

How Mexico Fought the Hit Men

by Gretchen Small

“The discovery, starting in the mid-1970s, that Mexico possesses much larger petroleum reserves . . . than had been previously realized, affords it a unique opportunity among larger Third World sector countries to substantially reduce the time . . . necessary to become a modern industrial nation. . . . By no later than the year 2000, the great majority of 115 to 120 million Mexicans should be able to enjoy a standard of living comparable to that of the average inhabitant of the West European nations in the year 1980.”

Thus began the introduction to *Mexico 2000: Energy and Economy*, the program for the crash development of Mexico prepared by Lyndon LaRouche’s associates in the U.S. Fusion Energy Foundation (FEF) and the Mexican Association for Fusion Energy (AMEF) in 1981. Not a timid “get-by” program, this was a detailed elaboration of how Mexico, through extensive oil-for-technology deals with advanced sector countries, could sustain annual rates of job creation and industry of 6-7% over the next 20 years, raise its labor forces’ educational levels, and build up the large scientific cadre force Mexico had always lacked. The construction of some ten agro-industrial complexes and ports—entirely new cities based around advanced energy production and integrated industrial plants, irrigation, and fertilizer production facilities—would serve as the conveyor belt, moving the knowledge and capital into the countryside, in order to eliminate the curse of subsistence agriculture which had kept millions of Mexicans in feudal peonage for centuries. By the year 2000, a significant portion of Mexico’s economy would be nuclear-powered.

This was no abstract, utopian scheme thrown out to see where prevailing winds might take it. The FEF-AMEF development program was a scientific elaboration of the perspective which shaped the entirety of the 1976-82 Administration of José López Portillo. As López Portillo restated his Administration’s policy in his fourth State of the Union address, on Sept. 1, 1980:

“By the year 2000 . . . if we wish to meet the goals of the Global Plan, we shall be obliged to build at least a whole new Mexico in addition to the present one, the legacy of its entire history. . . . There are those who, because of understandable ideological paradoxes or warped intellectualism, question and criticize the economic growth we have achieved, as if it were a crime. Let them stew in their own sick juices. . . .”

Mexico would continue to concentrate its resources on the most dynamic and productive strategic activities of oil,

steel, chemicals, fertilizer, capital goods, and electricity, he promised his fellow Mexicans.

Throughout his Administration, López Portillo personally, and many in his Administration, worked closely with U.S. economist and statesman Lyndon LaRouche and his movement, in Mexico and in the United States. Four officials from the Mexican government Administration spoke at the well-attended conference held by the FEF and AMEF in Mexico City on Feb. 19-20, 1981, to release the development program. Among the officials present, who elaborated the Mexican government’s ideas for how to get the job done, were Dr. Alfonso Rozenzweig, director of industrial port development for the President’s Office of Special Development Projects, and Mexican Industry Ministry Sub-Director, Narcisco Lozano.

EIR detailed at the time, how the United States, should it decide to collaborate on Mexico’s crash development program, could expect to export some \$100 billion of the estimated \$150 billion in capital goods which Mexico would need to import over the coming decade, creating 1 million new high-skilled jobs inside the United States in the process.

The export of these capital goods to Mexico “would accelerate investment and capital turnover in the most advantaged basic industries of the United States, accelerating technological progress in those industries, as well as increasing productive employment in the United States. A government of the United States which rejected Mexico’s offer of an oil-for-technology program would be a government which ought to be certified to a mental hospital on clear grounds of galloping insanity,” LaRouche stated in a March 9, 1981, address to the prestigious Monterrey Institute of Technology, in Monterrey, Mexico.

A significant grouping within the Administration of Ronald Reagan, centered on the President’s collaborators in the “kitchen cabinet,” agreed with LaRouche, and were preparing to solidify such agreements.

And how does Mexico stand today, at the close of 2004?

2004: Descent into Hell

Mexico is descending into Hell. Its steel industry is almost gone. Railroads are non-existent. Only one nuclear plant was ever built. Foreign banks control 82% of the nation’s banking system and most of its industry, and are now moving in on the state-run oil industry itself. Mexico’s employment in manufacturing as a percentage of the total labor force has fallen



"The nations of the world must face reality: Either we change the economic system, or the world will likely enter 'a new medieval Dark Age,' "
Mexican President José López Portillo told the UN General Assembly Oct. 1, 1982. Hit man George Shultz the day before had given the United Nations the opposite message: Support the financial vultures . . . or else.

by 58% since 1982; instead, more than a million workers are being recycled through the slave-labor assembly plants known as *maquiladoras*. More than half the Mexican population survives by selling on the street, mostly cheap consumer goods imported from other countries. By 2002, 50% of the Mexican people lived in poverty, even by the World Bank's conservative estimates, and a fifth of the people lived in extreme poverty, that is, on less than \$1 a day. Hunger is rampant; death rates are rising.

Ten million Mexicans have left the country, seeking jobs in the United States where they are paid ever-lower wages, and their American counterparts also become unemployed. Another 12 million second-generation Mexican-Americans are in the United States, leaving a population back in Mexico of only 100 million—where 120 million would have lived industriously, had LaRouche's and López Portillo's policies prevailed. Drug-running gangs of bestialized youth, their future stolen from them, are moving into Mexico from across its northern and southern borders, and instead of cooperation, Harvard fascist Samuel Huntington and his co-thinkers are calling for war with Mexico, and its immigrants.

Let the lesson of the destruction of Mexico's 1976-82 policy fight take its rightful place in the development of civilization, to be studied by youth around the world today. Mexico was not crushed because of any failure on the part of its leadership or people; nor were its ambitious plans, like those of Icarus, destined to melt away.

