

See Hobart Rowen, "Ingenious Plan for Mexico," Washington Post, Sunday, January 3, 1988, p. F1, Col. 1; Matt Moffett, "New Debt Plan For Mexico Aids Ruling Party," Wall Street Journal, Thursday, December 31, 1987, p. 4 col. 1.; Paul Blustein, "Mexican Debt Plan Announced," Washington Post, Wednesday, December 20, 1987, p. 1, col. 1; Alan Murray and Rose Gutfield, "U.S. to Unveil Financing Plan to Help Mexico Cut Its Debt to Commercial Banks by Billions of Dollars," Wall Street Journal, Tuesday, December 29, 1987, p. 3, col's 1-3; Clyde H. Farnsworth, "New Debt Relief Policy," New York Times, Thursday, December 31, 1987; Erich Heinemann, "The Lone Ranger Saves Mexico," Journal of Commerce, January 6, 1988. The Plan's limited utility is discussed in Paul Blustein, "Foreign Bank's Cool to Mexico Debt Offering," Washington Post, Friday, March 4, 1988, p. B1, col's 2-5; Peter Truell and Matt Moffett, "Meager Debt-Swap Results Force Mexico, Other Countries to Explore Alternatives," Wall Street Journal, Monday, March 7, 1988, p. 14, col's 2-3; Peter Truell, "Mexico's Plan To Reduce Debt Is Short of Goal," Wall Street Journal, Friday, March 4, 1988, p. 3, col. 4.

3. Vincent J. Schodolski and John Crewdson, "Mexico fears future as capital dries up," Chicago Tribune, Sunday, October 19, 1986, Section 1, pages 1 and 13; "On the brink of hyperinflation," Financial Times, Thursday, December 10, 1987, p. 3, Col's 1-8, Section III.



4. "Mexico. Size of relief," The Economist, October 4, p. 76.
  
5. Albert Bressand, "Mastering the 'Worlddeconomy'," Foreign Affairs, Spring 1983, p. 749. One editorial went as far as to say that, in the best interests of Mexico, no more money should be lent. See Adrian Lajous, "A Note to Mexico's Creditors: No More Loans Please," Wall Street Journal, Friday, October 2, 1987, p. 21, Col. 1.
  
6. Karene Witcher, "Mexico's Creditor Banks Agree to Join \$12 Billion Rescue Package Set by IMF," The Wall Street Journal, Wednesday, October 1, 1986, p. 2, col. 3-4. For a parallel negative assessment of the Baker Plan, see Art Pine, "Brazil Meets With Cool Reception in Bid To Win Concessions on Its Foreign Debt," The Wall Street Journal, Monday, March 2, 1987, p. 23 col's 2-3. Interestingly, the Pope has called on industrialized nations to save the third world from the debt crisis. See "What's News," The Wall Street Journal, Wednesday, Jan. 28, 1987 col. 3.
  
7. John Crewdson and Vincent J. Schodolski, "Mexico mortgaged its future, and for what?" Chicago Tribune, Tuesday, October 21, 1986, final edition, p. 8.



8. Id., p. 8.

9. Id., p. 9.

10. Id.

11. Id.

12. Id., p. 8.

13. Id., p. 9.

14. Id., p. 9.

15. Christopher M. Korth, International Business. Environment and Management, (Prentice-Hall, Inc, Englewood Cliffs, NJ: 1985) second edition, pp. 221-2. See also Michael Siconolfi, "Oil Prices Drop to About \$ 18 a Barrel Amid Signs of Strain in OPEC Accord", The Wall Street Journal, Thursday, Feb. 12, 1987, p. 3 col's 2-3.

16. S. Karene Witcher and Richard B. Schmitt, "Growing Market in Third World Debt Raises Questions on the Loans' Value," The



Wall Street Journal, Tuesday, October 7, 1986, p.18 col's 1-2. A rate of 60 cents on the dollar was cited in Matt Moffett and Peter Truell, "Mexican Aides Estimate Result of Debt Plan," Wall Street Journal, January 11, 1988. However, a 50% discount is given in Arthur Buckler, "NCNB Corp. Sells Its Mexico Debt at 50% Discount," Wall Street Journal, Monday, January 18, 1988, p. 24, col. 1. In Mexico's 1988 Debt Swap Program, the discount was just over 30%--much less than the Government of Mexico had hoped--because of further discounting in the secondary market for the new paper. See "Debt after Mexico," Financial Times, Monday, March 7, 1988.

