Leopoldo Zea and Jesús Rangel have made serious analyses of this question, which is the main economic problem that Mexico has to resolve in the near future. Meanwhile, the debate on electoral reform, currently under way among political parties — which themselves are going through processes of change— reflects the need for a modernization of Mexican political life and for the satisfaction of popular demands for democracy. *Voices of Mexico* presents proposals on electoral reform made by representatives of the three political parties with most influence among Mexican voters. In addition, political analyst Rogelio Hernández offers us an over-view of the first few months of President Carlos Salinas de Gortari's government. *Voices* then presents thought provoking articles on Mexico's participation in the new commercial phenomenon known as the Pacific Basin project, which will surely determine the future of international relations in the 21st Century. With these and other themes, we are pleased to provide our readers with another issue of *Voices of Mexico*.

Mariclaire Acosta

EDITOR'S NOTE

Due to an unforgivable mistake, the name of the photographer of *Voices of Mexico's* (8-9) cover photo was omitted. The author is Mariana Yampolsky.

Federico Reyes Heróles

ELEVEN PROPOSALS FOR CLEAN ELECTIONS

President Salinas has promised that his government will carry out a reform of electoral processes. The first step in this direction has been the holding of a public debate since February 1 this year, presided over by the Federal Electoral Commission. This public forum has the task of modifying the structure of electoral procedures. The debate has allowed participants to express their political and ideological plurality. Voices of Mexico has chosen four of the collaborations which we reproduce here in representation of the political trends expressed in the debate.

Electoral conflicts have lost their traditional quality of an exclusively internal problem. Today they represent, for nation-states, a serious matter of strict sovereignty. A totally interrelated world transforms them into an open door for supranational interests and threats. They are useful as a pretext for slandering governments and facilitate new forms of interventionism under the cover of democratic intentions. In this context Mexico is no exception. We Mexicans should therefore resolve our serious electoral conflicts immediately. We should do so for conviction, in order to achieve superior forms of political coexistence, but above all we should do so because we are jeopardizing our national respect and dignity. Above and beyond particular interests, this unifying conviction, the defense of sovereignty, should make us cooperate. I come before this Commission convinced of this and with the hope that an authentic political willingness will make it possible to go as far as it is necessary to go to achieve just elections for the voter and for the organized political forces, and which will be an example to the world. Future generations will not forgive us if we act in any other way.

Political pluralism is a growing phenomenon in

all contemporary states. The organizational forms of industrialized societies and those in the process of industrialization with increasing urbanization and a growing service sector, all appear to accentuate pluralism. We face a challenge: to maintain the unity of action necessary to all states without confusing it with the unity of wills. I wish to put forth eleven measures which I think would help to contend with the demands of plurality which have been made manifest in our country.

Electoral Offenses

It is impossible to imagine respectful forms of political coexistence and confrontation if the impunity of electoral offenses is tolerated. This pertains to the penal domain and not to civil responsibility. The person who puts at risk the transmission of the sovereign mandate deserves the most severe social punishment. For this reason I propose a special chapter in the Penal Code of the Federal District, and the federal code concerning electoral offenses.

National Public Opinion Council

Mexico has fallen seriously behind as far as its culture of factual analysis is concerned. This has encouraged the appearance of architects of electoral fantasies. Some work for political parties; others

for the highest bidder. These architects invent polls that never existed. They use the names of academic institutions to endorse statistics that have no basis in fact. As Einstein said, numbers do not lie but how easy it is to lie with them. These impostors seek to confuse public opinion to back up fraudulent actions. Public opinion, in all its expressions, deserves respect. Opinion polls are an important auxiliary instrument for democracy. It is shameful that we seek to associate the names of prestigious foreign institutions with these polls in order to make Mexicans believe in the results of our own electoral processes. For these reasons I propose the creation of a National Public Opinion Council, an official institution, administered through the Legislature by the political parties on an equal basis. The Council will systematically make opinion surveys, keep a record of the firms and institutions dedicated to this type of work and in this way give an official and public character to this useful information.

We Mexicans should resolve our serious electoral conflicts immediately. We should do so for conviction, in order to achieve superior forms of political co-existence and above all because we are jeopardizing our national respect and dignity

If real electoral tendencies are known, the work of the corrupt architects of fantasies and of electoral delinquents will be made more difficult.

National System of Electoral Information

Public opinion demands the total credibility of electoral information: from the register of voters to the electoral results. The prolonged and intimate association between one party and the government and a strong Executive have lowered the credibility of the National Electoral Roll and its vital function. Therefore, I propose that said functions and the resources assigned to them be made the responsibility of the Legislature, of the Chamber of Deputies which, through a body formed by representatives of the political parties on an equal basis, should direct a National System of Electoral Information.

National State Publicity Council

The media are, increasingly, important protagonists in political processes and do not simply record them. Many media, especially newspapers, depend on publicity contracted by the Federal Government for their financial survival. In this way the government is, to some extent, their boss and it makes use of its power for partisan and even personal ends. This publicity can be classified as state publicity and governmental publicity. The former refers to state information, information necessary for Mexicans, paid for by Mexicans, that should be



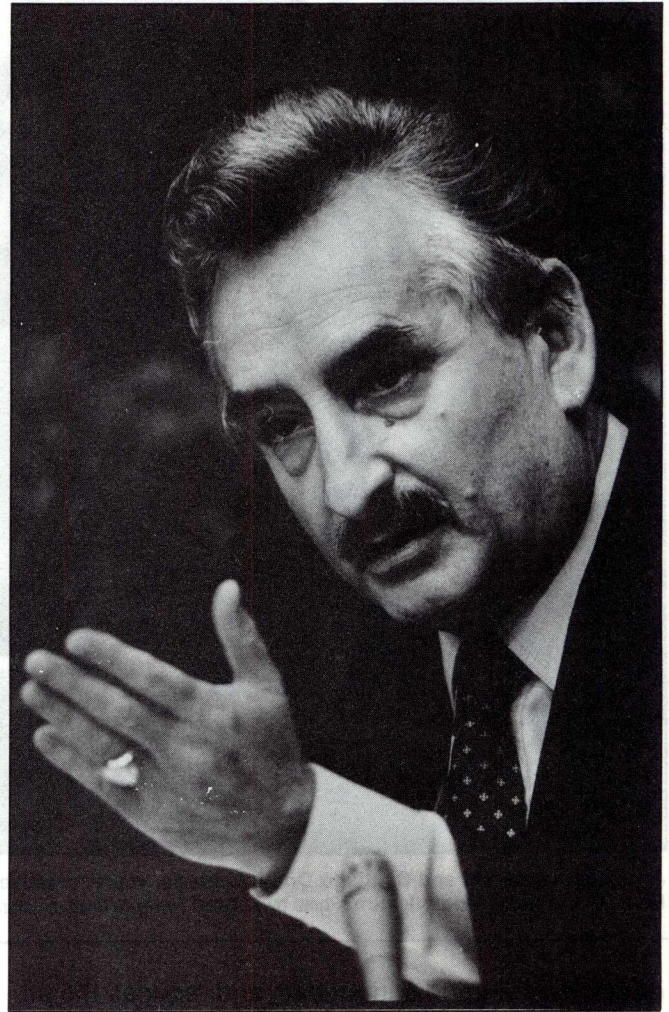
Meeting of the Federal Electoral Commission. Photo by Angeles Torrejón/Imagen Latina

It is impossible to imagine respectful forms of political co-existence and confrontation if electoral offenses are allowed to go unpunished

administered without political intentions or interests. Resources invested in the dissemination of information relative to education, health, transportation, housing, etc., should not be used to favor media which benefit a politician or to reduce the income of the critical media. This mechanism deforms the media, reaching the extreme where certain media with little popularity receive veritable subsidies through state publicity. On the other hand, and with very different and legitimate objectives, there is governmental publicity, that which an administration can use according to its interests. Confusion between the two benefits no one. So I propose the creation of a National State Publicity Council, designated by the Legislature, which will fairly administer the resources of state publicity. For the health of the Republic, the sympathies or aversions of politicians should not condition the survival of the media. By law, the circulation of newspapers and magazines, and their ratings, should be made public as in other countries (France, Germany, etc.). Thus, the real popularity of each media would indicate which have more impact, and therefore, which are best suited to transmit information and consequently to receive state support.

Electoral Tribunal

The principle of self-evaluation as conceived by the authors of the Constitution has reached its limits. The complexity and scope of the electoral debate has surpassed it. The General Constitution of the Republic does not contemplate the possibility that the integration of the Legislature cannot be realized, but in fact this is possible, it could occur. Such a situation, which for years many thought pertained to the area of legal fantasy, would lead to a rupture of constitutionality due to a loss of the continuity of one of the powers. The dispassionate revision of the wording and interpretation of articles 60 and 74-I of the constitution is imperative. Besides, the Mexican principle of self-evaluation is flawed, since the first guarantee of electoral transparency, the certification of majority, is granted by a body of the Federal Executive: the Federal Electoral Commission. Both doctrine and history teach that there are not many alternatives, either self-evaluation, by specialized tribunals, constitutional or electoral (Supreme Electoral Tribunal, Costa Rica; Electoral Tribunals-common law-Commonwealth; Constitutional Council, France; Constitutional Tribunal, Spain: to mention just a few examples). The argument offered by members of the judiciary to the effect that a specialized tribunal would break the indispensable division of powers or functions, is false. The Executive and the legislature —the Senate— intervene in the appointment of the Judi-



Fernando Gutiérrez Barrios, Interior Minister, presiding over the Federal Electoral Commission. Photo by Marco Antonio Cruz/Imagen Latina

ciary. The Legislature intervenes in the evaluation of the election of the Federal Executive. The Judiciary can therefore intervene in the integration of the Legislature. The country needs a Tribunal with full powers and with the characteristics of all judicial bodies (stability, professionalism, etc.), to resolve electoral conflicts. The Electoral Tribunal could, at the same time, take charge of the delicate activity of supervising political parties.

Senate with Proportional Representation

Election by majority and proportional representation are mechanisms with known defects, and advantages as well. Election by majority lessens the gap between voters and candidates, particularizes

An official organism should be created to study and report on real electoral tendencies. If these tendencies are known, the work of electoral delinquents will be made more difficult



José Luis Lamadrid and Santiago Oñate Laborde, representatives of the Institutional Revolutionary Party on the Federal Electoral Commission. Photo by Angeles Torrejón/Imagen Latina

demands, for good and for bad, and reduces the power of the party elite, but is unfair for the electoral loser. Proportional representation, as it is interpreted by K. Popper among others, separates candidates from the demands of the voter, concentrates the power of the party elite and not of the voter, and leads to what some specialists have called "the scrutiny of ideas", but is a fairer vehicle of representation for the entirety of the electorate. A serious under representation of the opposition exists in the Senate (50 percent of the votes and 94 percent of the representatives from one party). It is an unjust Senate. I propose, therefore, five senators per state elected through the principle of the greater remainder which favors small minorities as opposed to the mechanisms of higher average of Hondt or Hagenbach-Bischof which privilege large minorities. In this way the principle of representation of the states *vis à vis* the Federation would be maintained, and at the same time the electorate would be treated justly.

Electoral Guarantees at the Local Level

The Federal Electoral Commission is no longer an instance of logistical support as it was designed. It has become, in fact, a preamble in the process of evaluation and therefore of integration of the Federal Legislature. The same has occurred at the local level. These, the local commissions, are the authentic directors of the electoral processes. Being administrative instances, the norms that gov-

Public opinion demands the total credibility of electoral information: from the register of voters to the election results

ern them contain enormous variations. Contradictions between local and federal legislations appear with frequency. Ample discretion has permitted an abundance of arbitrary acts in the local processes. The political reform that has been undertaken will have to integrate into the General Constitution of the Republic the new principles of the electoral process and guarantee that local legislations abide by said principles.

Guarantee the Functions of the Federal Executive

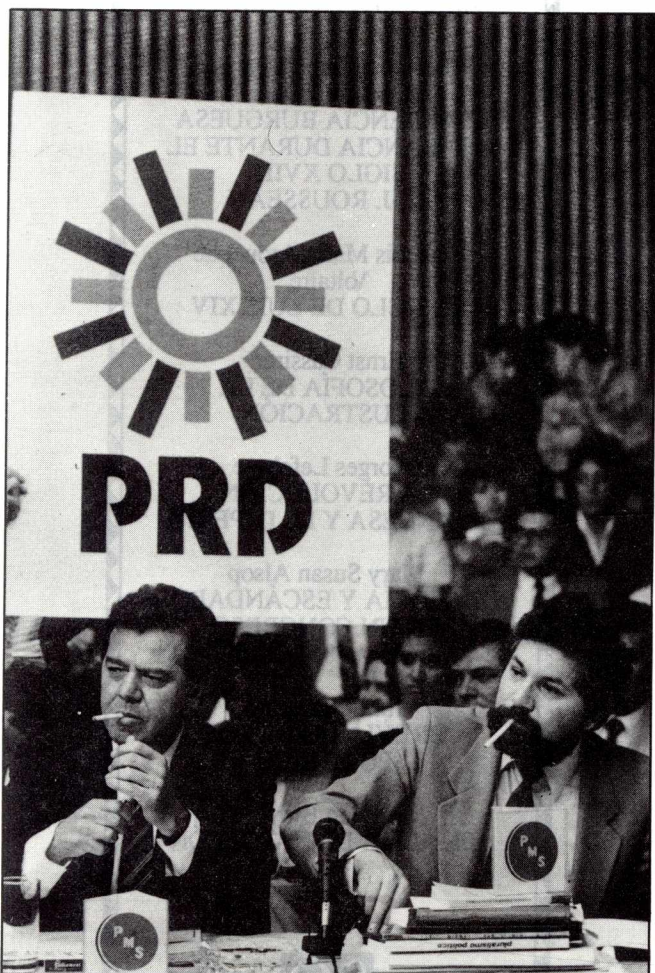
The current constitutional mechanisms have not been exposed to a reality of equilibrium of strength

I propose the creation of a National State Publicity Council, designated by the Legislature, which will fairly administer the resources of state publicity

in the Legislature. There are certain functions entrusted to the Federal Executive that, by their very nature, cannot be subject to an unending debate, in particular the budget. Within this process of political reform, without the inevitable passion of legislative debate, removed from the confrontation of political forces, it would be convenient to revise the condition of the Federal Executive with regard to the Legislature. Greater democracy supposes more debate, more counter-weights, not paralysis or blockades.

Restriction of Controlling Votes

One of the most painful and harmful contradictions of a democracy of legislative balances is the appearance of the so-called "controlling votes". The expression is used to refer to these tiny legislative minorities that, in situations of equilibrium, become determinant in the decision making of the Legislature. It would be convenient if the internal rules of the Chambers established certain restrictions which in fact would determine and establish votes of qualified majorities for certain discussions. It would be sad if the political wealth emerging in the



Porfirio Muñoz Ledo and Jorge Alcocer, during the discussion on the change of name from Mexican Socialist Party to that of the Democratic Revolution Party. Photo by Angeles Torrejón/Imagen Latina

The principle of self-evaluation as conceived by the authors of the Constitution has reached its limits. The country needs an Electoral Tribunal with the full powers and characteristics of all judicial bodies, to resolve electoral conflicts

Mexico of the turn of the century ended up serving, for example, the interests of a section of a union or some type of political boss.

Finally, and outside of the electoral sphere, a broad political reform could not exclude two areas of national life where political backwardness has created islands of antidemocracy.

Regulate Union Representation

If political parties, constitutionally defined as entities of public interest, the main organizations in charge of the sovereign expression of the people, are subject to regulation of their internal processes, there is no possible doctrinal explanation for the fact that labor organizations are exempt from this type of regulation. It is a question of a false guarantee for the worker. We have reached the absurdity, in a republic which has limited re-election at all levels of government, where life-long union representatives, who have nothing to do with the republican spirit, are tolerated. Regulating the union processes while respecting the authentic interests of workers would lead to a genuinely democratic life for millions of Mexicans.

Liberalize Entrepreneurial Representation

Lázaro Cárdenas had the vision to understand the importance of political protagonists for the state. Consequently he organized, through different channels, workers, farmers, middle sectors and entrepreneurs. Half a century later, with the emergence of an industrial and commercial growth impossible to foresee in the thirties, Mexico has to revive this spirit of Lázaro Cárdenas. Compulsory affiliation and the centralized organization of industrial and commercial chambers, have led to a defective entrepreneurial representation. The complexity of national development and the defense of specific interests, require the liberalization of entrepreneurial political representation. Revising the Law of the Industrial and Commercial Chambers seems essential.

With proportional representation in the Senate, the principle of representation of the States vis à vis the Federation would be maintained, and at the same time the electorate would be treated justly

It is true that the new stage Mexico is entering will require new legislation. But it will also require more political education



“Exaggerated weight of the majority party on the Federal Electoral Commission”. Photo by Marco A. Cruz/Imagen Latina

It is true that the new stage that Mexico confronts will require new legislation. And it will also require more political education. Mexico needs permanent programs of electoral education to enable citizens to understand with accuracy their rights and obligations, and to make their best choice and fully understand the meaning of their vote. Such an education would instigate a better and cleaner administration of the electoral process. An intense citizen education will be the best guarantee of a superior political coexistence and this, in turn, will be the best defense of the interests of national sovereignty. □

A 200 AÑOS DE LA REVOLUCIÓN FRANCESA

Edmund Burke
**TEXTOS POLÍTICOS
 REFLEXIONES SOBRE LA
 REVOLUCIÓN FRANCESA**

- Una exposición de aquellas ideas por las que Burke contendió con vigor en la arena política.
- La necesidad de los partidos en un régimen de libertad.
- El carácter imprescindible de la unidad de criterio en el gabinete.

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Léon Bloy
 EL ALMA DE NAPOLEÓN



Julio Faesler

CALL FOR NEW LAWS ON VOTING PROCEDURES

Our experience at the end of the 20th century makes obvious that no social-economic progress is solid if citizens are not guaranteed an effective participation in processes of decision making about events and conditions that affect their personal lives.

At a time when an intense crisis is forcing us to walk paths of solidarity previously unexplored, it is logical that we also search for means to make our political system advance towards the efficiency demanded by more intense national efforts.

This task includes the reform of the democratic system. This reform should be genuine, as it will fail if it lacks the profound conviction that the Nation can democratize itself and become authentically plural. A reform of the system made with the aim of installing oneself in power, perhaps for another 60 years, is not valid.

Electoral reform should be genuine, as it will fail if it lacks the profound conviction that the nation can democratize itself and become authentically plural

Current efforts made by the government to awaken the corresponsibility of the governed in resolving the problems of the crisis, can easily be explained, and furthermore, if the participation of citizens in decision making processes is not achieved, the economic structure could deteriorate even more, with greater chaotic growth of the already notorious "underground" or "informal" economic sector. Besides, if legitimate and orderly political channels are not strengthened, growing anxieties will lead us to another dark world, also sub-

terranean, in the political sphere. Mexico cannot permit that it be left behind the rest of the world in the new stages of community living and sharing. The steps that we take in the immediate future will determine the possibilities of finding our place in the concert of nations and contributing to universal well being.

The Constitution should Guarantee Respect for the Vote

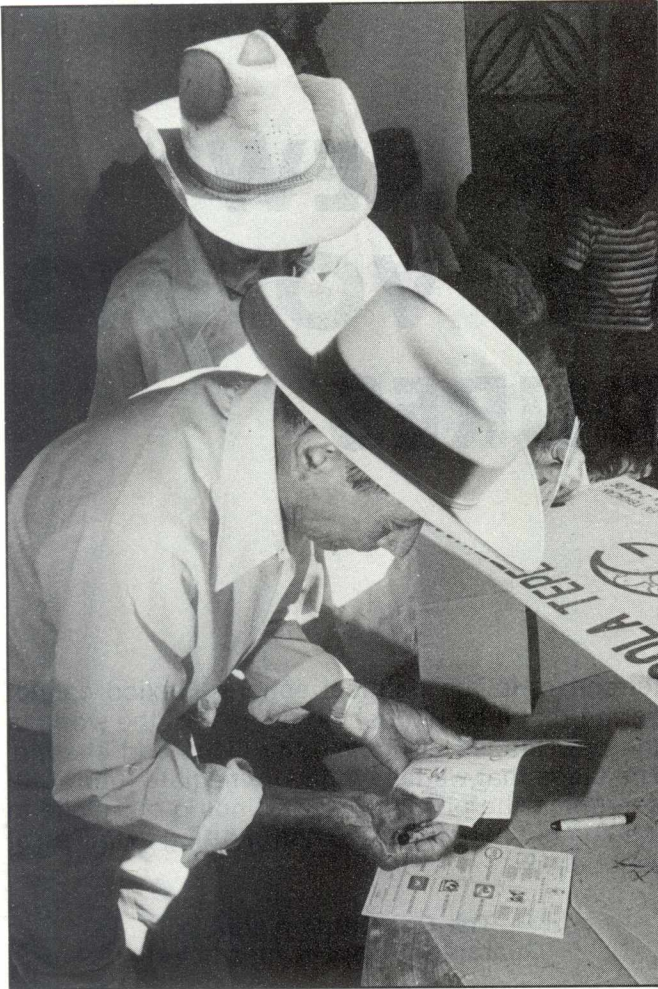
The Universal Declaration of Human Rights specifies that the will of the people should be expressed through authentic and free elections. If the citizen finds his effective participation in national affairs blocked, this will provoke his divorce from the government. Thus it is of maximum interest and urgency that Mexico begin its political advance with a firm and clear Constitutional declaration which protects citizens' political rights, and which, leaving behind antiquated and fraudulent practices, protects and guarantees the efficacy of the suffrage, and defends it against anything and everything that obstructs free exercise of the vote.

Thus, in Chapter 1 of the Constitution, which refers to individual rights and guarantees, a paragraph should be inserted to establish that every citizen has the right to participate on equal terms in electoral processes without interferences, pressures or coercion of any kind which might intervene in his or her free, personal and secret voting.

The same Article would also establish the following citizens' rights: to be informed in an impartial and objective way about national problems, and about the programs and ideas proposed by the various registered political parties to resolve these problems; to have access to an electoral roll without alterations, and to a prompt and reliable computation of electoral results, as well as the right to be protected promptly and efficiently against any violation of these guarantees.

According to this Constitutional guarantee, anybody who is victim of actions which affect his or

Director of the Mexican Foreign Commerce Institute.



Elections in the state of Tabasco. Photo by Marco A. Cruz/Imagen Latina

her right to vote, could demand the immediate intervention of relevant government officials (Article 292 of the Federal Electoral Code), who should act to terminate the interference or obstruction immediately.

Electoral crimes and infractions of the electoral law, should be severely punished.

Freedom of Information and Political Propaganda

In the field of political information and propaganda, sanctions should be applied to those who, during election campaigns, refuse to operate their radio or television stations according to the principle of equal time for all parties, as the Federal Electoral Commission dictates. These refusals mean that the electoral public is kept in ignorance about the positions of different political parties, or —what is even worse— the media may constantly belittle and misinform about those parties in opposition to the interests of the owners of these media. Those in control of the mass media are principally responsible for the apparatus of official conditioning which aims to consolidate or create in the electorate the conviction that the only respectable options and candidates are those of the government party.

In view of these conditions, the new Electoral Code should consider the following situations:

Mexico needs a clear, firm Constitutional declaration which protects the political rights of citizens

- The refusal of a radio or television station to transmit messages for any candidate or party during electoral processes;
- The charging of fees for political messages in the press, radio or TV at higher rates than those charged for commercial spots;
- Announcements of political opinions of media owners during news bulletins or other programs of general interest without a clear warning to the public that this is an editorial opinion and not an informative bulletin;
- Disrespect for the dictates of the Federal Electoral Commission (CFE) about times, frequency and schedules of political messages during election campaigns;
- Destruction of political propaganda of opposing parties.

With respect to the misuse of official funds, there is even more to be done. Public officials should be subjected to political processes for the commission or omission of acts which damage “fundamental public interests”.

The Federal Law on the Responsibility of Public Servants, which in reality is ineffective, establishes that attacks on the freedom of the vote constitute a damage to fundamental public interests. But this kind of attack occurs constantly when public servants, acting in favor of the government party, commit an abuse or an undue exercise of their power, or use funds designated to their job for political purposes.

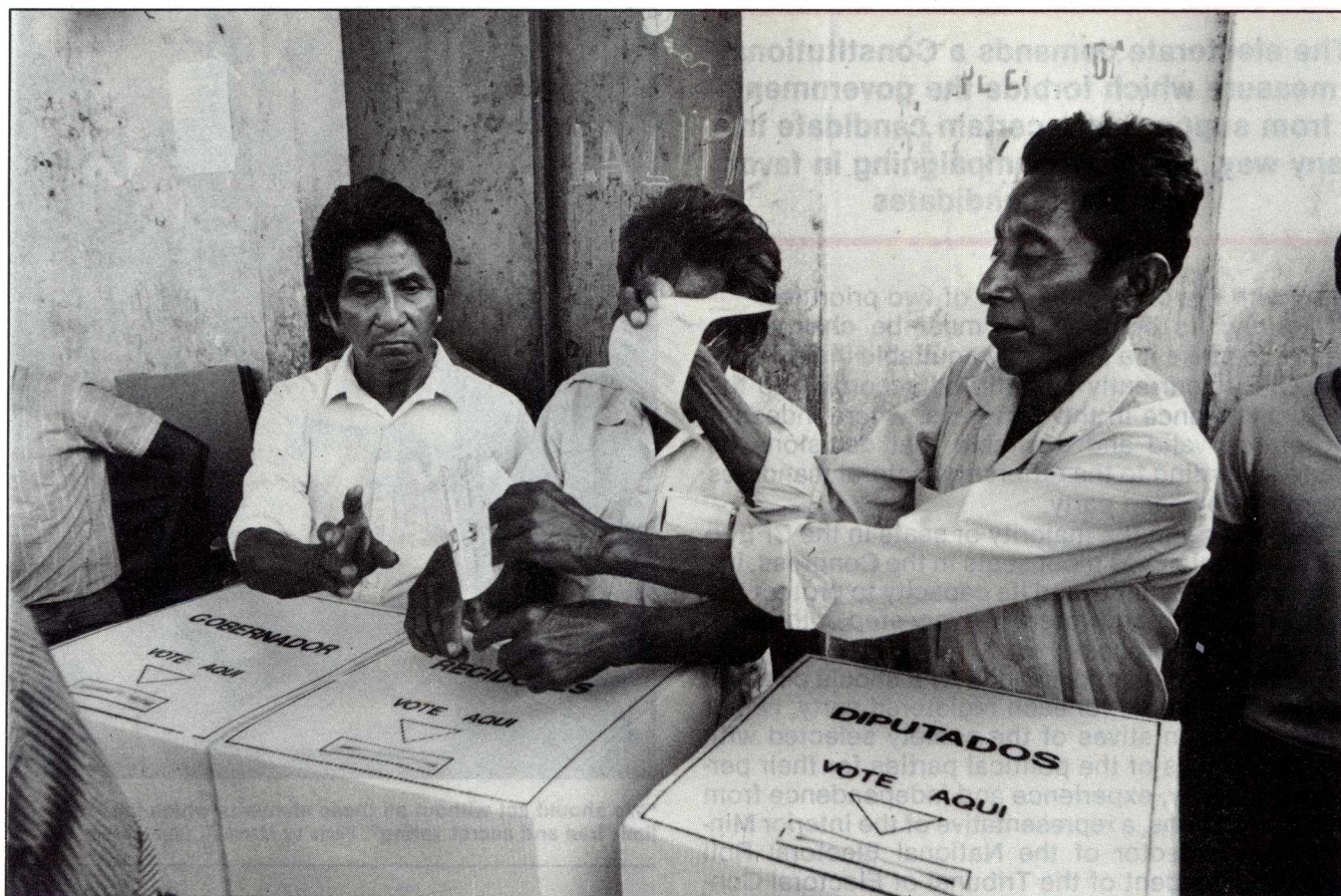
A public servant also violates the said law when he authorizes absences from work or the formation of commissions of subordinates so that these can take part in political acts organized by the governing party. During the electoral process of 1988, for example, tens of thousands of teachers, as well as other public servants, were named “promoters of the vote”. The PRI, which has hardly a thousand civil servants in its ranks, grows astronomically during presidential campaigns, thanks to abundant groups of “commissioned” persons provided by State ministries and by public companies.

