

chief of staff Donald Regan, who has been accused of fostering massive drug-money laundering.

The administration endorsement of a confrontationist policy against Mexico orchestrated by both Helms and the liberals at the State Department leaves Mexico with no other option than to believe that the United States has no desire to fight a joint war on drugs but rather that its main purpose is to destroy political stability in Mexico.

Not long ago, on Jan. 3 of this year, President Reagan visited Mexico for a meeting with his counterpart, de la Madrid. Upon his arrival he said: "The trust and cooperation between our two countries are mirrored in the solid personal and professional relationships President de la Madrid and I have developed. . . . The good and decent people of both our countries have made a strong commitment to fight the scourge of narcotics and drug trafficking."

Publicly criticizing the efforts of countries which share identical objectives in the area of combating narcotics, only strengthens the position of the drug runners, stated a Mexican official as he was leaving the May 13 hearings. He could not have been more to the point.

Behind the hearings: Mexico can not pay!

by Carlos Cota

The offensive against Mexican institutions by their international creditors, which reached its public high point with Jesse Helms' so-called hearings on May 12-13, is purely and simply due to the fact that Mexico cannot pay its foreign debt.

This is broadly recognized on the Mexican side despite certain expressions in favor of "appeasement" in these times of head-on confrontation.

The "Helms hearings" are the culmination of a series of statements by spokesmen for Mexico's creditor banks, along the same lines as those discussed in Helms's subcommittee on Western Hemisphere Affairs.

A World Bank official indicated that "the creditors reached the conclusion that the Mexican government changed its

The response of the Mexican government

The Mexican government instructed Mexican Ambassador to Washington Jorge Espinoza de los Reyes to deliver a strong protest to Secretary of State George Shultz on May 14. The embassy made available the full text. Excerpts follow:

"The Subcommittee on Western Hemisphere Affairs . . . held two hearings. . . . Although the first of these was a secret hearing, some of the statements were leaked to the media, a fact that must be considered a deliberate attempt by U.S. officials and legislators to accentuate the existing misinformation regarding the Mexican reality.

"In light of these considerations, I have been instructed by my government to submit to Your Excellency a formal and strong protest regarding these statements, which my country considers unfriendly and in total contrast with the spirit of cooperation shown by the government of Mexico. . . .

".. the interventionist character of the statements made in these hearings, apart from adulterating the truth and presenting a distorted view of the Mexican reality, are a clear and unacceptable violation of Mexico's sovereignty.

"The government of Mexico does not accept that U.S. officials take upon themselves to make statements on

Mexico's internal affairs, as these affairs concern only the Mexican people, and no government has the right to pass judgment on this matter.

". . . the Mexican government strongly rejects the accusations and calumnies pronounced against Mexico in the hearings. The capacity for slander and the political irresponsibility implied by these statements is surprising.

"Throughout its history as an independent nation, Mexico has always shown strict adherence to the principles and norms of international coexistence. Mexico's respect for other peoples' right to self-determination has been unequivocal; consequently, Mexico feels it has the moral authority and reason to demand that others respect its sovereignty."

Mexican Attorney General Dr. Sergio García Ramírez, delivered a letter May 16 to U.S. Ambassador to Mexico John Gavin. The text was made public by Mexican authorities. Quotes follow:

"It is our public knowledge that during the recently held U.S. Senate hearings, it was mentioned, explicitly or implicitly, that Mexican nationals might be involved in crimes. . . . I kindly request that any available information regarding criminal acts, whose prosecution concerns the Mexican authorities, be provided to us.

"I reiterate that, provided the existence of reliable information for the prosecution of criminal acts, no friendly, professional, or family relationship shall prevent a rigorous implementation of the law."

priorities and put the results of the July (1984) elections—stimulated to favor the PRI at public expense—above the promises to the international financial community. . . . This situation irked the bankers.”

High officials of Citibank, Manufacturers Hanover Trust, and First Interstate Bank of California agreed that this new Mexican debt crisis “also blew up in their hands because all the information which the Mexican government provided to them spoke of problems but not of collapse.” Now, they maintain that if Mexico wants to obtain new credits, “it will have to offer evidence that its behavior has changed.”