17. Id.

18. Michael R. Sesit and S. Karene Witcher, "Mexico Signals It Wants Debt Concessions," The Wall Street Journal, Monday, October 6, 1986, International Section, p.29, col 2.

19. "Mexico. The Walls Close In." op. cit.; See also Peter Truell, "Brazil Will Press For Concessions Won by Mexico," The Wall Street Journal, Friday, Jan. 9, 1987, p. 22; Peter Truell, "Latin Debtors Plan to Seek way to Link Area's Foreign Debts to Rise in Exports," The Wall Street Journal, Monday, Jan. 26, 1987, p. 26 col's 1-2. Interestingly, the idea of pegging bond discounts to the price of oil was recently considered an "innovative" proposal. See "Mexico Debt Step Studied," New York



Times, Tuesday, March 22, 1988.

20. "Mexico. The Walls Close In." op. cit.

21. Id.; A number of austerity measures have already been implemented. See "Mexico Announces Steps to Fight Inflation Rate," Wall Street Journal, Monday, December 7, 1987, p. 20, col. 6; William A. Orme Jr., "Mexican President Tackles Stagflation With Tough Austerity Plan," Washington Post, Sunday, December 20, 1987, p. k4, col. 1-4. Austerity will continue under the next government. See Matt Moffett and Mary Williams Walsh, "Ruling Party's Presidential Choice Is Sign of More Mexican Austerity," Wall Street Journal, Monday, October 5, 1987, p. 3, col. 1-2. Brazil is trying to avoid this problem. See Roger Cohen, "Brazil's President Isn't Likely to Impose Austerity Needed to Get Through Crisis," The Wall Street Journal, Wednesday, Feb. 25, 1987, p. 27 col's 2-3; Alan Riding, "Brazil's creditors fall victim to politics," Wisconsin State Journal, Sunday, Feb. 22, 1987, p. 2, World Outlook Section, col's 1-5.

22. "Mexico. The Walls Close In." op. cit.

23. Id. See also Matt Moffett, "More Mexicans Face a Bleak Christmas As Austerity's Impact Begins to Sink In," Wall Street Journal, Monday, December 21, 1987, p. 17, col. 4-5; Matt Moffett, "Mexico's Plan to Tie Wages to Inflation Arouses Ire of



Both Business and Labor," Wall Street Journal, Monday, February 22, 1988, p. 18, col's 2-3. A public-sector price freeze was declared in March 1988, replacing a three month old policy of wage-price indexation. See "Mexico Will Extend Freeze Of Prices, Exchange Rate," Wall Street Journal, Tuesday, March 29, 1988, p. 26, col. 2; De la Madrid, "De la Madrid Speech on Pact," FBIS-LAT-88-049, Monday, March 14, 1988, p. 9, col. 2. Mexico's situation has a parallel in Brazil which also must now fend off foreign creditors. See Roger Cohen, "Brazil Debt Woes Echo Those of Region," The Wall Street Journal, Monday, December 1, 1986, International Section, p. 18, col. 1. Chile's situation is recounted in Peter Truell, "Chile and Banks Reach a Pact on Global Debt," The Wall Street Journal, Friday, Feb. 27, 1987, p. 34 col. 1; Egypt's situation is covered in Barbara Rosewicz, "Tentative Pact Between Egypt and IMF Would Clear Way for Debt Restructuring," The Wall Street Journal, Friday, Feb. 27, 1987, p. 34, col's 2-3; For Argentina, see Art Pine, "U.S. Completes Loan Arrangement For Argentina," The Wall Street Journal, Friday, Feb. 27, 1987, p. 34, col. 3; See also, Peter Truell, "Venezuela Pact Shows Viability of Negotiations," The Wall Street Journal, Monday, March 2, 1987, p. 23 col. 4-5; Federal Reserve Board Chairman Mr. Paul Volcker has asserted that international efforts to deal with the third world debt crisis suffer from "battle fatigue." See Alan Murray, "Volcker Warns of Debt-Crisis 'Fatigue,' Says Brazilian Growth Can Cover Loans," The Wall Street Journal, Wednesday, Feb. 25, 1987, p. 2 col's 3-



