

occupation of the Japanese ambassador's residence. And of course, the support that he rallied from the people of Peru, and its institutions, in that operation.

For any person who wants to analyze it, this shows that, in Peru, you have a President, and other institutions, and a people, which are capable—by reacting in the way they have shown themselves capable of reacting—to find the optimal solution available, the way the solution to the terrorist crisis was handled: with regrettable loss of life, but the sacrifice was not wasted, in terms of the national interest. It was a necessary war.

And I have confidence that the government of Peru and its leading institutions, are among the best choices of people to be able to deal with this problem.

NED Finances Chaos Around Mexican Presidential Elections

by Gretchen Small

The U.S.-based National Endowment for Democracy (NED) is at it again. This time, the target of Wall Street's favorite "democracy-or-I'll-kill-you" hit-squad, is Mexico.

Before a single vote was cast in the July 2 Mexican Presidential elections, an orchestrated international media campaign had pronounced them fraudulent and undemocratic. The stream of international stories accusing the Mexican government and ruling Institutional Revolutionary Party (PRI) of rigging the election on behalf of PRI Presidential candidate Francisco Labastida, was kicked off by a well-timed series of press conferences and interviews in June by Sergio Aguayo and other leaders of Civic Alliance, a well-heeled Mexican non-governmental organization (NGO). In media events, they denounced purported "vote-buying, coercion, and 'doling out pork'" by the PRI; these "sophisticated methods," they asserted, amounted to "mini-fraud"—although they didn't bother to explain what this term might mean.

Civic Alliance masquerades as a non-partisan, election-monitoring NGO, and the majority of the international media reports charging fraud-before-the-fact, hung their hat on the Alliance's purported "objectivity." But the reality is, that Civic Alliance is a bought and paid for front for the NED, which in turn is a de facto arm of the U.S. State Department, the primary funder of the NED. Civic Alliance is not neutral: It is the NED's leading election-rigging apparatus in Mexico, whose current assignment is to get opposition National Action Party candidate Vicente Fox into the Mexican Presidency, at all costs.

The proof of this proprietary relationship is to be found on the NED's own web site. Over the course of 1994-98, the NED pumped a cool \$1 million into Civic Alliance. One is reminded of the wise old Mexican saying: "*quien paga, manda*" ("He who pays, gives the orders").

Civic Alliance's stated policy objectives are also identical to those of Project Democracy and the NED: use the issue of "democracy" and "free elections" to drive the PRI from office, rip up the institutions of the Mexican state, and empower the Zapatista National Liberation Army (EZLN) in the southern state of Chiapas—a narco-terrorist group which Civic Alliance openly promotes and aids. If chaos ensues, and the drug trade dominates the landscape, all the better, as far as Wall Street and their minions are concerned.

As we document below, it is a matter of public record, in reports prepared by the NED itself, that international NED conferences systematically review how the "democratization" of Mexico may well lead to the country's disintegration—and the more fanatic among the participants even welcome that prospect, despite its evident security implications for the United States, which shares a long border with Mexico.

NED Poster Boys

The Civic Alliance was set up in April 1994, as an umbrella group gathering most of Mexico's pro-Zapatista NGOs into a single strike force. This included several groups which were already on the NED's payroll, such as the Citizens Movement for Democracy, the Council for Democracy, and the Convergence of Civil Organizations for Democracy. While some of those organizations continued to be fed directly through the NED's largesse, the Civic Alliance itself quickly became one of the NED's largest recipients, and a kind of clearinghouse for the other NGOs.

From its founding in 1994 through 1998, the last year for which figures are available, the NED channelled \$924,225 into the Civic Alliance. For Mexico's 1997 Congressional elections, the last nationwide elections before this year's Presidential elections, the NED pumped \$371,325 into the Civic Alliance, to finance its "election-monitoring" and quick-count programs. These figures do not include \$65,000 additional financing provided in 1995-97 from the NED's Canadian partner, the International Centre for Human Rights and Democratic Development, nor the Alliance's other sources of funding.

The only Mexican organization which received more money from the NED than the Civic Alliance during 1997-98, was the National Women's Civic Association, which received more than \$527,000 from the NED channeled through its International Republican Institute. During the same period, the Alliance received almost as much: more than \$480,000, through the National Democratic Institute.

