

BANAMEX's Solana Speaks at UCLA

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On February 3, 1984, **Fernando Solana**, Director of the Banco Nacional de México, (BANAMEX) addressed a luncheon seminar of UCLA faculty and members of the Latin American Center Associates, the Center's private sector support group. Solana, born in Mexico City, is a graduate of UNAM with a degree in political science and public administration. His involvement with UNAM has been continuing. He served first as a professor of political science, later as Secretary General, and then as Rector of the institution. Solana has held many important administrative positions in the public sector. Most notably, he was Secretary of Commerce (1976-1977) and Secretary of Public Education (1977- 1982). Solana has also been Chairman of the Board of the Banco Nacional de Comercio Exterior.



Roberta Lajous and Fernando Solana

In his remarks at UCLA, Solana analyzed significant features of Mexico's current economic situation. He noted the change in economic policy brought by the new government in December 1982. "Although the new path was difficult," he observed, "it was correct." In fact, it was the only alternative, and achieved positive results. In 1983 the inflation rate was reduced to 80 percent, the trade balance was turned around with a surplus of approximately 12 billion dollars 1983 was the best year ever for tourism, and manufacturing showed some growth, particularly in the maquiladora industry along the border.

Solana pointed out that another bright spot for 1983 was that the political system was firmly supported by the social system, despite the decline in personal income caused by the crisis. This, along with the economic progress, provides reason for optimism.

"The goals for economy for 1984 are realistic," commented Solana. These are to preserve real salaries, to reduce inflation to about 40 percent, and to achieve around one percent growth in the GNP. However, the next months will still be difficult for Mexico.

"The nationalization of the banking system in late 1982 was a great shock to the financial community," explained Solana. After some initial difficulties, the banks have adjusted and are now running smoothly. BANAIEX, for example, was able to grow more than inflation in 1983. The consensus among Mexican bankers is that the worst is over. Despite the government take-over, the commercial banking system has been able to operate independently.

Another area of concern indicated by Solana are the businesses and industries held by the banks as subsidiaries. The Mexican private sector has reservations about these continuing under government ownership. The proposed solution is for them to be sold off to private groups. According to Solana, this would assure their efficient management and would have the added benefit of helping to restore domestic and foreign investor confidence in Mexico.

Fernando Solana was accompanied on his visit to UCLA by **Roberta Lajous de Solana**, the Director of the Dirección General para América del Norte, of the Secretaría de Relaciones Exteriores; **Russell Bennett**, General Manager of BANAMEX in Los Angeles; **Javier Escobar y Córdoba**, Cónsul General de México in Los Angeles; and **Virginia Rafaelson**, Cultural Attaché of the Mexican Consulate.

The luncheon was hosted by UCLA Latin American Center Director, **Ludwig Lauerhass, Jr. Elwin V. Svenson**, Vice-Chancellor for Institutional Relations welcomed the visitors to UCLA. Representing the Associates was its vice president, **Preston Bennet**, Vice President, North American Division of Bank of America. Other participants in the event included **Arnold Harberger** (Economics, UCLA, and University of Chicago), **Alfred E. Osborne** (Graduate School of Management, UCLA), **Robert Hal Mason** (Graduate School of Management, UCLA), and **James W. Wilkie** (History, UCLA) While at UCLA, Solana and Lajous were briefed on UC MEXUS activities by newsletter Editor **Paul Ganster**, Associate Editor **Susan Schroeder**, and **Janet Bardin**, Assistant Coordinator of UC MEXUS.