

## Dateline Mexico by Carlos Valdez

### Buying a country with drug money

*The Salinas government is cordially inviting the flight capitalists, "come home, all is forgiven."*

On August 8, Assistant Attorney General Luis Octavio Porte Petit warned that Mexico would not be a "financial paradise" for laundering of drug money. He announced that any foreign capital that would be invested in Mexico must first be investigated, and if discovered to be linked to such illicit activities as the drug trade, it would be confiscated.

The official also declared that "unfortunately, the problem of drug addiction among Mexican youth has already overwhelmed us," and therefore "legislative reforms must be proposed and institutions created to prevent the problem from growing." Porte Petit acknowledged that the activities of the drug trade can infiltrate public institutions, something which has already occurred in other countries, and admitted that there have been cases of money laundering in Mexico.

Porte Petit's statements, if implemented as policy, could pose a serious threat to the next phase of the economic strategy of President Carlos Salinas de Gortari, which is premised almost entirely on promoting massive private investment, both "national" and foreign, and especially upon the return of billions in flight capital from previous years. It is no accident, therefore, that the Attorney General's office rushed to deny Porte Petit's statements in a curt official communiqué stating that no investigations of capital flows would be conducted.

What happened? Why such haste?

As part of the deal formalized Aug. 2 between the government and the chieftains of Mexico's oligarchic

forces, the official government gazette published a decree granting a pardon to all "flight capitalists"—the same ones who, headed by Manuel Espinoza Yglesias, took more than \$50 billion out of the country during the 1976-82 administration of José López Portillo; and who, during the Miguel de la Madrid regime (1982-88), again looted the country through the stock exchanges. These pin-striped plunderers have not only been pardoned, but they have also been given a reward, as the decree establishes that all capital which "crossed the border between 1985 and the present will not pay a single cent" in taxes. The capital that fled the country before the end of 1984 will pay a 5% profit tax, while capital "invested" abroad in 1985 will pay a 3.7% tax. All the flight capitalists have to do to "earn" their reward is declare to the banks or exchange houses that they took out "their wealth" as a hedge.

Although the official figure for Mexican flight capital is \$50 billion, Assistant Finance Secretary Gil Díaz revealed Aug. 3 that an investigation conducted with the aid of the Bank for International Settlements (BIS) of Basel, Switzerland has determined the existence of \$12 billion in Mexican capital banked abroad. In fact, it is public knowledge that the real figure for flight capital surpasses \$100 billion. One must therefore conclude that the intention of releasing the BIS-Mexico "findings" is to advertise the Salinas government's intention of selling off the country's assets for a mere \$12 billion—a bargain-base-

ment price.

The problem is that by granting amnesty to the flight capitalists, the government is also opening the door wide to drug money laundering. After all, what drug trafficker could resist an opportunity to bring his dirty dollars into Mexico disguised as "returning capital"?

The provisions for facilitating the laundering of drug dollars were celebrated by the infamous Manuel Espinoza Yglesias, at the conclusion of a private dinner given Aug. 9 by President Salinas for 54 businessmen, part of the famous "300 Legorreta notables" who dictated the Economic Solidarity Pact at the end of Miguel de la Madrid's term. Espinoza Yglesias told journalists there that "the capital left out of fear, but now that they are confident, they are going to return." Then he added, without even being asked, that "investigation of money laundering is difficult to achieve, for it is not an easy matter to deal with."

It is widely known that Espinoza Yglesias amassed his immense fortune through illicit activities at the service of gangster William Jenkins, and under the protection of the Avila Camacho brothers.

*El Universal* journalist Juan Bustillo wrote Aug. 13, "Today the government is smoothing the way . . . for those who helped aggravate the crisis by running in panic to place their money in foreign banks." At one time, wrote Bustillo, "they were considered traitors fleeing a sinking ship." In conclusion, Bustillo notes, "Perhaps now one can understand why Attorney General Enrique Alvarez del Castillo immediately contradicted his Assistant Attorney General Luis Octavio Porte Petit, who said that all money coming from abroad would be investigated and, if discovered to be illegal, it would be seized."