The CFE should be on the alert to call on the corresponding authorities to investigate and take other actions to discipline public offices where offenses of this kind take place.

Equal Treatment for All Parties

However this vigilance is not sufficient for the purposes of supporting the new stage of consciousness and political action that we wish to inaugurate. The electorate now demands a Constitutional measure which forbids the government from supporting a certain party in any way, and from campaigning in favor of certain candidates.

The new Electoral Code would include defin-



"The starting point should be respect for citizens' political rights". Photo by Marco A. Cruz/Imagen Latina

itions of the following electoral offenses:

- Use of government funds and materials, public offices and public companies, for activities of any kind aimed at favoring campaigns of candidates or parties; and
- The active participation of public employees in political activities during work hours.

The distorted ubiquity of the government which infests the national electoral atmosphere has to be eradicated. This matter just in itself holds the key to the success that we hope to have in the reform of our electoral system. A political reform without this element —which merits the category of a Constitutional amendment— would not be possible.

Now it is imperative to make adjustments to the party now known as "official", reducing it to the condition of a party on a normal scale which has to confront its opponents without privileges.

Only in this way can we overcome the category of a Nation only partially democratic and even authoritarian, as we are classified on an international level. Only in this way will we achieve credibility in our

Every citizen has the right to participate on equal terms in electoral processes without interferences, pressures or coercion of any kind

Sanctions should be applied to those radio and television stations which do not respect the Federal Electoral Commission principle of equal time for all parties

democratic processes. Only in this way will Mexico take authentic steps towards modernity.

Equilibrium in the Federal Electoral Commission

The State is responsible for the preparation, realization and vigilance of electoral processes. This task implies a compulsory and obsessive respect for the principles of impartiality and equilibrium so as to protect the interests of a varied spectrum of political positions and ideologies, each of which are equally valid and respectable in the democratic paradigm.

This is why the composition of the CFE has to be re-structured. The exaggerated weight which the Law grants to the majority party is incompatible with the mission of the CFE, which needs to be a strong institution which embraces the aims of democracy, translating these into the many concrete decisions demanded in the political operation. The CFE exists to defend equality of opportunity in citizens' access to the exercise of public power.

—The CFE must be urgently modified for its central

The electorate demands a Constitutional measure which forbids the government from supporting a certain candidate in any way, and from campaigning in favor of certain candidates

task, with the clear definition of two priorities:
 — Firstly, its composition must be changed in depth, to make it a politically equitable instrument. The CFE is currently constituted according to the political balance in the Congress, where indeed it is correct, valid and desirable that decisions be made according to the different electoral mandates exercised by each party.

But, to assign the majority of seats in the CFE to the party which has most seats in the Congress, impedes its impartiality and its capacity to protect the rights of parties and voters in every step of the intricate electoral process.

For impartial functioning, the CFE should be made up of one member for each registered party, two or three representatives of the society selected with the consensus of the political parties for their personal integrity, experience and independence from party affiliations, a representative of the Interior Ministry, the Director of the National Electoral Roll and the President of the Tribunal of Electoral Contention. The President and the Technical Secretary of the Commission will be elected by the Commission's members.

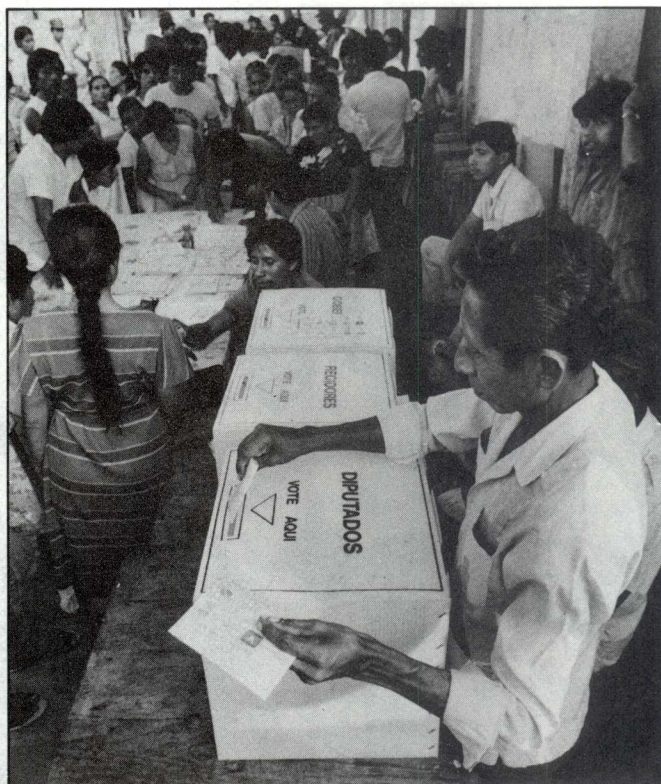
— Secondly, the Commission must be economically independent, with its own budget approved by the Chamber of Deputies. In this way its autonomy will be real, and it will stop depending on the Interior Ministry for all elements of its work.

The functions of the CFE include the naming of the Director of the National Electoral Roll and the presidents and secretaries of local commissions and district committees. It should also watch over the use which parties make of their incomes, be these private or public, thus assuring that the parties give accounts to citizens about their use of funds.

The decisions of the CFE about who earns the majority of votes in any district should be final. Currently the CFE decision is passed on to the Congress, where it is debated in each of the Chambers to confirm the number of seats won by each party.

This very particular system of self-calification by the legislature must end, so that the CFE makes its decisions without manipulations or struggles where the party with most weight imposes its option. In cases of disagreement with any resolution,

The composition of the Federal Electoral Commission must be modified, to make it a politically equitable instrument



“We should act without all those elements which impede or limit free and secret voting”. Photo by Marco A. Cruz/Imagen Latina

the Tribunal of Electoral Contention will pronounce the last word, which cannot be challenged.

It was this very Tribunal which saw its functions limited during the 1988 electoral period. The main element which frustrated its efficacy was the requisite of formal public proofs demanded in cases where electoral results were challenged. The majority of incidents which occur during an electoral process cannot be sufficiently appreciated through such rigid mechanisms. The fact that citizens had to produce public documental evidence to back up a complaint was sad, ironical or perhaps even perverse. Our Code of Civil Procedures lists other kinds of proofs which should also be admitted, such as testimonies, confessions and photographs.

Confidence in Mexico is at Stake

Finally, we will look at the lessons learned from the 1988 electoral process.

Everything indicates that in the future the Presidents of Mexico will not win an absolute majority in the elections. The Mexican electorate is heading towards a democracy with a diversity of political parties: the two-party system which has so worried the official party has disappeared as a real possibility.

Given these circumstances, it would be a good idea to establish a second round of elections, to be held at a pre-determined date shortly after the first round, so that citizens have the possibility of expressing their definitive preference between the two candidates who won most votes in the first round.



Protest against the Tabasco election results. Photo by Marco A. Cruz/Imagen Latina

Giving the President of the Republic a clear majority will enable him or her to develop a more effective relationship with the Congress, which in its turn will be increasingly more diverse. This system should induce the President to create a more convenient plurality in his Cabinet.

Summarizing the proposed reforms:

a) To the Constitution:

— Include Constitutional individual guarantees to participate in electoral processes through the issue of a free, personal and secret vote.

— Extend Constitutional protection against all interference, pressures or coercion which impede or weaken the effectivity of the electoral suffrage.

— Prohibit the government from participating or favoring by any means any determined candidate or party.

— Establish the system of a second round of elections for President.

b) To the Federal Electoral Code:

— Establishment of a process to provoke the effective intervention of public officials to end immediately any act or omission which interferes in the free issue of a free, secret and personal vote.

— Acceptance of other proofs, apart from public documents, to substantiate complaints about the electoral process.

— The definition of new electoral crimes with respect to the communication media and to the use of public resources to the detriment of freedom in voting.

— Modification of the actual composition of the CFE and additions to its powers.

Today elections are being prepared in various states of the Republic, and denunciations have already begun to be made about irregularities and interferences which obstruct the free exercise of the right to vote.

The Mexican electorate is heading towards a democracy with a diversity of political parties

The electoral reform can wait no longer. It should not be superficial, nor should it be treated by the authorities as a simple procedure to simulate the fulfillment of promises made on December 1 (when President Salinas de Gortari took office).

The fundamental reform of objectives and of certain dispositions of the Federal Legislation should serve as an example which inspires in each of the State Legislatures similar modernizing actions. The session of Congress due to be held in the middle of this year to discuss this matter should not be put off. Electoral reform is being demanded by Mexican citizens.

Confidence in Mexico is at stake. □

Fernando Gómez Mont

RELIABLE ELECTORAL ROLL

The National Action Party is doing all it can to achieve new legislation which recognizes the political rights of Mexicans clearly and precisely, as well as the way these rights can be exercised and mechanisms to guarantee them. Given that to every right there is a corresponding obligation, we also emphasize that this legislation should define with clarity and precision, electoral obligations which should be fulfilled by citizens, parties, communication media, associations in general and by the government. The legislation should also define mechanisms which guarantee the fulfillment of obligations and sanctions for those who fail to observe them.

We repeat that it is clear that a good law is naturally followed by obedience; this involves a political will, mainly from the part of the government, which has not existed up to the present. What the states of the Mexican Republic currently experiment in the field of local laws and practices, does not coincide with the explicit purposes of the Federal government.

The starting point should be respect for citizens' political rights by the government and by contending parties and candidates

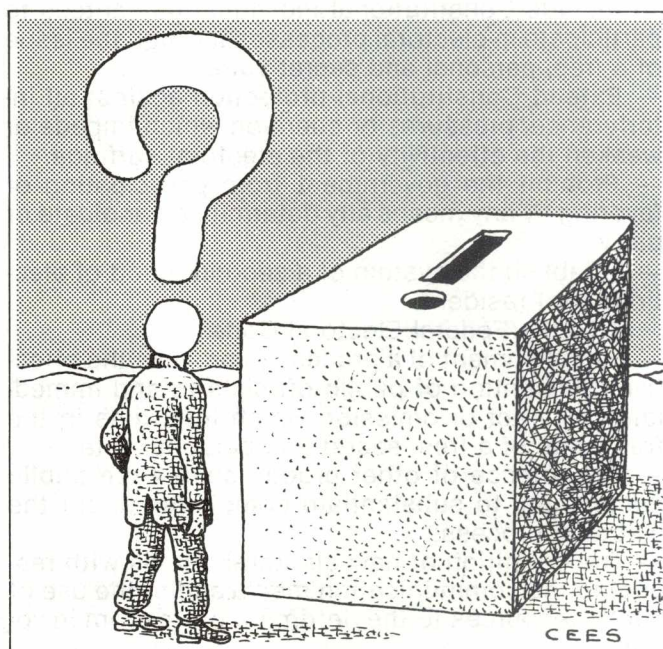
Following the lucid synthesis presented by our colleague Julio Faesler, we state that the starting point should be respect for citizens' political rights by the government and by contending parties and candidates. This means that we want to combat with equal force those who in their actions resist all change, although they apparently ask for change

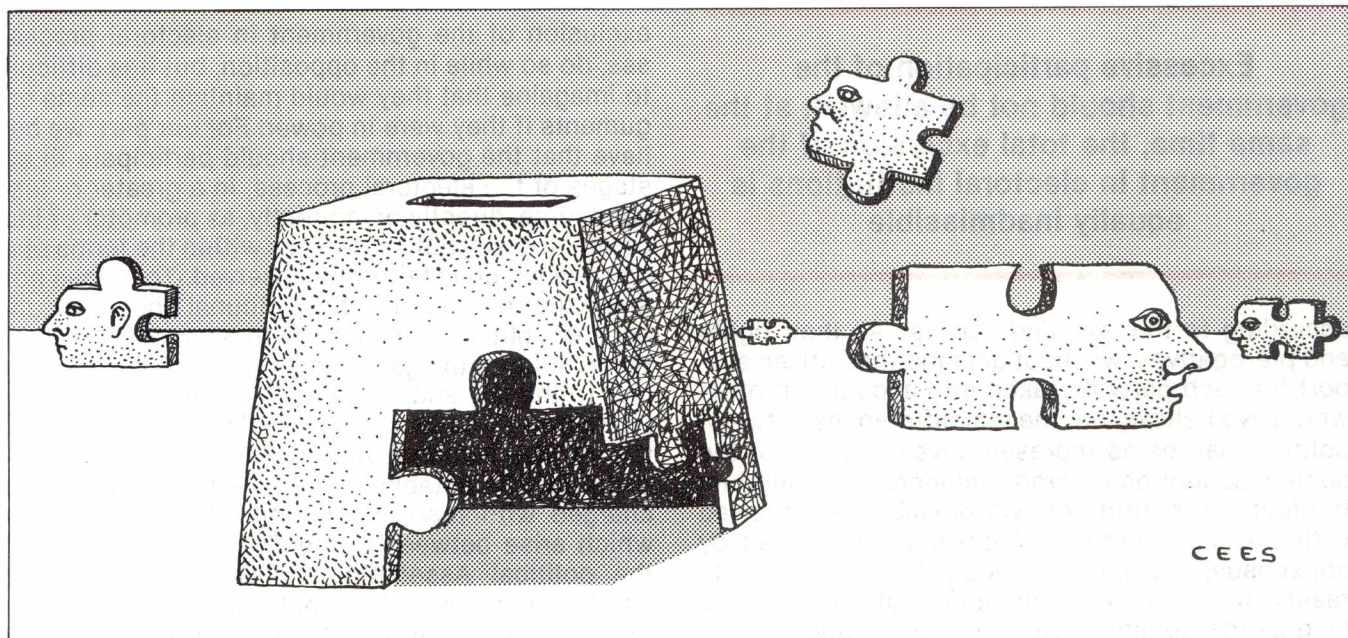
Member of the National Action Party (PAN).

Every citizen needs to be duly and opportunely informed about national problems, and about possible solutions proposed by candidates and parties

with words, as well as those who, acting with immoral pragmatism, only see opportunities which might involve advantages. We are searching for agreements which will bring us democratic advances, which will be positive for the society and for all political parties.

According to the law, all citizens are equal, and thus we should act politically in terms of real equality, without threats, pressures or falsehoods which impede or limit the free and secret issue of the vote.





A Permanent Identification Card should be introduced

We reiterate that an indispensable requisite in a real political reform is that every citizen be duly and opportunely informed about national problems, and about possible solutions proposed by candidates and parties. The mass media should not be under the absolute control of the government (be this control obvious or disguised), stating half truths and total lies and obstructing political and cultural communication among Mexicans. The law should provide, with real equity and justice at all times and especially during election campaigns, sufficient space for parties and candidates in the mass media, with rights to response and defence. The same law should demand clarity in the use made of the media by the government and its agencies, with a clear distinction between news and information and editorial opinion. The news should be objective, while opinion is by definition, subjective. Public opinion should be formed with respect for these principles.

One basic point for us is the creation of the Permanent Identification Card, with the photo and signature (perhaps thumb print) of each citizen. This document would have various legal uses, especially in voting; it should be made with the most modern materials and techniques available so that it be durable, impossible to falsify and usable in computers, thus facilitating its use in all kinds of bureaucratic processes and in mechanisms established for checking electoral results.

National Citizens Register

Another basic point in the reform is a National Citizens Register, with the characteristics already proposed in detail by my party and other organizations

and citizens. This Register should include all those —and only those— with the right to vote, and the dead should be allowed to rest in peace. We consider that if political parties and the government do not make a really serious effort to take advantage of modern techniques, we will not advance significantly in the electoral field. While it is true that pencils, erasers and carbon paper are not in themselves instruments of fraud, such primitive elements, in a country with a population and geography like ours, facilitate the dirty work of tricksters. We will lose nothing if we take this aspect seriously, and make provisions in electoral law for all kinds of real and modern advancement.

Referring to electoral institutions, discussion has revolved around the idea that excessive participation of the government should not be allowed; at the same time, the total exclusion of the government in these bodies is equally inadmissible. This first instance is essentially anti-democratic, while the second, apart from being an illusion, is irresponsible. The first produces an unjust disequilibrium; while the second nullifies the government as a promoter of the common good in a vital area: that of democracy. We have to look for adjustments, equilibriums and counter-weights so that government agents participate within clear legal margins, without favoritisms for any candidate or party, so that no party is favored by a law which allows it to decide for itself and by itself on any situation without taking into account the vote of other participants; furthermore, as all parties are equal

If political parties and the government do not make a really serious effort to take advantage of modern techniques, we will not advance significantly in the electoral field

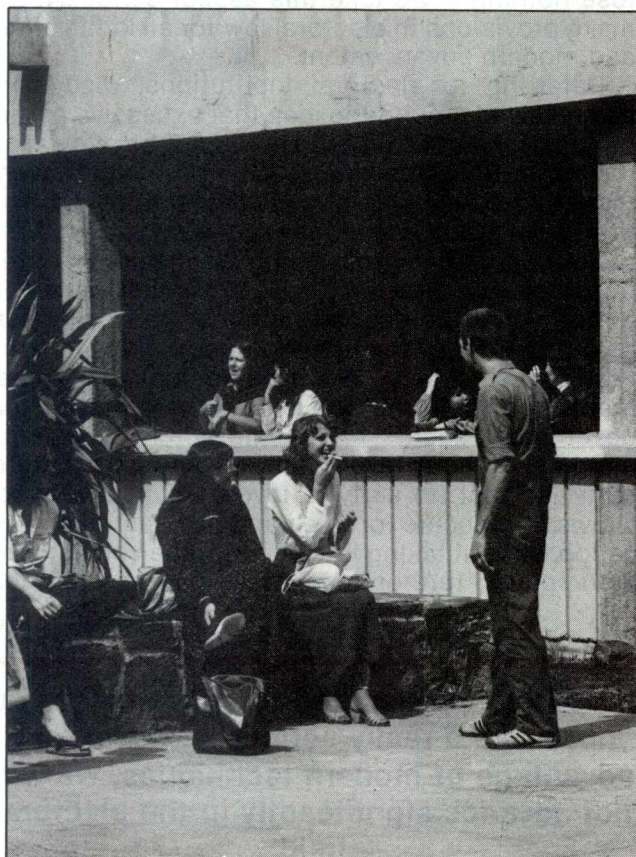
Excessive participation of the government should not be allowed; at the same time, the total exclusion of the government in electoral institutions is equally inadmissible

according to the law, and can use all their rights and prerogatives, we must demand that citizen support for each party be taken into account; in other words, we believe that the real differences between political parties as representatives of parts of the society cannot be ignored. Democratic equilibrium in electoral institutions will possibly be achieved with the incorporation of citizens designated by consensus, as recommended by the concrete reality. In this way the monopoly of decision making by the dominant group will be avoided.

In these and other related matters, it is interesting to note that those who most fight for more

exclusion of the government in electoral processes, do so while in the opposition, but it is difficult to imagine that they would maintain the same arguments if they were in power. For our part, we believe that the government should participate in all stages of the electoral process, in a greater or lesser degree, directly or indirectly, as promoter of the common good, but in all cases within the terms of a just law which is faithfully observed. This does not mean that the judge or final tribunal should be under the political decision of governmental institutions, but that the government itself should be subject to the law and respect the decisions made by the relevant tribunals. Speaking in terms of political theory, the National Action Party will fight decidedly for the establishment of electoral tribunals charged with resolving definitively controversies which arise between conflicting parts, instead of the political Assemblies which in one way or another are made up by people who are at the same time judges and participants in their own cause, although they try to justify themselves with sophisms. □

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UNIVERSIDAD NACIONAL AUTÓNOMA DE MÉXICO

Antonio Tenorio Adame

RESPECT FOR CITIZENS' WILL

In the course of this debate on electoral reform, it is now time to discuss electoral disputes. This field can essentially be reduced to an examination of those bodies responsible for determining the validity of elections.

On this occasion we consider it appropriate to discuss certain fundamental principles which regulate the electoral process, as well as the process itself, that is, from the formation and installation of each voting booth, the local and state committees, the Federal Electoral Commission, the electoral tribunals, to the body responsible for the final and definitive qualification of the elections, the Congress.

About the Qualification of Elections

When we talk about the qualification of elections, we are talking about a complete process, nothing simple, nothing easy. According to our point of view, this process, we repeat, begins in the formation and installation of each of the directive committees in charge of voting booths. We are of this opinion for historical reasons, for example, the legislation issued by the Spanish courts of 1810-1812, gave really transcendental definitive powers to the local electoral base to qualify the electoral process held there, including the examination of eligibility to vote, and resolution of doubts and complaints to determine whether electoral crimes, such as bribery and corruption, had been committed.

The legislation of the Courts of Cádiz established a system of indirect elections, and had some serious limits on the suffrage. However, here we want to emphasize that the powers given to the local committees, were also assumed by District and provincial committees, and the process was finalized with the intervention and the definitive qualification of the elections by the Courts.

The local committees known as Juntas, were made up by neighbors and residents in any given district, and were presided over by the political head or Mayor of the city. Decisions were made according to the majority of votes. They had the power to resolve, with further appeals being permitted, complaints about bribery and corruption, and could also impose the corresponding political sanction, for example, quitting them the right to vote or to be voted to a political position, although these Juntas did not have the power to impose a penal sentence for electoral offenses.

The last decision making body in this system were the Courts or the Congress, made up by the presumably elected deputies, who worked in commissions to examine the papers relating to each deputy and then issued the respective qualification. This decision was final and no appeals were permitted once the Congress declared the deputies formally elected.

The electoral legislation which regulates all the stages involving electoral disputes, at present confronts a very serious problem, that of a massive and generalized electoral fraud. The challenge for us is how to avoid this

This legislation from Cádiz, in spite of its imperfections, was a big and important step in the path towards democracy. It was taken as the base for electoral legislation made in Mexico in 1823-24, although only with respect to the election of deputies, not for that of senators, nor of the president of the federation, nor of the magistrates of the federal justice system (Supreme Court of Justice). These were elected by state legislatures, in the first phase, and by the Chamber of Deputies with one



Cuauhtémoc Cárdenas in the demonstration in favor of the registration of the new Democratic Revolution Party. Photo by Angeles Torrejón/Imagen Latina

vote for each state (independently of how many deputies were accredited).

As time passed, this legislation was modified; passing through a period of federalist romanticism, the direct election of Presidents of the Republic and of Senators by popular vote was admitted. In the case of Judges unfortunately there was a return to the almost royal procedures of nominations. One aspect which has remained constant, without any change, is the final and definitive qualification by the Chambers of the election of each of its members, as well as the decision by the Chamber of Deputies on the election of the President.

In the past elections of July, serious problems arose which led us to present a ridiculous demand to the Supreme Court, and we also resorted to the no less ridiculous Electoral Tribunals which were rejected at the very moment in which they began operating.

If this were not enough, the recourse of investigation, entrusted to the Supreme Court, also failed, because the Court, unfortunately, refused to act upon a demand presented by a man who re-

ceived at least six million votes during the past elections. Due to this, the Court has lost all respectability, at least in electoral matters: to put it simply, it could not, nor can it be impartial, because its economic and moral dependence on the Federal Executive does not permit such impartiality.

The electoral legislation which regulates all the stages involving electoral disputes, at present confronts a very serious problem, that of a massive and generalized electoral fraud, and the challenge for us is how to avoid this. That's why we ask ourselves: must we ask for a change in the legislation which regulates the processes which judge the validity of elections? We have already tried out various formulas: is it a good idea to try out new ones?

The answer is of course, yes. We must demand that the existing legislation be changed. At the end of this discourse I will dare to suggest the introduction of new formulas for determining the validity of elections, but I would like to make one point clear at this stage: in no way do I believe that the electoral fraud is caused by imperfections or deficiencies in the current legislation, or that the existing qualifying bodies (voting booth committees, Tribunals, Congress and the Supreme Court) are in themselves bad. No.

Like it or not, the electoral fraud is caused by persons, and by the political behaviour of authorities towards persons who are involved in the said process.

That is to say, the Tribunals failed in their work

Electoral fraud is not caused by defects in the current legislation, rather, it is due to the political behaviour of individuals

The Senate has never been, more than the Chamber of Deputies, genuine representative of the federal interest. In any case, both trample on the federal pact when they act in the shadow of the official party

because their members failed and acted partially, the Court also failed because of its members, who lacked —and here I do not wish to offend anybody— a real consciousness of their public and historic responsibilities; the Congress failed because the dominating group prostituted itself and imposed its majority over the evidence of electoral packages which they refused to open, either stubbornly or “wisely”. The system failed because the persons who constitute it, failed. The very Interior Minister of that time still has a formal accusation against him in the Attorney General’s Department, which is sure to do nothing, because its members also fail in their duties.

About Principles

The electoral fraud which is the problem of our times, is not due to the legal structure, although it is necessary to make suggestions for its improvement, to incorporate advantages which can be appreciated in the legislations of European nations, for example, or in the neighboring countries of Latin America. But this will be of no use at all, because the problem is generated by individuals, and consists of the unsatisfactory political education and illegal conduct which prevails and which is allowed to go unpunished.

In other words, the problem is not one of legal structure or of mere electoral and juridical techniques, but one of failure of the principles which regulate not only electoral processes which are the most sacred part of democracy, but which also govern social coexistence. This failure affects the most elemental part of the principle of legality: it tramples on this principle, damages it, with the absolute complacency and support of officialdom.

This situation is truly serious because it places us in the barbarity of prepotent and arbitrary abuse. This is not modernity, it is definitely not democracy, nor is it work in service of the nation, rather, it is use and abuse of the nation and of its people.

I repeat: the dominant party shamelessly and openly orders its members to break the rules in the electoral processes.

This is why the people have lost confidence. Their loss of confidence is total and complete, because of the lack of respect for legal behaviour, and for the excellence and distinction of moral behaviour —two requirements without which, authority loses its authority.

As we have seen, repeated illegal practices have now deeply affected the very spheres of morality. But the principles of morality and legality are not the only ones that have been betrayed.

With this customary form of proceeding immorally and illegally, other principles have also been affected —principles which are fundamental pillars of our republican and democratic institutions. I refer to the principles of the so-called division of powers and to that of federalism.

It is better that we recognize that, of the division of powers, only the formalities remain, without real and effective content. The counter-weights established to guarantee legal order, the rights and freedoms of persons, established above all as an integral part of the division of powers, do not exist.

In this power game, what part does the Congress play? It is bad to say this, but it is no worse to recognize it: it plays a subordinate part. To prove this, one just has to examine the behaviour of the Congress, as a body encharged with the final decision on the validity of elections, in its judgement on the elections of past July 6: the fraud committed in those elections is now a memorable event, written indelibly in the pages of Mexico’s history. Or one can examine its role with respect to the foreign debt: the Congress has supported the payments made by the Federal Executive although the formal approval of the Congress has not been granted and thus the payments lack full legality, because they violate the eighth item of the 73rd Constitutional article.

When has the Congress of the Union insisted on the due carrying out of responsibilities by state officials? Their errors and mistakes are obvious, they have sunken the country in the greatest economic crisis the nation has ever known. This is even recognized in the past government’s National Development Plan. When has the official majority in the Congress ever abandoned its subordination to the slogans of the Executive? There is a widespread opinion that our system does not correspond exactly to a parliamentary regime.

As for the legal system, lawyers know that tricks and contradictions exist everyday in the courts especially when the interests of workers and peasants are at stake. Many of these corrupt actions are motivated by hunger, hunger imposed by the said Executive with its miserable wages which condemn workers to economic dependence.

