

Dateline Mexico by Hugo López Ochoa

Narco-bankers get brazen

Mexico has a new "emperor" bent on collecting loot for the foreign banks. Remember Maximilian?

Agustín F. Legorreta, the new president of the Businessmen's Coordinating Council (CCE), demanded on June 16 that the Mexican banking system, nationalized by José López Portillo in 1982, be given back into private hands, "not all in one blow, but partially."

Legorreta is a scion of one of Mexico's oldest oligarchic families, former owners of the Banco Nacional de México, and currently owners of several exchange houses of the so-called parallel banks, a concession granted the former bankers by President de la Madrid which has enabled them to go right on speculating.

He also belongs to the "Inter-American Dialogue" grouping linked to David Rockefeller's Trilateral Commission, which last year floated scenarios for *legalizing* the drug traffic in Ibero-America.

Legorreta's rise to the presidency of CCE is seen as a show of strength by the Mexican oligarchy, as the jockeying over who picks the presidential candidate for the ruling PRI in the 1988 elections intensifies. "The crisis that has lasted for 10 years, due to mistaken social and economic policies," said Legorreta, "will be worse if an error is made in the selection of the pre-candidate who will succeed Miguel de la Madrid."

By "error," Legorreta means that someone might be elected to the presidency who could adopt a policy of economic growth and defense of national sovereignty, as Peruvian President Alan García has done, despite the pressures of the creditor banks.

In a stinging rebuff to Legorreta's scheme, the head of the Mexican Workers Confederation (CTM), Fidel Velázquez, stated on June 23: "Nationalization of the banks is a measure that the government took to last forever, and they are not going to reprivatize the banks in this country."

"Mr. Legorreta has already become the new emperor of Mexico. He wants to rule the destiny of the country from the CCE, and determine the guidelines of the government. But this is nothing more than his personal ambition . . . or madness."

Fidel Velázquez, who has headed political opposition inside the "system" to submission to the International Monetary Fund, charged that the narco-bankers pull the strings of the so-called informal economy, whose legalization is urged in the widely circulating book by Peruvian oligarch Hernando de Soto, *El Otro Sendero* (*The Other Path*).

"There is a danger that the underground economy will overflow the institutional," warned the labor leader, who went on to urge the government to "legislate on the question, above all because the [underground economy] is already the center of economic and financial operations in the country, and controls the most massive speculation ever in Mexico."

Days earlier, Jorge de la Vega Domínguez, chairman of the ruling PRI party, had declared that his party would never permit the reprivatization of the nationalized banks, since they were now "the patrimony of all Mexicans."

Yet recently, the narco-bankers won a significant battle inside the government. During the Third National Meeting of the Nationalized Banks, held in Guadalajara June 8-10, Bank of Mexico director Miguel Mancera Aguayo arrogantly refused to loosen even slightly the restrictions on credit imposed over the past few years. The outgoing president of the National Banking Association, Ernesto Fernández Hurtado, uncle of President de la Madrid, proposed that such loosening of credit restrictions is needed to achieve at least minimal growth by the end of the presidential term.

The President's uncle was slapped down in a way that flaunted the bankers' clout. Mancera was adamant that "the existence of a considerable amount of international reserves should not feed expectations" of growth, because this "would trigger inflation."

Following a meeting of central bank directors at the Bank for International Settlements (BIS), in Basel, Switzerland, Mancera boasted that "Mexico has been able to pay all the interest on its foreign debt . . . as long as we are paying the interest, the creditors should be happy."

To purchase this "happiness," in the first quarter of 1987 Mexico allocated 72.9% of its unallocated budget to paying interest on its foreign and domestic debt. Mancera explained: "There exists a noteworthy situation, since Mexico's terms of trade were approximately half" those of 1982, due to the policy of peso devaluations. "We are going to have to export twice as much to be able to import the same this year," he added.

This brutal looting, which Legorreta calls the "orthodox path" of economics, will require still more "social sacrifices," he says, but in no way should "populist" programs be adopted.