

day morning in liberal, tolerant Brookline. But the escalating violence of the antiabortion movement is literally exploding everywhere. In November, Planned Parenthood clinics nationally reported nineteen incidents of harassment, threats and large-scale vandalism. On December 15, two Kansas City women's clinics were the target of firebombs that only by chance did little damage. Just a few days before Salvi's rampage, a federal judge in Maine sentenced Michael Kyle Jones, a former vice president of Washington State University's Students for Life, to six months in jail for writing a threatening letter to a physician who, as part of his general practice, performs abortions. But Jones got what he wanted: The doctor no longer performs abortions. "If he doesn't get the message that his behavior is unacceptable," wrote the physician to Jones's judge, "his next act of violence may be murder."

Going South

Washington's decade-long effort to maintain the illusion of stability in Mexico collapsed on December 21 after the new government of President Ernesto Zedillo Ponce de León announced a surprise currency devaluation. As 1995 begins, Mexico seems headed for continued political upheaval, driven in part by the clumsy efforts of Zedillo to fashion a stabilization plan.

Reports that rebels in Chiapas had seized several towns were the immediate cause of the peso meltdown. But the larger factors behind the collapse were rising interest rates in the United States and the related outflow of dollars from Mexico. The junior partner in NAFTA had a current account deficit for 1994 of \$30 billion, a huge shortfall financed with borrowed money. Its total foreign debt is now \$160 billion, which has cost more than \$20 billion in interest and principal payments over the past year.

Again a de facto ward of the International Monetary Fund, Mexico faces a new round of inflation and default. The latest peso crisis repeats the August 1982 collapse, except that credulous private investors take the place of banks as the losers. Fixing the 1982 crash cost a couple of billion dollars—petty cash compared with the tens of billions owed foreigners by Mexican companies and banks.

When Mexico stumbled in 1982, the Reagan Administration extended \$2 billion to insure a smooth transition for the new government of Miguel de la Madrid Hurtado. After the July 1988 elections, when Carlos Salinas de Gortari was defeated by Cuauhtémoc Cárdenas, electoral fraud and another \$1 billion loan from Washington prevented Cárdenas from taking office and fulfilling a vow to repudiate the \$105 billion foreign debt. The stolen 1988 election and food riots in Venezuela early in 1989 pushed Washington to embrace debt reduction in a plan named for Treasury Secretary Nicholas Brady. It provided little real relief but gave Mexico its first access to new money in years and was quickly followed by a proposal from President Bush for a free-trade agreement.

More than fifteen years before, when Bush worked in the oil business in Texas, he had built a close relationship with Salinas and his father, Raul Salinas Lozano, the man behind

the state oil monopoly, Pemex. It is no coincidence that Tidewater Marine Services, a private New Orleans firm owned by Bush, and reportedly by Robert Mosbacher and James Baker 3d, recently won a contract to provide offshore services to Pemex drilling rigs in the Gulf of Campeche.

As Americans argued the merits of free trade, Washington, with the active cooperation of Wall Street, engineered vast new money flows to keep Salinas a step ahead of an increasingly impoverished and restive population. Bankers like Treasury Secretary-designate and former Goldman Sachs partner Robert Rubin convinced thousands of investors to believe in the "new" Mexico. NAFTA had been approved in 1993 and Mexico seemed safely buoyed by \$50 billion in portfolio investment and tens of billions in private loans. Mexico boasted twenty-four billionaires, a group that does not include several drug lords and corrupt politicians, each of whose net worth easily reaches into ten figures.

All was not well, however. In Chiapas, discontent over falling real wages, broken promises of land reform and severe rural dislocation because of grain imports erupted in armed rebellion on New Year's Day 1994, causing the peso to drop 10 percent as the first crack appeared in the Mexican miracle. With the U.S. Federal Reserve raising interest rates throughout 1994, the end was clearly in sight; but the Clinton Treasury was not forewarned about the peso devaluation, according to a senior Fed official in Washington. "Previous devaluations were *planned*," he lamented recently.

Measured in dollars, Mexico's market for U.S. goods is now half the size it was before NAFTA. The cost of Mexican labor has likewise fallen, adding to pressures on U.S. workers, as NAFTA opponents predicted. Mexican exports are helped by a cheaper peso, but many companies and banks there have taken huge losses and will be forced to merge, close or be sold to foreign buyers—if any can be found. Meanwhile, Salinas and many members of his government are rumored to have amassed huge fortunes, safely offshore, over the past six years. Once again, the criminal conspiracy outsiders mistake for a government in Mexico has deprived foreigners of their money and has left Mexico's people holding the bill. The political dimension of the crisis is potentially very dangerous as foreign investors call for Zedillo to impose austerity measures on an already imploding economy.

The democratic opposition led by Cárdenas is now finding support from Mexicans who had thought a vote for Zedillo would buy political as well as economic stability. Wage and price controls, new privatizations and other expedients in the economic stabilization plan of President Zedillo please foreign bankers but at home will further erode already-diminished living standards and fuel social unrest. A lurch toward radical nationalism is unlikely, but Mexico may eventually embrace self-interest, including at least partial repudiation of internal as well as external debts. In any event, the \$9 billion offered by the United States will provide little stability to the Mexican economy as foreign investors flee the ship of state wrecked by Carlos Salinas.

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