

Mexico, Japan fight for nation-building at Cancun

by Peter Ennis in Cancún and Daniel Sneider in New York

When President Reagan arrived at the Cancún airport for the two-day summit of 22 heads of state of the developed "North" and developing "South," he was met by a pointedly warm embrace from the host, Mexican President José López Portillo. López Portillo reserved such expressions of greetings to Reagan alone.

On one level the Mexican President was expressing the acknowledged friendship that has developed between the two heads of state. On another level, López Portillo's embrace was meant to emphasize an effort to ensure that the summit meeting did not embroil itself in a confrontation sparked by the "free-enterprise" proposals Reagan had staked out as his policy in public statements before the IMF and in Philadelphia on Oct. 14. López Portillo's embrace, in short, was clearly aimed at freeing Reagan from the more insidious embrace of those like Secretary of State Alexander Haig who are pushing him down a dangerous path.

The Mexican effort to try to ensure a serious dialogue on economic development policy between the North and South has been backed up from two sides—from the side of the South by the statesmanship of Indian Prime Minister Indira Gandhi in particular, and from the side of the North by Japanese Premier Zenko Suzuki, who, in the absence of ailing West German Chancellor Helmut Schmidt, is the only advanced-sector leader speaking in terms of real economic development.

Thus the opposition at Cancún is between the Malthusian opponents of Third World industrialization—an opposition circulated through the two-sided coin of "free

enterprise" and the "globality" of the World Bank's Brandt Commission—and the "determination for nation-building" through economic progress espoused in his opening conference speech by Suzuki, who observed that a century ago Japan itself was a backward, resourceless country, which gained technological prowess through political leadership and mass education. This reminder of how "American methods" can be applied internationally has been accompanied at Cancún by Mexico's emphasis on the fact that transfer of technology is in the interest of the "North," for without expanded markets provided by Third World development, no industrial-sector economic recovery will be possible.

The Brandt strategy

While Mexico, India and Japan seek serious dialogue, Brandt Commission circles are amply represented by Canadian Prime Minister Pierre Trudeau, French President Mitterrand, and British Foreign Secretary Lord Carrington. These alleged "friends of the Third World" have positioned themselves as a "third force," using Haig on the inside to get Reagan positioned out on the limb of his unpopular policies while they sit back and urge the isolation of the United States.

This was made unequivocally clear by Lord Carrington in a press conference on the eve of the summit where the British "surprisingly" revealed their position of support for "global negotiations" on international economic issues in the United Nations, and for the formation of an energy affiliate of the World Bank,

supposedly to fund energy development in the Third World. Both of these are issues carved out and pushed by the Socialist International-Brandt Commission circles as the crucial issues and tests of progress at the Cancún meeting. They are also issues on which the Reagan administration has already declared its negative stance.

The reasons for the Carrington stance immediately emerged at his press conference. He told the assembled reporters—there are some 2,500 of them in Cancún—that he fully endorsed the report of the Brandt Commission. He called it a “useful, exhaustive analysis of the problems we face as *one world*.” Meanwhile sources in the State Department under Haig report an effort to express Reagan’s willingness to “compromise” and be “flexible” in the form of a concession on the issues defined by . . . the Brandt Commission.

All this represents the setup *EIR* has outlined over the past few months, a setup aimed at polarizing the conference between the two sides of the same policy—Reagan’s (or Haig’s) and the Trudeau-Mitterrand-Brandt Commission’s. The intervention of the Mexicans, India, and Japan, particularly the effort to put President Reagan in circumstances of real discussion on the problems of the world economy and free him from the Haig line, has been targeted at breaking this game up.

One key signal of the targeted nature of this intervention is the report, from well-informed Mexican official circles and from Japanese press reports, that both Mexico and Japan intend to make the high interest-rate policy of the Volcker Federal Reserve and its effect on the world economy a central subject of discussion during the summit. The highly placed Mexican source told this publication in Cancún that “we will argue that this policy is hurting the U.S. as much as it is hurting us.” The *Jiji* press service reports that Japanese Economic Planning chief Toshio Komoto, in his private meeting with U.S. Treasury Secretary Donald Regan, will “deal mainly with Washington’s high-interest policy,” an indication that Tokyo, which has been strenuously opposing that policy since before the Ottawa summit, will also bring it up in the larger forum.

Mexico and Japan

There appears to be a *de facto* division of labor between the Mexicans and the Japanese on ensuring the success of the conference talks.

Mexican columnist Riva Palacia, writing in *Excelsior*, reports that the Mexicans are “trying to convince the most radical countries” like Algeria that President Reagan will be more flexible in his positions toward the Third World. He reports that the Mexicans are trying to block the formation of any kind of anti-U.S. front in the summit. López Portillo sent Reagan a long letter

before the summit and met with him on his arrival in Cancún for almost 45 minutes—the main subject is thought to be an effort to ensure the “flexibility” the Mexicans are looking for. López Portillo is heavily trading on his personal friendship with Reagan, and their diplomatic efforts on the other side of the spectrum, to get results.

