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Miguel Mancera Appointed To Head New Central Bank Board Of Governors

by LADB Staff

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On March 10, President Carlos Salinas de Gortari nominated current central bank (Banco de Mexico) president Miguel Mancera Aguayo as head of the central bank's new Board of Governors. If the Chamber of Deputies and the Senate approve the appointment, as expected, Mancera will assume the reigns of an institution with the power to make decisions independent from those of the central government. According to financial analysts, by retaining Mancera in the post of head of the central bank, Salinas is attempting to ensure that his economic policies, which center on low inflation, continue even after he leaves office in December of this year. The bank will officially become an independent entity on April 1, with policy set by a five-member board of governors.

"The appointment is positive for Mexico because Mancera believes in controlling the rate of inflation," said analyst Alejandro Mercado of Grupo Financiero Banorte. Financial analysts on Wall Street also saw the appointment as positive. "I think [Mancera] will defend the purchasing power of the peso through the use of solid monetary policy," said economist Jim Nash at New York-based financial consultant J.P. Morgan. In fact, in a press conference on March 18, Mancera confirmed that he plans to continue to support the economic policies implemented by Salinas. "We must leave matters as they are, because the economy is following the proper course."

Salinas also nominated four other members to the Banco de Mexico board of governors, whose appointment is also expected to easily gain approval from the legislature. The list includes two current officials of the central bank: economic research director Jesus Marcos Yacaman and international accords director Ariel Buirra Seira. The two other nominees are Guillermo Fortun, head of the National Banking Commission (Comision Nacional Bancaria, CNB) and Francisco Gil Diaz, deputy finance secretary for revenue.

The board of governors will be in charge of establishing policy for the bank, independent of a the Finance Secretariat (Secretaria de Hacienda y Credito Publico, SHCP) or any other cabinet department. In addition, the central bank will no longer be required to provide loans to the government. At the same time, the governor and the four board members will be prohibited from engaging in any activities on behalf of any political party.

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