EXHIBIT "6"

Tells the Facts and Names the Names

CounterPunch

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Major U.S. Bank Urges Zapatista Wipe-Out:

"A Litmus Test for Mexico's Stability"

In the name of investor confidence, a powerful U.S. bank is calling on the Mexican government to crush the Zapatista insurgency in Chiapas. Heading up the larger Wall Street war party is Chase Bank, specifically its Emerging Markets Group, which has billions at risk in Mexico. Chase's Jan. 13 "Political Update on Mexico," passed to **CounterPunch** by a banking insider, states bluntly: "The government will need to eliminate the Zapatistas to demonstrate their effective control of the national territory and security policy."

Chase is under no illusions that the December crash of the peso was prompted by the Zapatistas. It is fully aware that the implosion of the Mexican economy was caused by the overvaluation of the peso that enabled U.S. investors such as itself to convert their killings on Mexican bonds into the safety of the dollar.

U.S. financiers and political strategists now fear that a Mexican government led by the novice Ernesto Zedillo – rather than Washington's trusted agent, ex-Pres. Carlos Salinas – will waver, temporize with the Zapatistas and seek to placate domestic discontent.

But any appeasement of popular fury will come at the expense of foreign investors, whose security in Mexico was the fundamental purpose of the NAFTA agreement. Hence the need to finish off Subcomandante Marcos and his comrades. As the Chase Update put it, "While Chiapas, in our opinion, does not pose a fundamental threat to Mexican political stability, it is perceived to be so by many in the investment community."

Chase plays down the possibility of a negotiated settlement to the conflict in Chiapas, saying "it is difficult to imagine that the current environment will yield a peaceful solution." Zedillo may not be able to gain the confidence of the Zapatistas and their supporters because "the monetary crisis limits the resources available to the government for social and economic reforms." In other words, foreign investors should have first rights to the dwindling reserves at the Mexican treasury, which will leave almost nothing left to implement anti-poverty programs Zedillo has promised for Chiapas.

The author of the Emerging Market Group's memo is Riordan Roett, director of Latin American Studies at the Johns Hopkins School of Advanced International Studies and now on a leave-of-absence while serving as a Chase advisor. Known as a conservative but rational sort in academic circles, Roett's views have hardened since he went to work full-time for Wall Street, in the grand homicidal tradition of such academic policymakers as Louis Adolphe Thiers, Walt Rostow, Henry Kissinger and Herman Cohen.

Roett is said to be particularly bitter over events south of the border because, an informant tells us, he had assured Chase executives that Zedillo – whom Roett has known and worked with for a decade – could be counted on to do the bidding of foreign investors. Comforted, Chase increased its Mexican investments, only to take a beating when a huge trade deficit forced Zedillo to devalue the peso.

Roett also calls on the Mexican government to take a hard-nosed approach to other difficulties it is facing. The PRI, Mexico's ruling party, has grim prospects for elections scheduled in five states this year. Roett proposes that the PRI solve this problem by stealing the vote. "The

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Patriotism & Scoundrels

"The prestige of the president, the Fed chairman and the leadership of both houses in Congress has been committed. [If Congress kills aid to Mexico] the feeling in the rest of the world would be that we are a nation in disarray, a country incapable of addressing a crisis. The psychological blow would be enormous."

– Robert Hormats, vice chairman, Goldman Sachs Intl.

(Mexico, continued from p. 1)
Zedillo administration will need to consider carefully whether or not to allow opposition victories if fairly won at the ballot box," he writes. "To deny legitimate electoral victories by the opposition will be a serious setback in the President's electoral strategy. But a failure to retain PRI control runs the risk of splitting the government party."

Roett has been lobbying fiercely in Washington to promote his scorched earth policy for Mexico and to demand that Congress quickly approve Clinton's $40 billion bail-out of Chase and other big investors – a problem solved when the president, faced with sure defeat in Congress, used emergency powers to authorize a new rescue package. Roett has briefed Bob Dole; testified before the Senate Steering Committee, which musters conservatives such as Trent Lott and Malcolm Wallop; advised State Department officials; and addressed hundreds of political and financial leaders at a Jan. 11 seminar organized by the Center for Strategic and International Studies (CSIS).

