

## Mexico hits Helms outrage; fires Wall Street darling

by D. E. Pettingell

Senator Jesse Helms (R-N.C.) has called for a stop to all economic aid to Mexico until the Mexican government agrees to turn over power to the Nazi-communist opposition party. In public hearings on June 17 sponsored by his Subcommittee on Western Hemisphere Affairs, Helms charged: "Mexico deserves no help from the international community until" the Mexican government "opens up its electoral process to review and inspection."

Helms presented what he called "secret statistics" on the 1982 Mexican presidential election results, showing the Nazi-communist opposition gaining over 55% of the national vote! "I believe that this is a scandal sufficient to impeach the legitimacy of the government," he said, apparently fully convinced of his allegations.

This is the first time anyone, in or out of Mexico, has challenged the legitimacy of the Mexican President and openly called for the overthrow of Mexico's democratically elected government. In doing so, Helms based his allegations on pure lies.

The June 17 hearings are the latest in a series of Mexico-bashing sessions that Helms is determined to continue until he brings Mexico to its knees on behalf of the international banking community.

Mexico's response to Helms's outrage could not have been more appropriate. Hours after Helms fired his broadside against Mexico, President Miguel de la Madrid fired back; he fired Finance Minister Jesus Silva Herzog, increasing fear among international bankers over the Mexican government's plans to pay—or not pay—Mexico's \$97 billion debt. Silva Herzog was widely seen by financial circles as their "darling."

De la Madrid assumed personal control over debt negotiations, by naming a lifelong friend, Gustavo Petricioli, who has headed the government's credit institution, Nafinsa. At his swearing-in as new finance minister, Petricioli said that

the priority is to "keep the economy from falling into a recessionary process. . . ."

The change of ministers sent shock waves through the international banking community. "By replacing Mr. Silva Herzog," one banker is quoted by the *Wall Street Journal*, President de la Madrid is laying the groundwork for "pressure for a unilateral moratorium."

### Black propaganda

At the hearings, Helms claimed that there are two different sets of electoral results, "one public, one private." According to "secret" statistics which Helms says are in the possession of the Joint Chiefs of Staff of the Presidency of Mexico, the "opposition" in Mexico, that is, the fascist National Action Party (PAN), in alliance with the communist PSUM party and several other smaller groups, won 55.14% of the vote in the 1982 presidential elections. The 50-year-old ruling Institutional Revolutionary Party (PRI), and two allied parties, according to Helms, got only 39.78%.

One must ask Helms, or his staff who apparently "got" the documents, how does he explain that President de la Madrid has ruled Mexico for three years with no one, in or out of Mexico, challenging his legitimacy? Not even the Nazi PAN, nor the communist PSUM have gone as far as the senator. Both parties know that Helms is lying. The most these parties have claimed is that the PRI "stole" some municipal elections and one gubernatorial election from the PAN, but never the presidency. The Mexican Embassy in Washington put out a brief statement noting that the Helms charges are "groundless and most probably are intended to confuse public opinion."

Helms argued that "electoral fraud" is the "prime cause of the economic and social crisis in Mexico." He demanded that Mexico "open up the system" in such a way that foreign banks and speculative capital can go in and buy off Mexico's

wealth, including Mexico's state-owned oil monopoly, Pemex.

"We had the Chinese Communists go to market processes, we had the French Socialists admit that they were wrong, even the Russians talk about decentralization, and Mexico still wouldn't face up," the "confirmed bachelor" writer Sol Sanders, a witness at Helms's hearings said, in demanding the total "privatization" of the Mexican economy.

### Who is to be rescued?

Helms's latest charges come as Mexico is in the midst of negotiations with the International Monetary Fund (IMF) to try to work out an arrangement for debt servicing. Financial circles fear that Helms's Mexican-bashing orgy will push Mexico into either a moratorium or a Peru-style approach to the debt. This will collapse several of America's major banks. In an effort to prevent, or at least postpone such an outcome, Federal Reserve chief Paul Volcker and Treasury Secretary James Baker have opted for a "soft-talk" approach in dealing with Mexico.

