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John Neagle

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Bush Administration Called On To Adopt More Concrete Action Toward Resolving Mexico's Foreign Debt Problem

by John Neagle

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On June 6, the House Subcommittee on Hemispheric Affairs passed a resolution calling on the Bush administration to promote more concrete action toward resolving Mexico's debt problem. At a June 7 subcommittee hearing, congresspersons and independent experts asserted that the administration must act more forcefully to ensure the successful outcome of Mexico's debt reduction efforts. Selected statements and events are summarized below: Rep. Jim Bates (D-Calif.) told the subcommittee he planned to introduce a bill that would pardon part of Mexico's approximately \$2 billion debt with the US government. He said such action was justified in part by its impact on promoting development in communities along the US-Mexican border. In statements presented to the subcommittee, economist Sally Shelton Colby said the success of the US debt reduction plan, introduced by Treasury Secretary Nicholas Brady, does not depend solely on adequate financial resources. She asserted that it is also necessary for the US government to exert a stronger political initiative toward stimulating a timely agreement between Mexico and its commercial bank creditors. Next, Colby said, the US government and those of other industrialized nations, must pardon a part of their loans to Mexico. Susan Kaufman Purcell, vice president for Latin American Affairs of the Society of the Americas, told the subcommittee that Mexico's foreign debt reduction should be the priority number one for Washington's overall Third World debt strategy. She called on the White House to exercise a more active role in the implementation of the Brady Plan. Jim Kolbe (R-Ariz.) asserted that Mexican President Carlos Salinas de Gortari's economic and political reforms thus far constitute a process of "silent revolution." He argued that these reforms rest on the alleviation of Mexico's foreign debt burden. Kolbe said the continuity of the "silent revolution" depends upon resolution of the foreign debt problem, and with this, maintaining investors' confidence, and reducing the economic sacrifices borne by the average Mexican. Ronald Coleman (D-Tex.) criticized the Bush administration's decision to place Mexico on a watch list of nations suspected of violating free trade norms. He said that he could not comprehend why Mexico was singled out in this fashion when the Salinas government had clearly signaled its good faith by recently adopting measures to liberalize foreign investment legislation. Coleman was a co-sponsor of the June 6 resolution. (Basic data from Notimex, 06/07/89)

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