Roett bordered on hysteria at the latter affair. Saying that clients were always asking him why the Mexican government couldn't control the Zapatistas, Roett argued that it was "essential, from the investor point-of-view, to resolve the Chiapas issue as quickly as possible." He conceded that his call for war, if heeded by Zedillo, might provoke negative repercussions internationally, but there were "always political costs in bold action".

Roett's remarks were warmly received by his audience. Elliott Abrams furiously scribbled notes during his presentation while nodding his head in approval. Syndicated columnist Georgie Anne Geyer wrote an article a few days later saying that no one at the seminar "explained [Mexico's situation] better" than Roett, adding that scholars and financiers in attendance "seemed to agree that while ... [the Zapatistas] do not threaten a wider rebellion in Mexico, they have become a litmus test for Mexico's stability."

Dalal Baer, a Senior Fellow at the CSIS and moderator of the seminar, thanked Roett for his comments and lamented the dilemma faced by Mexico, pressured to open up its political system even though "financial markets might not respond positively to increased democracy because it leads to increased uncertainty." Like Roett and many other "academics," Baer is a creature of Wall Street, serving as an advisor to Bear Stearns & Company.

David Malpass, a director at Bear Stearns, said that in exchange for a U.S-organized bail-out, Zedillo should appease foreign investors with a "giant reestablishment of confidence." Malpass and others suggested new privatizations, allowing 100 percent foreign ownership of the banking system, and opening up Mexico's oil industry. Though not discussed at the seminar, some House Republicans, acting at the behest of Jorge Mas Canosa, head of Miami's Cuban American National Foundation, are also demanding that Mexico cut off commercial credits to Cuba.

For now, Zedillo and a PRI majority will likely reject Roett's final solution for Chiapas. An official from the Interior Ministry at the seminar said the Chase man's call for war was "inadmissible."

But prominent forces in Mexico will be heartened by Roett's analysis. Last Dec. 18 a group of Mexican businessmen reportedly met with Zedillo to demand that the new government go on the offensive in Chiapas. Some high-ranking military officials have long been lobbying for war and, according to reports from Santiago and Buenos Aires, military advisors from Chile and Argentina – two of the most brutal of Latin America's armies, responsible for tens of thousands of deaths during the Seventies 'dirty wars'– have been sent to train Mexican troops.

The parallel here is with the dispatch of Argentine officers to train the Nicaraguan *Contras* at the start of the Eighties. ■

Hello History, Get Me Rewrite

The economic collapse of Mexico, only weeks ago a model Third World nation in the eyes of U.S. financiers and journalists, has required overtime work at the History Rewrite departments of major newspapers. Reporters have worked hard to convince readers that blame for the crash lies solely with the Mexican government, which stubbornly resisted the lessons offered by its First World tutors.

Keith Bradsher of *The New York Times* promoted this line in a Jan. 2 article, "The World Shifted, but Not Mexico." According to Bradsher, Mexico "failed to respond quickly when the economic world around it began to change," and adapted an economic "strategy [which] flew in the face of advice from officials of the International Monetary Fund."

This is nonsense. During the past five years no nation has been more rigorous than Mexico in implementing recommendations from the IMF, which hailed the country as a model when its economy was riding high. In fact, both the Fund and its sister institution, the World Bank, constantly claimed credit for Mexico's "economic miracle."

Back in March 1992, the *Financial Times* of London reported on the "growing intimacy" between Mexico and the World Bank. "[Mexico is] the darling of the bank's economists (and its major shareholder, the U.S.)," said the story. "The bank does not need to force Mexico to do anything; the two sides agree on almost everything ... World Bank economists and Mexican officials often spend weekends together brainstorming on policy issues."