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24. "No guns, no goons, no gold," The Economist, March 4, 1987, p. 41, col. 1. Vincent J. Schodolski and John Crewdson, "Flight of Capital grounds Mexico," Chicago Tribune, final edition, Wednesday, October 22, 1986, section 1, p. 13, col. 1. For the peso rate on February 22, 1988, refer to "Other Currencies," Financial Times, Monday, February 22, 1988, p. 36, col. 1. On that date, the peso was quoted as \$ 2295.00 - 2305.00

25. Id.; The ease of capital flight from Mexico was evident when the stock exchange plummeted by 50% in October and November 1987. See Matt Moffett, "Mexico Plans To Buy Stocks To Aid Market," Wall Street Journal, Tuesday, November 10, 1987, p. 33, col. 1; Matt Moffett and Peter Truell, "Mexico's Turnaround Of Sagging Economy Now Seems Imperiled," Wall Street Journal, Monday, November 23, 1987, p. 1, col. 1. Angel Gurria, Mexico's lead negotiator, has pegged Mexico's foreign debt between \$90 and \$100 billion, even after the 1988 debt swap program. See Peter Truell, "Investment Bankers Searching for Ways To Exploit Latin America's Debt Crisis," Wall Street Journal, Wednesday, March 23, 1988, p. 22, col's 2-3.

26. Id.



27. Id. A rate of 105.7% was cited in "Price Increases in Mexico," Wall Street Journal, Monday, May 11, 1987, p. 20, col. 1. The rate for 1988 is expected to be 150% by year end. See Denis Hautin-Guiraut, op. cit.

28. Id.

29. Id. The government stated that it would not use devaluations to further promote exports. See Mary Williams Walsh, "Mexico Fights Inflation With Measures On Trade, but Currency Move Is Diluted," Wall Street Journal, Thursday, July 30, 1987, p. 19, col. 2. Yet six months later, it moved to devalue the peso. See Matt Moffett, "Mexico Devalues Controlled Peso Against Dollar," Wall Street Journal, Tuesday, December 15, 1987. This policy was continued into 1988. See "'Mini-Devaluation' Policy To Be Launched in Mexico," Wall Street Journal, Monday, February 1, 1988, p. 23, col. 1. This policy was then again reversed. See William A. Orme Jr., "Mexico Freezes Peso, Prices To Slow Rampant Inflation," Washington Post, Tuesday, March 1, 1988, p. C2, col's 4-6; Matt Moffett, "Mexican Boost In Pay Is Smaller Than Expected," Wall Street Journal, Tuesday, March 1, 1988, p. 34, col's 5-6.

30. Id.; The Center for Economic Studies of the Private Sector



has indicated that it believes exchange-rate manipulation is an unwise way to fight inflation. See Mary Williams Walsh, "Mexico Shows Signs of Economic Upturn, But Fear Persists of a Monetary Misstep," Wall Street Journal, Thursday, March 19, 1987, p. 28, col 2. The Mexican Peso once fell 49% in 2 days, resulting in mass capital flight in November 1987. See William A. Orme Jr., "Peso's Fall Continues; Mexican Stocks Strengthen," Washington Post, Friday, November 20, 1987, p. D3, col's 1-4; Matt Moffett, "Mexico Moves To Calm Panic After Peso's Fall," Wall Street Journal, Friday, November 20, 1987, p. 25, col. 1; Joseph Contreras, "A Haymaker for Mexico," Newsweek, November 30, 1987, p. 53, col's 1-3. This in turn caused the President's popularity to fall. See Matt Moffett, "Mexico's Decision to Let the Peso Slide Destroys Confidence in Nation's Leader," Wall Street Journal, Wednesday, November 25, 1987, p. 11, col. 3.

31. "Mexico fears future as capital dries up," op. cit., p. 13.