Civic Alliance's head, Sergio Aguayo, is one of the NED's international stars. He was given an NED award in 1995, and was featured on the cover of *Time* magazine in

December 1997. In 1999, when the NED initiated a “World Movement for Democracy” (a hit-squad of “democracy activists” whose self-proclaimed objective is to do for democracy, what the vicious Transparency International NGO did for corruption), Aguayo was one of 19 people chosen to serve on its steering committee, along with NED President Carl Gershman and TI Chairman Peter Eigen. When Eigen’s TI set up its Mexico chapter in 1999, Aguayo turned up on its board, too.

Aguayo views his role as that of an international agent, deployed against Mexico’s sovereignty. In a Sept. 1, 1999 column in the Mexican daily *Reforma*, Aguayo thumbed his nose at government regulations which prohibit foreigners from participating in Mexican internal policies. The involvement of foreign advisers in Mexican politics is “inevitable, because it is a demand of modern politics,” Aguayo insisted, evidently recalling his own bank account.

In 1997, the Alliance became a registered national political association, and repeatedly sought to pull together an opposition front. Aguayo signed several manifestos calling for the unification of the opposition parties behind a single candidate to run in the Presidential elections, and overthrow the ruling PRI. This included a two-page manifesto put out in 1997 by a so-called “Alliance for the Republic,” also signed by Fox, whom Aguayo’s Project Democracy masters are today trying to make the next President of Mexico.

Democracy from the Barrel of a Gun?

The 1995 award that the NED granted Aguayo’s Alliance, was purportedly for his efforts in “democratizing the Mexican political process.” At that point, the Civic Alliance had really only engaged in one major activity: It had provided crucial logistical and political support for the Zapatistas in Chiapas, in their separatist efforts to fragment Mexico.

For example, one of the first actions of the Alliance after its 1994 founding, was to help organize a so-called “National Democratic Convention” in Chiapas in 1994, which brought Zapatista support networks from around Mexico to caucus with “Subcommander Marcos” and other EZLN chiefs. In August 1995, after President Ernesto Zedillo ordered the arrest of “Marcos,” the Alliance organized a so-called national “popular referendum” on whether the EZLN should be recognized as a national political force. The referendum laid the groundwork for the subsequent creation of the Zapatistas’ political front, the Zapatista National Liberation Front (FZLN).

Who paid for the EZLN’s national “popular referendum”? The NED, for one. The NED provided the Alliance \$105,000 in 1995, to support its electoral “observation” and “reform” programs — and the referendum was the Civic Alliance’s primary “electoral” activity that year.

Through one of the Alliance’s member groups, the National Center for Social Communication (Cencos), the Alliance also ran the “Caravan of Caravans” program, which pro-

vided the EZLN with food, medicine, and other presumably non-lethal supplies, for their declared war against the Mexican state and its Armed Forces.

Aguayo has never hidden his support for terrorism. When the Mexican Congress refused to adopt a piece of legislation coveted by the opposition in 1996, Aguayo blithely told the *Washington Post* that it would not surprise him “if next week there’s another action by the EPR [narco-terrorist Popular Revolutionary Army] . . . claiming that there is no option left but armed struggle. And they have a point.” So, too, in November 1998, Aguayo announced during an homage to his “human rights” work at the National Autonomous University of Mexico, that, while in the 1970s he told “the guerrillas” that he would not join them, he quickly added that he recognized that those who had taken up arms “had the right to do so.”

The Civic Alliance’s support for narco-terrorists has been accompanied by a campaign to take down the country’s Armed Forces, and forbid them from any involvement in fighting the terrorists. For example, Aguayo personally travelled to Washington in October 1997 to formally request of the Inter-American Human Rights Commission of the Organization of American States, that they take action to force the Mexican government to pull the army out of any domestic operations to secure public order, and eliminate the military justice system in the country.

‘Poorer, But More Democratic’

What Aguayo was publicly promoting in the last half of the 1990s, his NED sponsors had been pushing since the early part of the decade. Since 1992, the NED had made bringing about the end of the “authoritarian regime” in Mexico and its “hyper-Presidential” system, one of its major international targets. Discussion of the requirements for the so-called “democratization” of Mexico, featured in the NED’s *Journal of Democracy* and various NED international conferences over the years, make clear why the Alliance is a fitting instrument for that cause.

