Senate Defies Fox, In Defense of Mexico

by Rubén Cota Meza

Mexico's President Vicente Fox, recently "grounded" by the Mexican Congress for giving up sovereignty to the United States, gives no hope for Mexico's economy but a "coming U.S. recovery."

The Mexican Senate, by a vote of 71-41 on April 8, denied President Vicente Fox permission to travel to Canada and the United States. This is the first time in modern Mexican history that the Congress has prevented the head of the Executive branch from travelling abroad.

But even more important were the reasons presented by the Senators of the Revolutionary Institution Party (PRI), for denying their permission:

- Fox has formed an alliance with the United States on border security, which calls into question Mexico's own territorial jurisdiction;
- In participating in naval exercises with the Armed Forces of the United States and other nations in the region, the Mexican government deliberately evaded the Senate's authorization, opening the door to possible extraterritorial military actions;
- The Mexican government held negotiations to establish a unified military command of North America, which could conceivably subject national armed forces to foreign command;
- The government failed to respond to a prejudicial report by the U.S. State Department on the matter of human rights, which violated the spirit of bilateral cooperation;
- The Fox government showed complete passivity in the face of a U.S. Supreme Court ruling, which poses the imminent risk of escalating the violation of the labor rights of undocumented Mexicans;
- And, perhaps, the point that has the greatest implications with regard to the underlying economic crisis, Fox has accepted several unilateral decisions by the United States which are prejudicial to the productive sectors of the Mexican economy.

The majority of the reasons cited by the PRI Senators allude to attitudes and compromises by the Fox government, which threaten to lead to the dismantling of Mexican national sovereignty to the benefit of the Anglo-American financial oligarchy. In an angry radio and television response broadcast nationally, Fox implicitly acknowledged his culpability. He confessed that one of his acts in the United States would have been to "witness the beginning of efforts by a group of Mexican, U.S., and Canadian experts, intended to reflect on the common future of North America, and the steps that would have to be considered to carry out this ambitious vision of the future."

Fox's confession indicates that the project is already under way to which Mexico's Foreign Affairs Minister Jorge Castañeda Gutman referred Feb. 24, announcing the government wanted to "create permanent institutions" for a "North American Community" that would surrender national sovereignty to the "new supranational rules."

The Senate's refusal to permit Fox's trip abroad, represents just one stumbling block in the current government's race against time to surrender Mexico to the unrestrained ambitions of the Anglo-American oligarchy, before it disintegrates into chaos. But setting the Legislative branch into open confrontation with the Executive, will necessarily affect the great national "economic" debate.

Mexico, Moving in Argentina's Direction

On April 2, the Fox government announced the first cuts to the 2002 budget, of about $1 billion (10.1 billion pesos). This is the fifth budget cut in the 18 months of his Presidency, and this first cut for this year represents 62% of the combined total of last year's four budget cuts. One week later, Finance

Secretary Francisco Gil Díaz announced that, during the first quarter of 2002, more than 8 billion pesos accumulated in the Oil Stabilization Fund, had already been spent. If the Fund money had not been used, the budget cutback would have been much larger, according to the Finance Secretary. The first quarter 2002 budget cut would have been closer to $2 billion, more than the total cut out of the budget last year. However, Fox called the latest cut "minimal and insubstantial."

And the budget gap is growing: Tax revenues in February were 5.6% less than February of last year. In March, public income was 10% less than anticipated. In the meantime, the government's options to get more money and gain time, while awaiting an illusory economic "recovery" in the United States, are rapidly running out.

The Fox government and its partisans within the media and business sector are blaming Congress for approving a tax reform other than the one proposed by Fox, which had been based on more taxes on food and medicine. But, the truth is, that economic depression is wiping out both the tax base and the physical economy of Mexico.

While Fox is blaming the Mexican Congress because reality is not living up to his illusions, the Americas edition of the *Wall Street Journal*, mouthpiece of the financial oligarchy, complained in early April that Fox "has not succeeded in convincing a divided Congress, during his 18 months in power, to promulgate the necessary structural reforms to alleviate pressure on the federal budget," a reference to the resistance of PRI legislators and others to changing the Constitution to allow for the privatization of Mexico's electricity sector. Months earlier, the same publication had demanded that Fox "sacrifice his political capital" to achieve the privatization of energy and oil.

While the ruling National Action Party (PAN) presented a bill proposing to change the Constitution to allow for the privatization of the national electricity industry, the PRI proposed a bill to create the Public Electrical Energy Service. Its proponents declared that "the arguments in favor of a constitutional reform are not sustainable," because electrical energy at competitive prices, "far from requiring a modification of the Constitution, is achieved by maintaining it, and its provisions that it remain the exclusive responsibility of the nation to generate, conduct, transform, distribute and supply electrical energy" as a "public service." Such a policy, the PRI opposition characterizes as a matter of "the general interest" and "the bedrock of our national sovereignty," and whose strengthening "should guarantee the energy independence and security of the country."

Just as in the case of defining foreign policy, one finds two distinct positions over the issue of electrical energy: on the one side, that of Fox, Castañeda, and their cheerleaders, who want to annex Mexico to the United States and Wall Street; on the other side, those who seek to reestablish Mexico's sovereignty and viability.

Fox's Energy Reform Is Enron's Cannibal Policy

by Marivilia Carrasco

This statement by the head of the Ibero-American Solidarity Movement (MSIA) associated with Lyndon LaRouche in Mexico, was circulating nationally against President Fox's energy deregulation scheme, prior to the intervention of LaRouche and Nevada State Senator Joseph Neal in mid-April.

Following the guidelines of the multinational energy sharks, the Vicente Fox government has proposed to financially "clean up" Mexico's Federal Energy Commission (CFE) and the state oil company Pemex, preparatory to dismembering them and selling them piecemeal, at junk prices. This is otherwise known as "energy reform or deregulation."

On Feb. 7, the Fox government announced an increase in electricity rates via the reduction of subsidies, thereby driving the final nail into the coffin of the impoverished Mexican population, and creating the conditions for a total deregulation of the national energy sector.

These increases, which add up to a substantial general increase in prices across the board—something which the Banco de México refuses to admit—will not only *not* increase tax revenues, but will intensify the economic depression into which Mexicans are already submerged, thereby reducing still further the tax base upon which the government's own income depends. Such measures, in fact, will reinforce the general bankruptcy the country is suffering, in the context of a global and systemic crisis of the international financial system.

To the predictable collapse in public income, one must add the equally predictable decline in expenditures. Following the Argentine-style monetarist criteria of keeping the fiscal deficit at 0.65%, guarantees new cutbacks to the already austere government budget, 15% of which is absorbed by the cost of financing the public debt.

The country is thus caught in the descending spiral of a bottomless depression, the combined result of the hyperdeflation of physical economic activity—aggravated by an increase in taxes and tariffs, reduction of public expenditure, decline in currency in circulation, and shortage of credit for production—and a hyperinflation of financial obligations. In addition to the $21 billion in interest alone that the federal government must pay this year on an official public debt of nearly $90 billion, there are other interest payments in the order of at least $50 billion, which the national economy must