Finally, the Senate is said to be an excellent form of representing federal interests, and thus is not subject to reforms on the numbers of individuals who compose it: two for each state. But really, deep down, this is nothing but a hoax, a mere pretext which facilitates the conservation of the absolute domination of the official party in the Senate. Let us examine this further.

Given that we usually celebrate the 1824 Constitution, precisely so as to demonstrate federalist

Structural changes are needed so as to put a legal brake on fraudulent actions which are currently allowed to go unpunished.

love and devotion, why don't we recall some of the federalist principles outlined in that Constitution? For example, the number of Senators was established with reference to the proportion these would have with the number of Deputies —not very high because at that time the population was small; why do we forget that the Chamber of Deputies was assigned the most federalist functions of all? These included the election of the President and vice-president of the Republic, and of the Supreme Court judges. Furthermore the Chamber voted by states, that is, with one vote per state, justly representing the federal interest.

The Senate has never been, more than the Chamber of Deputies, genuine representative of the said federal interest. In any case, both trample on the federal Pact when they act in the shadow of the official party. This party permits, without objections, that the federal Executive nominates people to all the public posts which should be determined by elections in the states and at the federal level, even though this practice goes against the internal rules of the said party, and of course, it is against the interests of the masses whose vote was denied them in the past federal elections.

Thus it can be seen that through all these kinds of illegal actions, consequence of all those immoral and illegal practices, fundamental principles of the social coexistence are now directly and gravely affected, such as the principle of legality, such as the principles inherent to the equilibrium of public

powers —and without this equilibrium the guarantees of the so-called state of law are lost— such as the principles of democratic life, putting the public peace at risk. Besides, opportunities for economic growth with social well-being have been lost, affecting the standard of living of all Mexicans, making this recede by a decade.

Reforms Proposed

Structural changes are needed, not because the existing legal structure in itself is bad, but mainly because changes should be made so as to try and put a legal brake on fraudulent actions which are currently allowed to go unpunished.

Call for Legality

Above all, we must make a formal call for legality. It is not good or correct to break the law. Currently we have the impression that it is easy for electoral

It is in our interests to have a reciprocal vote of good faith in electoral contests, and we should all act with good faith, with respect, until we achieve respectability



“The Mexican electorate is heading towards a democratic system with a diversity of political parties”. Photo by Angeles Torrejón/Imagen Latina

The official party should democratize itself internally, and at the same time, learn how to lose

authorities to break the rules, to carry out electoral frauds with impunity. But these are very dangerous practices. The people can get tired of them, and end up defending their vote as best they can, with arms if necessary. If this were the case, we would all lose. Outside the law there is no community, nor prosperity, nor peace, there is no nation. Just consider, that those who today form a majority, tomorrow can be a minority, and can then receive the treatment they give today to those who constitute a minority.

Call for Respect

A call for respect and respectability is not superfluous. We all work for Mexico. We all desire the progress and well-being of Mexicans. It is in our interest to have a reciprocal vote of good faith in electoral contests, and we should all act with good faith, with respect, until we achieve respectability. Authority without respectability is no longer authority, it loses its moral entity. The current authorities, if they want respectability, should be respectful even with minorities, with those who lose in the electoral contest. The official party, hegemonic and dominant, should democratize itself internally, and at the same time learn how to lose. This is not easy. But it is more practical, more honest, more patriotic, than electoral fraud.

Creation of Electoral Juries

If illegal and immoral behaviour is not changed, the best technical and juridical precautions will be useless. Assuming that these minimal conditions of legality and respect exist, we suggest the establishment of a juridical and political structure, of a temporary nature, to overcome fraud and intransigence. We propose the creation of an electoral jury of a federal character, presided over by the political authority but formed by citizens elected by the political parties.

a) We propose the creation of district juries with powers to resolve and define. These juries would carry out the preliminary computation of all voting booths in their area when these have not been challenged.

b) We propose the formation of a federal electoral jury with powers to resolve and define all situations of electoral conflict: a Federal Electoral Or-

If illegal and immoral behaviour is not changed, the best technical and juridical precautions will be useless



A new party on the electoral scene. Photo by Angeles Torrejón/Imagen Latina

Respect for electoral results means an acceptance of social consensus as the only source of legitimacy

ganism which will carry out the final computation, resolve conflicts and impose sanctions for electoral offenses committed in the contested districts.

These juries should have the power to resolve definitively and irrevocably all electoral problems which might arise.

Reform of the Electoral Calendar

The current electoral calendar must be changed. The election of the President of the Republic must be separated from all other elections, and not combined with other elections as now is the case, causing confusions in the voter's mind and generating mountains of red tape.

In the same way, the election of each state Governor must be separated from other elections, including the direct and democratic election of the Governor of Mexico City — whether or not the Federal District is converted into a state.

Elections for federal deputies, senators, local deputies and municipal presidents should be separate.

Elections are only a pale reflection of social aspirations but up to the moment they are the only resource available for capturing the people's will.

Respect for electoral results means an acceptance of the social consensus as the only source of legitimacy and a strengthening of good government at the service of the people. □



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Leopoldo Zea

COMMON EFFORTS TO FACE LATIN AMERICAN DEBT

Mexico has now reached a crucial juncture where it must decide whether to keep on paying off the debt or dedicate its resources to internal economic growth. Under the current rigid financial discipline, our country destines more than half of its Gross National Product to paying the debt and the interests due on that debt. According to some estimates, Mexico has already paid 80 percent of the total of its foreign debt in interest payments. Resources which could be invested in Mexico to attend to the growing and currently unsatisfied needs of the population, are handed over to the international banks. *Voices* here presents the opinions of various experts on the theme: Ifigenia Martínez, Senator for the Democratic Revolution Party; Leopoldo Zea, philosopher, emeritus professor of the UNAM, and Director of the Center for the Coordination and Diffusion of Latin American Studies in the UNAM; and Jesús Rangel, reporter for the national newspaper *El Excelsior* and specialist in financial matters. Their analyses will enrich the debate and information available on a question which concerns not only the future of Mexico, but that of all Latin America.

The recent popular revolts in Venezuela should be a warning to creditors and debtors of what could happen throughout Latin America if one and the other do not change their attitudes towards the foreign debt problem. The former, determined to preserve and increase profits derived from interests on the debt, which, as such, has been more than paid through sacrifices imposed upon the Latin American people. Paid through payments of interests, while the debt itself, far from decreasing, increases because of the ever growing percentage of said interests. The latter, the debtors, determined in turn to impose on their peoples the sacrifices which the creditors demand in return for new loans which barely cover interest payments. "It cannot be helped," —they tell us— "we must accept the conditions of the International Monetary Fund so as to obtain more loans." Except that the loans which give relative rest from the debt to those who direct and benefit from the economies of the indebted countries, produce larger debts which fall brutally on the shoulders of the great masses of Latin Amer-

ican people who have not enjoyed the advantages of the suffocating debt but only the growing sacrifices which are imposed in order to pay the interests.

The resistance of the Latin American peoples to accept sacrifices, which have no other purpose than to protect the interests of local oligarchies, interests which, far from benefitting the people, oppress them, has been expressed with great violence in several parts of Latin America, in Brazil, Argentina and now with the brutal violence in Venezuela. In Mexico the people, supposedly more long suffering, gave a civic response to the sacrifices which have been imposed on them in the recent elections of July 6, 1988. The popular vote represented a forceful rejection of the policy of condescension imposed by the creditors, as well as the corruption which originated a debt that has only benefitted groups with interests which are not those of the people, and also a rejection of the policy of sacrifices which were not suffered by those who had benefitted from the debt but by the people, who

Our peoples cannot continue to make the sacrifices that the interests of their oligarchies require of them, much less those which are required of them for the stability of the highly developed nations

had to assume the payment of said debt. The people refuse to pay what they do not owe: a debt increased by the creditors themselves, who unload on these people not only the cost of interests on the debt, but also the cost of their own extravagance, raising interest rates in accordance with their own economy, their own inflation or internal debt so that the cost will not be paid by their own people.

The Latin American governments are now clearly conscious, so they express it, that the payments demanded cannot be paid by peoples held captive by an infernal economic policy which denies their development in order to pay the debt. It is the creditors who deny this necessary development by imposing restrictive policies on the commerce of the debtor nations. Our peoples, far from receiving a respite in order to achieve the growth which would enable them to face their economic problems, also bear the problems of the developed nations, which in their zeal to protect the interests of their citizens, without accepting any adverse effects, dump these last onto the debtors. Problems such as those caused by the expenditure necessary for a supposedly defensive arms buildup, daily more obsolete, which the peoples of the debtor countries also pay for. Peace through the threat of war, security and stability through the repression of people who do not accept these sacrifices, far from resolving the debt problem, aggravate it. Our people cannot continue to make sacrifices that the interests of their oligarchies require of them, much less those which are required of them for the stability of the more developed nations.

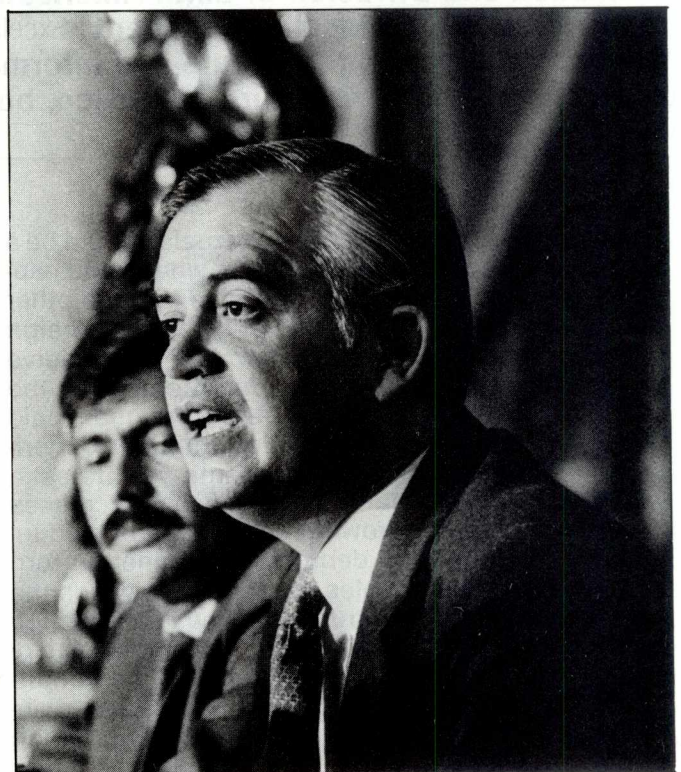
The ever-growing realization among the governments of Latin America that there must be growth in order to pay, that only development will permit the people to keep their promises, has restated an old problem, the problem of Latin American integration. The need for a common front to adjust the payment of interests on the debt, since it is impossible to pay the debt itself, and for the development of the peoples of the region. Agreement on the criteria for integration exists but its implementation is prevented by the fear of which we have spoken, the fear of not receiving loans which permit the payment of interest rates, but enlarge the debt and the new and forced payment of interests on the same. Integration is spoken of, but always with the condition that it not obstruct bilateral negotiations with the creditor, giving a respite only to the regional oligarchies who, punishing their peoples, produce evermore violent reactions against this policy.

Opposite this lack of unity in Latin America we see the large industrialized countries, who under the leadership of the United States, meet periodi-

cally to reduce their internal problems and establish unified policies towards the underdeveloped countries. Powerful nations united in cartels or creditors clubs, determined not to yield on any of their demands. In clubs, cartels or by whatever name the creditors are united and they impose their conditions on peoples whose capacity to pay does not concern them. Pay they must, even when the payments exceed the amount of the debt. If these countries cannot overcome underdevelopment under these conditions, all the worse for them. It is not taken into consideration that the incapacity of these peoples to continue making sacrifices which surpass their physical possibilities can only produce the cancellation of the debt, not by decision of their governments but because of the physical impossibility to do so. It is all the same to them, a slow death or a violent one, on installments or cash down.

Lack of Unity in Global Negotiations

The possibility of unity for the debtor nations of Latin America is condemned once and again. The creditors only accept bilateral negotiations, never in groups, never a debtors' cartel. On taking office, President Carlos Andrés Pérez of Venezuela spoke of the necessity of Latin American integration: "We integrate" —he said— "or we disappear." Speaking of the foreign debt he said: "Each country has its own banks, and a global negotiation would be impossible. What we propose is that we establish collectively a global framework for the debt, this is the objective that we seek. Once the frame-



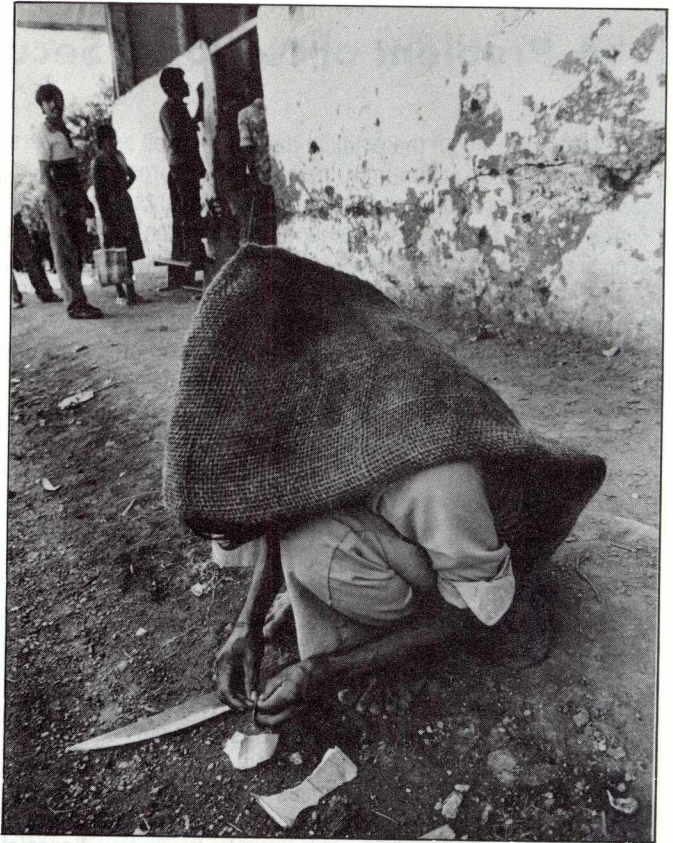
Pedro Aspe, Mexican Treasurer. Photo by Marco A. Cruz/Imagen Latina

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work is created, each country would discuss with its creditors the manner in which it would pay its debt." In this way President Carlos Andrés avoided speaking of a debtors' cartel, maintaining the possibility of negotiating separately with the respective creditors but within a global framework which does not implicate a collective action like that which the creditors actually impose on the debtors. The possibility for bilateral negotiation was left open and not global negotiation, which the International Monetary Fund paradoxically imposes. However, to the possibility of a global approach, in the air these days in Caracas, U.S. vicepresident Dan Quayle responded warning that the United States would oppose the unification of debtors. "We are absolutely opposed" —he said— "to the idea of a debtors' cartel." The debt should be dealt with on a case-by-case basis, with respect for the sovereignty of creditor and debtor nations. "Our objection" —he added— "is that a debtors' cartel goes nowhere." "Everyone knows our budget restrictions." These cannot be altered to attend to interests foreign to the United States. "It is obvious that problems like that of the foreign debt cannot be born by U.S. contributors, this is unacceptable to us." The shareholders of creditor banks obviously expect profits that cannot be limited by the incapacity to resolve problems the debt causes for debtor countries.

President Carlos Andrés Pérez, faced by this and other reactions of the creditors, declared that he had been defamed, that in no way had he proposed the creation of a debtors' cartel. President Carlos Andrés, in need of funds he had solicited, immediately made clear his decision to accept the conditions established by the IMF when he decreed measures, considered anti-inflationary, directed at paying interests on the Venezuelan debt. It was a short wait for the popular reaction, producing the tragedy which has shaken the world and demonstrated the error of an economic policy which proposes attaining profits, to the detriment of an evermore impoverished population. Opposite this policy was the reaction of people disposed to die quickly

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"The people refuse to pay what they do not owe". Photo by Marco A. Cruz/Imagen Latina

and violently, not little by little, suffering endless sacrifices. Obviously, such a reaction, if it extended the length of Latin America, would leave creditors without debtors to pay the debt and its necessary profits. It would mean the death of the hen that lays the golden eggs, but it would also mean that of those who propose killing her in order to gain the treasure.

Latin American Democracy at Risk

Faced with facts which by now no one can deny, the president of Venezuela, Carlos Andrés Pérez emphasized, "if there is no change in the unjust and indecent international order, 1989 will be the year of the destruction of the democratic process in Latin America." But it will be in any case, and one must add, the end of the democracy of the bonanza of the creditors. "If the developed world" —he added— "does not open its protectionist barriers and pay decent prices for raw materials... all will be lost for Latin American democracy." He criticized the national oligarchies that make profits in Latin America and weigh down their peoples with the losses: "If they do not accept logical profits instead of excessive ones, in the end they will lose what they have and what they have been able to accumulate, the well-being which they enjoy." He insisted that it is not a question of forming a debtors' cartel or club, but of not negotiating individually that which is a common process. He pointed out that the creditors have formed the Group of Seven "which no one considers a Usurers' Club," but

"A Problem of National Security": Francisco Suárez Dávila

In Mexico today all the political parties, as well as members of the business community, researchers, representatives of social organizations and even public servants are agreed that the country needs a temporal suspension of payments on its foreign debt. A few years ago, this was a proposal which only counted with the support of some trade unions, peasant organizations and opposition parties, but today, very diverse social and political groups are agreed on the need for a suspension of payments. Some make this proposal as a means of pressuring creditor banks in negotiations on the debt, while others see it as the only real possibility of avoiding national economic disaster and of providing opportunities for economic growth.

Rosario Green, director of the Institutional Revolutionary Party's International Affairs Commission, declared during a public debate on the foreign debt held between April and June in the Chamber of Deputies, that a reduction of the debt should be compulsory for creditor nations. Green, who is also Mexican director of the Mexico-U.S. Commission on the future of relations between both countries, maintained that: "either there is collaboration on this problem, or the only possible way will be the suspension of payments, imposed by the weight of circumstances and by the blindness of those who prefer to ignore the enormous sacrifices for the people of Mexico: sacrifices imposed by the jealous financial discipline of these last few years".

The business sector has also coincided on the need to suspend payments. Ricardo Guajardo, director of VISA, one of the country's strongest industrial groups, declared that this suspension "would not have negative repercussions in the short term". And the researcher Jorge Alberto Pérez Zohngbi, President of the Mexican Institute of International Studies on the Foreign Debt, stated in a written declaration to the Chamber of Deputies, that the Mexican government should declare a selective moratorium.

The public debate in the Chamber was held at the same

time as negotiations were going on between the Mexican government and international creditors. Ariel Buira, director of International Organizations of the Bank of Mexico, had the support of researchers and of all the opposition parties when he said that "Mexico should be prepared to declare a possible suspension of payment of interests, in case the negotiations on re-structuring the foreign debt fall through".

Another Bank director, Francisco Suárez Dávila, of the Mexican Somex Bank, described the foreign debt as "a problem of an eminently social and political nature, and therefore, it is a grave and urgent problem of national security, and not, as was previously understood, a short term problem of a strictly financial nature".

Clemente Ruiz Durán, researcher at Mexico's National Autonomous University, said the suspension of payments is necessary in order to strengthen Mexico's position in negotiations with creditor banks and nations. This has not been the only time that Mexico has pressured to re-structure its foreign debt: the idea of forming a debtors' club, or in 1986, that the Mexican government would pay interests in national currency, achieved certain flexibility on part of creditors. However, speakers and legislators from all parliamentary factions coincided that the negotiations of 1982 and 1986 were mistaken, and therefore their results were insufficient.

It was made clear during the public debate that the foreign debt has not only implied unjust relations between creditors and debtors, but that the debt has not allowed any possibilities of development for the debtors. In 1862, Mexico declared itself unable to pay the foreign debt and was subsequently invaded by the Army of Napoleon III. At that time, the suspension of payments was caused by the circumstances of a recently-born Republic: economically precarious, but with the determination to guarantee its future. Today the proposal is not to ignore the debt which is oppressing Mexico, but to prevent rich creditor nations feeding off the misery of the debtors.



What is the foreign debt? Photo by Marco A. Cruz/Imagen Latina

For the people of Latin America, the payment of this debt which afflicts them is, obviously, linked to their growth, to their own very necessary development, which in turns depends on the capacity of the same peoples to join forces and confront problems which they have in common, that is, to integrate themselves

which actually coordinates the position of the most highly developed nations in relation to those which have not reached that level of development.

For the peoples of Latin America, the payment of this debt which afflicts them is, obviously, linked to their growth, to their own very necessary development, which in turn depends on the capacity of these same peoples to join forces and confront problems which they have in common, that is, integrate themselves, as they have been integrated but in various dependencies. Integrate themselves freely in defense of their own interests, forgetting about euphemisms in choosing a name for this integration. In 1810, throughout Latin America, from the Río Bravo to Tierra del Fuego, emancipation movements sprang forth challenging Iberian colonialism. In Mexico and Central America, Venezuela, Granada, Upper Peru, the River Plate, Chile and subsequently Brazil, the emancipation from colonialism was generalized. The liberators promptly realized that it was necessary to free not only their own countries but also the neighboring ones, and concern for continental liberation arose. Saint Martin marched from south to north, while Bolívar from north to south; in the middle the anticolonial liberation armies met and joined forces. The moment for the definitive battle for Latin America arrived, and it took place in Ayacucho, Peru in 1824. After the armies triumphed, the search for free integration began in order to put an end, once and for all, to dependent colonial integration.

But yesterday, as today, the search for free integration found its most immediate opposition in our North American neighbor, the United States, the first nation to give the example, to break with English colonialism. Immediately, instead of supporting the peoples who followed their example, they made clear their interests in maintaining Spanish colonialism in the West Indies, and their opposition to the integration of peoples who in this way could limit their expansionist projects to occupy the power vacuum left by Iberian imperialism. The correspondence of the State Department of the United States with its agents and allies was very clear: no projects for the integration of the recently liberated region, which would limit their projected expansion, nothing to do with Simón Bolívar who spoke of integration and was ready to liberate, along with Mexico, the territories in the Caribbean which were still under Spanish control. The integration proposed by the Liberator Bolívar, with an invitation to the emancipated peoples to meet in Panama, was



Indigenous groups suffer most in the economic crisis. Foto: Angeles Torrejón/Imagen Latina.

contrary to the interests of the United States. But it would be necessary to convince the Latin Americans who were invited that this integration was contrary to their sovereignty.

The United States, invited against the wishes of Bolívar, sent two representatives who carried with them the instructions of the Secretary of State Henry Clay. "The President is of the opinion" —said Clay— "that the proposed Congress should be considered a diplomatic corps, and not a body invested with the powers of an ordinary legislature; that is to say, any single State, of those which are represented, should not feel obliged by any pact or action which its representative does not subscribe to or benefit from. In this way" —he added— "the

Yesterday, as today, powers such as the United States refuse to accept the integration of countries where it would limit their hegemony. The same arguments as were heard by Bolívar are now heard once more: Integration goes against the sovereignty of nations

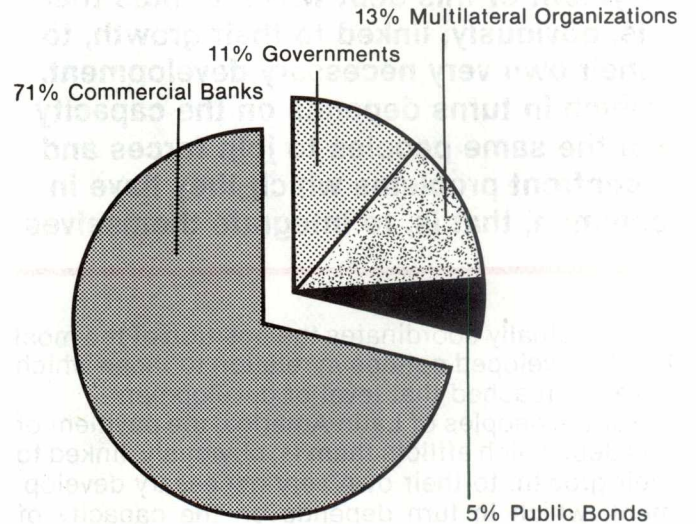
tentative to force the minority to make an agreement to which they are opposed because by mere circumstance the majority concurs, is destroyed, and each State will enjoy its free will and will govern itself according to its own interests." The sovereignty of one nation cannot be subordinated to the will of the majority of the others. So, Bolívar's proposal would result unacceptable to the United States and all free nations of America. "We reject the idea of an amphictyonic council" —continued Clay— "invested with the power to decide the controversies which originate between the American States, or to control their conduct in any way". "It would be as absurd to trust the diverse and complicated interests of the nations of a vast continent to a sole legislative authority as to establish an amphictyonic council for the entire world." Such a thing "in the reunion in Panama would find the opposition of the United States and other nations equally jealous of their autonomy". You must convince the rest of the ministers "of their faith in liberal institutions and warn them of ambitious machinations and plans, wherever they come from, which tend towards the destruction of liberal systems".

European Integration: a Demonstration of Autonomy

Yesterday, as today, powers such as the United States refuse to accept the integration of countries where it would limit their hegemony. The same arguments as were heard by Bolívar are now heard once more. Integration goes against the sovereignty of nations. These, for their own good, should avoid submitting to forms of dependence. Nevertheless, contrary to these affirmations the very same developed nations are solving their own problems today through integration. For example, the nations which form the European continent have formed the European Economic Community, which will integrate the diverse expressions of its peoples in the areas of politics, economics and culture.