In January 1995, in the midst of the blow-out of the Mexican peso and financial system, the NED included a presentation on Mexico as one of the principal topics discussed at a conference commemorating the fifth anniversary of the founding of the NED’s *Journal of Democracy*. By the middle of January 1995, when the conference was held, the financial crisis was full-blown and wreaking havoc in the country. Yet, Denise Dresser, then a fellow at the Inter-American Dialogue who spoke on Mexico’s “democratization,” welcomed the financial hurricane then devastating Mexico. “The devaluation will create a much more volatile and much less loyal electorate, thus opening up windows of opportunity for opposition parties on both the left and the right. . . . Economic chaos could . . . bring about the birth of *alternancia*,” parties alternating in power, she raved. “Mexico may end up poorer, but more democratic,” in which case the economic crash “may

be a rather small price to pay.”

In October 1995, the NED organized a conference on “Mexico: the Challenge of Political Opening.” With participants feeling safe to speak under the protection of its not-for-attribution rules, the rapporteur’s report, even as clearly sanitized as it was, revealed a group of madmen, sitting around a room, debating how much violence and destruction was required to secure the “democratization” of Mexico.

Twenty-six policymakers, mostly from the United States and a few from Mexico, participated, with another 25 unnamed people attending as observers. The Civic Alliance’s Aguayo was one of the few Mexican participants. Arturo Valenzuela, then Deputy Assistant Secretary of State for Inter-American Affairs (today President Clinton’s Ibero-American man at the National Security Council), gave a luncheon address. The cream of Wall Street’s Ibero-American policymakers were present, including: former Assistant Secretary of State for Inter-American Affairs Bernard Aronson; Peter Hakim, Viron Vaky, and Michael Shifter from the Inter-American Dialogue; Delal Baer, head of the Center for Strategic and International Studies’s Mexico Project; Susan Kaufman Purcell, of the Rockeller family’s Americas Society; and Jonathan Fox from the Council on Foreign Relations. Denise Dresser, now parading as representing a “Mexican” institution, also participated.

Attendees agreed that while “democratization” had begun making inroads in taking down the “authoritarian” structure of the state, it was necessary that the PRI be further weakened, or eliminated altogether, and the institution of the Presidency stripped of most of its powers, even as there was general agreement that these steps would make Mexico even more “chaotic, disruptive, and perhaps violent.”

The rapporteur reported that “participants shared a sense that political uncertainty and volatility have significantly increased in Mexico over the last two years,” directly as a result of “the instability generated by the weakening of the PRI, the Mexican state, and the Presidency.” The depth of the crisis was acknowledged. Participants spoke of “social decomposition, alienation, malaise, dealignment, polarization,” and agreed that “social violence has spread to new regions and sectors. The specter of narco-politics has grown substantially since the late 1980s . . . raising the likelihood of institutional degradation and the deterioration of political order—the ‘Colombianization’ of Mexico.”

But, all of this was welcomed by the attendees. “A loss of hope and confidence in the economic competence of the PRI,” was identified as “perhaps [the] most important . . . social consequence” of the December 1994 peso blow-out which left millions of Mexicans bankrupted, and forced tens of millions into extreme poverty. “Protest against the crisis has led to increased support for the electoral opposition,” the NED-led crew happily concluded, and this “may strengthen the hand of democratic reformers in the PRI,” as well.

The NED official report on its conference said that “some

participants saw all this as the inevitable accompaniment of the democratization of an authoritarian regime, and thus perhaps even a healthy sign of change.”

Others, more reality-oriented, reportedly expressed concern about the implications of reducing Mexico, right on the U.S. border, to a narco-state: “A second perspective views the hollowing out of institutions more pessimistically as a dangerous indication of growing ungovernability. While agreeing that the weakening of the PRI and the Presidency may be necessary for democratization, this view argues that deinstitutionalization has been accompanied not by the development of alternative institutions, but rather by the erosion of rules in general. . . . As a result, the process of destroying the old order may leave Mexico without any order at all.”

“Yet,” the rapporteur concluded, “despite concern about the violence accompanying political transformation, most participants felt that Mexico was likely to end up with a democratic political system after some indefinite period of increased uncertainty. . . . Most participants expressed a sense of guarded optimism.”

Thus, participants argued, it is necessary to prepare the world community to understand that “the process of democratization is likely to involve continued or even increased political disruption, uncertainty, and violence,” so that investors and others do not “overreact” when this occurs.

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