As a result of Volcker's secret June 9 trip to Mexico, Mexico agreed to go back to the negotiating table with the IMF. But despite talk that Volcker and Baker are pressuring the IMF into offering a more "flexible" deal to Mexico, no agreement has been reached, and the day nears when Mexico has to pay second-quarter interest.

The impasse has been reached over the IMF demands that Mexico cut by over half, its budget deficit of 13% of the nation's output. Mexico cannot afford to lay off thousands of public employees as the IMF wants. "Most of the \$424.4 billion that Mexico owes U.S. banks is held by the 10 biggest financial institutions in this country," wrote syndicated columnist Jack Anderson June 19. "They have so much money tied up in Mexico that a default by the Mexican government would have a serious, possibly catastrophic effect on the U.S. banking industry."

According to Anderson's information, in 1985, Bankers Trust and Manufacturers Hanover had more than half its capital tied up in Mexican loans outstanding. Bank of America has 48.6% and Citibank 43.5% exposure.

Before Silva Herzog's dismissal, the bankers at least had his personal guarantee that somehow Mexico would not default. Now, the dream is over.

"The news of his resignation worried Mexico's international creditors, who have long felt that Mr. Silva Herzog was easier to work with . . . than some of the country's more nationalistic officials," the *Wall Street Journal* complained June 18. His departure, the financial daily went on, "appears to add strength to the faction arguing that growth is more crucial than keeping interest payments current on the nation's debt."

As Helms and the bankers know, Mexico simply does not have the money to pay debts due on July 1. The greatest fear of the creditors is that Mexico might decide not to spend more than one-half of its export earnings on debt payments, but set

a reasonable limit, as President Alan García has done in Peru. They know that, if Mexico did this, other big debtor nations would follow. Argentina will not sign with the IMF "until the Mexican crisis is solved," a spokesman for the Argentine economic ministry said June 18. Brazil is reported to be considering the same approach.

### Consensus for moratorium

Mexico's press of June 18 attributed the expulsion of Silva Herzog to persistent pressure from Mexico's labor organizations. "Foreign debts must not be the nation's priority," the Confederation of Mexican Workers (CTM) asserted in a June 18 proclamation. "It is intolerable to ask the people for more sacrifices." The CTM demanded an end to "orthodox economic theories and policies which in reality have failed." It sought an end to austerity and the beginning of growth policies with "stricter exchange controls" to stop capital flight. The CTM is the most powerful section of the ruling PRI, which elected Miguel de la Madrid.

Porfirio Muñoz Ledo, a PRI leader, warned on June 16 that if Mexico accepted the bailout deal concocted in Washington, it would solve nothing, but would violate the commitment de la Madrid himself has made to his party, his country, and to the Cartagena Group, which represents all the major debtors in Latin America.

"As far as the PRI is concerned," he stated, "structural change means . . . satisfying the basic needs of the population. This implies Mexico making a clear break with IMF prescriptions. . . . If the financial packet were accepted, we would in fact be applying the Baker Plan, with which a financial protectorate would be set up to intervene in the country's internal policies." Instead, Muñoz Ledo urged, Mexico should set a limit to its debt service, as Peru has done, and pay interest at the "historic rates" of the past. "As Miguel de la Madrid said, nobody is obliged to do the impossible."

He stressed that the PRI party congress in May promised de la Madrid total support of the party and Mexico's patriots "to confront the pressures and assaults from abroad."

The Mexican government is politically unable to commit itself to any deal with the creditors that would bring more IMF austerity on the population. Right now, the Mexican population is distracted with the World Cup games taking place in Mexico during the rest of June. But come July, any government attempt to impose more austerity can be politically suicidal in times when the PRI is committed to defeating the PAN in gubernatorial elections in the northern state of Chihuahua. An unpopular economic package can only benefit the PAN and set the conditions for widespread political unrest along the U.S.-Mexican border. Violence in Mexico, as the *Washington Post* flaunted June 18, "would require U.S. troops to be deployed along the border." This would be the long-awaited justification for pulling troops out of Western Europe and deploying them in the Western Hemisphere, as dictated by a "New Yalta" deal with the Soviets.