Report from Mexico by Josefina Menéndez

Silva Herzog and Kissinger Associates?

The finance minister is proving a useful asset for the creditors, but is not quite blue-blood material.

It is no coincidence that, just as the Mexican government is about to be visited by yet another delegation from the International Monetary Fund—in the midst of one of the fiercest national debates on whether or not Mexico should go the Peruvian route on the foreign debt—the economic cabinet headed by Finance Minister Jesus Silva Herzog has joined with the blue-blood oligarchs of Monterrey in seeking the services of Kissinger Associates' "thugs for hire."

To this effect, Kissinger Associates' Latin American debt expert, Alan Stoga, arrived in Monterrey on Oct. 23, invited by the Council of Institutions of Nuevo León, which represents all leading business organizations of the so-called "Monterrey Group." There, in a private meeting, Stoga told the Mexican businessmen that Mexico's economic policies have been "inconsistent throughout the past year, due to the decline in oil prices and the increasingly worrisome protectionism of the United States, which could damage the Mexican economy."

Stoga recommended the "liberalization" of as much of the Mexican economy as possible, because it was appropriate both "for the short and for the long term to free up the trade system, the exchange rate, and the pricing system. . . . Industry should be privatized as much as possible and a more sophisticated financial system should be created to generate greater internal savings." Finally, Stoga pronounced on the necessity of Mexico joining GATT.

Kissinger Associates, Inc. was founded during 1982, in the midst of the Mexican economic crisis. Its principal function is to use its influence to pressure Ibero-American and other governments into yielding to the demands of the financial oligarchy.

In essence, it functions like the mafia of the 1930s: selling protection to those interests which request it, and eliminating, through political and economic blackmail, and assassination, those individuals, industrial groups, or governments which oppose their policy dictates.

And so, as Stoga's commandments prove, Kiss. Ass.'s line is always the same: If the national markets do not open to foreign investment; if the debt is not paid, in money or in equity; if the prescriptions of the IMF are not followed to the letter, the result will be capital flight, collapse of investment, and political destabilization—and Kissinger Associates will see to it.

Stoga was vice-president of First Chicago Corporation, and is also a member of the Western Hemisphere Commission on the debt founded by David Rockefeller's Americas Society. In 1983, the Commission founded the so-called Ditchley Group, better known as "the creditors' cartel" because it includes all the leading commercial banks and specializes in collecting the debt at all cost.

Encouraged by the "advice" of Kissinger Associates and grounded in the Friedmanite line of the Wharton School where they were trained, Monterrey's businessmen emerged from their meeting with Stoga to declare that "lack of sheer will to correct errors in economic and political questions is turning this presidential term into one of the most inefficient ever." Thus declared Jorge Arrambide Garza, a director of the industrialists association, Canacintra. He added that "exaggerated public expenditures and subsidies are the principal causes of a high inflation rate in Mexico. . . . Mexico's state companies must be sold off, and the bureaucracy laid off, in order to free up resources that could be used by the private sector. . . . The government lacks the guts to take these measures."

Finance Minister Silva Herzog met with the organized labor movement to put out the same line. He not only came out unequivocally against a debt moratorium, but also against the option that Peruvian President Alan García has chosen, that of dedicating 10% of the country's export revenues to payment of the foreign debt. He also denounced any notion of a continental alliance for joint renegotiation of the debt. He denied that he was seeking new credits for post-earthquake reconstruction needs and for debt repayment, using Stoga's argument instead, that the country needed to boost its "internal savings." In other words, more austerity.

Well-informed sources have told this columnist that, since the finance ministry is likely to have a new chief soon, Silva Herzog did not want to be out of a job. That is why, say my sources, Silva Herzog is playing footsie with Kissinger Associates, Inc. However, in view of the notorious racism of Kiss. Ass.'s members, it is considered unlikely that he will get to Kiss. Ass., as he might like.