Management Inc., was quoted as saying in late 1993, as the Mexican electoral race was heating up: "There are things that would disturb any investor when you talk about redefining income distribution."

American banks and brokers are not shy about flexing their muscle. After presidential candidate Colosio was assassinated in March, Fidelity's fund manager, Robert Citrone, quickly contacted authorities at Mexico's Central Bank. He told them that he and other major players felt it was imperative that Mexico reassure investors by propping up the peso.

Argentina's stocks rose 307 percent in 1991, a year dozens of retirees hanged themselves after the government slashed pensions

Days later, with the peso falling, Citrone forwarded a list of "suggestions" to Mexican officials, who were told that U.S. fund managers were prepared to pump an additional $17 billion into Mexico if their advice was heeded. To emphasize the urgency of the situation, American investment firms cut back their purchases of short-term Mexican treasury certificates, ravaging stock prices and pushing up interest rates.

Mexican authorities soon took steps to bolster the peso.

As Citrone has told the *Wall Street Journal*, "If a country does the right things...they will get an additional push [from foreign capital]. "If a country does something and the market doesn't like it, they pay immediately."

Under such external pressures, Mexican stocks have been highly erratic. During the past year the *Bolsa de Valores* rose to an index of about 2,700 (after NAFTA was passed), fell to about 1,800 in May, then climbed sharply again before dropping to its current level of about 2,400. The SEC has been loth to examine the activities of big U.S. investors in Mexico, in part because the country is seen as a top national security priority. "The biggest danger is that the current lethargy and inertia will turn into a run," one

Golden's Daze

Latin American-based U.S. correspondents have been wildly enthusiastic promoters of the neoliberal heads-of-state who have taken power in recent year. Brazil's Fernando Collor de Mello, described by reporters during his ripe and brief tenure of the presidency as a bold reformer, was impeached in 1992 after receiving millions of dollars in kickbacks from business officials who received state contracts. Another press favorite, Venezuela's Carlos Andres Perez, was also evicted from office on corruption charges.

The thief Salinas, too, has regularly received rave reviews from the U.S. press. Such puffery is especially important to Mexico because its economy is dependent on inflows of foreign capital and, therefore, on favorable news coverage in the major North American papers perused by the investing class.

With this in mind, Mexican authorities court U.S. correspondents with torrid zeal. These reporters are given far easier access to top officials than their Mexican counterparts, with an interview with the president or other top officials extraordinarily easy to arrange. "The government treats them [U.S. reporters] like royalty, it virtually makes them part of the ruling class," one Mexican journalist recently complained, off-the-record, to **CounterPunch**. "I suppose that if I lunched with Bill Clinton every few months I'd probably write more sympathetically about him, too."

The Mexicans apparently found *The New York Times*'s Tim Golden a particularly pliant target. "Tim really went in for the pampering," our source says. "He bought the line that Salinas has been selling the last six years -- that the PRI is rotten and corrupt, but that he's the one who'll clean it up."

Golden's stories have most certainly displayed profound sympathy towards Salinas. Last Aug. 15, less than a week before the presidential election, Golden wrote that Mexico's president was "embracing the country's demands for political reform," and that the election was a chance for him to "protect his legacy as one of Mexico's most important modernizers."

Golden is also notorious for constantly getting things wrong. One article, greeted in Mexico with a mixture of amusement and anger, came last Jan. 4, days after the Chiapas uprising. In dazed incomprehension of the realities of Chiapas and the reasons for the rebellion, Golden portrayed the rebels as retrograde Stalinists. "That the cold war had ended seemed to mean nothing to [the insurgents]," he sniffed disapprovingly.

Like most foreign reporters, Golden rarely finds time to pursue stories about official corruption. A few years ago an American reporter at *The News*, an English-language Mexico City daily, tried without success to interest Golden in a story which linked a powerful ruling party official to the murder of a Mexican journalist. The reporter, Zachary Margulis, then appealed directly to the editorial board of the *Times*, which in November of 1992 published a piece by Margulis in its op-ed section (the reporter was promptly fired by *The News*, which is owned by a pro-government media conglomerate).

Golden is no slave to the work ethic. For a period he and the *Financial Times*'s Damian Fraser rented a cozy house in Tepoztlan, a chic tourist area an hour from Mexico City, where, our source says, they regularly holed up from Friday afternoon until Monday evening.

The sunny days and balmy nights in Tepoztlan were not simply all play, however. Fraser, who married into the Mexican aristocracy and dreams of being a banker, paid tribute to the town's glories in a recent story, urging tourists to sample the margaritas "at the fashionable Ciruelo restaurant."