The Japanese government, according to Japanese sources in Cancún, has been working from their side “day and night” in the weeks before the summit to convince the White House to take a more conciliatory position. The Japanese Premier stated before his departure from Tokyo that Japan was ready to act as a mediator between North and South, “a bridge,” in the words of our sources, taking note of the fact that Japan is an industrialized nation, highly dependent on the development of the Third World and without the restraint of “political commitments.”

Suzuki has set the theme, one also echoed by López Portillo and Mrs. Gandhi, of the crucial link between the economic development of the Third World and the avoidance of war. He told Mexican reporters in a recent interview in Tokyo that “the international peace situation is so critical. . . . There is a great necessity to extend cooperation and economic aid to the developing countries which need this help. We warn that there is great international imbalance, and that the difference in wealth and the stagnation in economic relations between North and South is constantly increasing. And if these conditions are not corrected it will not be possible to achieve true peace in the world, and in the same way and at the same time, achieve the greatest development of all countries. . . . We must exert ourselves to obtain a new economic order for the countries of the North and the South.”

Japanese sources in Cancún also report that the response of the administration to this Japanese effort has been a massive chill in U.S.-Japan relations. The evidence given by these sources is that Suzuki’s request for a bilateral meeting with Reagan during the summit—Reagan is meeting at least 12 other heads of state present—has been turned down flat. The sources say this has caused some consternation in the Japanese camp, but they intend to press ahead at the conference (including an effort on the side, off the Arafat visit to Tokyo a week ago, to seek support for the direction of the Saudi “Fahd Plan” for peace in the Middle East in the wake of the Sadat assassination).

Mrs. Gandhi meets Ronald Reagan

The ambiguity—or rather two-sidedness—of the administration’s stance at Cancún showed up as well in the diplomacy of Indian Prime Minister Gandhi, who, along with López Portillo, has been acting fully in her capacity as an experienced elder statesman of the devel-

oping sector. Mrs. Gandhi met privately the day before the formal summit opening with President Reagan: they met for 15 minutes first without aides and then with Haig, Regan et al. present. According to Indian sources, Reagan opened the private meeting by telling the Indian leader, in obvious reference to the low tide of Indo-U.S. relations in the wake of Washington's massive arms sales to Pakistan, "Let us speak to each other and not about each other," a sentiment the Indian leader reportedly appreciated.

Mrs. Gandhi took the President on an educational tour of the history of the Indian effort for economic development, our Indian sources say. She discussed the balanced development of industry and agriculture, the success of India in achieving self-sufficient food production in their green revolution, and the balanced role of the public and private sectors in the Indian economy. Obviously trying to get beyond Reagan's simplistic "magic of the marketplace" bootstrapping, she stressed the importance of the public sector, using as an example the Indian oil industry: when it was under the control of the foreign multinationals they proclaimed that India had no oil, and under the public sector, it has developed oil production to the point that self-sufficiency in this sphere is a realistic goal within this decade.

In an interview with American reporters in New Delhi before her departure, Mrs. Gandhi had stressed her hopes for a productive discussion with Reagan, eschewing the opportunity to throw darts at him. "The main purpose of such a conference," she said, "is to try to get a deeper understanding of peoples' and countries' thinking and why they think that way. Much depends," she told the reporters, "on your President."

It is not known how successful Mrs. Gandhi was in getting through to the American President; but one sign to the contrary was given by a senior U.S. official, who, reporting on the meeting, praised India for its success in the green revolution in agriculture. However, the official qualified, the President saw this as a success of "free enterprise" which "closely parallels Reagan's own views."

Another contrary sign was the emphasis placed by senior U.S. officials, and in U.S. press reports, on the importance of Reagan's hour-and-a-half meeting with Chinese Premier Zhao Ziyang, who has been invited, officials say, to visit the United States early next year. The meeting covered a broad ground, including discussion of the Soviet Union, the Middle East, and the issue of U.S. relations with the Republic of China on Taiwan. Clearly, however, China, which has been praised with enthusiasm by the World Bank and the State Department for its policy of enforced population reduction through coercive methods, is a greater favorite than India, not least as an "economic model."

The Global 2000 moles at State

Fundamentally, the problem remains that whatever success may be achieved in expanding Mr. Reagan's sense of developing-sector questions is more than counteracted by the pro-IMF and World Bank policies of enforcing genocidal austerity in the Third World, which the State Department is putting out through the President's own mouth. The circles in the Haig State Department, led by backers of the Carter administration's Malthusian *Global 2000 Report* like Assistant Secretary of State Meyer Rashish (present in Cancún), are confident that Reagan will stick to the line at the summit.

