Dateline Mexico by Josefina Menéndez

Mexican 'Big MAC' suggested to Japan

Felix Rohatyn, the wizard who "saved" New York City, has a plan for Mexico—and the narcobankers love it.

'A rarely-seen fusion between government and national private enterprise, not seen for many years," was observed by Mexican commentators during President Miguel de la Madrid's Nov. 29-Dec. 3 visit to Japan. Felix Rohatyn, director of New York's Municipal Assistance Corporation (MAC) and partner in the Lazard Frères investment bank, took the occasion to propose preventing "the virtual destruction of the Mexican economy and the resulting political crisis," using, of course, Japanese capital to do so.

The article Rohatyn placed in the *Wall Street Journal* is not far from the truth. He says that Mexico's political and social cohesion is at stake, that political disintegration has already begun, that the ruling PRI party is becoming totally factionalized, and that the result could be a civil war which could provide opportunities for the Soviet Union. All this flows from the deep economic crisis overwhelming Mexico.

Very far from the truth are the responses he suggests to avoid such a disaster. Rohatyn proposes a "Big MAC" like the one he set up to "rescue" New York. The bottom line is that private businessmen would take the nation's finances in hand and force the state to support them. In the Mexican version, the proposal calls for private U.S. and Mexican interests to form a "temporary" development authority, which would buy up to $20 billion of Mexican debt paper from U.S. banks, issuing bonds in return. In a second phase, it would reorganize and finance industrial operations in Mexico, mostly the export-oriented sweat shops called *maquiladoras*.

Rohatyn suggests that to finance these projects, the World Bank should form a 50-50 partnership with Japan. Japan would be strong-armed into putting up some $50 billion of its "surplus dollars," on the argument that the U.S. provided Japan with security for the past 40 years, so "Japan should be willing to make such an investment."

The proposals made by the businessmen in de la Madrid's entourage seem inspired by the MAC concept, while reflecting the monetarist sectors's grip on the Mexican government. Claudio X. González, president of the Business Coordination Council, defended the economic policies the de la Madrid administration has held onto doggedly against wind and tide. He praised the opening to foreign trade, cutting down of the public sector, auditing of finances, the progressive abandonment of subsidy systems and internal price controls, and the elimination of the overvaluation of the peso.

It was shocking that the chief of the Business Coordination Council—and not, for example, the minister of industry and trade—was the one who announced that the public sector is rapidly being trimmed. He said it is getting rid of state sector companies which have no reason for existence. There are only 744 left; but the projection is to reduce them to 502 before the end of 1988. González announced that Mexico would eliminate its holdings in secondary petrochemicals, chemicals, pharmaceuticals, machinery and tools, textiles, and cellulose and derivatives. The public sector would also partially withdraw from areas such as steel, metalworking, automotive vehicles, and sugar. It is also reclassifying 36 petrochemical products from primary (which will continue in the hands of Pemex) to secondary, which can be privatized.

The 70 Mexican businessmen on the trip who were so exhilarated by González's speech came largely from the states just south of the U.S. border, which are the cradle of the National Action Party (PAN) insurrection. Many of them were the "narcobankers" whose banks were expropriated by ex-President José López Portillo in 1982, because they were killing the nation with dirty-money laundering and flight capital.

They have been financing the PAN electoral campaigns in the north of Mexico to create a political base for cross-border *maquiladoras* and dope traffic—easy money to pay the debt. De la Madrid has adopted their "economic liberalization program." That explains why the monetarist business clique used the Japan trip to proclaim their new-found adherence to the regime.

To attract the Japanese into Rohatyn's "save Mexico" trap, de la Madrid announced the great flexibility of the foreign investment law which would open up opportunities for the Japanese. For the first time, foreign investors will be able to own 100% of the shares in "medium and small" businesses.

What remains to be seen is whether Japanese investors, who traditionally prefer truly productive investments, especially great development projects, will accept participation in an investment scheme which, in the end, will only help to save the Wall Street bankers.