What motivates this European integration? Europe, at the close of the Second World War was in absolute ruins, its cities, fields, industries destroyed, millions of men dead. It was the second time Europe had been the world's battle field. Its most powerful ally, the United States, on the other side of the Atlantic was, on the contrary, unharmed. This power would be in charge of the restoration of Europe. A restoration which Europeans would pay for. Europe was economically and politically dependent on the great power that was the United States. This is how Europeans felt from the very beginning of the postwar period. The other ally, the Soviet Union, now occupied a part of Central Europe, and the hegemonic struggle for the world between the United States and the Soviet Union was beginning. Europe was again the possible battle field for a third world war for this hegemony. Western Europe was already a satellite of the interests of the United States in Europe, a satellite that was well armed to prevent Soviet expansion into the rest of Europe. The United States, with ever more sophisticated arms,

Mexican foreign debt per creditor

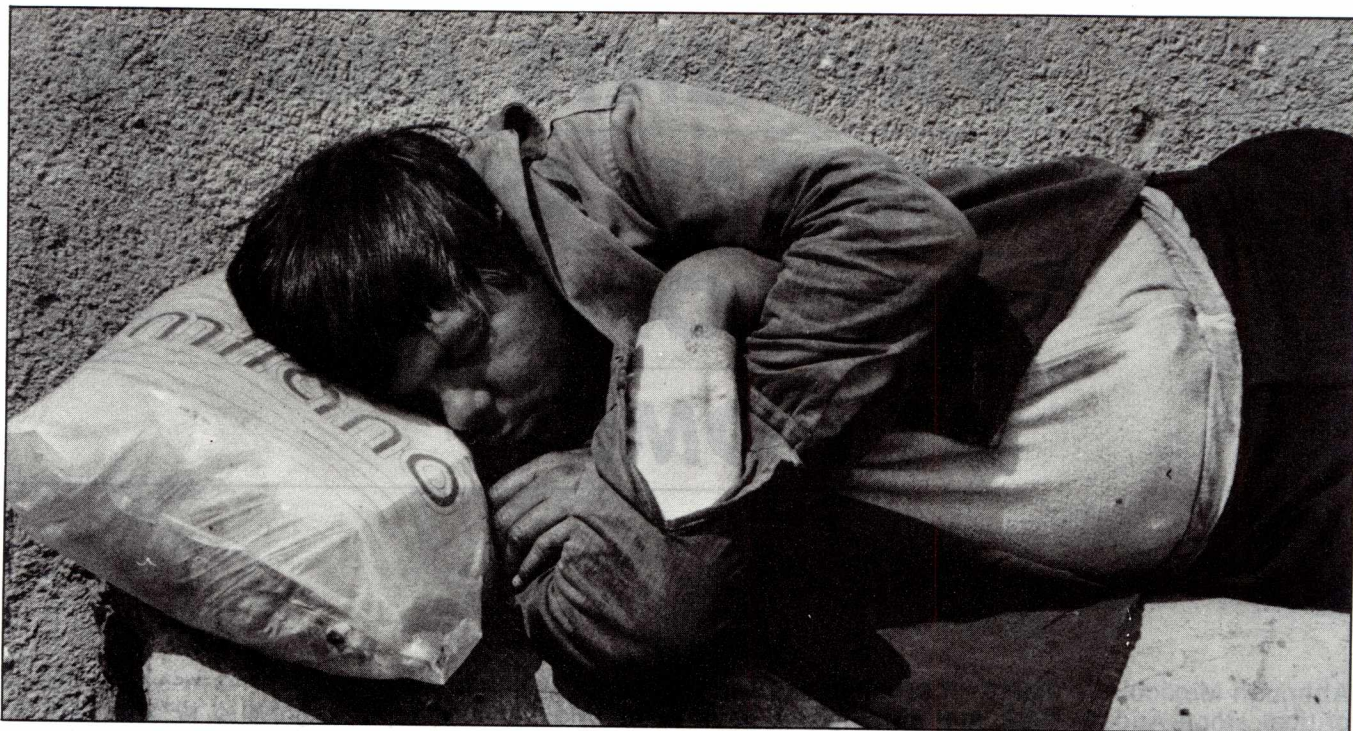


Source: Mexican Treasury (SHCP).

aimed at the Soviet Union from European bases. At the same time, the United States occupied the "power vacuum", as President Eisenhower called it, left by Europe as it retreated from its various colonies throughout the world. The United States would take charge of the new colonial order, substituting its European allies in places such as Indochina, which would originate the Vietnam war that would so deeply mark the U.S. puritan conscience. Its ships, aircraft carriers and parachutes would cut through various parts of the world to impose the Pax Americana. The Mediterranean would become a U.S. lake, from which to punish the subversion of the African peoples who in Africa and the Middle East resisted its hegemony. Europeans conscious of the fact would say: "now we know what it is to be a colony of a great power". The United States, in the name of western peace and security, maintained a strongly armed hegemony over Europe, transforming in into a simple base for its interests.

In recent years there has been talk about something which seemed impossible, the integration of the European Economic Community, the integration of the European peoples but without the United States; this may happen in 1992. In opposition to whom do the Europeans unite? What motivates their integration? It is a question of the integration of dissimilar, racially, culturally, linguistically and religiously diverse peoples. Peoples who have fought between themselves for centuries trying to impose their respective hegemonies. What unites

Europe, if it can be self-reliant, will be if it integrates. It is not against the United States nor against the Soviet Union that they unite but to guarantee the interests of their own peoples



Unemployment in Mexico City. Photo by Herón Alemán/Imagen Latina

them? What integrates them? Fear of the Soviet Union? The promoters of European integration who border the Soviet Union say, on the contrary, that it has been this nation, with its reforms, its *perestroika* and *glasnost*, which has stimulated the consolidation of the European Economic Community.

Useless Weapons

Why is this? Why has the instrument of their subordination to the United States —the compulsory arms buildup, the defensive shield— become unnecessary opposite the Soviet Union? The Soviet Union does not need war and does not need territories to guarantee interests beyond its borders. The Soviet Union wants to make reality of socialist promises which the compulsory arms buildup has prevented, such as raising the quality of life of its people. Is this not true for all peoples? Europe, if it can be self-reliant, will be if it integrates. It is not against the United States nor against the Soviet

Union that they unite but to guarantee the interests of their own peoples. European unity in peace can do more for its peoples than under the armed hegemony of the United States and faced with a supposed enemy who also wants peace. Only those weapons necessary for their own security should be installed, not those necessary for the security of the interests of the center of the empire. Faced with the new European attitude, the president of the United States, George Bush recently declared in Tokyo: "We should not forget that the Soviet threat continues to be real and we must do more to educate for war and remember the persistent character of this threat and the need for a strong defense." But this is precisely what is being questioned in Europe where the threat is not accepted as real, and the nations integrate for peace, making the U.S. military shield, through which their dependence was maintained, obsolete.

Well then, why do the peoples of Latin America not do the same? The world-wide confrontation that the United States insists on maintaining with the Soviet Union cannot continue to be used to maintain U.S. hegemony over the region to the south of its borders. This confrontation fails to make sense in a Europe which seeks, through its integration, the best defense from a supposed and possible aggression. Why cannot Latin America integrate in turn, putting aside the vertical integration imposed by the power center for its own exclusive interests? There is no reason why the economy and politics of our peoples should be subordinate to other interests in the name of a security which is nothing but the security of the interests of our powerful neighbor. It is not a question of confronting the United States but of demanding for our peoples that which the United States demands for its own. Nothing more, but nothing less either. □

Why cannot Latin America integrate in turn, putting aside the vertical integration, imposed by the power center for its own exclusive interests? There is no reason why the economy and politics of our peoples should be subordinate to other interests in the name of a security which is nothing but the security of interests of the powerful neighbor

PAYMENTS ABROAD INSTEAD OF DEVELOPMENT AT HOME

Ifigenia Martínez

Although Mexico's foreign debt problem has been critical since August 1982, and although endless meetings, studies, analyses and proposals on the theme have been made, as well as three re-negotiations, seven years later there is still no in-depth solution which allows a substantial reduction in service payments. This reduction is absolutely necessary in order to avoid the transfer abroad of national savings and to recuperate a solidly based development.

Before stating our opinion about concrete proposals, we wish to make the following observations:

Incapacity of the Nation to Absorb Foreign Credits

Until 1942 Mexico was unable to receive loans from international banking institutions because payment of the old debt contracted by Porfirio Díaz was still due. Two reconversions of the debt, one direct and one for the railways, made by the then Treasurer, Eduardo Suárez, fixed the amount of principal due at around a tenth of its nominal value, while the amount of interests due was reduced to a practically symbolic quantity. This operation meant that the nation could again apply to international financial institutions for loans, firstly public and then private, and later, that this debt was paid off ahead of schedule around 1962.

During the 50's and 60's, foreign loans gradually assumed growing importance as a source of finance for public investments: it represented 0% during the government of President Lázaro Cárdenas; 7% during that of President Avila Camacho; 11% in that of President Miguel Alemán; 17% during that of President Ruiz Cortinez; 24% in that of President López Mateos, and 26% during the government of President Díaz Ordaz.

It was after the 1954 devaluation, at the beginning of a period of stable development, that the foreign debt grew at an accelerated rate of 16% annually, while export earnings grew only 7% annually. Thus the debt increased until it was double the annual value of exports in 1975. Interest pay-

ments, which in 1954 represented less than 1% of the total value of exports, grew to 12% in 1970. In this same year the foreign debt represented only 12% of the Gross National Product (GNP), while the cost of servicing the debt absorbed 26% of income earnings in the current account.¹

That is, the capacity to absorb foreign credits which necessarily involves payment capacity, reached its limit towards 1970. From then on, net indebtedness should have increased less than export earnings.

According to available estimates on the economy's capacity to pay, whether measured as the export sector's profits once production costs are deduced, or as global rentability once the cost of imports necessary for economic growth at an annual rate of 1.6% are deducted, external financing was maintained within recuperable limits until 1973. The world wide inflation which was provoked by the devaluation of the dollar in 1971 and the following rise in oil prices in 1973, obliged the government to increase its fiscal deficit and balance of payments so as to finance its investment program.

The first symptoms of payment incapacity appeared in 1974, in the sense that current foreign currency earnings —after deducting the cost of imports necessary for growth of the GNP— were not sufficient to cover the interests on accumulated and newly contracted debts. In the future it would be necessary to seek new loans or reduce economic growth rates in order to service the foreign debt. It can be said that with the 1976 crisis, which led to a necessary modification in the exchange rate that had been stable during 22 years (although the peso had really been over-valued since the beginning of the decade), the model of development where internal savings are complemented by external credits, reached its limit.

¹ SHCP (State Treasury): *National Finance Plan 1984-88.*

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Thanks to the spectacular expansion of oil export earnings, the weight of the foreign debt during the following years (1977-79), was lightened. However the brutal rise in interest rates, both in nominal and real terms, falling oil prices and the deterioration in conditions for commerce, combined with unlimited freedom in currency exchange, the kind of fixed exchange rates —with the peso once again overvalued— and the transfer of capital abroad, accelerated the amount of the debt in 1981 and exhausted the country's international reserves in August 1982. Thus began the great foreign debt crisis, which, due to mistaken management, has spread to the rest of the economy and threatens to cancel the right to sovereign independent development.

In 1983 the foreign debt was more than four times greater than the value of export earnings, and interest payments absorbed 43% of these earnings. In this way the foreign debt represented twice the estimated value of the capital reserves of

the export sector's productive assets, and therefore, even if all shares were handed over, they would not be enough to pay the debt. That is, the debt is upayable in terms of the conditions originally contracted.

From 1983 to 1988 the net amount of the debt continued to grow, although at a lesser rate. New loans were contracted, mainly to service payments on the accumulated debt and for the restitution of international reserves, but at the cost of suspending general economic growth and fomenting widespread social poverty. The net transfer of resources abroad during the past government of Miguel de la Madrid is estimated at 66 billion dollars, which represents the internal savings which we have been sending abroad without receiving any real goods or services in return.¹

To Try and Pay an Unpayable Foreign Debt Threatens the Right to Development

Due to the irresponsible spending of international reserves during the months February through August 1982, mainly in order to finance capital transfer, but also for the purchase of imports, stimulated by the over-valuation of the peso, a crisis

¹ For renegotiations of the debt, it is convenient to separate the accumulated debt from commercial loans or new loans needed by the country to finance its exports and the operations of its balance of payments. Not to have done this has been a serious error by the debtor nations.

Chart I
MEXICO'S FOREIGN DEBT 1958-1988
All figures in billions of dollars

Year	1958	1970	1976	1982	1988
I. Gross National Product	10.5	35.5	88.8	213.7	212.7
II. Income in current account (total exports)	1.3	3.3	8.2	28.0	31.1
III. Foreign Debt					
Total	0.7	6.1	27.9	87.6	104.7
Public	0.7	4.3	21.6	68.3	87.4
Private	—	1.9	6.3	19.1	13.6
IV. Service of external public debt	0.2	0.9	5.3	24.9	13.0
Interests	0.02	0.3	1.3	10.0	8.1
Capital Payments	0.1	0.0	4.0	14.8	5.0
V. Net indebtedness				6.4	
VI. Net transfer of resources from public sector	0.5	3.4	4.3	-0.9	-8.0
VII. Total external debt as % of nominal GNP	6.6	17.0	31.4	41.0	49.2
VIII. Total service of debt as % of total exports	—	—	102.0	120.7	63.5
IX. Total service of public debt as % of total exports	15.4	27.3	64.6	88.9	41.8

Sources: Budget and Planning Department, (SPP), *Mexican Historical Statistics*, 1985. CIEMEX-WHARTON: *Mexican Economic Perspectives*, October 1988 and July 1986.

The great foreign debt crisis began in 1982, and due to mistaken management has now spread to the rest of the economy and threatens to cancel the right to independent development

broke out which the Treasurer described as a "cash flow crisis." There was no desire at the time to acknowledge that the problem was deeply rooted, and that it still remains one of insolvency. Net profits of the export sector are not sufficient to pay the high amount of the debt and its service payments, and at the same time purchase imports needed for the growth of the GNP.

The management of the Latin American foreign debt has been based on a mistaken diagnosis. The IMF's adjustment plans, the so-called Baker Plan, and even analyses of international research centers of creditor nations, have maintained that the problem of the foreign debt is a cash flow problem and not one of insolvency; that nations such as Brazil, Mexico, Argentina, Venezuela and Peru, among others, have enormous natural resources and cheap labor which will enable them to pay their debts in time. But this approach side-steps the problem of limits imposed by any guarantee. In the case of debts between individuals, the payment of a debt cannot be demanded if it costs the flesh and blood of the debtor. In mercantile law, the guarantee for the payment of debts is based, in the final instance, on the company's assets. In the case of nations, payment of the debt cannot be forced because the limit of the guarantee cannot be other than the net productivity of the export sector, after development needs have been met. It is now time to reject the idea that in order to pay interests, development has to be cancelled and the economy operated with unemployment and unused capacity, reduction in real wages, greater impoverishment of the population, liquidation of the public economy, acceleration of inflation rates, permanent devaluation of the currency and under-pricing of resources.

During the recessive readjustment, Mexico lost, during the period 1983-88, an internal potential production worth some 400 billion dollars, due to the

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"Only development will enable them to fulfill their commitments". Photo by Angeles Torrejón/Imagen Latina

reduction of its growth rates to under the historic level of 6%. Besides, in the same period, Mexico made payments abroad equivalent to 6% of its GNP, that is, 66 billion dollars, in payment of interests and dividends. (See Chart 1)

We have to insist on this point: the accumulated foreign debt cannot and should not be paid under the actual conditions, because the quantity is far superior to the payment capacity of the economy's export sector. The payment of the debt side-steps the problem of guarantees and damages the economic sovereignty of the country, as neither the nation, along with its natural resources, nor the work of its people, were offered to the pawn-broker.

The debt has been serviced over the years at the price of retarding economic growth, and cannot be paid without reducing reserves or without asking for new credits. This latter solution does not solve the problem, only makes it worse.

To pay an unpayable debt is the same as paying a colonial tribute, and can only be paid at the price of an economic recession and with the impoverishment of the working classes. Governors and experts of great vision accept that the debt is unpayable in its current terms, and the Group of Eight has reaffirmed the need to create a general framework to reduce the Latin American debt.

Chart II
**MEXICO: LOSSES DUE TO RECESSIVE ADJUSTMENT AND PAYMENT OF FOREIGN DEBT,
 1982-1988**

All figures in billions of dollars

Year	1981	1982	1983	1984	1985	1986	1987	1988	1982- 1988
I. GROWTH OF GNP									
a) Nominal	203.9	213.7	190.1	196.6	195.1	197.6	207.3	212.7	1 413.1
b) Real growth rate	7.9	-0.5	-5.3	3.7	2.6	-4.0	1.4	-1.3	
c) At 6% annually	203.9	213.7	226.5	240.1	254.5	270.0	285.8	303.0	1 793.6
d) Loss in GNP (c-a)	0.0	0.0	36.4	43.5	59.4	72.4	78.5	90.3	380.5
e) GNP per capita pesos of 1980 annual % variation	68 242.0 —	66 079.0 96.83	61 736.0 93.4	62 457.0 101.2	62 658.0 100.3	58 941.0 94.1	58 608.0 99.4	56 803.0 97.0	
II. Balance of goods and services: non manufacture sectors									
a) Exports	—	26.2	27.2	30.0	28.1	22.8	27.5	28.4	190.2
b) Imports	—	20.2	12.8	16.2	18.8	17.0	17.1	19.2	121.3
c) Total	—	6.0	14.4	13.8	9.3	5.8	10.4	9.2	68.9
III. Balance of manufacturing sector:									
a) Income	—	1.5	1.5	2.3	2.0	1.8	2.3	2.2	13.6
b) Costs	—	14.0	10.8	12.5	10.8	10.6	9.4	10.6	78.7
c) Balance	—	-12.5	-9.3	-10.2	-8.8	-8.8	-7.1	-8.4	-65.1
d) % of GNP	—	5.8	4.9	5.2	4.5	4.5	5.0	4.7	5.0
IV. Balance of current account (II-III)									
	—	-6.5	5.0	3.6	0.5	-3.0	3.3	0.8	3.7

Sources: Budget and Planning Department, (SPP), *Mexican Historical Statistics*, 1985. CIEMEX-WHARTON, *Mexican Economic Perspectives*, October 1988 and July 1986.

Indebted governments, creditor banks, creditor governments and financial institutions, equally responsible

Indebted governments and creditor banks are equally responsible for the creation of the phenomenon which can be described either as over-borrowing or over-lending. This co-responsibility has been acknowledged since the Cartagena Agreement of 1984.

Creditors share the responsibility for exceeding the payment capacity of the indebted nations. Banks did not give personal loans, but institutional credits, and they had the obligation to make an adequate estimate of the debtors' payment capacity. While lenders had no scruples when they were hoping for juicy profits, they have to recognize that a mistaken estimate leads to losses. It is a basic prin-

ciple in banking that a reserve is created to cover bad loans, as all lending operations involve risk.

Up until now the cost of re-adjustment has fallen exclusively on sovereign debtors. But the exercise of sovereignty by governments involves the duty of responding fully and permanently to the people's will. In the current conditions, to pay the services of the foreign debt by exporting internal savings, cancels the right to develop and damages national sovereignty.

The governments of the United States and of other industrialized nations, and the international financial institutions, are also equally responsible to a greater or lesser degree. Washington's monetary and fiscal policies affected the variables of the macro-economy which operate in the international markets of goods and capital, and the international financial community participated happily in the international financial disorder. In other words: the structural deficits of the U.S. economy in the fiscal area, in its balance of payments, in saving-investment patterns and in income-spending patterns, have been managed in such a way so as to permit a boom in the U.S. economy, with a continuous increase in that population's consumerism, while affecting negatively the rest of the world economy. Reagan's economic miracle, which consisted in financing extravagant military spending and colossal fiscal and commercial deficits without inflation and without additional costs for taxpayers, was achieved thanks to the fact that the U.S. could export its lack of equilibrium and impose a tribute on the indebted nations of the Third World. Thus the world's richest nation could keep on living happily beyond its means.

It is now time to reject the idea that in order to pay interests, development has to be cancelled and the economy operated with unemployment and unused capacity, reduction in real wages, greater impoverishment of the population, liquidation of the public economy, acceleration of inflation rates, permanent devaluation of the currency and underpricing of resources

The accumulated foreign debt cannot and should not be paid under the actual conditions, because the quantity is far superior to the payment capacity of the economy's export sector. The payment of the debt damages the economic sovereignty of the country

Asymmetry and Inequality in Adjustment Mechanisms

The asymmetry in adjustment mechanisms applied by the main country in disequilibrium — the United States — and those applied to the debtor nations, is notorious and scandalous. The contradiction between the objectives of adjustment plans applied by the IMF — which in turn is inspired by the U.S. Treasury — to the debtor nations, and those applied to the U.S., is also notorious. That is, for the indebted developing nations: recession, drastic falls in investment, unemployment, reduced public spending and consumption, inflation, permanent devaluations, re-orientation of the economies towards exportation; while for the United States, the most powerful debtor in the world market economy: fiscal deficit, import surplus, absorption of international savings, sustained growth, lower unemployment rates, and high consumer levels.

Up until now the weight of readjusting the over-lending has fallen mainly on debtor nations and their populations, and there has been no agreement to share losses with creditors nor to establish a fund which would bring some relief to insolvent debtors and allow them to possess future credit capacity.

From the point of view of international law and justice, the payment of a debt where its amount and cost have passed the debtor's real payment capacity, involves damage to the entire international community. The creditors, their governments and the world economy have sufficient economic capacity to absorb the losses of the adjustment of the accumulated debt. The economies of the most important creditors have fully recuperated and they have sufficient capacity to absorb the losses caused by the Third World debt. Besides, the creditor governments are in a position to design a package of regulatory monetary and fiscal measures to help relieve the cost of re-adjustment, which, in the final analysis, can have repercussions on the entire world economic system. This has already occurred: a) with the rise of oil prices, which had negative effects on consumers in industrialized nations; b) with the expansion of international liquidity and the rise in interest rates, which provided benefits for the private banking sector; and c) with the current fall of oil prices and prices of other raw materials, which constitutes a transfer of income from producer nations to the grand consumers of Japan, Europe and the United States. Undoubtedly, multiple



An unpayable debt. Photo by Rossy Alemán/Imagen Latina

operative mechanisms can be created or applied to resolve the problem if there is real political will to do so.

The past Mexican government which assumed power on December 1, 1982, with a foreign debt estimated at 86 billion dollars, ended its term six years later with a debt that amounted to 108 billion dollars, in spite of the fact that there was no economic growth during the period, while there were three re-structurings of the debt, with their respective additional costs, and fluctuating interest rates (prime rate or libor) which knew no limits. Consequently, the official information about the advance in resolving this problem is false and illusory. With payments of more than 13 billion dollars annually due in 1989, 1990 and 1991, the truth is that we are worse off now than we were six years ago.

The Mexican government has the undeniable right to take the initiative to design a proposal for the reconversion of the foreign debt which would allow a discount on the principal of the loans in different proportions, according to the profitability of

Up until now the weight of readjusting the over lending has fallen mainly on debtor nations and their populations, and there has been no agreement to share losses with creditors

its foreign currency earnings; at the same time it should adjust interest rates to make them compatible with the productivity of indebted institutions or of the entire export sector. The idea is to construct a reconversion package on Mexico's foreign debt which would include the proposal, on solid technical and juridical bases, to reduce capital and interest rates due, according to the external rentability of the various indebted institutions, so as to protect the creditability of more efficient enterprises, and thus affect their normal operations as little as possible. This should be the basis for a realistic and congruent negotiating position of the sovereign debtor which is the government of this Republic.

Thus, we propose:

1) that the servicing of the accumulated external

debt on the current conditions, be suspended immediately.

2) that the Executive, together with the Congress, prepare a package for the new renegotiation, according to the net productivity of external credits.

3) that the principal, interests, terms and periods of grace be adjusted, taking into account the real payment capacity of the indebted institutions, and the kinds and characteristics of creditors.

4) Until a new equitable and realistic agreement is reached, fresh foreign currency received by the country for its export sales, be used to finance the reactivation of the economy, and that only 10% of these earnings be destined to pay the accumulated debt, giving preference to those creditors who demonstrate a disposition to accept new payment terms.

5) An immediate exploration of access to new credit institutions, especially Latin American ones, to finance profitable exports and investment projects, and that contracts be made with those institutions which accept the country's new negotiating position, whether or not they are affected by it.

6) That political parties which agree with this proposal, support the country's new negotiating position, through wide spread popular mobilizations, and that they encourage the concertation of productive factors with this same aim. □

Universidad de México

REVISTA DE LA UNIVERSIDAD NACIONAL AUTÓNOMA DE MÉXICO

Mayo, 1989

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◆ José Luis Martínez ◆ Ramón Xirau ◆ Adolfo Caicedo
◆ Alfonso Rangel Guerra ◆ Fernando Curiel ◆ Serge I. Zaitzeff

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MEXICO AND ITS CREDITORS

The "world debt crisis" erupted when Mexico declared a negotiated moratorium on August 20, 1982, for 90 days on the payment of capital of its external debt. The indebted Latin American governments supported this "eruption", with the hope of rapidly finding an answer to their demands. Since that time, 28 different international plans or initiatives aimed at finding real, long-term solutions to this unbearable problem, that afflicts 426 millions of Latin Americans, have been laid on the negotiating table.

The truth is, the problem is getting worse, there is no "light at the end of the tunnel" and the private

and governmental creditors have not taken part of the responsibility for the debt onto their own shoulders. The policies of economic adjustment, forcefully imposed upon the Latin American governments, have not become more "human", either, as Michel Camdessus, director of the International Monetary Fund (IMF) once suggested. Raúl Alfonsín, President of Argentina, summed up the present situation of the indebted nations when he said, "the impoverished democracies [of Latin America] cannot be squeezed any harder."

The social response cannot be expressed simply as "debt fatigue", as the aggravation of the

Table I
LATIN AMERICA AND THE CARIBBEAN: NET CAPITAL INCOME AND THE TRANSFER OF RESOURCES
(Billions of dollars and percentages)

Year	Net Capital Income (1)	Net Payments of Interest and Profits (2)	Transfer of Resources (3) = (1)-(2) (3)	Exports-Goods and Services (4)	Transfer of Resources/ Exports-Goods and services ^a (5) = (3)/(4) (5)
1973	7.9	4.2	3.7	28.9	12.8
1974	11.4	5.0	6.4	43.6	14.7
1975	14.3	5.6	8.7	41.1	21.2
1976	17.9	6.8	11.1	47.3	23.5
1977	17.2	8.2	9.0	55.9	16.1
1978	26.2	10.2	16.0	61.3	26.1
1979	29.1	13.6	15.5	82.0	18.9
1980	29.7	18.1	11.6	107.6	10.8
1981	37.6	27.2	10.4	116.1	9.0
1982	20.2	38.8	-18.6	103.2	-18.0
1983	2.9	34.4	-31.5	102.4	-30.8
1984	10.3	37.0	-26.7	113.9	-23.4
1985	2.2	35.0	-32.8	109.6	-29.9
1986	8.3	31.9	-23.6	95.4	-24.7
1987	13.9	30.5	-16.6	108.2	-15.3
1988 ^b	4.9	33.6	-28.7	121.9	-23.5

Source: 1973-1987: CEPAL, based on data provided by the IMF. 1988: CEPAL, based on national information.

^a In percentages.

^b Preliminary estimates.

The truth is, the problem is getting worse, there is no “light at the end of the tunnel” as private and governmental creditors have not taken part of the responsibility for the debt onto their own shoulders

problem is labelled at the international level. Demonstrations throughout the region protesting against austerity measures rapidly evolve into widespread social unrest, with the death of many citizens as the outcome. Venezuela, Argentina, Brazil, Peru, Haiti and the Dominican Republic are living examples of a serious problem which politicians the world over who champion free trade have barely begun to appreciate. They can scarcely conceive that the growing lack of popular support for democratic governments of the region is real; that repressive, military forces threaten to take power; that it is no longer possible to sustain the net transfer of resources from the region, which has reached 180 billion dollars in the period from 1982 to the present. (Table 1)



Sub-employment in the city after emigration from rural areas.
Photo by Herón Alemán/Imagen Latina.

Foreign Debts in Latin America

According to international analyses made by specialists, the status of the foreign debt on a country by country basis is the following:

—“Weak” situations: Barbados with a 642 million dollar foreign debt; Dominican Republic with a 3,840 million dollar debt; Honduras with a 3,230 million dollar debt and Ecuador with a 10,500 million dollar debt.

—A “serious” situation: Haiti with a debt worth 800 million dollars.

—“Recuperating”: Jamaica with a 4,400 million dollar debt; Bolivia with a 3,930 million dollar debt; Chile with a 19,100 million dollar debt and, in recuperation from “a state of shock”, Venezuela with a debt worth 31,900 million dollars.

—“Exhausted”: Costa Rica with a 4,580 million dollar debt and Trinidad and Tobago with a 1,800 million dollar debt.

—“Struggling”: El Salvador with a debt worth 1,850 million dollars.

—With “arteriosclerosis”: Guatemala, indebted for 2,820 million dollars.

—In “severe shock”: Panama with a foreign debt worth 4,760 million dollars.

—In a “precarious” situation: Argentina with a debt worth 56,810 million dollars and a “depressing” outlook for Peru whose debt comes to 16,170 million dollars.

—“Stable”: Colombia with a 15,900 million dollar debt; in “rehabilitation”, Uruguay with a debt worth 6,050 million dollars and “in shock”, Paraguay with a 2,440 million dollar debt.

Concerning the future, a prestigious publication, *The International Economy*, projects: for Argentina, worse; for Bolivia, better; for Brazil, the same; Chile, the same; Colombia, the same; Ecuador, worse; Mexico, the same, Peru, worse; Uruguay, better and Venezuela, the same. And the magazine specifies: “The global climate as far as the foreign debt problem is concerned has worsened for the debtor nations. For the creditors, it has also deteriorated”. This publication makes the following comments on the “socio-political indicators” in the indebted Latin American nations:

“Argentina, Brazil, Colombia, Ecuador and Mexico face political situations that are unfavorable for the establishment of sound economic measures.

