Kissinger-run coup threat against Mexican republic

by Robyn Quijano, Ibero-America Editor, and Timothy Rush

The rest of Ibero-America and indeed the rest of the developing sector view current developments in Mexico with acute concern. They realize that what is at stake in Mexico is not simply the chronic effort by supranational institutions like the IMF and the Bank for International Settlements to force Mexico to accept some lean years and difficult austerity. Mexico's very aspiration to become an advanced industrial nation is on the choppig block, along with the political system which expresses this aspiration.

Experienced developing sector leaders have a shorthand for this. It's "the Kissinger treatment." In some ways more ominous for Mexico's future than the Aug. 17 admission that it was in negotiations with the IMF, was information obtained by *EIR* that Henry Kissinger plans an imminent trip to Mexico, Panama and Argentina.

Kissinger will be delivering a new package of threats similar to those he issued to former Italian Prime Minister Aldo Moro and Pakistani Prime Minister Zulfikar Ali Bhutto, before he took a hand in arranging their murders.

Mexican President José López Portillo is high on Kissinger's current list. As early as 1978, Kissinger was comparing Mexico to Iran. Nations that modernize too rapidly, as Mexico is attempting to do, will meet an end like the Shah's, he warned. But López Portillo maintained an 8 percent growth rate and invested in heavy industry. He even designed a large nuclear-energy program—the same "flaw" that cost Bhutto his life.

Kissinger's recently created private consulting firm, Kissinger Associates, Inc., is already on the Mexico case. The firm, which includes former British Foreign Secretary Lord Carrington and Robert O. Anderson, chairman of the Aspen Institute, on its roster, is to specialize in high-level "consultation" on international economic and political matters, bypassing official government channels. One of the seven members of the board of directors stated Aug. 17 that Mexico's economic crisis is "a great opportunity" for the United States to gobble up Mexican real estate and industrial assets.

Kissinger's goals go beyond opening up Mexico for nickel-on-the-dollar looting. His long-standing "Mexico conection" is former President Miguel Alemán, the political godfather of Mexico's drug and prostitution underworld. Alemán's business associates, who maintain control of Mexico's central bank, the Banco de Mexico, are committed to seeing that the current economic crisis finishes off Mexico as an industrial republic. Alemán-linked spokesmen for many months have publicly called for IMF policy dictation. The self-avowed fascists of the PAN party, now the insurgent challenger to the ruling PRI, also advocate going to the IMF, while the PAN has organized businessmen's "strikes" in various parts of the country to paralyze local governments.

Kissinger, and the Hapsburg-centered Central European fascists who created his career, Alemán's, and the PAN, know that their strategy cannot be consummated until the Mexican labor unions are broken. They calculate accurately that once the union leadership's voice on behalf of industrialization is silenced, the PRI party will crumble, too.

They are aiming above all at the institution of the presidency. Everything possible is being done to force President López Portillo out of office before the constitutional transmission of power to President-elect Miguel de la Madrid on Dec. 1. Rumors, placed in nationwide circulation the week of Aug. 14, stated the López Portillo had been forced to resign, or had been shot and killed, and that the military had made or would make a bid for power. A parallel campaign, appearing more and more in the press, attacks López Portillo as personally corrupt, inept, and the "cause" of the crisis.

The Cárdenas factor

What is most feared by those administering the "Kissinger treatment" to Mexico is the nationalist, pro-development sentiment that has stirred across Mexico in the past, most notably during President Lázaro Cárdenas' oil nationalization of 1938. It is this sentiment in fact which is the basis for any industrialized nation's policy toward Mexico; Mexico's drive to import capital goods and other high-technology equipment, and guarantee internal stability with steady economic growth, corresponds to the national interests of the advanced-sector nations.

Mexico's Finance Minister, Jesús Silva Herzog, in his Aug. 17 statement confirming negotiations with the IMF, alluded to a basis for rallying the "Cárdenas factor." We are in a world crisis "resembling the world depression of 1929," he stated; there is zero growth and "mass unemployment" in the industrial countries. The collapse in oil prices and rise in interest rates which had devastated Mexico's ability to meet its debt represented "deliberate decisions," not "random" developments, he charged.

Fidel Velásquez, the powerful leader of the Mexican Workers Confederation, stated the next day that the nation was facing what he called the worst crisis in its history, and that the population must respond with that knowledge. The head of the Mexican Church, Cardinal Corripio Ahumada, released an extraordinary circular read in every parish in Mexico, calling upon the population to rally behind its institutions and its leaders. Mexico's institutions, the real target of the Kissinger-IMF onslaught, will not be easily broken.

An international monetary expert at the International Institute on Economics (IIE) made the following comments in background conversation in mid-August. The IIE is chaired by Peter Peterson of Lehman Brothers Kuhn Loeb, and the Brandt Commission; its director is Carter administration trade-warfare expert C. Fred Bergsten.

The recent run on the peso was what I call an expectational panic. There was nothing in the economy per se that could account for its ferocity. What happened is very simple: *people outside Mexico* began to think that the economy was not peforming up to expectations. *This was then fed inside Mexico,* where it caught fire. This kind of thing is psychological warfare, which becomes a panic [emphasis added].

The shock has been administered now and I think the clouds will clear, provided certain things are done. Internal to Mexico, the single most unsettling problem is the labor movement. There was fear in the international banking community, which was expressed to appropriate Mexican authorities, that the Mexican government was going to give in to demands from the labor movement for increased wages. They must crush the labor movement's demands, no matter what the social cost. I have full confidence that the government will do this, and that the new government will make sure that the demands don't come up again.

The following are comments of a top banker at the New York investment bank of Brown Brothers Harriman, on Aug. 12:

Q: What does Mexico need to get more credit from bankers?
A: They need to do a lot more cutting. The deficit should be cut in half. They must get rid of their two-tier exchange system, it's ridiculous. They must simply let the peso devalue as it was, much more. They must give more license to private business and foreign investors. They certainly must rescind the 30 or 40 percent wage increase they gave the workers.

The "R" in "PRI" stands for "revolution," and the revolution is built on the workforce. There is too much collusion between the labor movement and the government. These wage increases must be rescinded—and to do that, it will be necessary to break the power of labor over the Mexican government. We can't have these wage increases.

Michael Boskins, Stanford academic and policy adviser to George Shultz during the Reagan transition period in December 1980, explained his view on Mexico to EIR *in an Aug. 13 discussion.*

Q: How do you see the Mexican crisis developing?
A: I think it is extremely unlikely that Mexico over the next 18 months or two years will make timely payments. There will be intense pressure for scheduled payments, drawn out. And I think basically it will be agreed to.

Q: Will a monetary solution imply some fundamental changes?
A: Yes, and I think all for the better. You get demands, for example in Mexico, for very very rapid development and growth . . . that creates a set of institutional built-in demands for continuing rising standards of living. These countries get into trouble this way, then go ahead saying: "In order to preserve our current form of government, American taxpayers will have to finance that, one way or another." Eventually you have to bite the bullet. I strongly oppose propping up bad decisions. [made by debtor governments] because we're threatened with a change in government to a form which scares Americans.

There is definitely going to have to be a realization that they cannot provide the increased level of consumption to various groups in the population, without taking it out of other groups in the population, and that the single most obvious place to me is the trade unions.

Q: Legal controls or something on the trade unions?
A: Yes.