

nearing 28 to the dollar.

This time the conspirators against the peso are counting on the high international interest rates and weakening oil prices since last summer to push the operation through to conclusion. Though López Portillo has repeatedly stated that he's willing to permit some peso decline, he's drawn the line on a big, one-shot drop. The reasons: it would drive into bankruptcy many private-sector companies highly leveraged on dollar debt; bring demands for a compensatory, large-scale wage increase at home; and through higher costs for wages, imports, and debt repayment, unleash a new burst of inflation.

Flight capital

The *Washington Post* puts 1981 flight capital loss at \$4 billion, or equal to the worst of the 1976 flight-capital operations. Most of this reportedly went into Texas and California real estate. The *Wall Street Journal* says \$6 billion. Raul Tamayo, president of the Guadalajara-based Actibanco, put it at \$9 billion in a Feb. 1 interview. The actual figure is likely to be at the lower end of this spectrum, though on the increase. The higher estimates are viewed by experts as exaggerated for psychological warfare reasons.

But in some ways more serious is the step-up in "dollarization," whereby increasing portions of domestic banking operations are conducted in dollars even when the transaction takes place wholly within Mexico. This undermines one of the elements of Mexican sovereignty in economic matters: control of its own credit and currency.

Emerging from the Atalaya meeting on Jan. 18, banker Rolando Vega of the Confia Bank called upon all Mexican private companies with dollar debts abroad—the large majority of big firms—to keep their company accounts "as liquid as possible"—in dollars.

There are insistent reports that forces in the Banco de México are complicit with this arrangement. The Banco de México bears something of the same relationship to Mexico's elected government as the Federal Reserve to the United States: it is a bastion of monetarism which has consistently defended a high interest-rate regime and downplayed the problems of "dollarization."

A January study by the Banpaís bank noted approvingly that the Banco de México "gains liquidity for itself" by keeping higher reserve requirements for dollars than for pesos. There are preliminary indications that some government credit entities themselves are beginning to lend to the private sector and other government entities in dollars. Banpaís brazenly stated on Jan. 28 that because of the flight of capital, "the only thing saving investment is high interest rates." These encourage "those who still have confidence in Mexico," declared these paragons of nationalist sentiment.

PROFILE

Who's who in the political reform

by Timothy Rush

The following three parties, all of whose activities have been given unusually prominent press treatment under the provisions of Mexico's new political reform laws, are in the forefront of the current manipulations to tear down the PRI and make Mexico ungovernable.

The PAN

"If the people get tired of injustices and arbitrariness, and choose violence as their only way out of their problems, we have no right to oppose it or to permit others to oppose it. I personally am a pacifist, but if there is no other route than armed struggle, we cannot stop that."

This is José Angel Conchello speaking, leading ideologue of the "rightist" National Action Party (PAN), on tour in late January with 1982 PAN presidential candidate Pablo Emilio Madero at his side.

The PAN party is campaigning in the current elections with the same "progressive fascist" profile that it boasted of at its founding in 1939. The party became as the Mexican branch of the Falangist International then being established through parties of similar names in most major capitals of the continent. The same Conchello who egged on the crowds in Yucatán to violence, in 1976 declared himself an open advocate of the policies of Hitler's Finance Minister, Hjalmar Schacht.

The PAN's particular function today is to whip up middle-class discontent with the government and unleash "pots-and-pans"-style protest reminiscent of the street marches by Chilean "housewives" prior to the installation of Pinochet in Chile in 1973. This is the character of the PAN's protests in the northern state of Coahuila after recent municipal elections. After losing the elections, the PAN called for boycotting auto license-plate renewals—hardly a measure within reach of the state's workers and peasants—as the start of a series of actions they hope would lead to a full-fledged civic strike.

In Mexico City, the PAN is distributing leaflets

door-to-door declaring that 1982 is the year of “bankruptcy and salvation.”

