

## Rees-Mogg's minions root for Mexico's disintegration

by Carlos Cota Meza

James Dale Davidson, of the *Strategic Investment* newsletter, recently published a book entitled *The Death of Politics: Turning the Information Age into Profit*. Davidson is a partner of Britain's Lord William Rees-Mogg, currently the primary spokesman of the leading faction of the British oligarchy, which includes the royal consort, Prince Philip of Edinburgh.

The book's own publicity affirms that Rees-Mogg and James Dale Davidson have been partners since 1984 and are specialists in "analyzing chaotic markets and discovering profit opportunities." In fact, they boast, "Lord Rees-Mogg's information networks are known as the investors' CIA."

This "investors' CIA" forecasts: "The disintegration of Mexico: The Mexican tragedy has not yet ended. Armed rebellions are under way not only in Chiapas but in 14 other states. The party which has ruled the country for most of this century is losing power. Many banks and corporations are on the brink of collapse. Astute investors will make profits buying Mexican assets at bargain-basement prices."

According to Davidson, what he characterizes as one of the "marginal benefactor states"—Canada, Italy, or Belgium—may soon suffer a financial collapse such as Mexico's. This may occur "in the immediately coming months," together with other events, among which he lists: "Our contributing editor, former CIA director William E. Colby, believes that [South African President Nelson] Mandela may be assassinated"; or "the expansion of civil war and criminal anarchy in the former Soviet Union" where "the Yeltsin government won't survive."

The purpose of this book, Davidson explains, "is to help you decide how to protect yourself—and even make money during the bad years ahead."

As Lyndon H. LaRouche noted in a radio interview on

Sept. 28, Rees-Mogg's employee Davidson is not making any "forecast," but is rather announcing "what the British intend to do to Mexico and other parts of the world. It's like when a terrorist sends a note: 'I'm going to kill you.' We don't call this a forecast. It's a threat."

### Chaos for profit

This clear British threat is made in a situation of escalating chaos in Mexico, where the defining characteristics are the breakdown of the country's political and governmental institutions, including the ruling Revolutionary Institutional Party (PRI), as well as its economic structure, as a result of the application of the savage Program to Overcome the Economic Emergency dictated by the International Monetary Fund (IMF).

*EIR* has been warning that the collapse of the international financial system might enter a new chain-reaction phase in October. One week into the month, Mexico has rejoined the ranks of immediate flashpoints of that global financial disintegration.

The last week of September started with an abrupt slide in the stock market. Blame was laid on trade union leader Fidel Velázquez, who attacked the Economic Settlement Pact and threatened to pull the "labor sector" out of it. On Tuesday, Sept. 26, another mini-crash hit the stock market and interest rates shot upward almost two percentage points. The peso settled at 6.40 to the dollar, accumulating a weekly devaluation of 1.44%.

On Wednesday, Sept. 27, the "culprit" for the financial chaos was the rumor that there would be a "coup d'état" or a "student massacre like Oct. 2, 1968," because a group of students not admitted to the National Autonomous University of Mexico (UNAM) had occupied the rector's office. Market

investors, according to private information received by *EIR*, were ready to start panic sales during that business day. (The 1968 student massacre has become a topic of renewed debate in Mexico, sparked by the publication of the memoirs of a retired Army general who vigorously defends the actions of the Army, against lies which blame the military for a massacre, provoked by others, at that time.)

The same day, the Bank of Mexico intervened into the exchange markets with \$200 million in U.S. currency and 6.4 billion in new pesos, respectively, in order to stabilize the peso and the interest rates on the secondary market. The Mexican stock market had fallen by 7% in only three days.

Thursday, Sept. 28: Intervention by the United States Treasury: Undersecretary Lawrence Summers declared that "the Mexican crisis was contained, and an event that could have been cataclysmic for many countries, like the 1982 debt crisis, was categorically avoided. The White House feels relieved." IMF intervention: Managing Director Michel Camdessus reported that Mexico could draw on \$1.6 billion for the month of November and that the Mexican economic program "is running like clockwork."

