

in history that such groups have taken to the streets to express their anger and frustration at the disastrous state of the economy.

This mobilization of small, medium-sized, and even large Monterrey businesses means that the rebellion is likely to break out openly in other parts of the country as well. Indeed, already there is talk of a nationwide “debtors strike” by Mexico’s national associations of holders of bank loans and credit-card debtors, who are demanding a moratorium from the banks. For the bankers, therefore, it is urgent that this rebellion be stopped, now. Their first effort has been to try to strip it of legitimacy.

The bankrupt banker Agustín Legorreta—who had boasted during the previous Carlos Salinas de Gortari administration that economic policies in Mexico were set by the mere opinion of the so-called Group of 300 Notables—paid for a full-page ad in the March 10 issue of every Mexico City newspaper to go after the Monterrey rebels. Taking as a pretext the slogan which some of the Monterrey businessmen had used, “We are with Mexico, not with the Economic Cabinet,” Legorreta protested, “I find the lack of objectivity in the opinions, positions and judgments of many respecting the . . . economic program to be truly aberrant and highly dangerous.” He added that, having considered the various positions and measured their possibilities for success, the government “is the only one which can and should legitimately impose which path to take.” As for the rest of the Mexican population, said this banker, who has been repeatedly rescued by the government with money that is neither his nor theirs, “unless a moratorium is considered the best solution for the country, there remains but one rational position: to support the new economic program.”

Weeping crocodile tears as a way of “consoling” all those industrialists and businessmen who are not part of the Group of 300, Legorreta concluded his appeal: “While it is hard to see everything we have fought for, perhaps during a lifetime, vanish . . . what other alternative is there but for Mexicans to unite in this moment of crisis?”

That same morning, Trade Secretary Herminio Blanco showed up in Monterrey to try to placate the enraged business community there. He failed miserably. As columnist M.A. Kiavelo described it in the newspaper *El Norte*, “Herminio Blanco left a meeting with leaders of the private sector looking as white as a sheet. The least he was accused of was being cynical and arrogant, literally with those words!”

Later that afternoon, President Ernesto Zedillo himself was forced to meet with business representatives, whom he assured—also according to columnist Kiavelo—that the measures he had announced were “a short-term program” for solving the economic crisis, but “not the economic program for the full six-year term.” President Zedillo told the businessmen that “the bitter medicine that has been prescribed for Mexicans was the best alternative to a moratorium, which would be the worst of all possible worlds.”

The LaRouche alternative

The three alternatives currently offered Mexico’s business community for dealing with the present crisis are 1) accepting the proposal of the Mexican allies of the U.S. “Conservative Revolution,” to privatize the country’s oil, electricity, social security, and the rest of the economic and service sectors under the control of the Mexican state; 2) accepting the “bitter medicine” of the International Monetary Fund, as the Mexican government has done; or 3) going with some version of a moratorium on the foreign debt.

Standing at this crossroads, Mexico’s increasingly rebellious business sector is eagerly studying the proposals of U.S. economist Lyndon LaRouche. The Monterrey media, representatives of various sectors of the business community, and others have been broadly disseminating LaRouche’s analysis and proposals for discussion. On March 8, the Radio Alegría Group of Monterrey transmitted a live interview with LaRouche, which had been advertised beforehand in a leading Mexico City daily. The regional newspaper *El Porvenir* published its own lengthy interview with LaRouche, in a two-part series (see *Documentation*).

On March 14, Radio Alegría broadcast a live transmission of a seminar held with a group of Monterrey businessmen by *EIR*’s Ibero-American editor Dennis Small, who reiterated LaRouche’s analysis of the speculative cancer that is eating away at the productive economies of nations around the world, including Mexico’s. Asked whether Mexico shouldn’t bear some responsibility for its crisis, Small replied that the only thing Mexico can be blamed for “is having an itchy neck, and inviting Dracula to come and scratch it.”

Small also addressed an audience of students and professors at the state University of Nuevo León in Monterrey, and was quoted at length by *El Porvenir*, warning that Mexico will only survive if it breaks with the International Monetary Fund and goes for a total financial reorganization—even if it means debt moratorium. “Mexico should reject any policy that destroys its industry and leads to less employment and education,” said Small.

Documentation

LaRouche interviewed in Monterrey newspaper

On March 13 and 14, the daily El Porvenir of Monterrey, Mexico’s second-largest industrial city, published a two-part interview with Lyndon LaRouche. Following are excerpts from the interview, conducted by Eduardo Peraldi León.