Golden also probed deeply into the local culture, and in 1992 wrote enthusiastically of his adopted home in the *Times*'s "Sophisticated Traveller" supplement: "From almost any point, through the tightest alleys and over the lowest adobe walls, one's eyes are still drawn to the hills and the sky," Golden wrote glowingly. "Most days, though, there is not a lot to do...You can peruse the market. Or climb to the hotel for a drink. It doesn't matter. Escaping the city is enough." ■

financial consultant told **CounterPunch**. "It's a very volatile game."

Mexico's economic integration with the U.S. greatly intensified after 1988, the year that brought both Salinas and George Bush to power. The two men, who still talk regularly, have been friends since the 1960s, when Bush was wildcatting in Mexico. Bush is also close to Salinas's father, Raul Salinas Lozano, a power behind the throne at PEMEX, the Mexican oil monopoly. All the Bush boys have been hosted in Mexico at the Salinas home.

(Another one of Bush's ex-business partners in Mexico is Jorge Diaz Serrano, a former PEMEX head and a man so grotesquely corrupt that the authorities were obliged in the 1980s to throw him in jail for five years. The two men were involved in some extremely shady deals, which Jonathan Kwitny looked into when Bush was running for president. Kwitny's investigation stalled after the SEC informed him that its relevant filings had been "inadvertently destroyed." Some suspect that Bush, a frequent visitor to Mexico since he lost the 1992 election, still has a financial stake in Mexico. In October, he was received warmly at a meeting of Mexican bankers in Cancun.)

Bush's personal ties to Salinas and other members of the Mexican elite gave him special incentive to lend a hand when his friend took office in the midst of a terrible economic crisis. The Brady Plan rescheduling that Mexico soon signed was a direct response to Salinas's narrow escape in the election, which the Harvard man stole from Cardenas (with the help of a timely computer breakdown). The deal, which came when Mexico was completely shut out of credit markets because it had stopped making interest payments on its foreign debt, was accompanied by a crucial $2 billion "bridge loan."

The Brady agreement with Mexico was organized by Sam Cross, a former U.S. executive director to the IMF and, a knowledgeable source tells us, a CIA asset since at least the early 1960s when as a Treasury Department official he ran Saigon's finances. In the late 1980s Cross, now retired, was head of the foreign department at the New York Fed – a spot always stocked with a few Agency staffers – and he showed the Mexicans how a Brady deal would gain them renewed access to international capital markets. "The Brady Plan had nothing to do with debt reduction," says Whalen, who points out that Mexico's foreign debt has now reached $166 billion, far more than what the country owed when the debt crisis exploded in the early 1980s. "It was about creating a flow of new money, which Washington saw as a way to foster political stability."

First proposed by Bush and pushed through by Clinton, NAFTA finalized Mexico's effective insertion into the U.S. economy. By guaranteeing "stability," the trade pact created fantastic opportunities for the U.S. investment wizards selling Mexico. Since last year, pension and insurance fund managers, generally conservative, have shown heightened interest in buying Mexican equities and bonds.

The Clinton administration has also used the Fed to prop up Mexico, particularly through the use of currency swaps – essentially a line of credit made available to reinforce a given local currency in the event of an economic or political crisis. The U.S. lent Mexico $12 billion in the days before the vote on NAFTA, fearful of the potential impact of a negative vote, and $6 billion immediately following the assassination of Colosio. Under NAFTA, Mexico now has permanent access to an $8.75 billion swap fund from the U.S. and Canada.

And now Salinas exits the scene, to a chorus of applause from the U.S. government, business leaders and the press, all who cheer his bold promotion of "free market reforms" (see box previous page). For Mexicans, the reality is quite different. The overvalued peso, a flood of cheap imports, and the end of price controls have devastated small and medium-sized businesses. Real wages and the standard-of-living for the poor have fallen. Other than drugs, oil is the only sector of the economy making money in dollar terms (this is disguised by the overvaluation of the peso). State sector assets have been sold off to Salinas's cronies and the concentration of wealth and power is greater than ever before. Mexico now boasts 24 billionaires, up from two in 1991.

It all means big money for U.S. companies, which is why seats sold quickly for the AEI's Dec. 7 tribute to Salinas. Given his record, $400 for dinner was a bargain. ■

(DLC, continued from back page)

This, too, is not born out by the numbers. The poll found that 49 percent were disappointed because Clinton "proposed big government solutions, like health care reform," though this in large measure may reflect two powerful influences: a) the health industry's success in portraying Clinton's tepid plan as the first step towards Stalinism, and b) more relevantly, Greenberg's linkage in the question of "health care reform" with "big government," an always reliable red flag. At the same time, another question found that "ensur[ing] that everyone has health insurance" was a top priority for 46 percent, which could easily be interpreted as near majority support for a single-payer health plan.

