

# **MEXICAN GOVERNMENT PAYBACK BAD NEWS FOR MEXICANS**

Mexico has paid back its short-term debt to the United States by incurring more debt and squeezing the Mexican economy to the point of repression, said Mexican and U.S. economic analysts today.

Responding to President Clinton's announcement that his controversial bailout of Mexico has been successful, economist Carlos Heredia said, "This was a bailout of a political regime, not of an economy or the Mexican people." Heredia, who heads the International Department of the Mexican non-governmental organization, Equipo PUEBLO, said the Mexican government is "still in the cycle of trading old debt for more expensive new debt." Mexico paid back the U.S. Treasury with money raised by selling bonds carrying high interest rates, Heredia said.

Steve Hellinger, President of The Development Group For Alternative Policies, said that President Clinton's portrayal of a healthy Mexican economy is either "cynical disingenuousness or self-delusion." "How else to explain such optimism in the midst of the intensifying poverty, polarization, desperation and organized rebellions that now characterize Mexico," Hellinger said.

"Mexico's foreign reserves are composed of almost entirely borrowed monies -- an extremely precarious situation even by IMF standards. The recently privatized national banking system is on government and international life support. The country's productive sector has already collapsed. The Mexican economy is no more 'back on track' than an Amtrak train wreck."

Heredia added, "We have repaid that loan at the expense of our jobs and our standard of living." He said the Zedillo administration has followed the same structural adjustment policies of the Salinas administration that preceded it. This has resulted in an overvalued peso and tight fiscal and monetary policies that depress economic activity and favor speculation. "The Mexican economy finds itself again in the same position it was on the eve of the 1994 devaluation,"

Heredia said.

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