32. "Mexico. The Walls close in," op. cit., col. 2.

33. Ronald Muller, "The Multinational Corporation and the Underdevelopment of the Third World," in The Political Economy of Development and Underdevelopment by Charles K. Wilber (Ed.), 2nd ed. (New York: Random House, 1979), p. 153 and F. Murray, "The Decentralization of Production: The Decline of the Mass-



collective Worker?" in Capital and Class, no. 19, spring 1983, pp. 74-99.

34. Muller, op. cit., p. 106. This and other negative effects from the involvement of Multinational Corporations in the third world are the result of changes in the nature of international business. In the 1940's and 1950's, U.S. firms had little competition in world markets. Thus, they emphasized demand for their products. Today, however, there is great competition in world markets. Multinationals are thus forced to emphasize productivity. As a result, many workers who were traditionally protected by the system are now vulnerable. Were Multinationals to behave in any other manner, they would be acting irresponsibly with respect to their stockholders. The consequence of this is that many underdeveloped nations are now suffering the negative effects without reaping in the prior benefits.

35. Id., p. 106.

36. Diane Elson and Ruth Pearson, "The Latest Phase of the Internationalization of Capital and its Implications for Women in the Third World," discussion paper no. 150, IDS, Sussex, pp. 1-23.



37. "Mexico fears future as capital dries up," op. cit., p. 1.
38. Edmundo Flores, "Detuvimos a Medias la Maldicion Multusiana," Excelsior, Mexico City, April 27, 1986. For a discussion of the ill effects of the world's population explosion, see Casey Bukro, "Population bomb ticks more loadly than ever," Chicago Tribune, Sunday, Feb. 8, 1987, p. 1 Sec. 2.
39. Robert Pear, "Experts tell U.S. to watch Mexico's unrest," N.Y. Times News Service, Wisconsin State Journal, Sunday, October 19, 1986, p.2.
40. Id.; A present population "in excess of 18 million" for Mexico City was cited in Denis Hautin-Guiraut, "Lights and Tinsel mask Mexico's hard times ahead," Manchester Guardian Weekly, January 3, 1988, p. 12, col's 1-5.
41. Flores, op. cit.; Further complicating matters is the influx of Central American refugees. See "The New Mayans," The Economist, January 9, 1988, p. 40, col's 1-3.
42. Pear, op. cit.
43. Id.
44. Id.



45. Id.

46. Id.

47. "Nations of the World," Subentries for Mexico and the U.S., The World Almanac 1985, Newspaper Enterprise Association, Inc.,: New York, 1985, Editor Hana Umlauf Lane, pp. 563 and 594.

48. Id.

49. Thomas G. Sander, "Mexico`s Food Problems," in Chapter 26 of Twentieth Century Mexico, edited by W. Dirk Raat and William H. Beezley (University of Nebraska Press: Lincoln, Nebraska, 1986) p. 267-285). Interestingly, the Mexican government has again pushed up prices for such basic necessities as sugar, fuel, electricity and other goods by 80 to 85%. See "Lights and tinsel mask Mexico's hard times ahead," op. cit.

50. Id., p. 268

51. Id.

52. "Mexico," Encyclopaedia Americana (Grolier Inc.:Danbury Connecticut, 1985) Vol. 18, pp. 827-8.



53. Id.; See also David Asman, "the PRI's 'cure' in Southern Mexico," Wall Street Journal, Tuesday, March 3, 1987, which claims that "In the north of Chiapas, for example, 41% of deaths among children between the ages of one and four and 51% of deaths among adults over 65 are due to chronic diarrhea..."

54. Id.

55. Id.

56. "A Noise Like Thunder," Time, September 30, 1985, p. 36.

57. For a solid discussion of the plight of the homeless and the factors behind it, please refer to Gloria Gonzalez Salazar, Aspectos recientes del desarrollo social de Mexico, capitulo VIII, "El acceso a la vivienda," (Universidad Nacional Autonoma de Mexico: Mexico, 1978) pp. 341-367.

58. "Mexico," Encyclopedia Americana, op. cit.

59 In a discussion of Central America, it has been stated that "Educational advance also, very centrally, requires a key health