The Mexican Unified Socialist Party (PSUM) is the the strange offspring of negotiations between the Mexican Communist Party and five smaller left sectlets during the summer of 1981. The already-registered PCM changed its name to incorporate the new elements, and nominated its Secretary-General, Arnolando Martínez Verdugo, as its presidential candidate.

Ironically, having little worker base, the PSUM is appealing to the same middle class layers as the PAN, as well as church, military, and university circles—and on a similar program. The basic planks are curtailing the exploitation of oil, “redistributing” what wealth is left, and building up Indian and peasant communities as separatist entities free of central government control.

The PSUM also shares the PAN’s equanimity when it comes to violence: its allied COCEI group in the Tehuantepec Isthmus town of Juchitán stormed its way to local power last year on the basis of threats and thuggery. Some high-level “godfathers” seem to be watching over the experiment. The house newspaper of the City of London bankers, the *Financial Times*, chose to highlight the Juchitán situation in a late January feature,—with a very convenient inset map of the new “land-bridge” rail link across the isthmus which the COCEI has threatened to sabotage.

The PSD

The Social Democrat Party serves as the higher-level interface for the other wrecking operations against the PRI. Coming originally from Monterrey right-wing Christian Democrat circles linked to the PAN, it made the short trip to a Jesuit-style “left” profile in the early 1970s. One of its current leaders is Arturo Martínez Nateras, until recently a central committee member of the PCM. In the 1976 presidential elections the PSD, under its previous name of Acción Comunitaria, was in charge of PCM propaganda, using a front called the Mexican Public Opinion Institute (IMOP).

A party without any discernable base, the grouping nevertheless got its registration from the Federal Election Commission last June—on the insistence of Carlos Hank González, according to reliable sources. Its current role as circus ringmaster of the many-sided assault on the PRI took on a new, grotesque form in a list of 13 “prospective candidates” for the PSD presidential nomination, released Jan. 25 by party leader Luis Sánchez Aguilar. Hardly a single name of this motley group came from within the party itself. At the top the list: terrorist-linked “labor leader” Ortega Arenas; former PRI head García Paniagua, being primed to head up a possible split operation against the PRI; Moreno Sánchez, a political crony of Hank González; and the PSUM’s candidate, Martínez Verdugo.

POLITICS

A strategy for wrecking the PRI

by Timothy Rush

“Iran had one of the most modern armies and only two million people in Teheran. Nevertheless, the masses overthrew the monarchy. Just think about Mexico. Here we have a small army of 80,000 while Mexico City has 12 million people. Just imagine what could happen.”

This is how Juan Ortega Arenas described to a reporter in late January what his “independent” union movement is designed to accomplish.

Who is Ortega Arenas? Already being described as the “Lech Walesa” of Mexico by eager scribblers in the Jesuit-controlled left press of Mexico City, he is a man of terrorist pedigree. After graduating from a series of Jesuit schools, according to a Sonora newspaper account, he worked directly with Herman von Bertrand, S. J., the creator of Mexico’s most dangerous terrorist band of the early 1970s, the 23rd of September League. Today he combines a close relationship with Israeli intelligence agents in Mexico, with editorial work for the semi-clandestine magazine, *Otro Por Qué* which traces directly into the Red Brigades network of Italy.

Through thuggery and intimidation, Ortega Arenas gradually worked his way into control of several industrial and professional unions, which he split away from the hegemonic government-allied Mexican Workers Confederation (CTM). The most important among these are several large auto unions, the airport workers, and most recently, a section of the Mexico City bus drivers.

He demonstrated his hold on this latter group Jan. 27 with a several-hours’ shutdown of Mexico City’s principal bus route, the “100 Line”.

This wildcat strike was a challenge to the CTM, which controls the rest of the bus drivers. With speculation rampant over what will happen when age forces the retirement of octogenarian labor leader Fidel Velázquez, a variety of anti-government forces inside and outside Mexico are looking to Ortega Arenas as a battering ram who can break the power of the CTM. Their thinking is that if the CTM splinters, the ruling Institutional Revo-