“Peru confronts potentially serious social unrest while Bolivia, Chile, Uruguay and Venezuela are in suitable conditions for the establishment of economic adjustment policies”.

The importance of the “socio-political indicators” becomes evident when the round of

It is no longer possible to sustain the net transfer of resources from the region, which has reached 180 billion dollars in the period from 1982 to the present

Table 2

PRICES IN THE SECONDARY MARKET OF THE DEBT OF SOME LATIN AMERICAN COUNTRIES

Country	July 1985	July 1986	July 1987	May 1988	March 27/89	April 3/89
Argentina	60-65	63-67	46-49	28-29	16.75/ 17.25	16.25/ 17.00
Brasil	75-81	73-76	58-61	55-56	34.25/ 34.75	35.00/ 36.00
Chile	65-69	64-67	68-70	61-62	59.50/ 60.00	58.50/ 59.50
Ecuador	65-70	63-66	45-47	na*	12.00/ 14.00	the same
Mexico	80-82	56-59	55-57	54-55	40.50/ 41.00	42.00/ 43.00
Peru	45-50	18-23	10-12	04-09	05-07	the same
Venezuela	81-83	75-78	70-72	55-56	33.50/ 34.50	35-36

Source: Shearson Lahman Brothers and Bear, Stearns and Co., Merrill Lynch, International Financing Review and Libra Bank. Figures in billions of dollars *not available.

presidential elections this year (Argentina, Bolivia, Brazil, Chile and Uruguay) and in 1990 (Colombia and Peru) is taken into account.

Proposals to Solve the Debt Crisis

Of the 28 plans or initiatives that have been presented as solutions to the debt crisis, the following are the most outstanding:

The Alfonsín Plan which demands the reduction of interest rates of the commercial banks by 4 percentage points, gives substantial periods of grace and extends the schedule of payments over a period of 30 years.

The Baker Plan, which proposed the transfer of 20 billion dollars from commercial banks and 9 billion from multilateral agencies to the debtor countries in the form of loans.

The plan put forth by *Bank of America*, which contemplates the alleviation of the debt through changes in interest rates, either reductions of the rates or loan increases. *The Bolivian Plan* suggested buying back the debt at secondary market prices with intervention by the commercial banks.

There is the *Bradley Plan* which supports economic reforms in the debtor nations by charging lo-

wer interests. *Fidel Castro's Plan* specifies that the debtors should stop paying interest and that the creditors should take over these payments to the commercial banks.

The Dornbush Plan proposes that creditors invest their profits in the economies of the debtor nations for a period of 8 years. *Alan Garcia's Plan* limits the possible interest payments to 10 percent of the country's export earnings and proposes paying only those creditors who give new loans.

The Mexican Plan with the Morgan Guarantee, which was integrated into the *Brady Plan*, contemplates buying back the loans from commercial banks at market prices, with the help of zero option coupons, in order to exchange the old debt for new loans.

The Mitterrand Plan, which urges multilateral organizations to offer guarantees of reductions, has also been proposed, and more details should be available this coming July 14, when the Group of Seven meets in Paris during the celebration of the 200th anniversary of the French Revolution.

The Miyazawa Plan exchanges debt for stocks and postpones the expiration of the loans. This plan endorses swaps, (an exchange of debt for investment). The plan proposed by the *United Nations* specifies that debtors should pay lower interest rates on their debt to the commercial banks.

Finally, the *Brady Plan*, which is still being debated, implies an important change of attitude because it is the first plan that recognizes that in order to pay there must be growth.

Mexico's Role in the Renegotiation of the Debt

Mexico chose the *Brady Plan* and presented its "menu of options" to the Bank Advisory Committee in New York on April 19, eight days after having announced its new Letter of Intention to the IMF, a

Since 1982 Mexico has signed four Letters of Intention with the IMF; it has participated in unending negotiations on the restructuring of its public and private debts and it has been threatened with being designated by the international banks as "in moratorium"

Mexico has the support of the IMF, the World Bank and the Inter-American Development Bank as well as the majority of governments of the industrialized countries. It is waiting for a clear response from the international commercial banks

process that was closely followed by the indebted governments of Latin America.

In the past, Mexico has declared a moratorium during negotiations. The first time was on August 20, 1982 when it declared a moratorium for 90 days. After some negotiation, it was extended for another 120 days, and once again, on March 10, 1983 it was prolonged until August 15 of the same year. On April 21, 1989, Mexico requested an extension of

the expiry date for payment of 1,175 million dollars.

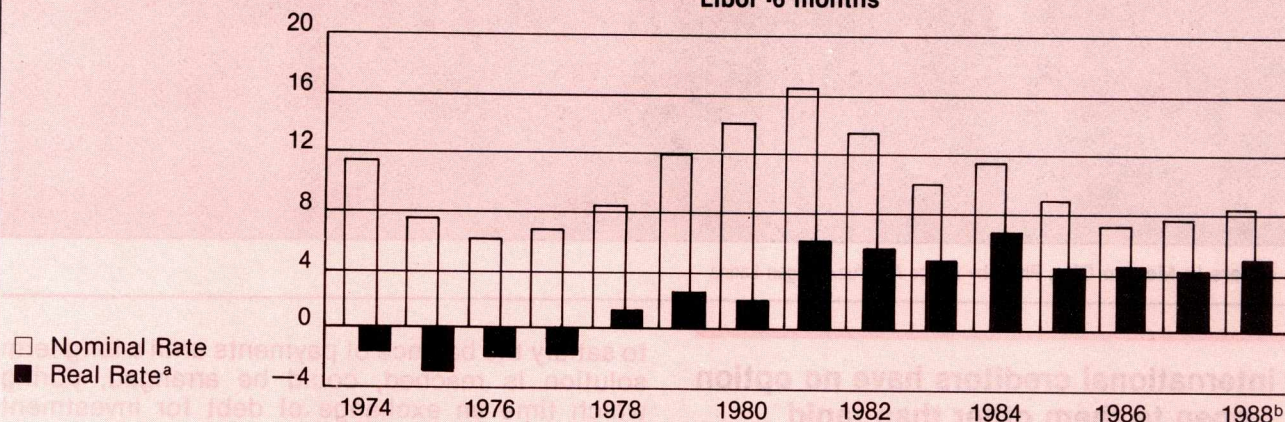
Mexico has, since 1982, signed four Letters of Intention with the IMF; it has participated in unending negotiations on the restructuring of its public and private debts; it has been threatened with being designated by the commercial banks, at the international level, as "in moratorium"; it has also been forced, during negotiations, to announce "the suspension of payments" because of the inflexible attitude of its creditors.

Jesús Silva Herzog Flores, who on June 6, 1986 publicly announced the possibility of a unilateral moratorium, presented his resignation as Secretary of the Treasury eleven days later.

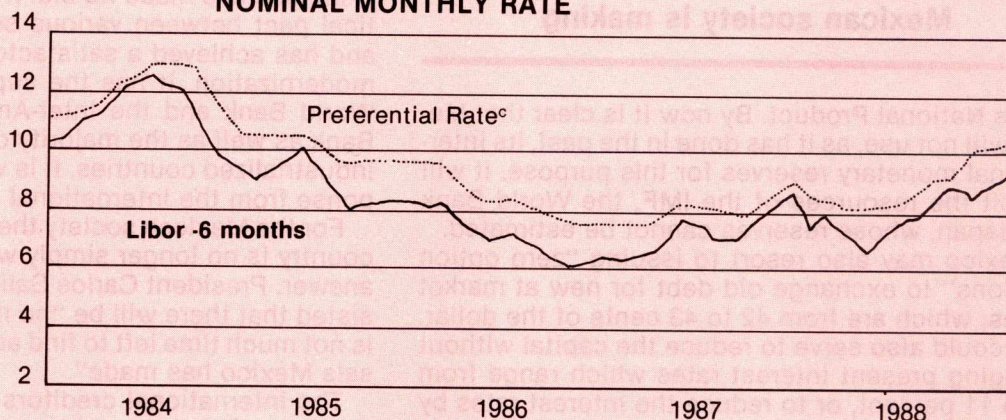
Gustavo Petricoli substituted him as Treasurer, and on at least two occasions he also used "the unilateral moratorium" as ammunition during negotiations. Pedro Aspe Armella, the present Secretary of the Treasury, has received orders from the President to reduce the foreign debt and lower the net transfer of resources from 6 to 2 percent of the

Table 3
INTERNATIONAL INTEREST RATES
(Percentages)

Libor - 6 months



NOMINAL MONTHLY RATE



^a Nominal rate deflated by the consumer price index of industrialized countries
^b Average for the period from January to November
^c Prime rate, a preferential rate that the U.S. banks give their best clients

Source: CEPAL, based on the IMF's *International Financial Statistics*.



Street sellers in Mexico City. Photo by Marco A. Cruz/Imagen Latina

The international creditors have no option open to them other than rapid participation in the effort that the Mexican society is making

Gross National Product. By now it is clear that Mexico will not use, as it has done in the past, its international monetary reserves for this purpose. It will exploit the resources of the IMF, the World Bank and Japan, whose reserves cannot be estimated.

Mexico may also resort to issuing "zero option coupons" to exchange old debt for new at market prices, which are from 42 to 43 cents of the dollar. This could also serve to reduce the capital without changing present interest rates which range from 10 to 11 percent, or to reduce the interest rates by half without changing the principal.

The commercial banks would also have the option to make new loans even if they decided they did not want to participate in any of the possibilities mentioned in the previous paragraph. New loans for growth could be made, or bilateral support

to satisfy the balance of payments until a long term solution is reached, could be arranged, during which time an exchange of debt for investment would be accepted.

Mexico has made its bid. It has a social and political pact between various sectors of the society and has achieved a satisfactory level of economic modernization. It has the support of the IMF, the World Bank and the Inter-American Development Bank as well as the majority of governments of the industrialized countries. It is waiting for a clear response from the international commercial banks.

For the Mexican society the situation is clear: the country is no longer simply waiting. It demands an answer. President Carlos Salinas de Gortari has insisted that there will be "no more sacrifices. There is not much time left to find an answer to the proposals Mexico has made".

The international creditors have no option open to them other than rapid participation in the effort that the Mexican society is making, and contributing to that society's growth.

The only other possible Mexican response, which in fact has ample support, is the "unilateral moratorium". □

PRESIDENT SALINAS WORKS FOR NATIONAL CONSENSUS

Rogelio Hernández

Few sectors of the Mexican society have not been shaken up by one or another of the decisions that Salinas de Gortari has made as President of the Republic

In the spring of 1987, Federal Deputy Luis Donaldo Colosio declared himself one of the few Salinists at that time:

"The Budget secretary, Carlos Salinas de Gortari, is one of the very few who have an integral perspective on national problems and possess a political project with which to face the economic crisis," insisted the man who would later be the president of the National Executive Committee (CEN) of the Institutional Revolutionary Party (PRI).

In that meeting, the supporters of the ex-president of the Chamber of Deputies Budget Commission considered the basis of their conviction and calculated the scarce support that their precandidate commanded at that moment. This raised doubts about the existence of his "political project" to deal with the problems of the national economy.

By May of 1989, the first 150 days since Carlos Salinas de Gortari took office as the constitutional President of Mexico had passed and the opinion of Luis Donaldo Colosio had become generalized mainly as a result, of the President's long-range political initiatives.

Few sectors of the Mexican society have not been shaken up by one or another of the decisions that Salinas de Gortari has made as President of the Republic. With his very active politics and his drive to modernize the economy and economic relations, the 40 year-old President has even suc-



Salinas de Gortari, PRI candidate to the Presidency. Photo by Marco A. Cruz/Imagen Latina

ceeded in attracting such parties as the PARM (Party of the Authentic Mexican Revolution) and the Cardenist Front for National Reconstruction, which formed part of the pro-Cárdenas National Democratic Front coalition during last year's elections. And Salinas has also been able to incorporate the most conservative party, National Action (PAN), into the rules of the game, although this party had threat-

Reporter and analyst of political affairs for the newspaper, *El Excelsior*.

The President has generated broad recognition of his "political skill" and his "ability to take the initiative rapidly" and he has gained consensus that he did not have when he assumed office

ened to conduct widescale boycotts of the economic and political systems in protest against electoral fraud.

The man who began his legal stay in office accused by both political tendencies, and in some places abroad as well, of lacking legitimacy, and who, besides continuity in economic policy, did not possess a project deserving of national support; who began his term without a political team of national significance or a proposal to develop one quickly, in five months has generated broad recognition of his "political skill" and his "ability to take the initiative rapidly". He has gained consensus, to the point of creating a political tendency that had not existed before the presidential sash was bestowed: "Salinism".

Moves to Modernize Relations

Beginning with his inauguration, Carlos Salinas de Gortari has occasioned either admiration or aggravation.

For example, departing from traditional Mexican protocol, but in a style common to many countries, he invited the heads of state of Argentina, Belize, El Salvador, Honduras, Cuba, Guatemala, Nicaragua and Colombia to the inauguration ceremony. Afterwards, the majority of the political left criticized Fidel Castro and Daniel Ortega, the leaders of Cuba and Nicaragua, for "legitimizing the Salinas government with their presence". But the action, and its effects, had already taken place.

This same day, Salinas upset more people with the presence in the Legislative Palace of high-level officials of the Catholic church headed by the Roman apostolic delegate, Gerolamo Prigione and the president of the episcopate, Ernesto Corripio Ahumada. Once again, the leaders of the left and even some members of the PRI, were alarmed about a "regression in the separation of Church and State". But Salinas responded laconically during the ceremony: "It is necessary to modernize relations".

The next day, Carlos Salinas de Gortari revealed a political project he had not announced previously: he installed a National Commission of Solidarity Programs and drew to this organization and its subcommittees people segregated by other administrations because of their critical or leftist tendencies, such as Carlos Tello Macías, who nationalized the banks, and Rolando Cordera Campos, one of the most highly respected critics within this political field.

This same day it became obvious that the strat-



President of the Republic. Photo by Marco A. Cruz/Imagen Latina

The President installed the National Commission of Solidarity Programs and drew to this organization and its sub-committees people segregated from other administrations because of their critical or leftist tendencies

egy of coordinating a variety of political tendencies would not be limited to the political left. Showing a photograph as evidence, Salinas calmly declared that he had met with the leadership of the National Action Party (PAN), including one of his fiercest opponents: Manuel J. Clouthier, one of his four rivals in the presidential elections.

Demonstrations of Power

During the month of December the initiative that governed from the National Palace made several "blows" that revealed power where many asserted none existed; apart from minor actions and decisions, on the 12th, prominent politicians signed the Pact for Stability and Economic Growth (PECE) which, with modifications, was a continuation of a document designed by the Budget ministry under the administration of Miguel de la Madrid. According to observers, the Pact had slowed and even diminished the inflation rate, which had been high for two presidential terms.

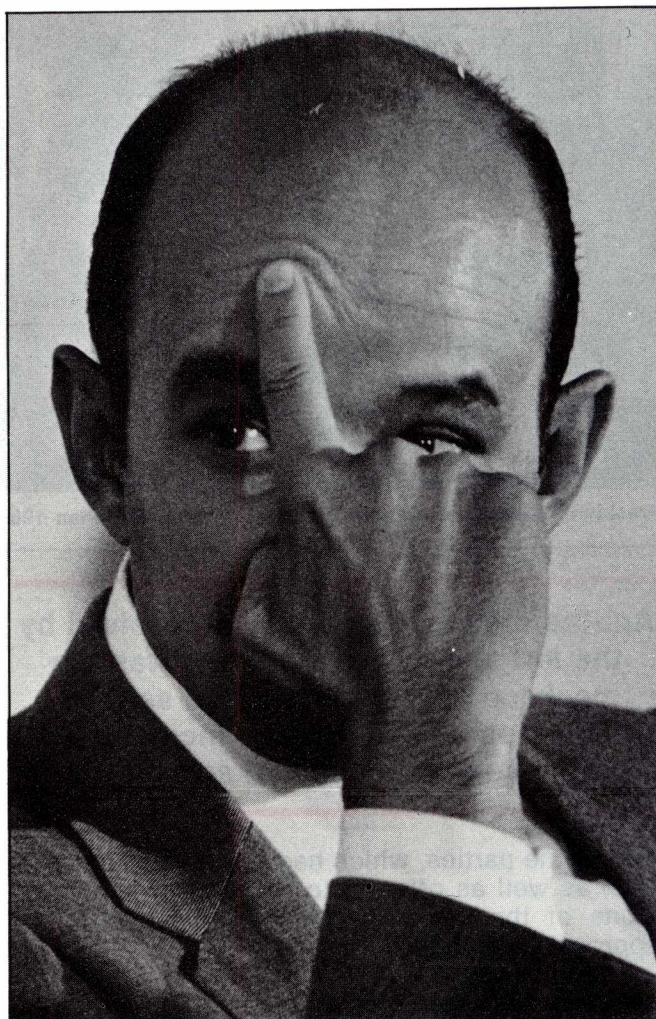
Two days later, on December 14, the first of several important agreements with opposition forces in the social sector began. The first meeting was held of what would later become an organization that would coordinate the peasant movement, officialist organisms and the majority of leftist tendencies in rural areas: the Permanent Agrarian Congress, an organization similar to that which coordinates the majority of the important unions, the Labor Congress.

Within 24 hours came another action, this one well received by the left and by labor: a packet of fiscal initiatives was sent to Congress in which a new tax on capital that directly affected profits was proposed, and it was approved: a 2 percent tax on fixed assets. This produced a public confrontation with business representatives which had not yet been fully resolved in May.

Search for Recognition

Definitive steps indicated the political direction that was going to be followed. Other actions began

The initiative that governed from the National Palace made several blows that revealed power where many asserted none existed



"Political skill and swift initiatives". Photo by Angeles Torrejón/Imagen Latina

to fill in the outline even more: the December 19 break-up of the National Democratic Front (FDN) began with an interview between leaders of the Authentic Party of the Mexican Revolution (PARM) and Carlos Salinas de Gortari. This organization, which had formally endorsed Cuauhtémoc Cárdenas, began to be criticized immediately because it had not consulted the other members of the FDN before the meeting with Salinas. Another interview with the opposition took place December 23, this time with the Mexican Democratic Party (PDM), a right-wing party which lost its register in the July elections because it did not receive the required 1.5 percent of the votes. The motivation underlying these actions, as with the meeting with the PAN, was to demonstrate the existence of Salinas presidential authority.

In February, a less active but not less effective month, besides the formal activities required of every head of state, Carlos Salinas de Gortari announced his consent to the revision of the Federal Electoral Code, which had been repeatedly criticized by the opposition as "the basis of the electoral fraud committed on July 6". He called for the Code to be reviewed and offered equal representation to the parties in the commission in charge of the re-evaluation (he put the PRI on the same level as the



President Salinas presents the National Development Plan 1989-94, May 31, 1989. Photo by Angeles Torrejón/Imagen Latina

Another action, this one well received by the left and by labor groups, was the package of fiscal initiatives sent to Congress. This package included a proposed tax on capital and profits

rest of the parties, which had never been done before) as well as offering to call extraordinary sessions of the Congress for the "discussion and approval of changes".

The next day, the first of a series of more spectacular actions took place. Joaquín Hernández Galicia, "La Quina", along with other leaders of the oil workers union, was arrested. The organization had been repeatedly criticized as a source of personal wealth and of gangster-like practices. Besides, the union leadership had severely criticized Salinas during his electoral campaign for the elitist economic policy which he declared he would follow.

Reactions to this initiative were varied, but the majority were supportive of the measure. Part of the FDN criticized the arrest as unconstitutional for the manner in which it had taken place and also as an obvious intrusion on union matters. Salinas heard some criticisms personally when he met a second time with the PAN's national executive committee.

The Salinas administration continued to emit decisions which led to polemical debates among observers and political participants. The arrest and imprisonment for fraud of various executives of the stockbroking firms *Operadora de Bolsa and Mexi-*

In February, President Salinas announced his consent to the revision of the electoral code, which had been repeatedly criticized by the opposition as "the basis of the electoral fraud committed on July 6"

cal was ordered on February 13. Among them was the brother of Agustín F. Legorreta, president of COPARMEX, the most important entrepreneurial association in Mexico. In this case, as with the oil workers' leaders, the executives' illegal actions were open secrets and it was assumed that they would not be charged because they were "part of the network of mutual support that exists in Mexico."

Work to Win Consensus

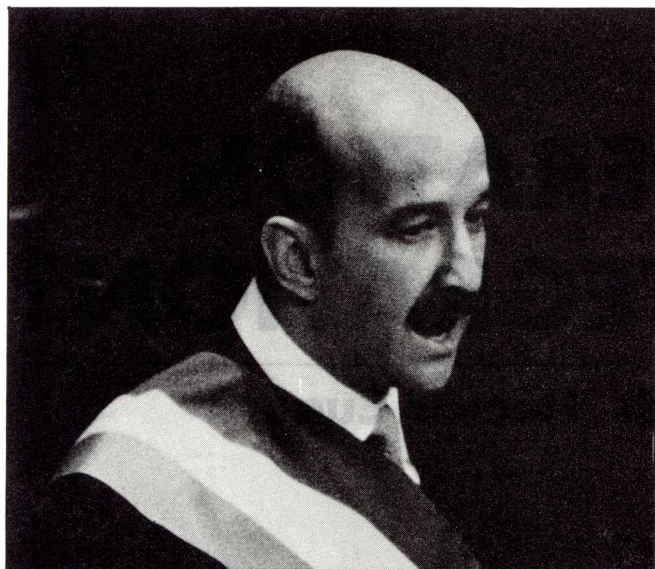
Ten days later, another measure, which initially received general approval, was made known: the intention to modify laws and accords to grant a pardon to 403 political prisoners, in a country where officially none existed. The legislation, nevertheless, was not as expeditious and benevolent as it purported to be; by May only six people had been freed and the last four ex-guerrilla fighters in prison had been excluded from the pardon.

Another initiative which received general approval was the intention to modify laws so as to grant a pardon to 403 political prisoners, in a country where officially none of these existed

Also in May, the Salinas administration began the renegotiation of the foreign debt.

"Untouchables" continued to fall. In March it was Miguel Félix Gallardo, one of the most important drug traffickers in Mexico, with a great deal of influence in the United States and Colombia; later Miguel Ángel Rico Urrea, another important trafficker, was also detained.

In April, pressured by a country-wide teachers' movement which demanded a 100 percent salary hike and union democracy, the Salinas administration responded with the "voluntary retirement" of another corrupt union leader, Carlos Jonguitud Barrios, as well as an offer of a 25 percent salary increase in spite of the 10 percent limit established



The swearing in of the new President, December 1, 1988. Photo by Marco A. Cruz/Imagen Latina

by the Pact for Stability and Economic Growth (PECE). However, the dissident teachers continued the strike, prolonging the movement until May. They did not consider the increase to be sufficient and felt that Elba Esther Gordillo, the new leader of Mexico's largest trade union, the National Educational Workers' Union (SNTE), was no assurance of union democracy.

Blows to the left and to the right, appealing to the nation's general interests, clearly within the political project of gaining consensus and directing a way out of the crisis

In conclusion, the majority of the decisions mentioned indicate a new type of government for Mexico. Included in this group is the determination made in the beginning of May to dismiss 23,000 thousand workers of the Mexico City bus company, Ruta 100, in answer to another forceful movement demanding a salary increase. Decisions taken so far by the Salinas government include fierce blows to the left and to the right, and appeal to the general interests of the nation, but clearly within the political project of gaining consensus and directing a way out of the crisis.

So, 150 days after taking office as constitutional president of Mexico, the opinions in favor of Carlos Salinas de Gortari seemed to be in the majority. He was generally seen as a leader who has quickly gained legitimacy with strong, direct actions, while opposition protests that "he had won the election through a corrupt process and with the help of a ruling by the Congress in which the results of almost 5,000 thousand voting booths were omitted", were apparently subdued. □

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CO-OPERATION OR INTEGRATION?

Interview with Héctor Cuadra

Since the oil crisis, Mexico has intensified its efforts to diversify its export merchandise and expand its commercial relations. While Mexican business people with export capacity seek new markets for their products, the Mexican government has initiated bilateral and multilateral commercial cooperation, including the important incorporation of Mexico into the Pacific Basin Economic Cooperation Conference. *Voices of Mexico* presents the point of view of Héctor Cuadra, researcher and representative of Mexico's National University (UNAM) to the Mexican Commission on the Pacific Basin. Horacio Castellanos and Jorge Luis Sierra interviewed Dr. Cuadra in May of 1988 and one year later in 1989. The interviews show a change of opinion from one year to the next.

For Mexico, the Pacific Basin project represents a desperate attempt to modify the unilateral dependence on the United States. The new scheme of international cooperation can open a new commercial space for Mexico without harm to our sovereignty. This idea, held by university researchers such as Dr. Héctor Cuadra, professor at the Center for International Relations of the School of Political Science at the National University of Mexico (UNAM) is fed by the hope to diminish or abate the unilateral dependence of our country on the United States. The contribution made by specialists to this project, the integration of the major academic institutions of the country into the governmental commission, the project to create a center for interdisciplinary studies, the participation of the different states with Pacific coasts and the participation of almost all the government ministries, speak of the importance of this project for Mexico's commercial relations in the 21st century.

What is the composition of the Commission?

The Mexican Commission on the Pacific Basin was recently created by official executive decree, published on April 7, 1988, in the Official Daily Newspaper. Involved in it are the ministries of Foreign Relations, the Navy, Internal Revenue, Programming and Budget, Energy, Mines and State Industries, Commerce and Industrial Promotion, Agriculture and Hydraulic Resources, Urban Development and Ecology, Public Education, Tourism, Fishing, as well as other technical institutions such as the Bank of Mexico,

Thirty percent of the world production of energetics, and 50% of world rubber production is generated in the Pacific region

Foreign Commerce, the National Science and Technology Council, Mexican Petroleum (Pemex), the governments of states with Pacific coastline, organizations of private and social sectors, as well as institutions of higher education such as the National University (UNAM) and the College of Mexico.

Our country is interested in this and fortunately has incorporated the academic sector into it on an equal basis. The official decree proposes the creation of a center for interdisciplinary studies, which places academic researchers in a position to give institutional support in conjunction with a data center and to develop research plans and specialists on Pacific Basin issues. On the other hand, this Commission is linked to the International Conference for Economic Cooperation in the Pacific Basin, where Mexico, first as an observer and now as active participant in study groups, wishes to join the Conference as a State member in the near future.

Which countries are the members of the Conference?

This Conference was founded in 1980 in Australia and has met in Thailand (1982), Indonesia (1983), South Korea (1985), Canada (1986), and in the sixth and most recent conference in Osaka, Japan. At this last meeting, Mexico was invited to participate in work groups of the International Conference. At the next meeting, to be held in New Zealand in December of 1989, important countries such as the People's Republic of China, will present Mexico's candidacy for full membership.

The Conference is composed of Australia, Brunei, Canada, the United States, the Philippines, Indonesia, Japan, Malaysia, New Zealand, Korea, China, Thailand, and Singapore. The Taipei Committee represents Taiwan. In Latin America, Chile and Peru, for obvious geographical reasons, were the first to request admission into the International Pacific Basin organization; however, there has been no decision regarding their admission.

The Conference has a permanent committee which supervises the activities of work groups and the Conference agenda. Since 1980 when the Conference was established, these work groups organized around the following themes: a) minerals and energy, of fundamental interest because the production of energetics and petroleum in the Pacific Basin is greater than 30% of total world production; b) foreign investment and technology transfers, obviously because with countries such as Japan, Canada and the United States in the area, the quantity of technological commerce is quite high as compared to other areas; c) strictly commercial negotiations, that before were limited to commerce in manufactured goods, and now constitute an integral international commerce; d) agriculture and renewable resources, being immensely rich zones for the international community's future which produce 50% of the world's rubber and precious wood; e) capital flow, because of the presence of financial centers such as Singapore, Malaysia, Korea and Japan; f) and finally, in Vancouver, the sixth work group was created in the area of Pacific cooperation and economic perspectives.