El Porvenir: What would happen to Mexico's economy if a moratorium on debt payments is declared, and how would that affect the international markets?

LaRouche: One should think of such a debt-moratorium as like a typical bankruptcy of an individual U.S. firm under Chapter 11 of the bankruptcy laws. The purpose of supplying the protective measures of a bankruptcy to an imperilled firm or nation, is to prevent chaos, and to create the lawful circumstances in which an orderly restructuring of the bankrupted institution may be organized. Since Mexico could not possibly pay its aggregate present and future debt-obligations under existing international financial and monetary policies, for Mexico to survive as a nation, some radical form of financial reorganization of Mexico's debt-obligations must occur soon.

In a well-designed reorganization of a productive entity (such as a nation) which is in financial bankruptcy, the primary objective must be to segregate old debt, to make possible the introduction of an economic stimulus for growth, a stimulus which requires new sources of credit, and, therefore, new indebtedness. One must protect the new assets from the claims of the holders of the old debts, otherwise the entity (the nation) dies, and the death-agonies will include such expressions as the most violent social explosions of masses of people driven beyond despair.

In 1982, prior to Henry Kissinger's visit to Mexico City, such measures of financial reorganization were in progress, as I had outlined the case for this in my Aug. 5, 1982 book-length proposal, *Operation Juárez*. Had the governments of Brazil and Argentina not abandoned their promises of international solidarity with the President of Mexico [José López Portillo], that reorganization would have occurred and would have been successful.

El Porvenir: What do you consider the main differences between then and now?

LaRouche: The difficulty today is that the strategic correlation of forces, including the loss of internal political and economic strength of Mexico's population, is much less favorable than during 1982. To put the point bluntly, remember Panama 1989 and Iraq 1990-91: London, and such U.S. pawns of London as former President George Bush or Sen. Phil Gramm, would unleash genocide rather than tolerate a Mexico debt moratorium. The financial reorganization of Mexico must occur, more or less as outlined in the 1982 *Operation Juárez*; there are no acceptable alternatives for the people and nation of Mexico. Yet, it could not be done unless the political dangers from outside were efficiently addressed.

El Porvenir: What do you think are the causes of the Mexican financial crisis? How would you explain them?

LaRouche: Chronologically, everything goes back to the beginning of 1964, when certain agencies representing a

majority among the London-steered Anglo-American oligarchical families introduced a transformation of the social and economic policies of the dominant international institutions. This change in policy has been described by some of its advocates as "a cultural paradigm shift," ending the traditional modern European commitment to reliance upon the benefits of investment in science and technology. This introduced the so-called New Age policies identified with such catch-phrases as "post-industrial society," "rock-drug-sex counterculture," and "neo-malthusian ecologism."

The '70s brought the abandonment of the Bretton Woods gold-reserve agreements which had maintained medium-term stabilities in prices of national currencies and the replacement of the policy of currency stability by the so-called "floating-exchange-rate" monetary order.

Since 1979, the world has undergone the introduction of increasingly radical measures of "free trade" and deregulation of economies and of financial markets.

The October-November 1982 phase of the "Mexico international debt crisis" saw a brutal assault upon Mexico's sovereignty by Henry A. Kissinger and others.

During the last 12 years, Mexico has been struck, directly and indirectly, by the worsening effects of the worldwide growth of the worst, and most explosive bubble of financial speculation in history. Most critical has been the impact of "derivatives" speculation accumulated during the post-1987 period.

During the first five years of Carlos Salinas de Gortari's six-year term, the more strenuous measures of foreign looting of Mexico's economy occurred during the term of U.S. President George Bush.

For the past two years London's multifarious efforts to crush and oust U. S. President William Clinton have included such measures as the attempt to exploit Mexico as an economically weakened political flank of the patriotic forces resisting London from within the U.S.A.

If one measured the physical effects of these changes in policy upon production and consumption, it is readily shown that the direct result of each and all of these policy-changes has been a lowering of the standard of physical production and consumption per capita of labor force, per household, and per square kilometer of land-area in use. . . .

The brutal conflict between President Clinton, on the one side, and London and its allies, the U.S.A.'s "neo-conservatives," on the other, is an inevitable consequence of London's efforts to prevent the Clinton presidency from continuing to exist as a potential rallying-point for international resistance against the tide of oligarchical utopianism. . . .