In September of 1992, *Reuters* ran a story, "Mexico Old IMF Hand 10 Years After Debt Crisis," saying that Mexico was "almost universally viewed as a model for economic recovery in the developing world," and that the country was "assuming a low-profile, professorial role" at the annual meeting of the IMF. *Reuters*' Janet Duncan said that then-Finance Minister Pedro Aspe – now in disgrace – "was at ease offering advice to Latin American neighbors ... beginning the process of spinning off state-owned firms." Aspe's colleague, Jose Angel Gurria, then-undersecretary for international finance, had "been called on by banks to soothe countries' last minute doubts in some recent debt negotiation deals."

Such cheerleading continued right up until the peso collapsed last Dec. 20, at which point the Fund and the World Bank made haste to distance themselves from the catastrophe. Bradsher and others cobbled together the press releases absolving them of all blame. ■

Chase Bank says Mexico memo 'not policy.'(consultant Riordan Roett's recommendation of 'elimination' of Zapatista unrest)

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A Chase Manhattan Bank memo calling for "elimination" of Zapatista rebels in Mexico did not represent official bank policy, but it was written on bank stationery and distributed in a research document representing the bank, according to Chase officials.

Statements in the Jan. 13 memorandum, which have sparked debate in Mexico and abroad about economic and political sovereignty, "in no way represent the views of the Chase Manhattan Corp.," said spokesman John Anderson in a telephone interview March 13.

Written by Riordan Roett, the bank's former consultant on Latin America's emerging markets, the synopsis of the situation in Mexico was distributed just two days before Mexican President Ernesto Zedillo ordered a military crackdown on the Zapatista rebels.

The memo states that the Mexican government "will need to eliminate the Zapatistas to demonstrate their effective control of the national territory and of security policy."

Additionally, the memo calls for a clampdown on democratic reforms, suggesting that "the Zedillo administration will need to consider carefully whether or not to allow opposition victories if fairly won at the ballot box" during upcoming municipal elections.

Civic and grassroots organizations in Mexico claim the memorandum gave Zedillo the cue to abandon peacemaking in January and declare a major military offensive against the Zapatista rebels.

Anderson said author Roett "no longer has a consulting relation with the institution." Anderson did not say whether the Mexico memo prompted the termination of that relationship. Roett had taken a leave from the Latin American Studies Program at the Johns Hopkins School of International Studies to do consulting work.

Roett did not return messages left on machines that answered Manhattan and Washington numbers listed under his name.

Anderson said Chase Manhattan Bank has a long history of business relations with Mexico and that the institution is "committed to playing a constructive and positive role that would help the Mexican economy expand in order to benefit all of its citizens."

He said the bank pays "strict attention to the legal and moral implications of our business" and "would never condone violence."

Magnus L. Kpakol, University of Dallas adjunct professor of economics who recently visited Mexico City, said the Zapatistas rate high on the list of factors that have made banks and market investors uncomfortable about Mexico. Investor confidence in the country dwindled as a result of the Chiapan uprising, political assassinations and the abduction of a banker.

"Those thins scared investor's. Investors want to see a minimization of the things that scared them. Would investors like to see Chiapas disappear? Yes," Kpakol said. "That the investors would tell the government to take aggressive action, I don't know."

Kpakol said he doesn't know if the influence from banks and investors in relation to the Zapatistas is direct. "But nevertheless, there have been clear influences, not only from direct creditors, but from the (International Monetary Fund), from the U.S. government, from people trading in the market."

Kpakol said the Mexican government itself, given the state of economic and financial affairs, "would want to eliminate the Chiapas crisis."

How much influence do banks like Chase Manhattan have on government decisions in a country like Mexico?

"The politically correct answer is to say zero," Kpakol said. "Nobody should have control over the domestic activities of another country. If you want to say they do, you are in a position to prove it."

But, Kpakol said, the Mexican government has two customers. He classified them as "people on the outside" -- external creditors and people involved in the market -- and "people on the inside" -- Mexican citizens.

"Unfortunately, the government owes money on the outside, and when you owe money, you try to appease them," Kpakol said.