The “new” Mexican behavior would be, of course, the same as it has followed for the last three years under the “supervision” of the International Monetary Fund, but with a greater degree of brutality: changes in its laws on foreign investment; a greater opening to foreign trade; stimulus to private initiative; greater reduction of the State; bigger budget cuts. This new round of proposed austerity they have called, through an immense propaganda campaign, the “Azteca Plan,” similar to Brazil’s Cruzado Plan and the Austral Plan of Argentina.

Indeed, the strong reactions of the majority of the political sector of the Mexican government (see article, above) contrasted with the stony silence of the cabinet members who hold the economic portfolios, headed by Treasury Secretary Jesús Silva Herzog, Planning and Budget Secretary Carlos Salinas de Gortari, and the director of the central bank, Banco de Mexico, Miguel Mancera, who refused to come out against the U.S. intervention, in order not to affect ongoing negotiations which with the International Monetary Fund, Federal Reserve, and U.S. Treasury.

The main confidential negotiator of Silva Herzog with the U.S. banks, José Angel Gurría, stated on May 13 that the Helms hearings “have no relation to the financial problem.” The facts speak otherwise.

‘Harsh and critical tone’

The most serious “worry” which the creditors have is that expressed by the Committee of Adviser Banks, the umbrella group of the creditor banks of Mexico. In recommendations made by the Mexican negotiating group, the Advisory Committee run by Citibank, they say that “the creditors do not know how to locate in negotiations the harsh and critical tone of speeches for internal consumption by some officials, with respect to political and social pressures,” and with respect to the so-called “subordination of the goals of adjustment to internal stability.”

The Committee of Adviser Banks maintains that “there is a worrisome possibility that there may not be unanimous accord within the government of Miguel de la Madrid regarding the priority of strictly complying with the economic program” being negotiated with the International Monetary Fund (IMF), the World Bank, Federal Reserve, the Treasury Department, and the creditor banks.

This worry has caused the “Helms hearings” to step on

the gas—hearings which, according to the senator’s own admissions, had been repeatedly postponed—with the aim of imposing on Mexico a “structural change” by the IMF: liquidation of its political sovereignty and handing over political power to the Nazi-communist National Action Party (PAN, in the Spanish acronym, an offspring of the 1939 Hitler-Stalin Pact; it was founded by a former Soviet ambassador to Mexico, and opposed fighting the Nazis in 1942).

Despite the voices of “appeasers” who claim that what was said in the U.S. Senate subcommittee was only “minority voices,” the destabilization policy is continuing to gain momentum.

The reason is that with the international drop in the price of oil, which for the moment has reduced Mexico’s hard-currency income by \$9 billion, the country has lost precisely the amount of foreign exchange it had to make its interest payments this year. Add to this the official recognition that from 1980 to 1985, Mexico paid on foreign debt service (interest plus amortization) the amount of \$60 billion. This is more than 50% of its foreign debt—and it still owes some \$100 billion!

The García solution

This is the situation which placed the Mexican government at a juncture where it must decide if it will adopt a solution applied by Peruvian President Alan García Pérez.

Since the news was made known that the Mexican government invited President García Pérez for an official visit, the policy, the image, and the voice of the Peruvian leader have been kept in the Mexican media: his policy of allocating only 10% of Peruvian export revenues for payment of foreign debt, as well as his pronouncement that “the International Monetary Fund is neither morally nor politically capable” of intervening in the Latin American economies.

Parallel to this, the political forces which the creditors believe in so much, on repeated occasions have shown that they are in favor of a policy to pay the debt “according to the real possibilities of the country” and that Mexico cannot continue paying “at the cost of adjustments and internal austerity.” This is the unanimous position of the National Council of the ruling PRI party, expressed by its national chairman, Adolfo Lugo Verduzco, in the inaugural address of the extraordinary party meeting on May 22, 23, and 24. One of the specific points this meeting treated, was the elaboration of a program to set a ceiling on foreign debt payment, reckoned at 25% of export revenues.

For its part, the biggest labor organization in Mexico, the Congress of Mexican Workers (CTM) which at its last congress called the foreign debt “morally fragile,” convened a conference of all of its leaders to discuss the future of the national economy.

The “worry” manifested by the creditors is precisely the battlefield in Mexico. Mexico’s immediate future is about to be decided: the loss of its sovereignty, solution.”