What are the objectives of the Mexican Commission?

The technical secretary of the Mexican Commission on the Pacific Basin had a series of preliminary meetings in order to make an inventory of propositions and actions corresponding to our social realities, economy and expectations. The result was a work plan for the Commission presented on May 12, only days after the Commission's installment. The work plan is the result of prior reflection by all the groups. It was created with the input of all invited institutions, departments, federal entities and social groups.

It has five goals. First, to study the economic perspectives of the Pacific Basin from Mexican and other regional perspectives. This is a job involving preliminary diagnosis, seeking a basis for a congruent and realistic policy. The second objective is to analyze the economic flows of Mexico with the region and with each country in order to identify complementary possibilities. The third objective is to examine the instruments of existing bilateral economic cooperation. The fourth is to establish a permanent exchange of information and experiences in economics and the exchange of experiences in training of technical officials. And the last objective is that which most interests the academic sector because of the division of labor, and consists of the establishment of a center for interdisciplinary studies on

Mexican public opinion asks what are the costs and benefits of the Pacific Basin project



Dr. Héctor Cuadra. Photo by Marco A. Cruz/Imagen Latina.

the Pacific Basin.

Following Conference tradition, the delegations are governmental but also integrate the private and academic sectors. The characteristic peculiar to Mexico is that governmental representation is enriched by the demands and proposals of the Pacific littoral states and by the social sectors.

Thus the work plan of the Commission has the following divisions: a) the financial sector; b) the investment sector, since the commercial sector without financial support does not function per se; c) the third sector refers to foreign investment, such as the treatment of co-investment projects mainly with Japan; and finally, d) the fishing, energetic and cultural and academic sector.

There is an important point that I would like to mention: Mexico, through its foreign policy, is always worried about the Latin American community to which we belong and is interested in creating a Latin American coordination among Pacific coastline countries. It means articulating a joint action via the South Pacific Commission and also involves Central America. This commission is older than the Conference and is composed of Australia, New Zealand, and the Southern Cone countries.

Is this project related to the proposal of new developmental models?

Mexican public opinion rather suspiciously asks what are the costs and benefits that this initiative could have in the development of the national project. To begin with, I would say that this Commission is, from my point of view, a bridge linking the decline of this administration with the project of the next one. These are new strategies not before known in our country and that refer directly to the undeniable fact of Mexico's joining the GATT, which implies the use of a generalized preferential system offered by the United States market in international commerce and in which Mexico can participate. Secondly, we can also think that this initiative refers to the recognition of Japan in commerce, capital resource finance, technology transfer, and in investment. This results in a kind of necessary corollary to a vision of a Mexican economic project tied to world economic trends. Said in another way, the most nationalistic sectors would view a project of this nature with profound distrust because of the dangers implied for a micro-state in an area of larger states. I do not wish to speak of Mexico without speaking of what are called the Pacific insular states such as Fiji or New Guinea.

Definitely, the new centers of international financial power have been displaced from the Atlantic to the Pacific and have developed particular capitalist modes of production such as in South Korea, Malaysia, and Singapore. This economic success is founded on tremendous sacrifice in income levels, low remuneration of the work force, and authoritative power mechanisms that can control the exploitative situation of the productive forces, a brutal re-investment of profits and a virtual de-nationalization of the States in question. This is the most precise and clear model of savage capitalism.

So, in the most conscientious sense, we, as a society, do not wish this model for our country, but rather, want to take advantage of the open spaces left by international commerce, the great flow of capital and technological transfer without detriment to our own sovereign controls, which are certainly weakening through a process of internationalization of the world-scale economy. I believe that to attempt new ways to relate to the outside is not to simply reproduce the old strategy of widening the margins of negotiation within dependency.

Mexico wants to take advantage of the capital flows and technology transfers of international trade, without losing our sovereign controls

What effects would Mexico's incorporation in the Conference have on its relations with the United States?

I believe that this has to be framed in the diplomatic perspectives of the Mexican state which intends or intended, sometimes with greater or lesser success, to reduce the dependency levels with the United States by increasing its relations with other power centers.

I now see this intention to widen our horizons as having a certain historic symmetry with the Pacific. And it is a desperate, anguished attempt to end the unilateral dependence with the United States through the diversification of international relations and this new scheme of international cooperation.

Mexico wants to lessen its unilateral dependence on trade with the United States through diversification of its commercial relations

Are there specific actions proposed by those Mexican states with Pacific coastline?

The preliminary meetings since the Commission was formed have always promoted the participation of representatives of the state governments. Each one has been establishing a repertoire of capacities and concrete actions that could be put into effect in order to participate actively in advancing the Pacific project. There are problems regarding tourism and the international flow of tourists to Guerrero and Oaxaca. Then there are the Japanese investment projects in the creation of refineries in Oaxaca in order to recycle petroleum from production centers in Campeche, transporting it to the Pacific Coast for export to countries such as Japan. Regarding food production, there are concrete export realities to be taken into account. These states are determined to generate food production for export.

Would this mean a global scheme of things?

The work scheme originally proposed commerce in manufactured goods and secondly, in agricultural products. It was noted that this was too restricted. There are many countries that export agricultural raw materials or semi-finished products, and it was better to speak of general commercial relations. But to continue to speak of agriculture, renewable resources and fisheries is to speak of the potential of many states. Mexico has states without an average industrial development that need to export raw materials not only northwards, but also into the better conditions, prices and new markets of the extraordinarily vast Pacific Basin. Where we see a certain problem is in dichotomy, economic and geographical distance, and political distance. Said in another way, the distances are so vast that sometimes the distribution of our products can be economically less productive if long distances are involved and if commercial and service mechanisms, means of transportation, and communication are not modernized, as has been attempted within the country, but without success. □

In recent years Mexico has experienced sharp changes in its social, political and economic life. Mexico's incorporation into the General Agreement on Tariffs and Trade (GATT), whose effects on the Mexican economy were barely seen in 1986, is now evident with an invasion of foreign-manufactured goods at low cost and in direct competition with national products. Nevertheless, there are no clearly certain benefits for the country. Mexico has the obligation to pay back one of the highest foreign debts in Latin America at a time when it needs to develop an internal market weakened by scarcity and inflation, to rise above the recession and utilize to a maximum the resources of its production apparatus. Under these circumstances, Mexico is about to enter as a full member of the International Conference on Economic Cooperation in the Pacific Basin, but in the heart of its civil society, the shape of this participation is being discussed. Héctor Cuadra, professor of Political Science and UNAM representative to the Mexican Commission on the Pacific Basin, believes that Mexico's participation in this project could abandon its original proposals and point to a subordinate integration in the North American common market. The structural problem of Mexico's foreign commerce would not be resolved in this way, says Cuadra. The present interview was conducted in May of 1989, six months after the change of presidential administration.

We have a sad productive structure and the pitiful state of the Mexican economy makes us see that the Pacific Basin project is more a mirage than a reality

There are opinions expressed by Mexican businesspeople and experts interested in the Pacific Basin who believe that this project would prepare the way for Mexico's entrance into the 21st century, and they criticize the business view that does not see beyond the present crisis. These people believe that the true future modernization of Mexico's international commerce is to be found in the Pacific Basin. What is your opinion?

Not only do we have to prepare for the future but also we have to consolidate the present. The official stance of the new administration tries to deny that its political group is very committed to the North American market. The United States is interested in widening its influence in the Pacific Basin. Mexico can only fail in the face of competition with more

The Pacific Basin is a real live option for Mexican foreign trade. However, we have to adjust our vision of foreign trade to the light of international realities

aggressive, productively efficient, internationally commercial countries. It is an illusion and is inconvenient to think that Mexico has a place in that competition. It is a popular vision in the present administration that we are capable of defeating the Asian countries which are literally tigers. I believe that it is rather an official story imposed on us in order to hide the government's commitments to integrate into the North American market. Behind the analysis of international strategy, there are the following two options for the Mexican strategy: the Pacific Basin or the North American common market. The great debate in the Pacific Basin is the conflict of interests between Japan and the United States. It would be easier if one of these actors in the struggle would win by achieving an integration scheme with complementary economies. Mexico would then be part of the negotiation potential of the United States in the Pacific Basin, but would have less importance in multilateral negotiations before more aggressive and experienced business competitors. This view of Mexico's participation in the Pacific Basin derives from right-wing thought which unfortunately is the predominant way of thinking in our country. The proposal of the Mexican government implicitly represents only business interests.

The structural, global problem of foreign commerce is not thus resolved. This should be dealt with as a policy of systematic export and not in case studies for each product. The terms of the government proposal emphasize international cooperation, but in reality it deals with integration, which is yet a higher order. Nevertheless, in the Pacific Basin Conference, where Mexico participates, there are no mechanisms of integration but only cooperation. Integration produces commitment of a political and economic order. A *de facto* integration is sought for the Mexican economy with the North American one, but that would not even resolve our deficit problem in the balance of payments.

If Mexico enters into an economic cooperative mechanism in the Pacific Basin, it will then become an instrument of North American interests, with a vote in favor of the large North American interests in the Pacific Basin. The United States is interested in a level of efficiency of the Mexican state that will serve its own purposes. We are useful if we integrate into the North American market instead of sustaining an individual application in Pacific economic cooperation.

These same business voices speak of the need to close or fuse in the near future about 7000 small and medium-sized businesses not capable of competing. However, due to the specific characteristics of our economy, this may be inconvenient. Is Mexico prepared to enter into the Pacific Basin project?

We have a sad productive structure, a state of economic prostration which makes us see realistically that the project of global Pacific Basin economics is, for Mexico, a mirage. We should have entered into the service revolution in order to take advantage of this market or to have maritime transport lines as agile as the Japanese ones. The Pacific Basin is not a real organic option for Mexican foreign commerce. This does not mean that it would not be convenient and opportune to begin to adapt our view of foreign trade in the light of these schemes.

What would the Pacific Basin project imply for the productive and commercial modernization of our country?

Mexico is in the process of a modernization, with a view point which is not critical regarding real social costs and feasibility. The Mexican economy is far from possessing the aggressiveness in business and commercial administration achieved by Southeast Asian tigers such as Hong Kong, South Korea, Singapore, and Taiwan. The supposed modernization derives from a book-keeper's bureaucratic analysis, and is cybernetic and isolated from social reality. First, we need to modernize our productive plant, and evaluate its local and regional efficiency. After that, we could join in the Pacific Basin adventure. The Mexican businesspeople linked to transnational interests, are the only ones who have a role to play in this scheme.



Administration block. UNAM.
Photo by Marco A. Cruz/Imagen Latina.

A year ago in the first interview with Voices of Mexico, you mentioned with some enthusiasm that the academic sector would participate in the Mexican Commission on the Pacific Basin. What have been the results of that participation?

The creation of an interdisciplinary studies center on the Pacific Basin has not prospered. Our participation would be relevant with research on problems related to markets, technology, commercial viability, oceanography, revolution of the services, inter-oceanic communications, information technology, marine biology, technology transfer flows, projects of agricultural cooperation and fisheries. All these fields involve applied research activity in Mexico. But it is clear that there is a weakening role of the National Science and Technology Council that has been incapable of articulating a minimal technological policy that could orient research towards the Pacific Basin.

I believe that the political management of this project obliges us, as independent academics, to step back from the triumphal stance of the present administration. In the sense that academic life is suffering from a shrinkage in its role as a leader in science and knowledge and that the crisis makes evident the exodus of long lines of academics abroad, this problem gets worse. The panorama is indeed grave. □



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TOWARDS THE PACIFIC

It is inevitable that countries such as Mexico modify their trading practices in the light of new international relations being opened up by expanding commerce in the Pacific Basin. At stake is the national participation in next century's world community. However, the participation of developing countries in Pacific commercial relations —already dominated by the traditional North American powers and by the new powers of South East Asia— is determined by their financial, technological and productive weakness, as well as by their own internal economic problems. Sara Alatorre informs us here about the internal implications of the Pacific Basin project for Mexico, and analyzes the role of the General Agreement on Tariffs and Trade (GATT), the foreign debt, and above all, their repercussions on the standard of living of our population.

In an attempt to diversify and widen its commercial relations with a larger number of countries, Mexico now opens its doors to the Pacific Basin and thus inaugurates an unprecedented stage in its foreign commerce.

Seen from within by the Mexican businessman as a step towards the future, the Mexican incorporation into the Pacific is part of a modernization policy that, announced since the end of the last administration, constitutes one of the pillars of the administration of President Carlos Salinas de Gortari.

The less optimistic social sectors of the country fear that the commercial aperture may not be advantageous for Mexico, in that the country neither has the infrastructure capable of

We glimpsed the future of the Pacific region as fulfilling an important role in next century's economic and political changes

responding to the challenge presented by the competition with developed countries nor a strong tradition of exportation. At any rate, the new strategy of the Mexican government in terms of world economic exchange was shaped in 1986 with the passing of the Law of Foreign Commerce, and it began to be expressed in practice with the country's participation in the General Agreement on Tariffs and Trade (GATT). After only one year of participating in the

Pacific project, there are questions and expectations about the results for Mexico from this commercial aperture as well as regarding the meaning of changing international relations.

The Mexican Commission on the Pacific Basin

More than 15 years ago, when the idea that we live in a world of interdependence began to gain acceptance, the Pacific project began its work in a reunion held in September 1980 in Australia, in the first Conference on regional economic cooperation. Since then there have been five more reunions but it was not until the last one that Mexico proposed participating in this project. Thus, on April 15, 1988, our country formed the Mexican Commission on the Pacific Basin.

In forming this organism, considerations regarding the need to diversify economic international relations in order to conserve sovereignty were taken into account; also, we foresee that the pacific region will play an important role in next century's political and economic changes. And, above all, we consider that the most important world markets are to be found in this zone, to which Mexico could export hydrocarbons and manufactured products, among others, and conduct shared investments and touristic exchanges.

The Mexican Commission is formed by representatives of the following sectors: government, social (business people and organized labor) and academic (National University of Mexico and the College of Mexico). The

Currently, Mexico conducts 70% of its trade with the United States, 10% with Japan, and around 5% with Canada

academic participation is an indispensable endorsement for consulting, staff formation, and theoretical and ideological backup.

This tripartite Commission has participated as an observer in the six conferences on the Pacific Basin held since 1980 to date; all of these have been meetings of 90 interested countries.

The Mexican Commission on the Pacific Basin proposed, since its creation, and taking into account previous

discussions, a work plan based on the country's realities, its needs and expectations, and it has approached the analysis of Mexico's relations with each country of the region. The proposal includes the formation of a center for interdisciplinary studies by the academic sector, intended to function as a research body. The Commission divided its program of action into the following five large sections: financial diagnosis, domestic investment, foreign investment, natural resources, and research.

At the same time, this tripartite commission should propitiate the short and long term strengthening of Mexico's political, economic, and cultural relations with the countries of the region through the sustained exchange of information and has

SOME SOCIOECONOMIC INDICATORS OF THE PACIFIC BASIN COUNTRIES

Country	Population (millions)	Per capita income (US dls 1985)	Exports (Billions of dollars)	Imports (Billions of dollars)	Trade Balance (Billions of dollars)	Foreign debt (Billions of dollars)	Surplus (+)/ deficit (-) with the United States
<i>Association of SE Asian Countries</i>							
Indonesia	165.4	510	14.8	10.7	4.1	37.0	n.d.
Philippines	56.0	560	4.8	5.4	-0.6	27.8	n.d.
Thailand	52.6	810	8.8	9.2	-0.4	15.0	n.d.
Malaysia	15.9	1 860	13.9	10.8	3.1	19.0	n.d.
Singapore	2.6	7 420	22.0	25.3	-3.3	0.0	+ 1.3
<i>NE Asia</i>							
Japan	121.5	16 300	211.0	127.0	83.0	n.d.	+ 59.0
South Korea	41.6	2 370	35.8	32.3	3.5	39.0	+ 7.5
Taiwan	18.0	3 230	39.8	24.2	15.6	11.6	+ 13.4
Hong Kong	5.5	6 330	34.5	34.9	-0.4	0.9	+ 8.1
China (Pop Rep.)	1 054.8	280	31.1	43.2	-12.1	7.0	-
<i>Australasia</i>							
Australia	16.0	11 630	22.6	26.2	-3.6	39.5	-2.6
New Zealand	3.2	7 592	5.9	6.0	-0.1	n.d.	n.d.
<i>North America</i>							
Canada	25.6	11 673	89.7	85.6	5.6	n.d.	+ 11.0
United States	241.6	17 400	224.0	369.0	-145.0	n.d.	-
Mexico	80.7	1 850	16.0	11.4	4.6	101.4	+ 3.1

Source: FMI, International Financial Statistics, July-87 & Dec-86 The World Bank, World Development Report, 1986; World Financial Markets, The Asian NICS and US, 1/1/1987; World Financial Markets, LDC debt: debt relief or market solutions, Sept. 86 Published in *El Mercado de Valores*, No. 5, March 1, 1988, pp. 12.

the power to request full cooperation of state governments within the country. In formal terms such are the objectives of the Mexican Commission in charge of affairs related to the country's incorporation into the Pacific Basin project.

Diversification of Exchanges

It is said that one of the principal considerations regarding the country's entrance into the Pacific Basin was the need to diversify trade exchanges. Currently, Mexico conducts 70% of its trade with the United States, 10% with Japan and about 5% with Canada. By typifying the nations that compose the region, it can be seen that they are quite diverse and with widely varying economic perspectives; thus, we can set to rest the myth of homogeneity. However, economic and commercial exchange with other Pacific countries is marginal and is it likely that it will continue to be so, among other reasons due to the distance of the Asiatic countries and the lack of competitiveness of Mexican products.

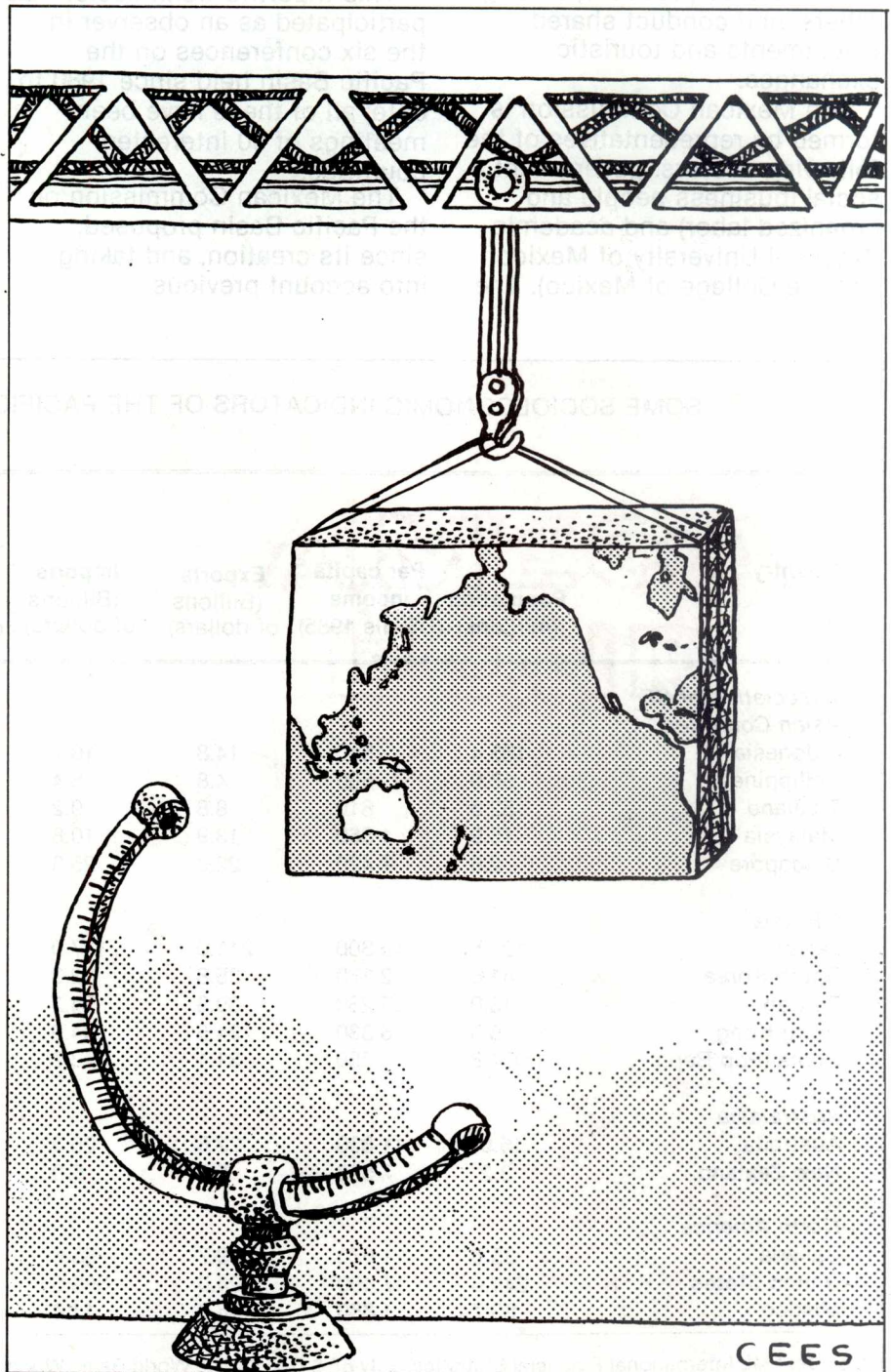
A de-capitalized Mexican industry would have to face a relationship of equality with countries possessing a high degree of technological speculation and automation of its productive process

Mexico has 7000 kilometers of Pacific coastline and four important ports which are the following: Salina Cruz, in Oaxaca; Acapulco, Guerrero; Lázaro Cárdenas, Michoacán; and Manzanillo, Colima. The export possibilities include principally raw materials (petroleum, zinc, salt) and manufactured products, while

the large majority of imports are non-perishables, high technology, and capital goods. To this we can add the large majority of countries which export raw materials and which are becoming food importers, especially of grains, which are mostly harvested in the highly developed countries. Besides, the economic and international tendency is towards an increasing transnationalization:

multinational companies today control 40% of world commerce and 30% of production, and are the source of about 60% of industrial investments.

On the other hand, the Mexican economy appears to be sunken in a stagnation in agriculture and industry, the weight of the foreign debt and unemployment. Inside the country there is a process of re-privatizing the economy, which



MEXICO'S EXPORTS TO SELECTED COUNTRIES

(thousands of dollars)

Country	1980 (A)	1981 (B)	1982 (C)	1983 (D)	1984 (E)	1985 (F)	1986 (G)
Japan	738 217.6	412 494.7	1 171 923.3	1 534 619.2	1 903 783.3	1 718 439.3	889 183.9
China	96 174.1	169 203.0	76 880.9	58 412.1	98 677.9	85 167.2	110 357.5
North Korea	28 340.1	36 282.7	21 120.2	42 437.2	41 519.5	30 221.3	21 263.5
South Korea	15 900.2	13 239.8	11 713.9	134 819.2	157 122.4	102 556.5	80 197.8
Australia	8 094.5	13 411.0	13 086.7	7 939.8	14 879.8	18 023.5	17 061.6
Indonesia	5 676.4	6 643.2	3 011.7	6 727.1	2 298.8	2 319.3	1 296.5
Philippines	5 621.4	88 920.4	29 295.2	76 627.9	765.2	4 221.0	5 250.8
Hong Kong	3 818.9	7 611.5	5 040.5	19 248.1	24 921.6	15 002.2	11 154.6
Malaysia	1 963.9	786.8	3 411.8	4 368.1	3 700.7	1 522.2	1 614.7
Singapore	1 438.0	2 488.6	1 227.2	2 147.2	4 360.3	7 482.4	2 625.3
New Zealand	963.1	1 740.1	1 498.6	3 100.6	7 145.8	9 291.4	6 995.9
Thailand	738.5	9 160.9	1 813.2	12 057.5	16 882.5	24 836.4	33 250.7
Taiwan	0.0	1 386.2	1 953.7	6 310.9	3 430.3	2 162.7	11 285.7
Total of selected countries	906 945.7	763.368.8	1 441 976.9	1 908 814.9	2 279 398.7	2 021 245.5	1 191 538.5
TOTAL	15 441 685.8	19 362 614.0	21 053 630.6	21 774 776.6	23 578 407.2	21 722 898.3	16 195 478.4

Country	Variations in percentages						
	1987 Ene.-Jul.	B/A	C/B	D/C	E/D	F/E	G/E
Japan	759 493.0	-44.12	184.11	30.95	24.06	- 9.74	- 48.26
China	74 535.9	75.93	- 54.56	- 24.02	68.93	- 13.69	29.58
North Korea	23 912.1	28.03	- 41.79	100.93	- 2.16	- 27.21	- 29.64
South Korea	30 441.8	-16.73	743.77	20.68	16.54	- 34.73	- 21.80
Australia	9 282.3	65.68	- 2.42	- 39.33	87.41	21.13	- 5.34
Indonesia	3 098.0	17.03	- 54.66	123.37	- 65.83	0.89	- 44.10
Philippines	4 034.4	1 481.82	- 67.05	161.57	- 99.00	451.62	24.40
Hong Kong	19 292.5	99.36	- 33.78	281.87	29.48	- 39.80	- 25.65
Malaysia	2 094.1	-59.4	333.65	28.03	- 15.28	- 58.87	6.08
Singapore	2 208.7	73.07	- 50.69	74.97	103.07	71.60	- 64.91
New Zealand	7 801.6	80.68	- 13.88	106.90	130.47	30.03	- 24.71
Thailand	26 131.4	1 140.55	- 80.21	564.98	40.02	47.11	33.88
Taiwan	935.0	-	40.94	223.02	- 47.07	- 35.25	421.83
Total of selected countries	963 710.9	-15.83	88.90	32.37	19.41	- 11.37	-41.05
TOTAL	14 541 740.0	25.39	8.73	3.43	8.28	- 7.87	-23.45

SOURCE: SHCP, DGAHI. Information System on Foreign Commerce.
Taken from *El Mercado de Valores*, No. 5, March 1, 1988.

implies reducing the State's participation in the productive sectors. At the same time, the country is going through serious regional and social disequilibrium with marked social inequalities. By way of example, during the present decade, the exchange price of products has deteriorated 16.4%; interest rates to creditors are nine times that of the previous decade; the net payment of utilities and interest

on the foreign debt surpasses 28 times the net entrance of capital into the country, all of which are factors that together propitiated

The Pacific region has 46.5% of the planet's population, 50% of the Gross Internal Product, and 40% of world commerce

the net transfer of resources outside the country to the tune of 51.4 million dollars from 1982 to 1987, a figure that represents 35% of the total transferred from all of Latin America to the rest of the world.

