

A profile of Mexico's nationalized banks

by Elsa Ennis

Previous to their nationalization, Mexico's private banks enjoyed enormous power and political leverage. According to government estimates, the country's 53 private banks and credit institutions controlled at least two-thirds of domestic banking operations.

A list of the 10 largest banks published in the Mexico City press last April included the following private banks: *Banco de Comercio* (Bancomer), with 21 percent share of all banking operations; *Banco Nacional de México* (Banamex), with a share of 20.22 percent; *Banca Serfín*, with 8.68 percent; *Multibanco Comercio*, with 3.68 percent; *Banco del Atlántico*, with 1.79; *Banpaíses*, with 1.79 percent; and *Banco de Crédito Hipotecario*, with 1.73 percent.

The two largest banks, Bancomer and Banamex, thus controlled more than 40 percent of the country's total banking system, and 50 percent of all private-led banking. The other major banks were mostly controlled by business interests based in the city of Monterrey and the state of Chihuahua.

Their influence over the country's economy extended well beyond credit activities. According to recently published government figures, these banks has muscled into 30 percent of the companies participating in the national stock market, and through this stock participation they had particular influence in the industrial, tourism and mining sectors.

Documents seized by the government shortly after the nationalization nonetheless show that some of these banks were not fully reporting their holding of assets. Their grip over the economy could therefore be even greater than was previously believed.

The banks maintained as well the largest private paramilitary force in the country, the Pan-American Security Service, handling all bank security. Questions were repeatedly raised over the private army's acquisition and disposal of weapons.

Over all, this banking system, with its traditional orientation to speculation and raw materials production, represented a major obstacle to Mexico's full industrialization.

Banamex

On Sept. 6, President López Portillo opened operations of the new nationalized banking system by raising the national flag in the headquarters of Banamex, based in the famous

Iturbide Palace in Mexico City. The palace was the residence of Agustín de Iturbide, a pro-British general who proclaimed himself Emperor of Mexico in the 1820s; since then it became a symbol of the country's "pro-Empire" oligarchy.

In 1880, under the presidency of Porfirio Díaz, the newly constituted Banamex chose the building for its headquarters. Interlocked with French and Swiss capital, the bank developed such power under the Díaz dictatorship that for many years it served as the country's principal bank of currency issue, and de facto central bank.

Except for a short period of nationalization after the 1910 revolution, the Legorreta family—the bank's main holders and controllers—has acted as a key command apparatus and channel for zero-growth oligarchical penetration of business circles. Most recently, the bank's president Agustín Legorreta had been one of the main promoters of the idea that Mexico's financial problems were to be blamed on López Portillo's "expansionist economic policies."

"We should not have accelerated the economy as we did," said Legorreta at a heavily publicized meeting of the Mexican Businessmen's Committee on Foreign Affairs (CEMAI) April 20. "The growth of gross domestic product at 8 percent a year was simply too much." Mexico should have built just one new industrial port instead of four, he said, and should stop building steel plants since imports were cheaper. His alternative to growth? "Further reduction in population growth."

With a "right-wing" tint, this anti-growth perspective was presented in a large symposium of businessmen sponsored by Banamex last January in Guadalajara. Titled "Atalaya 82," the meeting brought together the top command of Mexico and Europe's "black nobility" networks. A strategy of confrontation with the government was planned out.

Bancomer

Enrique Espinoza Iglesias, the president of the other giant banking conglomerate, is widely known as the founder and funder of the "right-wing" Falangist circles stemming from the Cristero movement, which in the 1920s launched a bloody insurrection against post-revolutionary governments.

The Puebla-based Jenkins Foundation, one of the dirtiest fortunes built in the period between the two world wars, aided Bancomer's rise, as well as the Cristeros. Built by the American citizen William Jenkins, this empire was based on sugar, liquor, and Hollywood-style film industries. Named as executor of this fortune, after Jenkins's death, Espinoza used the Foundation's influence to build Bancomer into Mexico's largest bank.

In a speech at the annual meeting of the Mexican Association of Bankers on June 1, Espinoza demanded that Mexico follow the recessionary path set by Chile under the Pinochet government with all its implications: mass unemployment, bankruptcies throughout the industrial sector, a renewed emphasis on exporting raw materials, and brutal austerity measures.