

Mexico 'recovery' claim: another dead-cat bounce

by Carlos Cota Meza

Have you ever seen a cat die? In its final agony, the feline jerks, which often leads one to believe that it is still alive. It is just such a death agony of the economic program of the government of Ernesto Zedillo, which the world's media hailed on Aug. 19 as "proof" that Mexico has become, once again, an economic "success story."

On Aug. 18, Mexico's treasury secretary announced that the Mexican economy had registered an "explosive" growth of 8.8% in the second quarter of 1997, and of 7.0% for the first half of the year. Both the announcement by the government, and the alleged growth figures, took even the businessmen who supposedly had achieved the feat by surprise. First, because the quarterly economic statistics had been scheduled to be released 48 hours later; and second, because no one believed the statistics released.

Not even back to 1994 levels

Surveys of various industrialists published in various newspapers, shed light on what really is occurring in the Mexican economy. After the debt bomb exploded in Mexico in December 1994, the physical economy collapsed drastically. In the best of cases, the so-called "Recovery of '97" boils down to the recovery of only a small part of what was then lost—and that, due more to exports than to any growth in the domestic market.

Take the case of the auto industry. Fausto Cuevas, director general of the Mexican Association of the Automobile Industry, reported that the industry "barely sees a gradual and slow reactivation; recovery would be to reach the figures of 1994, and we are at 63%. . . . There is 37% yet to recover." In 1994, some 51% of Mexican auto production was exported, but, by 1996, because of the 70% fall in the domestic market which followed the peso collapse, 80% of production was exported. In 1997, some 75% of auto production will be exported. According to the AMIA, in 1995, about 15% of the workforce was laid off, and none have been rehired.

Another sector touted as manifesting "explosive" growth is the electronics and computer industries. While the electronic sector, oriented to the domestic market, fell by 20%, the computer sector took to the foreign market, with exports of up to \$4 billion expected. According to the National Chamber of Electronics, Telecommunications and Computer Industry, representing 450 of the 800 companies which operate

in the country, this "achievement" is due to the fact that "the great players of the world in this area are in Mexico."

Other business associations report that the official information released is simply wrong. The Mining Association of Mexico claims that mining production is far from the negative figures officially reported: a reduction of 4.2% to 4.6%. The mining association insists instead that its growth is constant. Iron mining will grow by 5% (40% exported), with a similar increase for fluorspar, wollastonite, zinc, lead, and copper. In silver and gold, despite the drop in prices, up to 70% continues to be exported.

In other sectors, there is outright alarm over the government's announcement. The National Manufacturing Association, whose members traditionally supply the domestic market, reports that some sectors have not yet even recovered to the levels of production of 1993, such as the branches dependent on the construction industry (wood, machinery, electronic equipment, glass, cement). Construction has fallen by 50% since 1995, and currently operates at 30% of installed capacity.

What lies behind the hoopla?

Some press explained the sudden announcement of "explosive" growth as an effort to distract from other bad news in the economic realm; for others, the announcement was timed to cover up bad news in the political realm; still others insisted that it was to cover up something bad in both areas.

As for economic reasons: It was to try and "calm nerves" over the collapse in the New York stock market which, willy-nilly, will bring down the Mexican stock market; to try and hide the fact that unemployment—even officially—grew in Mexico in July, from 3.4% to 4.1% (statistics which were released at the end of the week); and the fact that the debt in arrears also grew by 3% in three months. But, above all, it was an attempt to "calm" the reaction to the news that the Mexican government had bailed out the concessionaires for the private toll roads in the country.

Also on same weekend (the news of the "explosive growth" was announced in the early hours of a Monday), the Federal government decided that it would "preemptively revoke" concessions for 23 of the 52 privately operated toll roads in the country, because they were found to be "financially unviable," according to the Highway Consolidation Program announced by the Communications and Transport Ministry. The Federal government will absorb 60 billion pesos worth of liabilities, and the concessionaires pulling out of the business will write off 24 billion pesos they invested as "unrecoverable." Approximately 150 small and medium-size construction companies are expected to close up shop entirely. These losses are around \$10 billion, a figure which competes with the "explosive growth" figures claimed by the treasury secretary.