In summary, a de-capitalized Mexican industry in the Pacific Basin would have to face a relationship of equality with countries possessing a high degree of technological speculation and automation of

COMMERCIAL BALANCE OF MEXICO WITH SELECTED COUNTRIES
(thousands of dollars)

Country	1980 (A)	1981 (B)	1982 (C)	1983 (D)	1984 (E)	1985 (F)	1986 (G)	1987 (JAN-JUL)
Japan	-280 107.9	-792 285.1	474 305.1	1 161 887.8	1 385 267.1	980 678.6	181 388.7	305 342
China	29 201.8	54 047.4	18 916.7	47 009.5	72 019.1	24 252.5	63 107.6	50 581
North Korea	26 463.8	28 270.8	208 100.2	42 239.4	39 709.3	27 444.3	12 448.7	15 093
South Korea	-16 876.0	-10 482.4	88 512.44	113 110.3	139 184.7	90 374.6	62 271.9	16 013
Australia	-24 625.0	-28 065.9	-4 234.7	-1 377.7	-33 212.0	-62 071.4	-18 430.0	-1 328
Indonesia	-6 296.4	-8 431.9	-15 911.4	-12 282.0	-9 358.3	-7 575.3	-13 982.8	-7 453
Philippines	-2 281.7	86 432.8	24 988.4	57 267.0	-1 295.7	-3 039.3	4 049.4	2 887
Hong Kong	-40 136.9	-75 797.4	-64 315.1	14 498.1	17 308.0	2 091.7	-3 043.3	7 936
Malaysia	-9 478.8	-16 076.3	-1 701.4	1 061.5	209.3	-3 104.3	-12 264.8	-6 862
Singapore	-33 945.4	-18 809.6	-9 600.9	-8 336.3	-14 829.3	-14 232.6	-13 050.3	-5 644
New Zealand	-21 654.1	-28 307.1	-32 360.8	-13 837.2	-28 766.8	-28 655.3	-14 362.4	-3 194
Thailand	353.5	8 868.1	1 715.4	11 746.7	2 793.2	16 236.8	32 913.6	25 929
Taiwan	-869.6	-10 588.5	-3 374.7	5 481.2	2 502.8	-1 770.4	9 518.3	-93
Total of selected countries	-380 252.6	-811 225.2	497 749.3	1 418 467.9	1 571 531.4	1 026 708.7	290 544.5	399 207
TOTAL	-3 433 470.6	-3 333 725.8	6 754 976.7	13 225 127.9	12 318 010.7	8 286 271.9	4 053 477.6	5 957 908

SOURCE: SHCP, DGAHI, Information System on Foreign Commerce Taken from, *El Mercado de Valores*, No. 5 March 1, 1988.

It is an undeniable fact that Mexican rapprochement to the Pacific region will proportionally distance it from integration with Latin America

its productive process. While Japan and the United States possess sophisticated productive processes with a high degree of automation, countries such as South Korea and Singapore, among others, sustain a productive rhythm implying high social costs.

Private Sector and Infrastructure

The Pacific is seen by the private sector as a "long range concept". Businessmen do not scorn the fact that the Pacific zone has 46.5% of the planet's population, 50% of the gross internal product, and 40% of the trade. And they propose that it is indispensable that we increase our exports. The commercial entrance requires that the internal and external market be considered as one only, and as one that the companies should

GEOPOLITICAL AND ENERGETIC POSITION OF THE PACIFIC BASIN COUNTRIES
(Not including Antarctica)

ECONOMIC CATEGORY	COUNTRIES	NATURAL PETROLEUM RESOURCES	PETROLEUM INVOICE	DEPENDENCE ON LIQUID HYDROCARBONS	RELEVANT POSSESSION OF OTHER SOURCES OF STRATEGIC ENERGY
<i>Highly developed</i> 1. exporters	USSR	widely extensive	exporter	73%	coal, uranium, gas, peat, water
	USA	extensive		84%	coal, uranium
<i>Developed</i> 1. self-sufficient & occasional exporters 2. self-sufficient & occasional importers 3. importers	Canada	sufficient	balanced	82%	coal, uranium, gas, water
	Australia	sufficient	balanced	83%	coal, peat, uranium, bituminous sands
	Japan, New	non-existent	importers	93-100% depending on the case	Japan: nothing; New Zealand & South Africa: coal, uranium, peat
<i>Neo-industrialized countries (nics)</i>	Taiwan, Hong Kong, South Korea, Singapore, Philippines	non-existent	importer	95-100% depending on the case	nothing important verified
<i>Developing</i> 1. exporters 2. importers 3. self-sufficient	China, Mexico, Indonesia, Ecuador	extensive	exporter	70% for China; 90-95% for the rest	none shown to be important Mexico: gas and geothermal; China: all
	Chile, Colombia	very limited	importer	95% Chile, 89% Colombia	Chile: coal; Colombia: coal & water
	Peru	sufficient	balanced	94%	gas & coal, not verified
<i>Importers, low development</i>	all those remaining	non-existent	importer	95-100% depending on the case	nothing important verified



International port in Manzanillo, Colima. Photo by Marco A. Cruz/Imagen Latina

attend to with equal efficiency.

But it is not only a question of will; we need a more vigorous expansion of exports in order to obtain the necessary resources so that financial institutions may grow. This supposes that higher levels of competition must be reached, in particular in the field of manufactured goods. It includes as well, the development of our own technologies. In the same fashion, technological development should be the basis for economic growth in order to avoid that commercial and economic integration of the country is achieved in dependent and subordinate terms.

For the time being, the possibility of sustaining or increasing exports depends largely on port infrastructure. According to the Commission of the National Coordinator of Ports, in Mexico any stowage manoeuvre takes between five and ten times the time it takes in the United States due to the lack of port modernization. Only 11 of the 75 ports that exist in the country are used in foreign trade operations, of which only the four previously mentioned (Salina Cruz, Acapulco, Manzanillo and Lázaro Cárdenas) are located on the Pacific.

As has already been mentioned, public investment has been drastically restricted during the present

administration, and the existing infrastructure has not been greatly modified. With some exceptions, the network of paved roads is the same as it was six years ago. The out-of-date railroad network (80% of which dates from the beginning of the century), has not been modified for a decade and suffers a great lag in technology and equipment, and is noted for its inefficient service. As for the airports, only 10 of these in the whole country have adequate requirements for an intense traffic in merchandise.

The history of commercial relations between developed and under-developed nations is one of inequality and subordination

Economic and Geo-political Integration

Of course, the Pacific Basin constitutes, above all, a wide framework in order to increase and diversify Mexico's foreign trade. The first steps have been taken, Mexico has the political will, and the mechanisms of incorporation are being

formalized in the Commission created for this end. However the obstacles, limitations and requirements are also evident.

Independently of the considerations of an exclusively economic character, some scholars who are closely following the commercial participation of Mexico in the Pacific Basin are making recommendations regarding the geo-political aspects of the phenomenon. An incontrovertible fact is that the Mexican rapprochement to the region will proportionally distance it from integration with Latin America, a traditional relationship in our foreign policy until a few years ago. Also, "for those who observe from Latin America, the nature of the problems and the protagonists in the Pacific scenario are familiar: dependence, material and cultural despoilment, social destruction due to economic and political reasons, racism, violations of human rights, the ethnic and indigenous problems," says Susan B.C. Delvalle, researcher at the College of Mexico.

On the other hand, the rise of Japan as a financial power in the present decade has been felt in our country. Japan has accumulated financial surpluses which convert it into the largest world creditor. The governments of Mexico and Japan formalized the first agreement on the

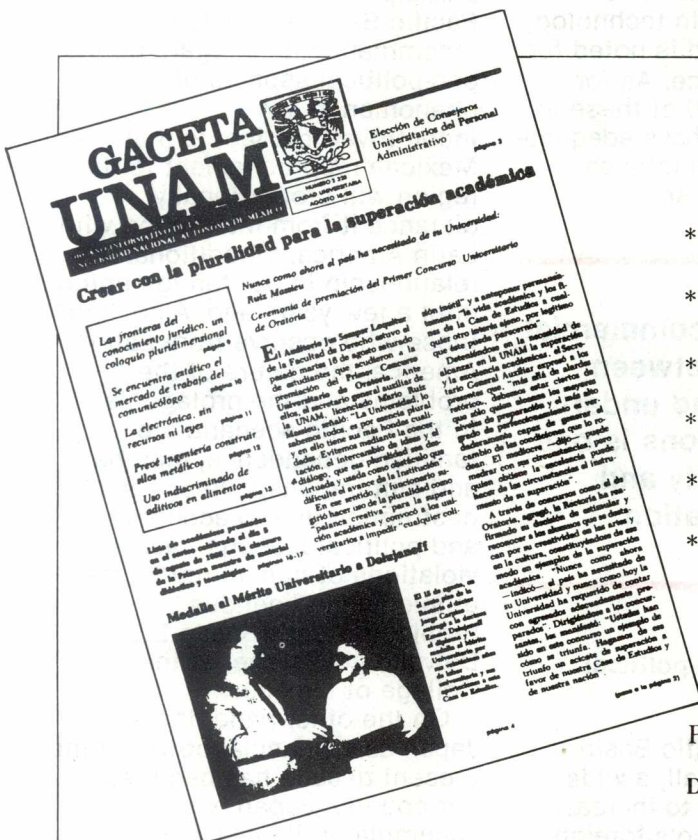
application of financial protocol last November with Eximbank. The sum of 500 million dollars that came into the country due to this agreement were earmarked for the continuation of the so-called Pacific Petroleum Project. Of this sum, 50% was received in March last year and the rest was programmed over the next 18 months. The program will conclude in about three years and the total investment will be above 700 million dollars, of which 200 million will come from the Mexican Petroleum Company (Pemex). The project includes the construction of an 267 kilometer long pipeline, which will go from the Gulf of Mexico to the Pacific. The pipeline will transport light, medium and heavy petroleum for export to the Oriental markets. The project also includes the construction of storage facilities for crude oil in the Gulf of Mexico and in the Pacific region.

There is nothing that indicates the existence of a true spirit of north-south co-operation, except for the strengthening of economic structures where the incipient industrialized countries continue to respond to the interests of the industrialized states

Conclusion

The history of commercial relations among the developed and underdeveloped countries is full of examples of inequality and subordination. Today we speak of "increasing interdependence", of "qualitative change in international relations", and the participants in such changes are dressed in a halo of equality. In effect, the international

economy suffers modifications due to changes occurring among the actors. Such is the case of the Japanese economic expansion, that today competes in a condition of equality with North America. But, under the surface of these modifications, there may not be many favorable changes for the economies of countries which, such as a Mexico, suffer from stagnation. There is nothing that indicates the existence of a true spirit of north-south cooperation, except for the strengthening of an economic structure in which the incipient industrialized countries continue to respond to the interests of industrialized nations, with a consequent deterioration in the prices of raw materials, an increasing toughening of the protectionist instruments of the United States and Japan; and this in the face of the inevitable development of capitalist competition between these two countries. □



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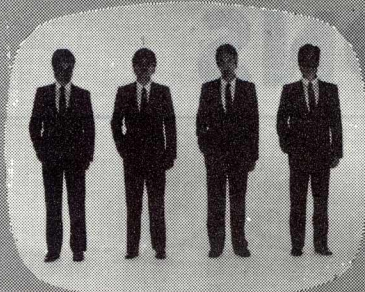
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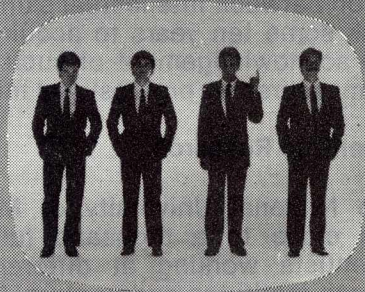
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RESEARCH IN PUBLIC INSTITUTIONS

Mauricio Fortes

Mexican academics and scientists have recently expressed concern about the lack of financial support given to scientists here, and have called attention to poor wages paid to researchers.

An examination of jobs advertised recently in the UNAM showed a great contrast between salaries offered and experience demanded of candidates to employment offered to a Senior Physics Professor and an administrative assistant. The new position of Physics Professor, announced in a recent issue of the UNAM *Gaceta*, required a person with a Ph.D., six years' experience in research and a reasonable number of publications in well known international journals, and offered a salary — for this highest paid academic position at the University— of 1,781,352 pesos, equivalent to some 712 U.S. dollars. The salary is certainly low for such a qualified professor but in view of the severe economic crisis affecting Mexico, one could understand such a wage policy. However, in the same issue of the *Gaceta*, an advertisement appeared for a B.A. graduate or an under-graduate who has almost completed his degree, required for "administrative chores". The required experience: one year; salary offered: two million pesos.

This example suggests that there is something wrong in the way Mexican society values its professional sector, in particular, the scientific

There is no relation between intellectual skills that took some ten years to acquire and the acknowledgement of such skills as measured by professional income

community. We are all aware of the inflationary effects a global increase in wages and salaries would cause in response to the legitimate demands of unions, but we have reached a point where there is absolutely no relation between intellectual skills that took some ten years to acquire and the acknowledgement of such skills as measured by professional income.

Scientific Research

The National University of Mexico has close to a thousand full-time scientists working at different research institutes and centers. Scientific research policy is established by the Technical Council of the Scientific Research Coordination whose members are directors and a professor of each institute and center. In addition, the Schools of Science, Chemistry and Medicine have research Departments.

Basic science is mainly developed at public universities. In addition to the National University, the Advanced Studies and Research Center (CINVESTAV) of the National Polytechnic Institute offers graduate degrees in practically all scientific

Researcher in the Physics Institute, National Autonomous University of Mexico.

During the last ten years, both the UNAM and the CINVESTAV have opened additional centers in several cities specializing mainly in astronomy, physics, biology and marine science

fields and is the second main research institution in the country. During the last ten years, both UNAM and CINVESTAV have opened additional specialized centers in several cities, mainly in astronomy, physics, biology and marine science. Faculty members in these centers usually teach at local state universities.

Administrative red tape is still carried out in an extremely centralized manner. A piece of equipment for the condensed matter laboratory

in Ensenada—a few miles across the border from San Diego—had to travel a long way to reach its final destination: From San Diego to San Antonio, Texas, for clearing import applications at the UNAM's international acquisition office; then to Mexico City for inventory purposes, and finally back to Ensenada, a border city that enjoys duty-free status!

Experimental scientists are suffering the most during this period of extreme competitiveness and "big-science" projects. Research equipment is very expensive and becomes obsolete quite fast with an ever increasing number of micro-processors in practically all stages of an experimental setup. Several groups have abandoned specific lines of research due to the practical impossibility of competing with other departments that enjoy sophisticated equipment.

The National University owns and operates two marine research ships.

ATTEMPTS TO COUNTER BRAIN DRAIN

In response to recent alarm calls by various Mexican academics about the loss of scientists and researchers to other countries, the National Autonomous University has announced plans for a government-backed "Program of academic leadership and support" for academic research careers.

The new program was announced at the end of April by President Salinas de Gortari. University Rector, Dr. José Sarukhán declared that the program would include scholarships and prizes for young professors and researchers. President Salinas said the program involved "an extraordinary financial effort" on the part of the government.

Julio Juárez Iglesias, representing young academics of the UNAM, said foreign universities and industries have been "on the lookout" for Mexican researchers lately because their work was the object of growing international recognition.

The announcement of the new program to support young academics followed a series of public statements made by distinguished Mexican academics, including UNAM Rector Dr. Sarukhán and the President of the Mexico College, Dr. Mario Oje-

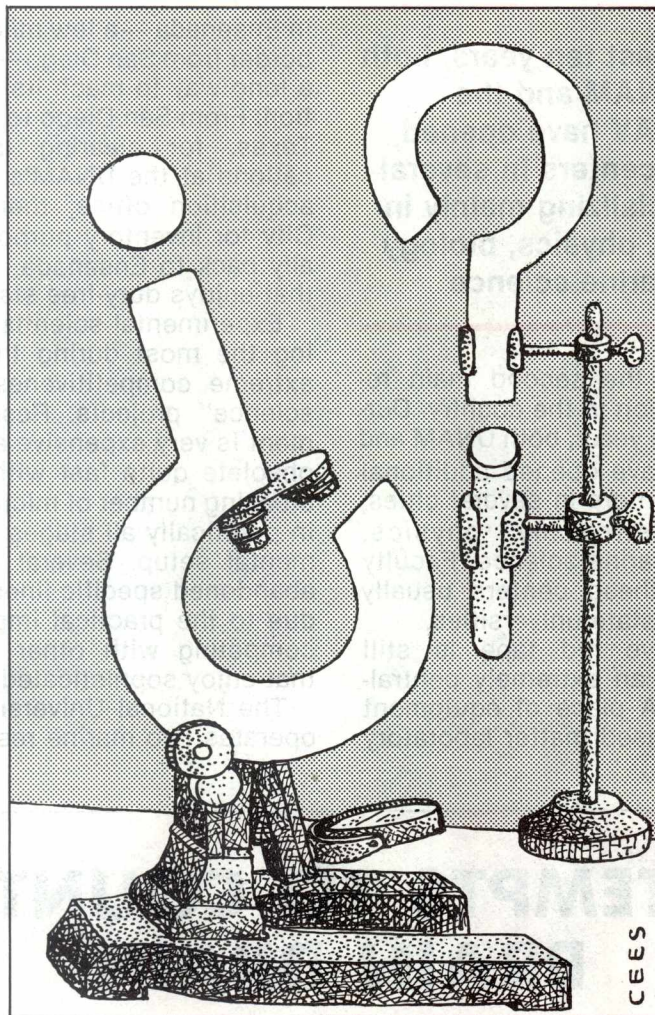
da, about Mexico's brain drain problem.

According to Dr. Fernando del Río, President of the Scientific Research Academy, the country has about 7,000 researchers in all the sciences, including the social sciences. This means an average of one scientist for every 10,000 inhabitants. Dr. del Río noted that this proportion is much higher in other nations.

Meanwhile, the National Association of Universities and Higher Education Institutes (ANUIES) has urged the government to increase spending on higher education by 1994 to 1.1% of the Gross National Product, from the current 0.5%.

In a report prepared by the Association in the context of a national debate on the modernization of education, the ANUIES declared that this budget increase is needed to provide higher education opportunities to every community with at least 100,000 inhabitants, as well as to improve teaching and research.

The ANUIES—which represents institutions with 78% of Mexico's total university enrollment—also recommended that private industry increase its financial contribution to higher education and scientific research. (*Jacqueline Buswell*).



The operating costs have become such a heavy burden for the University's annual budget that UNAM has agreed to share a third of the cruising time with the national petroleum company, PEMEX, to assist in its offshore oil exploration program. Superficially, it seems to be an interesting joint project with benefits to both parts but, in fact, it boils down to a kind of subsidy granted by the University to the largest company in the country.

Medical Advances

The National Institute of Health has a different status. Medical doctors have developed successful lines of research at several hospitals, particularly at the Nutrition Institute "Salvador Zubirán" and the Cardiology Institute. Salaries are no better at these institutions but the medical staff is allowed to have a private practice after their morning rounds. It is paradoxical, but several prevailing dis-

eases among the Mexican population have led to development of first rate research in fields such as amebiasis, cysticercus and other parasitic pathologies. Also, the medical profession has had a longer "incubating" period, being a more or less well established community since the beginning of this century.

During 1984, in the midst of severe economic problems, a special grant system was put into effect following a proposal by the Scientific Research Institute, aimed at reverting the dangerous trend of increasing emigration of the best minds in the country. The program, National Researchers' System (SNI), provides fellowships at four levels to social and natural scientists that were committed to a full time position in a research institute. These fellowships are a monthly, tax free payment to SNI members in amounts that vary between two and six times the official minimum salary.

The research done by its members is reviewed every three years by *ad hoc* boards whose members are distinguished scientists at the highest level. Special attention is placed on continuous research reflected in original publications and the capacity to form young research groups in each institution.

Although the SNI was created as a merit organization to stimulate and honor bright scientists, it has in fact become an integral part of their salary since a modest standard of living can hardly be achieved without the fellowship. In addition, scientists also depend on grants from the National Science and Technology Council for travel expenses and laboratory equipment.

Currently, SNI has almost 4,000 members of a total of approximately 10,000 active scientists in Mexico: a dangerously low figure for a country with a population of 80 million and, in spite of the effort, this figure does not show a trend to increase significantly in the next decade unless a dramatic change occurs. Many young students enjoying scholarships for graduate studies abroad are not returning after completing their studies; naturally, the brightest students have no problem in finding good positions in other countries. Some scientists bitterly complain that Mexico is exporting its best minds along with the traditional export of oil and raw materials.

Science and Development

Science may be an expensive investment in any country. Nonetheless, one can hardly imagine a successful national economy in the nineties without a solid and mature scientific community. One of the highest priced commodities in world markets is scientific knowledge itself as reflected either in a sophisticated computer chip or in the capacity to develop new technologies. These cannot be "copied" following the Japanese model, as many Mexican economists wrongly believe, without modern and large basic science groups including theoretical research in areas as varied as cosmology or quantum mechanics. Many people forget that this element was intensely pursued and cultivated in Japan and other countries in Southeast Asia during several decades even though basic science itself did not produce electronic gadgets to be sold in the market; nevertheless, it was an essential component of the technological innovation ladder.

Some scientists bitterly complain that Mexico is now exporting its best minds along with the traditional export of oil and raw materials

There are now a handful of private companies and three state institutes in Mexico that have acknowledged the need for the establishment of research groups within their facilities. This has opened a few job opportunities for people who have spent most of their lives in academic circles. It is still a very limited experience but it seems to go in the right direction, at least as long as corporate executives do not expect to obtain large profits in a short time. If this narrow minded approach is eliminated and large corporations recognize the value of science as a long term goal, we may feel more optimistic about the future of Mexican scientific research. □



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Edgar Montiel

ALFONSO REYES: THOUGHTFUL CENTAUR

On May 17, 1889, the most famous of their children was born in the family of General Bernardo Reyes in Monterrey, Nuevo León. Mexican history has described Alfonso Reyes as “the greatest of our writers and thinkers”; during his 70 years of life he was a prodigious literary creator, worked in the Mexican diplomatic service, and carried out a tireless search for an identity which would give Latin Americans the status of “universal citizens”. Faithful to his people and loyal during their adversities, Reyes established the Popular University in 1921 for those who could not pay for higher education or who did not have time to attend regular schools. His father was assassinated by those who saw General Bernardo Reyes as a threat to the dictatorship of General Porfirio Díaz, and after this, his son went into exile, spending 10 years in Spain before working for the Mexican Embassy in Paris, Buenos Aires, Río de Janeiro and Montevideo from 1924 to 1938. When he returned to Mexico, he had already produced a vast and monumental written work —his collected works have still not been completely published, although 21 volumes already exist. Reyes was a master of all kinds of literary genre— critique, poetry, drama, chronicle and essay. Paradoxically, he never received honours during his life-time, perhaps because he was a “staunch enemy of pedantry”, and a man of few presumptions. One hundred years after his birth, Mexico commemorates this writer. New generations of Mexican and Latin American writers still have much to learn from him.

Carlos Fuentes once said that as a child he used to sit quite formally on Don Alfonso’s lap to listen to him ramble on about many topics, including books and literature. Fuentes was lucky enough to initiate himself in the arduous and joyful task of taming words with such an able leader. But, for purity, all the new generations of Latin American essayists have suffused themselves with the robust humanism of the Mexican writer in order to learn from him the wise prose that attains depth and beauty, density and grace.

Writer and literary critic. This text first appeared in the cultural supplement of the newspaper *La Jornada*.

For Reyes, we need to recover the glory of the Thinker, deserved by those who know how to make of the essay a genre of fine literature as well as of knowledge, a style which reaches the heights of exceptional perfection

It was Alfonso Reyes who defined the essay as “the centaur of genres, where there is a bit of everything and everything fits, the capricious son of a culture that can no longer respond to the round and closed orb of the ancient, but to the open curve, to the

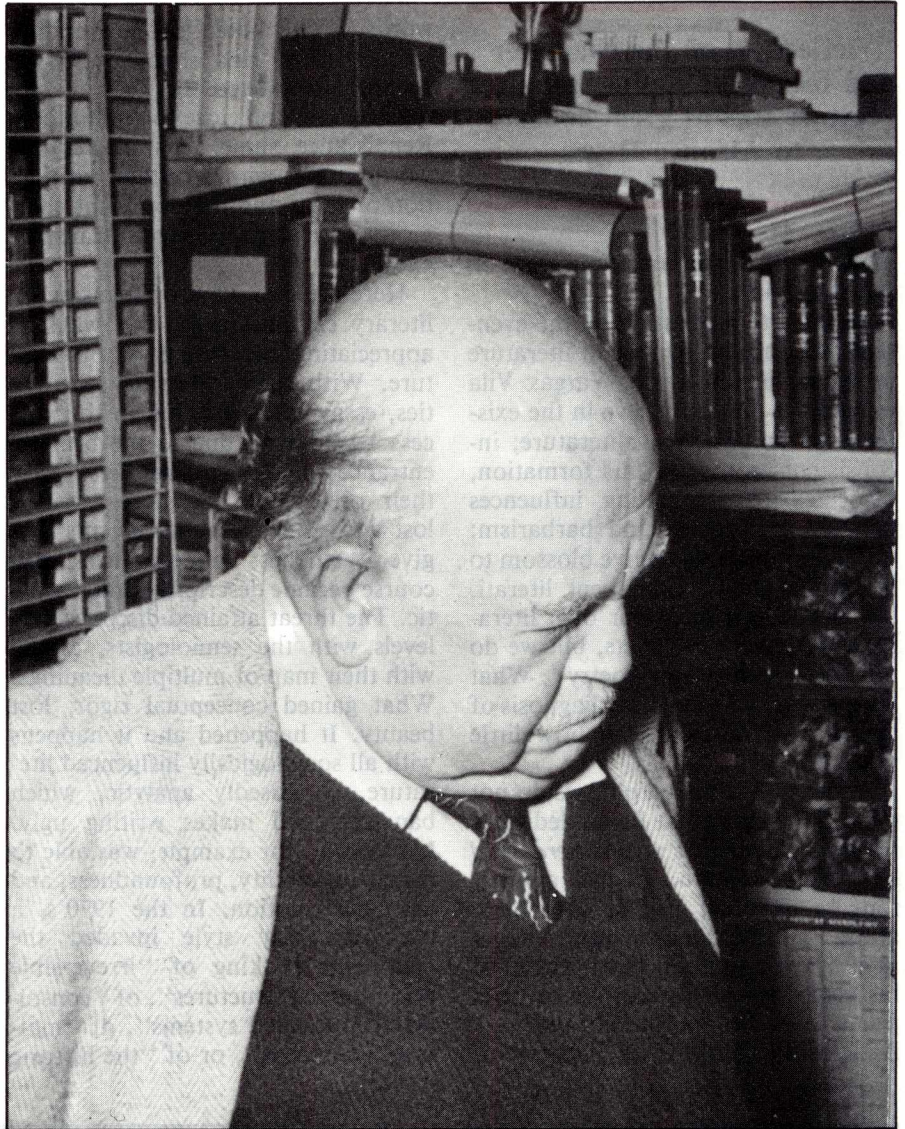
march in progress, to the etcetera...”; he placed it within ancillary literature, in that literature lends its attributes to the essay to deal with themes that are not necessarily of the literary world. The image of the centaur expresses well the hybrid nature of the genre, a movable territory where science and art, the rational and the sensual, and the open curve of concepts and intuitions all harmonize. For Reyes, we need to recover the glory of the thinker, deserved by those who know how to make of the essay a genre of fine literature as well as of happy knowledge, a style which reaches the heights of exceptional perfection. Its writing is done with cadence, musical sense and imagery,

**Reyes is the artist-essayist
capable of uniting the
objective and the subjective,
depth and form, harmony and
equilibrium as permanent
values**

with rigor in its judgements. His ability to write essay—which is as if to say, poetry—is within the tradition of Michel de Montaigne (*Essais*, 1580), to share knowledge with weapons of beauty (“whoever seeks knowledge must be permitted to find it where it lives”); but it does not totally share the subjective motto of the French philosopher who states, “These are my fantasies, for which I attempt to know not things, but rather myself”.

Neither is there the impersonal, distant and cold treatment which characterizes the type of essays written by the empiricist Francis Bacon. Reyes is the artist-essayist capable of uniting the objective and the subjective, depth and form, harmony and equilibrium as permanent values. This is his Hellenistic descent. With him it is not possible to make the common place separation of content from creation.

His theses, the originality of his ideas, are expounded with precision and caution. There is no grandness in his judgments. Discourse is a part of the idea. A point of view exists only when it has been formulated. The form into which it is poured is not a simple covering but is the transparent crystal in which its essence, the substance of its reason, is shown. To fully transmit ideas and opinions with order, emotion, fluidity, and freedom are not few merits in these times in which economists and administrators mistreat prose with technocratic turns, or philosophers enter into the shadowy kingdom with hermetically sealed phrasing. Pedro Henríquez Ureña said to young Reyes in a 1914 letter: “...you are really free. Your style is not Marcelinesque. You are one of the few persons who writes Spanish with the agility of French or English; you are one of the few who knows how to write essays and fantasies. Why don't you want that freedom? It was good for you to find Caso and me, already with experience and ready to hear your spoken ideas and happy that you should write



He would have wanted that we call him simply, a poet: Ali Chumacero.