For every response Greenberg used to conclude that the nation was clamoring for New Democrats, there were at least two which could be seen as indicating that the country was poised for a Bolshevik uprising: by a majority of 54 to 43 percent, respondents rejected the statement that "business corporations generally strike a fair balance between making profits and serving the public"; 57 percent said they support legal abortion "subject to only limited regulation"; the same number said "it is the responsibility of the government to take care of people who can't take care of themselves"; 69 percent say "we have important problems that the government must play a bigger role to help solve."

Furthermore, only 6 percent of Greenberg's disproportionately conservative respondents said that their vote in the midterm election was meant to be a warning "message" to liberals, far less than those sending messages about "politics as usual," "Bill Clinton," and "congress" (45 percent, 15 percent and 15 percent, respectively). Five percent said they were sending a message to the Republicans.

The New Democrats pulled off the poll scam because they concluded – correctly – that most journalists wouldn't inspect the entire press packet. After all, why bother reading the poll, when the DLC was nice enough to include a press release? ■

Hook, Line & Sinker

Greenberg Reels in the Press With Poll Scam

Pundit wisdom continues to insist that the midterm elections were a crushing setback to liberalism, with the public clearly rejecting Bill Clinton's Marxist-Leninist policies. Therefore, the oracles say, the president must move away from the Democratic Party's traditional core constituencies and "recapture the center." Appearing on Inside Washington, a TV talk show, *Newsweek*'s Evan Thomas insisted that Clinton will "have to systematically attack his own base." Thomas lamented that the president might not have the "courage" to take such daring advice.

The capital press corps spouts this sort of madness because its members speak largely to each other, and to a range of "experts" spanning a tiny segment of the political spectrum. We conducted a Nexis search in late November and found that Al From, head of the Democratic Leadership Council (DLC), was cited by journalists 276 times in regard to the midterm elections. Ralph Nader was cited once.

Al From and the New Democrats got great mileage out of a survey, conducted by White House pollster Stan Greenberg, which purported to show that Clinton had alienated voters longing for New Democrat-style solutions but finally driven to the Republicans in frustration at the president's Old Democrat liberalism. According to columnist Morton Kondracke, Greenberg's poll showed that Clinton had brought on disaster by "associat[ing] himself with the discredited old style of governing," a verdict unanimously echoed in the mainstream press.

We picked up a copy of the survey and Greenberg's accompanying press packet, and found that the poll showed nothing of the sort. Thirty-seven percent of respondents said they viewed Clinton as "a traditional liberal Democrat," while 56 percent said they viewed him as "a new type of Democrat." Hence, in rejecting Clinton, voters were clearly rejecting DLC-style politics.

These embarrassing numbers were simply wished away by Greenberg and the Council. The pollster said that the result "suggests a certain openness to Clinton...even as many are disappointed that he has opted for big government solutions." Al From, addressing the matter in a press statement, said it showed that the voters were "still willing to label Clinton as a 'New Democrat,' but they don't think he has governed as one."

Greenberg's conclusion that the nation is involved in an ongoing love affair with the New Democrats rests almost entirely on the response to one loaded question: did respondents prefer a "Traditional Democrat," defined as one who believes "government can solve problems and protect people from adversity," or a bigger and better "New Democrat," defined approvingly as one who believes that "government should help people equip themselves to solve their own problems." Not surprisingly, respondents picked the New Democrat by a wide margin.

The poll itself, presented as being broadly reflective of public opinion, was thoroughly rigged. Eighty-three percent of respondents had voted in the midterm elections – more than twice the national average of a 39 percent turnout. Sixteen percent of respondents were registered voters who didn't cast ballots, so non-voters – 61 percent of the electorate – were under-represented by almost 400 percent. In other words, the poll simply reflected the already registered views of the minority of people who saw fit to vote, while ignoring the huge numbers who might be persuaded to take part in the electoral system if they believed that it would make a difference.

One could easily conclude from Greenberg's poll that the nation is poised for a Bolshevik uprising

Non-voters are generally more liberal than voters, as Greenberg's poll makes clear. Of the respondents who had voted, 53 percent cast ballots for a Republican congressional candidate while 43 percent had voted for a Democratic candidate. Among the non-voting respondents – the meager 16 percent, recall – Democrats were favored by a 45 to 33 percent margin. So Greenberg's gimmick completely distorted "public opinion" by skewing responses far to the right. The White House pollster didn't bother to seek the views of unregistered voters, whose ranks include a large number of the poor and minorities.

The New Democrats also claimed that the survey demonstrated that Clinton's health care reform plan had been politically disastrous, because it convinced the public that the president was an old tax-and-spend liberal. "It's impossible to underestimate the amount of damage the health care bill did in shaping the image of President Clinton as a big government proponent," Al From told a group of journalists who attended a DLC press conference on Nov. 17.

(Continued on preceding page)