

Mexico's Fox Escalates 'Fire Sale' of Assets

by Rubén Cota Meza

Turning ever more desperate in the face of the equally precipitous collapse of the national economy and his own popularity, Mexican President Vicente Fox has become all the more determined to complete the major project of the two preceding Presidents: handing over to foreign interests what little remains of the nation's sovereign assets, namely, its oil, electricity, and workers' savings.

On the anniversary of his first year in office, Dec. 3, Fox confessed on Joaquín López Dóriga's television program, that his economic policies "are the same" as those of Presidents Carlos Salinas de Gortari and Ernesto Zedillo, as "they are the same as those that all successful countries of the world follow."

One day later, senators from Fox's National Action Party (PAN) presented the same bill to privatize the national electricity industry that the Congress had rejected two years before, when it had been introduced by President Zedillo (of the Revolutionary Institutional Party, the PRI)—and which Fox himself did not dare to bring before Congress.

Ironically, that same day, California Gov. Gray Davis (D), in an interview with the Mexican daily *Reforma*, "recommended" that Mexico "not hand over its electrical infrastructure to private interests unless it is assured of having 15% more energy than they need." Governor Davis reminded Mexicans that, in his state, the private companies tried to "drain our coffers. They tried to charge us seven times more for electricity than what they charged us in 1999."

However, despite the evident failure of electricity deregulation, and of economic deregulation in general, the Fox government and the PANistas are plowing ahead with their strategy, that of implementing "the final phase of *Salinismo*"—the free-market liberalism of former President Salinas de Gortari.

Proof of this, is the new strategy of Raúl Muñoz Leos, General Director of the state oil company Petroleos de México (Pemex): The former president in Mexico of DuPont Co., seeks to provide the oil multies access to Mexico's oil and gas reserves, despite constitutional restrictions against doing so. On Dec. 6, Pemex directors and the Energy Ministry revealed their intention to establish "Multiple Service Contracts" for the exploitation of natural gas reserves which Pemex has already located. The first step toward getting access to oil production Mexico is this scheme, announced Luis Ramírez Corzo, director of Pemex Exploration and Production, who added that, then, "access to contracts for concessions would

be the ideal step."

Such contracts, says Pemex, do not require amending the Constitution, but merely have to be approved by the Finance Ministry, since they unify in a single contract all the services which are already provided separately by numerous private companies.

However, these contracts are nothing more than "disguised concessions," which open the door to "risk contracts" prohibited by the Constitution, making way for the very "energy pirates" denounced by California's governor. This was made clear by Alexandre Rojey, director of the French Petroleum Institute, in an interview with the newspaper *Milenio Diario*. Rojey said, "What we are seeing is that perhaps in the future there will be multiservice contracts for oil, as they are now doing for natural gas." These contracts could later be modified, he added, to provide greater access to production itself.

These contracts, not surprisingly, are the same ones recommended by the U.S.-Mexico Binational Commission, headed by Anne Armstrong, director of the Center for Strategic and International Studies, former U.S. Ambassador to Britain, and a director of Chevron oil company.

Retirement Funds For Speculators

Also, on Dec. 6, a new ruling entered into effect, whereby 222 billion pesos (some \$25 billion) enrolled in Mexico's national retirement savings system can now be invested by fund administrators in the peso- or dollar-denominated debts of public or private companies, as well as in market derivatives. Before that date, 91.7% of these funds were placed in government paper.

When the new retirement savings system was established during the Zedillo government, it was stated that the funds would never be used in risky financial ventures. Now, the Fox government has opened up a crack whereby the speculative mechanisms will begin to drain ever-increasing amounts of these funds, until the country's retirement funds are sucked dry. Just so, on the eve of that measure's going into effect, Eduardo Silva Pylypciw, president of the Mexican Association of "Afores" (as the private pension funds are known), proposed that the government's restrictions on the investment of pension funds be eliminated, and that the fund administrators be the ones to decide when and where to invest.

Thus, the Fox government is handing over nearly \$25 billion to the financial sharks, who will end up losing that money, just as they have lost nearly everything else, including their shirts, in other financial adventures.

Making the situation even worse, is the soaring unemployment that threatens to exhaust the savings system. Of the 26.5 million people participating in the retirement payments system, only 46% of them still had active accounts in July. That is, more than half have not been making any contributions in recent months.

Further, the decline in interest rates—this year, the real

interest rate, discounting inflation, is only 2% — could mean that workers will receive a smaller pension than they would have received under the previous scheme. The government is using this as a pretext to “attack” the problem by allowing the funds to be invested in higher yield — but much riskier — instruments.

An ‘Argentina-Style’ Crisis

As the problems afflicting the system accumulate, the desperation of the neo-liberal managers of the economy grows. Thus, they are attempting to silence the opposition by holding up the bogeyman, that the cause of Argentina’s problems (and potentially Mexico’s) is its fiscal deficit and a non-renegotiable debt. “However,” argues Banco de México Governor and former Zedillo Finance Minister Guillermo Ortiz, the ultimate cause of Argentina’s problems is that “the politicians did not come to any agreement.” Thus, says Ortiz, the urgency of Mexico’s Congress approving a fiscal reform to increase government income, and an energy reform to increase foreign investment.

By refusing to recognize that the bankruptcy of Argentina, Turkey, Poland, and of the United States itself, is a reflection of the overall bankruptcy of the global financial and economic system, these neo-liberal managers will end up dooming Mexico to collapse, with or without the “fiscal reform” they hold so dear.

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Interview: Satoru Ohtake

Japan Urges U.S. To Rejoin Fusion Project

In July 2001, Japan, the European Union (EU), Russia, and Canada completed the design for the International Thermonuclear Experimental Reactor (ITER). While the United States was a founding partner in ITER in the 1980s, in 1998, it withdrew from the program. Thermonuclear fusion promises an unlimited supply of energy, and requires an aggressive international effort to become reality. Marsha Freeman interviewed Satoru Ohtake, Director for Fusion Energy, Ministry of Education, Culture, Sports, Science, and Technology on Dec. 5, at the Japanese Embassy, during his trip to Washington to discuss ITER with U.S. energy officials.

EIR: What is the purpose of your visit to the United States?

Ohtake: I came into this position of Director of Fusion Energy in mid-July, and have worked since then mainly on ITER. It is necessary to secure large-scale resources and a fixed, rigid international framework for that program. The discussion in Japan about whether or not to participate in ITER or, furthermore, to host the experiment, is continuing, and in that discussion, the attitude of the United States is very important.

As you know, ITER has been in preparation for a very long time, about 15 years, from the very initial stage. For the past nine years, the countries concerned have carried out the preparatory study and conceptual design activity, leading to an engineering design. These nine years ended in July, and the engineering design is completed. The United States initially was a member, but unfortunately three years ago there was some discussion in the United States and there was a misunderstanding or conceptual change there, and the U.S. got out of the circle, in 1998. Now, ITER is ready to come up to the full-fledged phase of construction. At this time I think it is necessary to come to the U.S. and discuss with the people concerned, the U.S. reentering the project.

EIR: Why is it important that the United States rejoin the ITER project?

Ohtake: Because regarding ITER, we — meaning Japan, the European Union, Russia, and Canada — are quite ready and confident and have enough engineering technology back-

