 by Carlos Cota Meza

'Retirement' fund to bail out banks

Workers will pay for a new round of speculation to finance buying up the banks . . . by foreign interests.

President Carlos Salinas de Gortari's new plan to reform Mexico's Social Security system and the national workers' housing institute (Infonavit) by creating the "Retirement Savings System" (SAR) and "promoting financing for housing," is an obscene boondoggle for the country's re-privatized banking system.

The scheme has nothing to do with protecting wages or creating jobs. Indeed, it will *add* costs to the small and medium-size firms which have endured nine years of stagnation, leading to more shutdowns and bankruptcies, and more lost jobs.

Finance Secretary Pedro Aspe says the SAR will be created by levying each employer 2% of his workers' base wage, which will be deposited every two months in individual accounts in the employee's name in the bank of his choosing. These banks will offer a return equal to the inflation rate plus at least 2%, in the form of public bonds.

For Infonavit, the employer will pay 5% over the base pay, as before; however, this will not go to the institute, but to a bank account in the worker's name. The "bank of choice " will transfer these deposits to the Bank of Mexico where they will earn interest.

The Social Security system has 10 million enrolled, less than 30% of an economically active population of 34.5 million, of whom 80% earn the minimum wage. The retirement insurance represents 29,370 pesos a month to the worker (roughly $10), or $115 a year, adding up to a miserable $1,609 in a decade! Overall, the worker gets poorer, and the bankers get richer.

Wages in 1992 will be 23% of Gross Domestic Product, figured at $320 billion. Since the savings fund will constitute 7% of the total wage bill, the reprivatized banks will manage this year (the law is retroactive to Jan. 1) some $5.2 billion. For comparison: The fund will be a mite under the $5.8 billion paid for reprivatizing Banamex and Bancomer (respectively $3.2 and 2.5 billion), Mexico's two biggest banks; and five times what was paid to reprivatize Banca Serfin, the third largest.

Officially, $7.2 billion were obtained by reprivatizing the top eight banks in 1991. This year, the sale of the rest is expected to net no more than $6.2 billion, even including nonbanking firms. But these big three banks are not going into the barrel. Clearly, they will be the chosen "preferred banks."

The banks' new owners say that they are "decapitalized" due to the sums paid for the license to control "the concession of public service in banking and credit."

The $5.1 billion in the savings fund of Mexican wage earners will be the bait to unleash the pack of speculators being pressed to pay the "bridge loans" granted by foreign loan sharks to fund the buyout of banks. At current 1992 wages, three years of operation of the fund, during which no worker will accumulate seniority, will pay off the total cost of reprivatizing the national banking system.

How does it work? Robert Hernández and Alfredo Harp Helú, who own the Accival brokerage, bought Banamex. To get the $3.2 billion for that, they sought the "advice" of financial firm Barclays de Zoete Wedd (a branch of Britain's Barclays Bank). The savings fund Mexican workers will deposit in Banamex will simply further swell the rotten bubble of British speculation.

Or, to buy Bancomer, Eugenio Garza Laguera of the Monterrey Group was "advised" by Merrill Lynch. The slightest tremor on Wall Street, and Merrill Lynch, along with the "Group's" other Golden Calf-worshipers, will heist the funds of the Mexican workers.

Gaston Luken Aquilar and Adrian Sada of the OBSA financial group, also from Monterrey, got Banca Serfin. Luken Aguilar admits that "for practically a year we have been living in the same house with the prestigious French institution Lazard Frères." The French speculators are not too upset at having only gotten the third largest bank, since the government gave them a bonus. Banca Serfin gave a $200 million "bridge loan" to Agustín Legorreta, one of Mexico's most rapacious oligarchs, to "buy" Multibanco Comermex. This ensures that whatever of the Mexican wage bill falls into either bank, will be stolen.

The same foreign banks and others, like J.P. Morgan and the Rothschilds, have their paws in the sale of small and mysterious banks. The buy-sell operation of the Mexican banks is occurring via takeover operations: One firm takes out a loan to buy another, which becomes collateral, and the profits are channeled into paying for the financing: short-term high-interest loans.

Officially, the SAR is a scheme to "recapitalize" the banks. In reality, it's the trigger of an accelerated round of speculation to cover the "leveraged buyouts" by which the bank takeovers were done.