Photo by Héctor García/Foto Press

them. For that reason you have been able to write what you want, some—I cannot do.”

This freedom of expression is the immense legacy that Reyes has left all dilettantes in essay writing.

It is important to place Reyes in the context of his times. During the 1920's the figure of this thinker dominated among Latin American intellectuals. According to Ignacio Sotelo, Reyes was the writer who “through assimilating contemporary European

currents of thought, rambles about man's place in society, about the possibilities and defects of his world, mixing general considerations with worries born in the daily political struggles.” His prestige slowly declined due to the often pertinent criticism made of his works by the pragmatism of Anglo-American inspiration, which disdained excessive rhetoric. José María Vargas Vila was a perfect target for this critique.

In this respect, it is interesting to observe in Number 6 of the *Revista de América* (July 1914), directed in Paris by the brothers Francisco and Ventura García Calderón (a kind of Peruvian “connection” for those who wanted to know what was to be published on Latin America), the surreptitious counterpoint produced between Vargas Vila, then exalted, and the youth, Alfonso Reyes, who

**Thanks to this Mexican
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care**

Reflection on the character and feeling of Latin American culture was of great concern to Alfonso Reyes

made his first appearance in Paris in this magazine.

In reply to a question on the eventual existence of American literature in prose and in verse, Vargas Vila replied: "I do not believe in the existence of an American literature; inconsistent countries in formation, subjected to fluctuating influences between civilization and barbarism: we are not yet able to give blossom to literature; we have eminent literati, but we do not have our own literature; we have great poets, but we do not yet have our own Poetry". What lovely prose! What a true diagnosis of the literary moment and how little vision!

These well-rounded phrases do not exist in the essay that Reyes dedicates to the collection of poems *Serenidad* by Amado Nervo. It has another tone, a different feeling of affirmation, another modulation. Reyes says: "The poet thinks he is victim of his verbal gift. This may be so, to a point. If one of the tones of the book is sincerity, another is mastery of

words... The book is one hundred leagues from rich rhyme, and the author has twisted the neck of eloquence. It is too close to reality to be Renaissance shine. His mastery of words comes with a certain purification of ideas and the dominant characters are brevity and transparency".

Here are two ways of focusing on literary circumstances, two ways of appreciating the future of our culture. With these differing sensitivities, essaying varied, but in the process —above all due to the brusque entrance of "social scientists" with their pretense of Science— writing lost and gained accountments that give it stiffness and sternness; discourse became descriptive and hermetic. The threat attained disconcerting levels with the semiologists, armed with their map of multiple meanings. What gained conceptual rigor, lost beauty. It happened and it happens with all sociologically influenced literature, supposedly analytic, which banalizes and makes writing ugly. Mariátegui, for example, was able to conciliate solidity, profoundness, and aesthetic emotion. In the 1970's, a barbaric essay style invaded the continent speaking of "irreversible programmed structures", of "consolidated nucleated systems", of "majority consensus", or of "the historic

divide which neither affects nor benefits, but rather all to the contrary".

We do not gain much in density and we lose in intelligence and liberty. The novelists with their high-flying imaginations caught the readers' attention. We said before that we should reclaim for Reyes the distinction of thinker. It is pertinent to confer a new hierarchy to this condition, in that it is inscribed in the best continental intellectual traditions; thanks to the Mexican writer, essays maintained a line of continuity, a deepening process of ideas written with care.

A certain European vanity underestimated the function of the thinker, without noticing that he responds to a tradition, a certain type of society and even to a certain level of editorial infrastructure. Thinker is the name of the philosopher of culture in Latin America. He is the leader in opinion that examines problems in society, man and the cultural environment, political contingencies, and the ins and outs of daily life, not in treatises but in

Latin America is a cultural power, but under-developed economically, politically, technologically



In his library. Photo by Héctor García/Foto press.

newspapers and magazines. I do not see why a know-it-all like Jean François Revel can be described as a philosopher but not a Reyes or an Octavio Paz, who have made culture the center of their reflections. The editors in Paris have spoken: they want raw material from Latin America, the creative exuberance of novels but not prepared, reasoned, thoughtful material like essays. It is as if to say: you create the fantasy, and we'll invent the theory! And that's the way it was; America created the most vigorous contemporary fiction and Europe created the florescent industry of sociological literature, that served to name the products "magic realism", "marvellous realism", "social metaphysics" etcetera.

Reflection on the character and feeling of Latin American culture was always present in Reyes' work, dispersed in his vast literary production, but certainly two texts stand out as singularly clairvoyant that help us today as we are bottled up in the discussion of the labyrinth of identity. The first is *Notas Sobre la Inteligencia Americana*, and the second *Posición de América*.

Notas are notes read in a talk given in 1936 in Buenos Aires on the relations between European and Latin American cultures, in which Reyes presents a thesis full of significance and prophecy: "There are blood clashes, problems of racial mixing, of adaptation and absorption. Depending on the region, the Indian color, the Iberian, the mestizo gray, or the white of European immigration dominate, and even the vast stain of Africa brought in past centuries to our soil by ancient colonial administrations. The range accepts *all tones*." Now, belying Vargas Vila that we have our own literature recognized as a universal value, a part of the prophecy is fulfilled: "The laborious heart of America little by little mixes a heterogeneous substance, and today, an American spirit already exists. The actor or personage of our argument represents intelligence."

The laborious heart of America has done its work and we have in "American humanity" that which sounds like a Bolivarian sermon, with the protagonist being Intelligence. All the consequences must be taken from this thesis: Latin America is, above all, a cultural reality and sometimes an institutional, economic, and technological reality. This assertion is veri-

How can we translate this creative temperament into indicators of social well-being, progress, stability and happiness?

fiable. Upon finishing this declaration in Buenos Aires —heard by Maritain, Zweig, Ludwig, and Romain, among others— Alfonso Reyes asks of the "tribunal of international thinkers listening to me: Give us the right to universal citizenship that we have now conquered. We have come of age. Soon you will always count on us."

No one in the realm of ideas and arts on the continent can ignore this sermon, the long struggle of Intelligence —the creative country— to come of cultural age in America, the genesis of our maturity. This thesis, that the development of culture in Latin America demonstrates a flagrant problem: the defective character of development in Latin America. The high creative voltage expressed in painting, cinema, novels, poetry, the social sciences, in theological and philosophical theories of liberation, and this kind of mighty creative subversion does not carry the same impetus to the fields of economy and politics. Creative liberty has not defeated socioeconomic determinism. It is as if the creators had done their job but the politicians had not. In what social sector do we find the leading role of Intelligence in America? We are a cultural power but we are underdeveloped economically, politically, and technologically. It is true that we do not have many financial reserves but we do have an enormous bank of talent that is scattered all over America. Talent comes from the soil. How can we translate this creative temperament into indicators of

A new harmony has been achieved, a new point of departure: the birth of the American Man, the basis of an American culture, that in these times has shown its universality, its nobility, its place in the world

well-being, progress, stability, and happiness? How can the genius Creator of arts and humanities pass over to economy and technology? It is a great challenge. Perhaps the Peruvian poet Juan Gonzalo Rose, a disciple of Reyes in the College of Mexico, is right when he asks the guardian gods for less beauty and more wisdom:

Machu Picchu, dos veces
me senté en tu ladera
para mirar mi vida.
Para mirar mi vida
y no por contemplarte,
Porque necesitamos
menos belleza, Padre,
y más sabiduría.

Wisdom is the highest aspiration of Man. The political leaders of Latin America need wisdom.

Posición de América is a talk given at the Third Congress of the International Institute of Ibero-american Literature, held in December of 1942, in which Reyes makes penetrating observations about the cultural process of our countries; there is a congenital universality of the American, forged in the colony by different external cultural patterns and synthesized with basic expressions of our own culture: "For synthesis we understand the creation of a patrimonial fund where no one loses, and for which the habits of American intelligence seem well developed (...); in the synthesis we do not see a compendium or a summary, a mere arithmetic sum such as hydrogen and oxygen make water, but rather a qualitatively new organization, gifted, as with all syntheses, with transcendent virtue. Once again, a new point of departure."

Three centuries of colonization have produced an inexorable biological and cultural synthesis. A new harmony has been achieved, a new point of departure: the birth of American Man, the basis of an American Culture, that in these times has shown its universality, its nobility, its place in the world. Literature has been the first free land in America. We have today a distinguished and recognizable culture in the world.

These contributions make Alfonso Reyes a thinker in the grand tradition of Our America, a cultural philosopher; with his substantial essays he makes clear the problems we could not grasp; he gives us the keys to emerge from the labyrinth of identity and culture. □

ALFONSO REYES AND JOSE VASCONCELOS

José Emilio Pacheco

To Jesús Arellano: In Memoriam

It is five o'clock in the morning. The hour of the wolf. The time, according to López Velarde, to be born, to die and to love. Mexico City is like a cemetery. No one ventures on foot in the streets for fear of being assaulted either by thieves or by the patrol cars. Yet the noise of vehicles does not cease. On the corner of what was the Calzada de Tacubaya and Juana-catlán the ghost of Alfonso Reyes appears. The spirit of José Vasconcelos crosses the Circuito Interior and meets his childhood friend.

Vasconcelos: What are you doing here at this time of the morning, Alfonso?

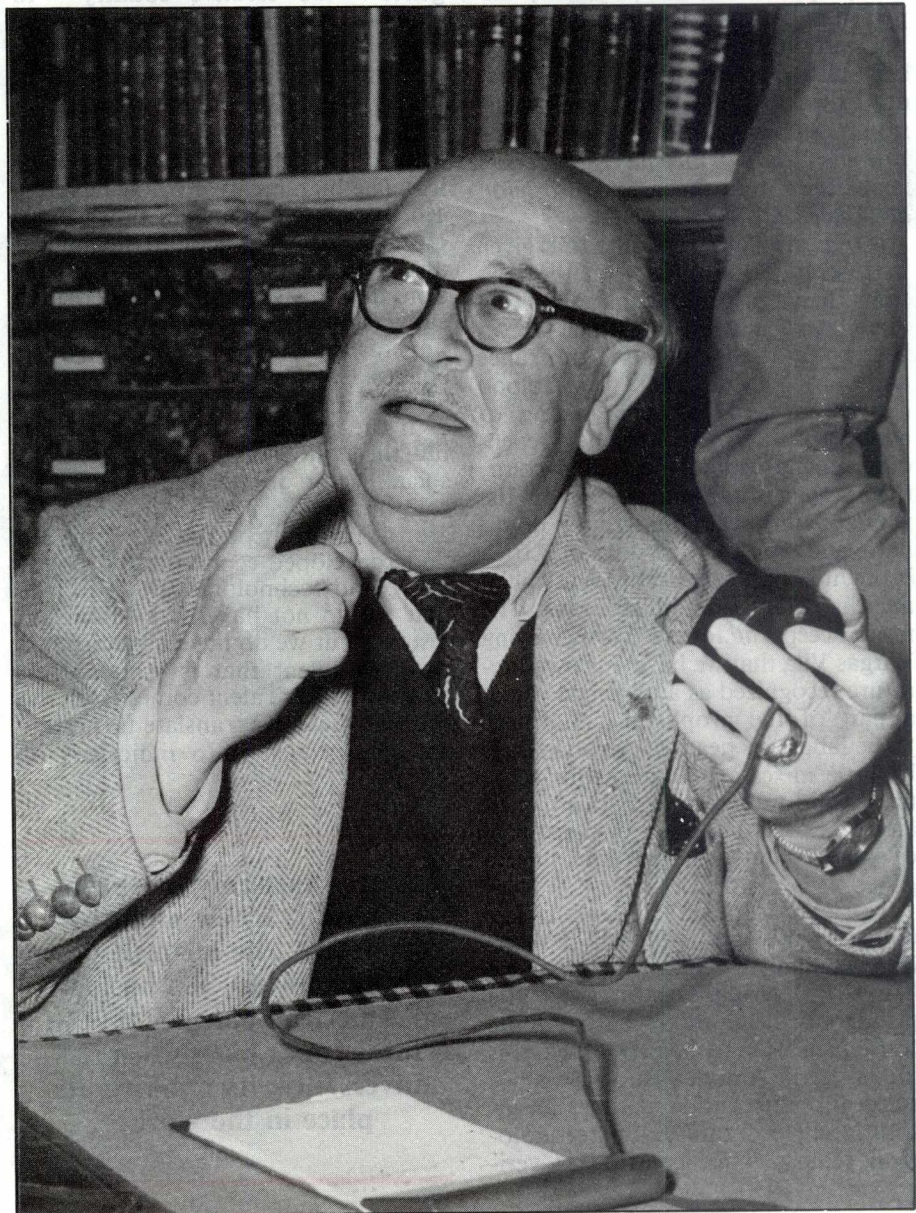
Reyes: I was contemplating my street. A bit sad, don't you think?

Vasconcelos: At least there are a few whores to liven it up a bit. In contrast my street is not even a street. A bridge without water, a viaduct, something made by machines and not for human beings.

Reyes: After death we are still united; our streets come together in Tacubaya. For our generation, Tacubaya was very important.

Vasconcelos: As you shall see, there is no one left in Tacubaya. It never was a rich area like San Angel. It was finished off by the through-streets, all unfinished by innumerable administrations. Hey, what is that going up where the Condesa pumps used to be?

Reyes: It's the Imce, better known as the monument to the devaluation.



The greatest figure to have existed in Mexican literature: Juan Rulfo.

Photo by Héctor García/Foto Press

Writer and contributor to the magazine *Proceso*

Don't you want to walk around a little? I would like to go to my house. It has been 20 years or so since I was there.

Reyes and Vasconcelos cross the street between buses that do not stop, but since they can't be seen neither can they be run over. Arm in arm, they walk slowly down the sidewalk of the Circuito Interior.

Vasconcelos: 20 years. We have been dead for 20 years.

Reyes: It seems like 20 centuries. It's another world. I would not like to continue living in it.

Vasconcelos: There are some good things. It pleases me to find that at last they finally adopted my idea on Creoleism.

Reyes: Let's change the subject. I do not criticize the regime nor do I wish to speak of politics.

Vasconcelos: Not even death can cure you of your traumas, Alfonso;

General Reyes died long ago. In life everything is politics.

Reyes: Everything is violence. I could never accept it. I never wished for the suffering or extermination of others.

Vasconcelos: No one thanked you for that. That's why no one reads your work. Your virtues do not belong to this century. Your work is a pleasant conversation, a portable literary salon. You are the ideal companion to sweeten the discomfort and ease the tedium of a trip. Your world is the 18th century, before the French Revolution, of course.

Reyes: And you?

Vasconcelos: I spoke the language of passion, I shook the consciences, as we said back then. Before me, no one could be indifferent. They hate me or they venerate me, Alfonso; they do not limit themselves to mere respect for me. I am something of a literary glory, a statue whose stare few can return. I am many, I am not one. All the contradictions that compose the misery and the glory of humanity are incarnate in me.

Reyes: I admire you and you horrify me, José. Because of you, blood was shed. I did not lead anyone to his death.

Vasconcelos: I tried to redeem this country from infamy, this land from murderers, thieves and pharisees.

Reyes: Your land.

Vasconcelos: Ours, Alfonso. We are what Mexico made of us.

Reyes: You and your ambition and vanity without measure. Why did you not just try to be better than what you were? Your place was not in the republic of power, at least not the power that you sought.

Vasconcelos: They stole the elections from me.

Reyes: And if they had not stolen them from you, what then would have been your destiny? Three months later, the generals, the businessmen, and the North American Ambassador would have kicked you out. Remember Madero, Rómulo Gallegos and Juan Bosch?

Vasconcelos: You did not take any risks, Alfonso. That is why you committed fewer errors.

Reyes: I risked being a writer, to give my country the only and the best thing that I could give it.

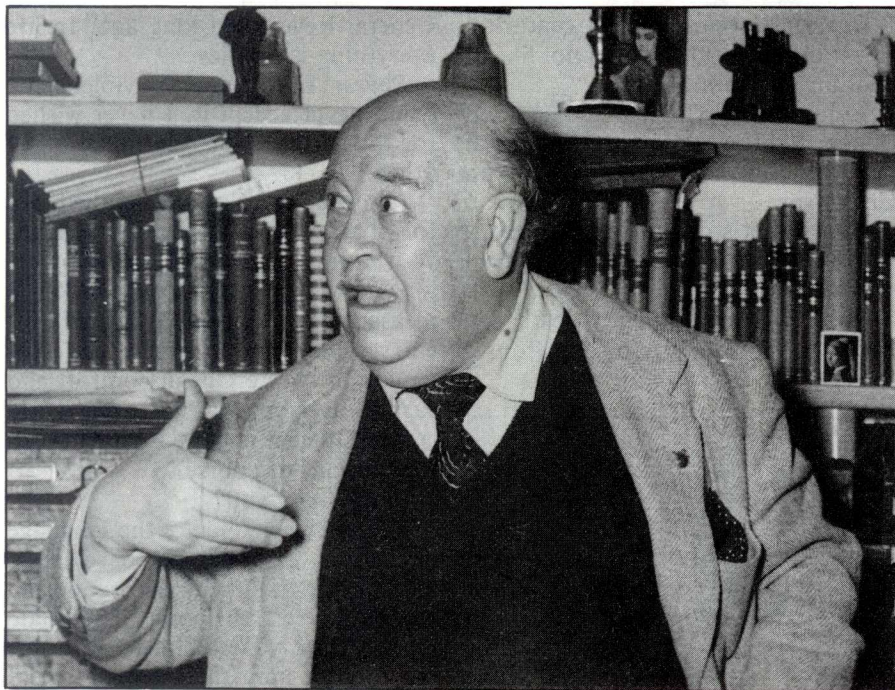
Vasconcelos: Yes, a charming and inconclusive work. Projects, schemes, points of departure, summaries, commentaries. Well written, clear.

HOMAGE TO ALFONSO REYES

Mario Vargas Llosa

Alfonso Reyes, with his oceanic curiosity, destroyed the division artificially created between "Americanism" and "Europeanism", and showed that both sources constitute the obverse and reverse cultural sides of America. He was in love with the West that took over that tradition, running through it with deep but always smiling eyes, from Greece to Spain, and judging it with rigor and with irremediable good taste. But this tradition did not devour him, and he was not a mere follower of it. Even in the most erudite and academic works of Alfonso Reyes, in the face of European thought and literature appears this liberty that the American condition permits him, of a man only partly conditioned by the cultural legacy: liberty to choose, to reject, and to modify. From there the delightful unravelling, that lack of solemnity, that unrepentant freshness, enormously versed and intelligent, that give charm and vitality to his essays. He was an outstanding prose writer, one who cultivated all genres well. He was, as well, so human and cordial that one has the impression, upon re-reading his magnificent works, that if he did not write anything genial, it was so as not to inconvenience his peers, due to modesty.

* Taken from *Textual*, May 1989.



He never received a homage while he was alive. Photo by Héctor García/Foto Press

Fashion. I have always hated fashion, comfort to the sterile and cowardly.

Reyes: You hated it because you could not write prose like Martín Luis or me. Nevertheless, despite that, you were a great writer. *Ulises criollo* is a prodigious book. Along with *El Aguila y la Serpiente* and *La Sombra del Caudillo*, the most similar to a novel in a generation of extraordinary prose writers and narrators that could never write novels or dramas or real poems.

Vasconcelos: I was a philosopher, I attempted to create a philosophical system. But you, Alfonso—with all the admiration that you deserve and with half a century of affection—you were but that horrible and amorphous thing we call “a man of letters” because we could not name it more precisely.

Reyes: I was a writer, an essay writer.

Vasconcelos: A specialist in generalities. Someone who flutters about all topics but does not give himself to any one of them. Your work is journalism, undoubtedly masterly and of a supreme literary quality, but really, only journalism.

Reyes: What is wrong with journalism? I tried to democratize the knowledge of the few and I took those who had learned the alphabet thanks to your work as Minister of Public Education. Besides, Pepe, almost all the Spanish literature of our epoch is journalism: Ortega, Unamuno, Azo-

rín, Díez-Canedo. You also were a great journalist. Too bad that you put that talent to the service of the worst causes. What a shame to see that you ended your days as the star editorialist of Coronel García Valseca.

Vasconcelos: I did not steal. I had to earn my living. I will admit, if you will, that I was tragically wrong about Hitler, Franco and Mussolini. But I did it for anti-imperialism, because I believed that the enemies of our enemies were our friends.

Reyes: Pepe, let's not contribute to the general confusion. Your anti-Yankeeism was as far to the right as Federico Gamboa or Carlos Pereyra.

Immersed in discussion, Reyes and Vasconcelos have arrived at the door of the house of the former. They walk through the walls and enter the library.

Reyes: It's the same as when I left it 20 years ago.

Vasconcelos: A museum. How awful.

Reyes: Pepe, you are about to be 100 years old (you lied about your age, as did don Porfirio). Youthful posturing does not become you. Why don't you sit down?

Vasconcelos: Let me see your books. What antiques. Look, Toynbee. Autographed. No one cites Toynbee. *Sic transit*.

Reyes: But Toynbee was the only one who adequately predicted the terrible seventies. It was our fortune not to have lived then. No one, based

on socioeconomic thought or on magical thought, could have known what was in store, from the oil crisis to the Iran crisis, from Cambodia to the Southern Cone. On December 16, 1969, Arnold said: “During the next decade violence will reach infernal extremes. The situation will be horrifying for the whole planet, especially for the Third World.”

Vasconcelos: You are afraid, Alfonso.

Reyes: I am terrified. I always think of what T.W. Adorno said: “One can never be afraid enough of the world as it is.”

Vasconcelos: You sought peace. Peace in war. That is why you were a “freak.” Excuse the ‘pochismo’; we were the first Mexican generation to speak English fluently. In a world where everyone wants to fight, you tried not to hurt anyone. That's why you stopped the machinery. Everything came falling down on you. Your ideals were not of the 18th century—I was wrong—but of a 12th century monastery: books, manuscripts, tranquility, a good table, and a good bed. An island surrounded by a sea of barbarism. Alfonso, “fire and blood have been our times”. Your virtues—tolerance, concord, respect for humans—are not of this world. Even though you are dead, you are a living anachronism.

Reyes: I object! When all is said and done, it is preferable to your contradictions: intolerance, inhumanity, torture, and the extermination of those who do not think the same way.

Vasconcelos: The world belongs to the strong and to the cruel, Alfonso. Your life's project is utopian.

Reyes: Sixty years ago we translated Wilde out loud. Do you remember? “No map without Utopia is worthwhile.”

The morning light penetrates the Alfonsine Chapel.

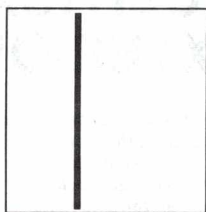
Vasconcelos: Good-bye, Alfonso. We'll see you on my 100th anniversary.

Reyes: Until very soon, Pepe. In the meantime, I won't let you die; I'll still read you. Despite everything.

Vasconcelos: I will continue to read you, too, Alfonso.

They disappear. The Alfonsine Chapel is buried in silence. □

* This text first appeared in the magazine *Proceso*. Taken from *Textual*, May 1989.



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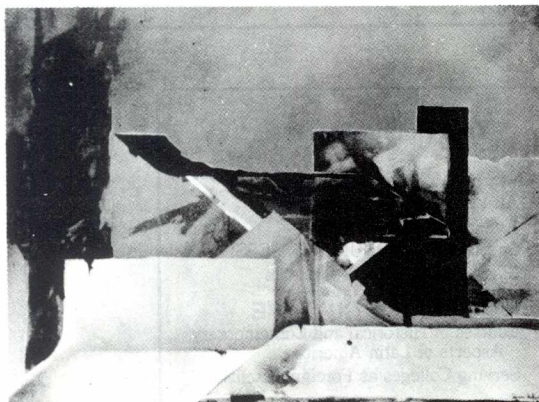
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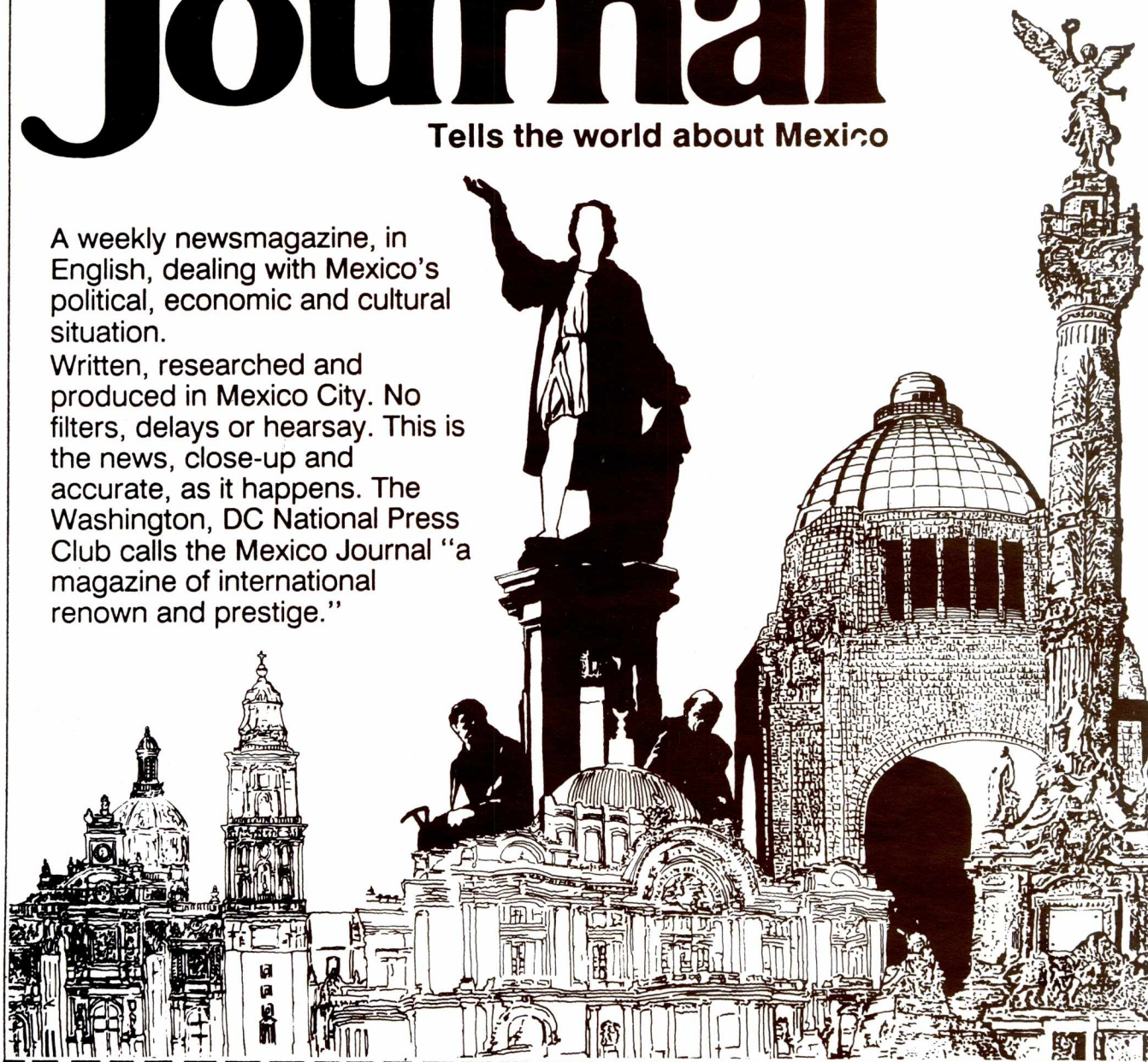
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