The toll-road bailout resembles the way in which the Mexican government, between 1995 and 1997, generously sup-

plied some \$29 billion to rescue the owners of the privatized banks, buying up their debt arrears, to then give away the cleaned-up banks to their new foreign owners (by and large, British). The \$29 billion is equivalent to 8.4% of Mexico's 1996 Gross National Product; the \$10 billion additional allocated to "rescue" the privatized highways, brings the total paid out to \$39 billion; that is, 11.3% of GNP!

Another "weekend" bit of news was that July was the first month since February 1995 in which Mexico ran a trade deficit. According to the curious information released by the treasury secretary, exports reached a "monthly record," increasing by 15.7%, but alas, against an increase of 22.1% in imports. The increase in imports is only the beginning of the path toward the global trade deficit which is expected by the end of the year.

And with this, the circle of "weekend news" was completed. The problem that the Mexican economy now faces again is the growing current account deficit, the famous story seen under the government of Salinas de Gortari: a flow of speculative capital to the stock market and into government revenues is used to finance an export program which depends on large imports (as do the *maquiladoras*, the slave-labor operations along the U.S.-Mexico border). An increase in the international interest rates or a devaluation of the peso and . . . "boom." Once again, back to December 1994.

Assassinations, again, too

The bad political news which the tale of "explosive growth" sought to soften, was the mysterious assassination of Alejandro Ortiz Martínez, brother of the treasury secretary. Without stretching the comparison, this event could have as significant implications for the financial sector, as did the assassination of PRI Presidential candidate Luis Donaldo Colosio.

Ortiz Martínez formerly headed agricultural credit for Banca Serfin, and, at the time he was killed, he was Serfin's "special affairs" executive. While the official line is that the assassination probably occurred during a robbery attempt, Agriculture Secretary Francisco Labastida Ochoa has dismissed the robbery hypothesis.

Banca Serfin, Mexico's third-largest bank, was pulled out of its 1995 bankruptcy through a murky arrangement. It became a partner of the British Hongkong and Shanghai Banking Corp., the fifth largest bank in the world. HongShang, historically recognized as the bank of all drug money-laundering banks, took control of 20% of Serfin, while the federal government took another 20%, to be handed over to HongShang in the case that the Mexican owners of Serfin, headed by Adrian Sada, did not pay back other loans taken from the British bank.

With the British mafia now situated at the heart of the Mexican banking system, there would be nothing strange about "pistol shots" becoming the way in which the internationalization of the national banks will be completed, while the Mexican economy finds itself in its "seventh bounce."

World population growth is ceasing

by Paul Gallagher

It is now generally acknowledged by the United Nations Fund for Population Activities (UNFPA) and the swarms of Malthusian population-control groups under its umbrella, that world population growth is dramatically slowing down. "More rapidly than expected" is the word among the depopulators, the more radical of which—like the U.S. State Department-linked Negative Population Growth organization—want the human race thrown back 500 years, to 500 million individuals.

Moreover, the UNFPA's report *The State of World Population, 1997; The Right to Choose—Reproductive Rights and Reproductive Health* (May 1997), for the first time admits that the sharp drop in population growth is coming not only from sterilization, contraception, and abortion, but also from spiking death rates and sinking life expectancies in a growing number of countries. Both developments are powerfully documented in an article in the *New Federalist* newspaper of Sept. 1, written by Gabriele Liebig, editor of the newspaper *Neue Solidarität* in Wiesbaden, Germany. Titled "The Orchestrated Population Implosion," the article was originally published in German.

Is a collapse of human population building up, prepared by deteriorating conditions of life in a global economic crisis, by genocidal warfare, by famines and epidemics?

Consider, first, the following pattern of decline in world population estimates (and for many underdeveloped or war-ravaged nations, estimates are all we have, often slanted by the UN's Malthusians to make them appear higher than reality):

- The earliest forecasts for the world population, as of the year 2000, were made more than 40 years ago by the U.S. Bureau of the Census and the U.S. Atomic Energy Commission. They estimated that 8 billion people would be alive by, roughly, the beginning of the new millennium.

- In 1969, when President Richard Nixon created the "Rockefeller Commission" on population growth, he stated to Congress: "If this rate of population continues, it is likely that the Earth will contain 7 billion human beings by the end of the century."

- In December 1974, when the infamous National Security Study Memorandum 200 (NSSM 200) was compiled in the National Security Council, under the direction of Henry