Friday, Sept. 29: The Bank of Mexico officially reported that between Sept. 14 and 27, around \$2 billion had left the country. The official explanation was that "there is an agitation on the markets caused by transitory factors." The capital flight was ascribed to the fact that "the Bank of Mexico did not foresee that the close of the U.S. fiscal year [on Sept. 30] coincided with the close of the Mexican quarter." It was asserted that it was U.S. companies that had taken out the dollars.

President Ernesto Zedillo declared the episode closed with a speech where he announced the "new financial fortitude" of the country to confront "transitory phenomena, internal and external." He also said that his government will not carry out "a populist policy which historically has always proved to hurt the Mexicans." Which means, he will not consider any showdown with the IMF and the international banking system.

The "episode" is far from over, however. According to a report by Bancomer, one of Mexico's leading private banks, another \$1 billion left the country on Monday, Oct. 2, alone. To try and stop the bleeding, the Bank of Mexico has raised interest rates two weeks in a row, but every rise in interest rates, in turn, threatens to bring down the banking system, by throwing more corporations, farmers, and debtors into bankruptcy. One of Mexico's largest companies, the Synkro Group, has declared a moratorium on \$325 million of its debt, a moratorium which, according to Mexico's *El Financiero* of Oct. 4, could quickly be followed by a cascade of non-payment on some \$3.5 billion more owed by dozens of other major Mexican companies.

### **Institutions in crisis**

Mexico, and the Zedillo government, have now reached a crossroads. Politically, the Program to Overcome the Eco-

nomic Emergency is a dead letter. No one in his right mind could argue that this program has produced or is going to create any economic improvement. The sector of the government in charge of finances insists on repeating that the international financial fraternity are "friends of the country," when it is clear that the speculators are already working on schemes for making a killing on the destruction of Mexico.

Another sector of the government is acting more realistically with respect to what the country is living through. On Sept. 13, when he appeared before the Senate, Foreign Minister José Angel Gurria Trevino denounced an "open campaign against Mexico. A deliberate maneuver with spurious and illegitimate purposes." The minister minced no words in pointing to a "racist, anti-Mexican campaign" from the United States orchestrated by the "leadership of the Republican Party" and specifically "by the governor of California," Pete Wilson—who at the time of the foreign minister's remarks, was still a contender for his party's 1996 presidential nomination.

The next day, Interior Secretary Emilio Chuayfett, while testifying before the Chamber of Deputies, admitted that, yes, there are "forces which want to destabilize the country." Replying to a deputy's question, he added: "I cannot name names, because they act without identifying themselves. We can only identify them and know about their resources and aims when they act openly." Nor did the interior secretary clarify whether these were foreign or domestic forces, or a combination of both.

On the eve of the State visit of President Zedillo to the United States on Oct. 9-12, the correspondent of the Mexico City daily *Excelsior* wrote on Sept. 28 from Washington that, in yet another ploy to sabotage Zedillo's visit (with evident electoral ends in view) with his counterpart Bill Clinton, the Republican Party-dominated Congress is refusing to receive the Mexican President in a formal session. This would make Zedillo the first Mexican head of State in more than a quarter-century not to receive this honor. The next day, the same daily reported that Mexican diplomatic sources in Washington had clarified that "we ourselves are the ones who did not seek" an address to a joint session of the U.S. Congress. They reported that President Zedillo is to meet twice with President Clinton, which is quite unusual in the protocol of State visits.

As is known, the Speaker of the House of Representatives is Republican Newt Gingrich, one of the protagonists of the fascist "Conservative Revolution" in the United States, who is a ready Mexico-basher, not only in his opposition to the Clinton financial "rescue" package, but also because he thinks Mexico is Clinton's weak flank in his hopes for reelection. In this strategy, if Mexico hurtles over the precipice, it would mean Clinton's defeat at the ballot box.

And one of the main promoters of Gingrich is the same Lord Rees-Mogg, whose partner James Dale Davidson, has just published the cited book promoting the disintegration of Mexico.