El Porvenir: How can devaluations be avoided?

LaRouche: The best way of doing so is by doing away with the IMF. Without the scrapping of the present IMF-dominated system, there is no way, under the present sys-

tem, in which Mexico could either avoid new devaluations or regain lost real wages. One should view the worsening crisis within the international system as creating the circumstances, of worldwide breakdown-crisis, in which the needed reforms can be introduced. A profound change has erupted within the London-centered, global financial system: the notoriously powerful Barings Bank, one of the leading representatives of the private interests of the British royal family, has been declared bankrupt. The Clinton-hating London *Telegraph* has insisted, hysterically, that Barings' bankruptcy was merely the result of irregularities of a single, junior-rank trader operating out of Barings' Singapore office. Contrary to the *Telegraph*, many other prominent voices in the financial community acknowledge the fact, that the Barings bankruptcy has been a direct result of a deadly systemic crisis of the international financial system . . . a global sickness centered in the bloated financial bubble of speculation in so-called "derivatives."

El Porvenir: Who do you believe are the ones most responsible for Mexico's financial crisis?

LaRouche: As to the responsibility of the government of Mexico, one must look back to August-October 1982, which was the last time Mexico held in its hands the possibility to resist those policies which have crushed Mexico since that time: I am hesitant to condemn the behavior of a hostage who has acted with a loaded gun pressed against the back of his neck. It is clearly the international policy-shapers who are culpable for all the financial losses and human misery which the oligarchy's policies have imposed upon Mexico, especially since January 1982. . . .

El Porvenir: What economic policies could increase direct foreign investments in Mexico?

LaRouche: I do not think it desirable to rely predominantly upon foreign investments in Mexico for economic recovery. I would prefer that 80-90% of all new investments come from within Mexico, and that the margins of foreign investments be limited to funding of indispensable technology imports for Mexico's own investment in agricultural, infrastructural, and industrial development.

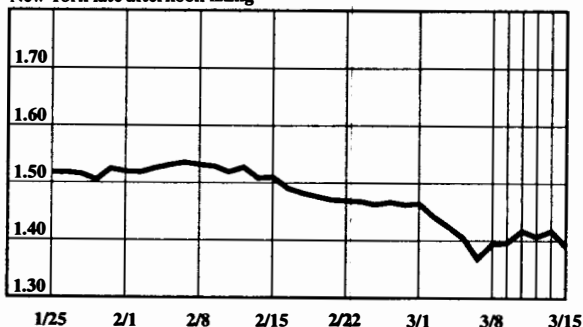
For this purpose, Mexico requires a "Hamiltonian" sort of national banking system, to supply state-created credit, in the form of created currency-notes of the Treasury of Mexico. These notes should be loaned to selected qualities of borrowers, in progressive tranches, at prime borrowing costs of between 1% and 2% per annum. The principal use of these loans is for issuance of production credit to national infrastructure projects and their authorized private contractors.

The second principal category of lending of such notes should be to private ventures which accord with a set of national priorities, such as those employed by President Charles de Gaulle for his successful resuscitation of the economy of France.

Currency Rates

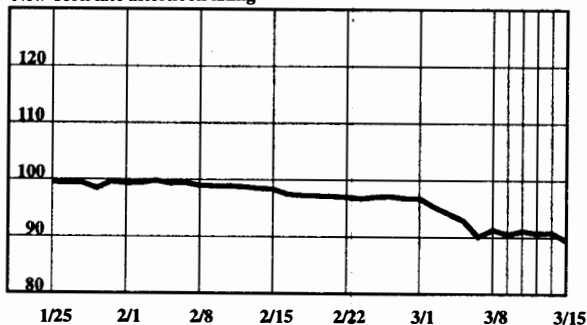
The dollar in deutschemarks

New York late afternoon fixing



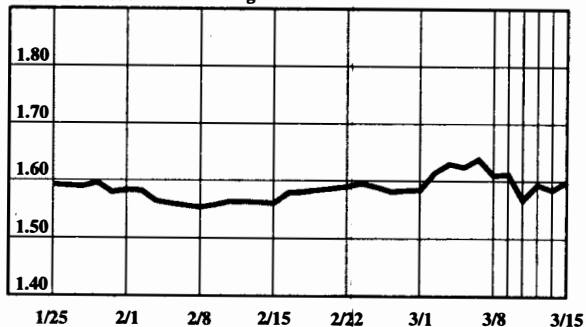
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