One aide to Rashish put it bluntly a few days before Reagan's departure. "We've written the briefing papers for Cancún and we have no doubt that Reagan will offer the Third World free enterprise, take it or leave it," he said. "The U.S. policy will force a substantial retrenchment in Third World development plans, will *have* to be agreed to by everyone at Cancún—because they will have no choice; we are the only new game in town and they must play by our rules." The same source reported that the United States will strongly enunciate the view that the problems of the Third World are solely a result of "overpopulation."

The convergence between the free-enterprise rhetoric and the Brandt Commission's supposedly liberal one-world dogma is well understood in the State Department and allied circles. Lester Brown, the head of the Washington-based Worldwatch Institute and a leading spokesman for the Club of Rome, commented to an interviewer last month that while there is a difference in form between these two lines, the policy content is identical. "We have passed the peak of industrial expansion and have entered a period of permanent industrial decline," he stated. "Under these conditions, continued population growth is intolerable."

'Economic improvement is impossible'

In the case of both the magic-marketeters and the Brandt Commission, the effort is to push drastic forced cutbacks in consumption and actual industrial and high-technology agricultural investment, particularly in the areas of infrastructure which have not been and cannot be developed by the much-vaunted private sector. "A sustainable society must focus on policies to lower demand and to lower population growth," Brown said, adding that this is "the whole thesis behind the policies of the Brandt Commission."

Willy Brandt himself, who is not present in Cancún, effectively supported this understanding in a speech this week in Rome, affirming that nuclear energy is not an "appropriate technology" for the Third World and that the developing nations should concentrate on non-oil energy sources, like the "soft technologies" of solar and

biomatter.

Brandt declared that real economic growth is no longer possible: "Today, the aim is no longer to improve the economic situation in the developing sector," he stated with uncharacteristic clarity.

At the Cancún summit, the test will be whether enough nations and their leaders have the determination to reject such pernicious doctrines and map an alternative path of economic growth based on scientific and technological advance, mutually expanded between North and South.



José López Portillo

'No compromise of sovereignty'

The following excerpts are from the speech given by Mexican President José López Portillo to French President François Mitterrand in Mexico City on Oct. 19, 1981.

Today no country can face the problems of the world by itself . . . the first principle that must guide international economic relations is the shared responsibility of all countries for the fate of the weak and disadvantaged. We must therefore fight inflation, and order the financial and monetary system to guarantee greater economic activity to permit the development of the backward nations and greater use of the productive capacity of the industrialized nations. Similarly, we must guarantee that the poor nations can exploit their natural resources without compromising their sovereignty, and ensure that the financing of development is carried out through a greater volume of exports instead of indebtedness.

We are united by our confidence in the real power of the human being: his will to overcome obstacles, the imagination to offer solutions, the conviction that as individuals and as nations, the inhabitants of this planet possess an almost unexploited potential for cooperation.

Only exhausted dogmas think that men and nations are, like them, exhausted. We, on the other hand, believe that peace and prosperity are too big a challenge to abandon to the passivity of old formulas, or to the nostalgia of worlds which have disappeared forever.

'The consequences of world depression'

The following report appeared in the Oct. 17 issue of the Mexico City daily El Nacional:

The Cancún summit may possibly be the last opportunity to reach agreements capable of reactivating the world economy and stimulating the industrialization of the underdeveloped countries, said representatives of the news weekly *Executive Intelligence Review* yesterday. They warned that if the North-South dialogue failed, there would be very little opportunity to avoid a long and severe depression collapse of the economy. Peter Ennis, Director of Special Services of *EIR*, and Ganesh Shukla, Director of the Indian weekly *New Wave*, made these statements yesterday . . . adding that the implications of this world economic depression are such that they can only be characterized as genocidal.

The two noted that the urgent creation of a world monetary system based on making long-term, low-interest credit available for the development of new technologies and infrastructural works, and the reorganization of developing sector debt, are topics that must be discussed at the Cancún summit. Ennis and Shukla . . . consider that the "international monetary system built by the International Monetary Fund and the World Bank is one of the main obstacles to the industrialization of developing-sector nations." This is due, they explained, to the fact that the IMF and the World Bank control funds to prevent the economic advancement of developing-sector nations and to maintain the colonialist system that prevailed prior to World War II. . . .

During the conference, the journalists denounced the recent destruction of Kampuchea, carried out between 1975 and 1978 under the direction of the Pol Pot government, warning that this was of pivotal importance. "What happened in Kampuchea—the systematic murder of two to three million people—was an experiment in genocide carried out by the same forces which actually control the policies of the World Bank and the International Monetary Fund." These forces will undoubtedly attempt to create other Kampucheas in the developing sector, including in Mexico and Central America, they warned.