Over and over, López Portillo warned, that should *the international system* not be changed, the Four Horsemen of the Apocalypse would rule over the Earth again, and no nation

would survive. "Justice for the Mexican peasant . . . is not [to be sought] in Mexico, but in the IMF [International Monetary Fund] and its system, which we are dedicated to modifying," he told reporters angrily, as he returned in September 1979 from yet another failed attempt to get U.S. President Jimmy Carter to support Mexico's development.

López Portillo fought to change that system until the day he died, on Feb. 17, 2004. Mexico was crushed, because of the failure of most world leaders to rally their nations to the task of changing that global system, as LaRouche showed, time and time again, could be done. Mexico lies dying today, because we in the United States have failed, thus far, to rally sufficient political muscle to force our elected representatives to use the powers contained in our Constitution, to crush the financial interests behind those self-described "economic hit men" exposed by John Perkins, in his recent book, *Confessions of an Economic Hit Man*.

We recount here the story of LaRouche and López Portillo's joint battle against the financiers' system of "economic hit men," not to weep, but so the young generation of today can know who stole their future from them—and how to take it back. The single best source of material on the now-buried history of José López Portillo's battles to transform the world, so that Mexico and its people could enjoy their rightful role in humanity's great forward progress, is *EIR*. *EIR* uniquely chronicled the rich history of this period of excitement and optimism in the global battle against the economic hit men. The U.S. media's censorship of this battle, as it occurred, is still shocking, 25 years later. U.S. government documents from this period declassified years later, confirm how right

EIR was, in its exposés of the war against development, as the events unfolded.

The Setting

By the time President José López Portillo took office in December 1976, the August 1971 decision to impose the international floating exchange rate system, combined with the 1973 oil price hike arranged by “the economic hit men,” had already wrought havoc on the world economy, and brought dozens of developing sector nations to the brink of default.

Mexico was no exception. Barely three months before López Portillo was sworn in, systematic currency warfare against the country had forced his predecessor, Luis Echeverría, on August 31 to devalue the peso for the first time in 22 years, and that by an incredible 50%. A wave of deliberately spread rumors of a never-planned coming bank deposit freeze and military coup followed, leading to a run on the banks. Mexico was trapped into signing a Letter of Intent with the IMF, which imposed strict limits on government spending.

The “economic hit men” had succeeded, they hoped, in tying the hands of the incoming Mexican President.

A greater danger confronted Mexico, however: the January 1977 inauguration of a government in the United States run, top-down, by the “economic hit men” of the financiers. The Carter Administration was under the firm control of National Security Advisor Zbigniew Brzezinski. Brzezinski, a leading member of the London-allied Council on Foreign Relations (CFR) and executive director of David Rockefeller’s Trilateral Commission, was an avowed Malthusian. Only months before taking command of the Carter government, Brzezinski had signed a full-page manifesto of Malthusian fanatic William Paddock’s Environmental Fund (funded by the Mellon family), demanding more population control to stop all those hateful human beings from being born. Due credit must be given, also, to Carter Energy Secretary James Schlesinger, as one of the most vicious economic hit men ever to abuse the U.S. government. Many of Carter’s cabinet came out of the Trilateral Commission and the CFR.

The “LaRouche factor” within the United States was also growing, however. LaRouche was then famous around the world, for his April 1975 proposal for the establishment of an International Development Bank (IDB), as an alternative to the bankrupt IMF system. In 1976, courageous Third World leaders had rallied behind his calls for an orderly process of debt moratoria and the creation of an IDB-type institution to channel low-interest credits into development projects across the globe, which could assure vast increases in industrial production.

On Nov. 1, 1976, on the eve of the decisive 1976 U.S. elections, LaRouche delivered a national television broadcast, viewed by a minimum of 20 million Americans, in which he warned that the financier circles sponsoring Jimmy Carter’s Presidency were committed to plans which would lead to thermonuclear war with the Soviet Union, and death for

the Third World. LaRouche cited their policies towards Mexico, as exemplary of the “genocide” which the extreme austerity these circles intended would bring about. Typically, LaRouche did not hesitate to name names. LaRouche singled out George Ball, of Wall Street’s Lehman Brothers, as among those intending nothing less than the reduction of Mexico’s population from 58 million (at that time) down to 28 million. Ball promoted the work of the William Paddock who proposed to reduce our neighbor’s population “by the methods used by Hitler in eliminating 6,000,000 Jews and Slavs and others in Eastern Europe during the war; by a forced labor-intensive slave-labor system in which those who are no longer suitable for this process of slave labor will be allowed to die,” LaRouche reported to the American people.

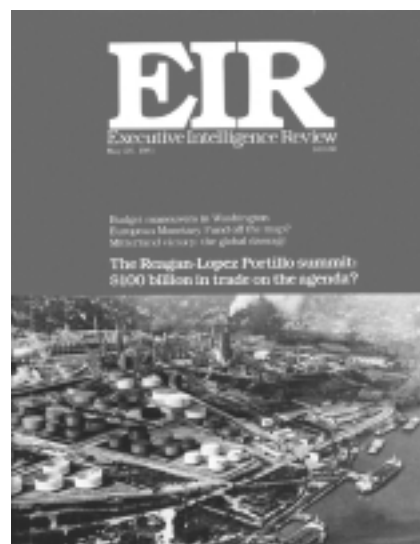
“That’s the policy of Ball, that’s the policy behind Kissinger’s foreign policy, that’s the policy behind a dominant group in the United States,” LaRouche warned.

LaRouche’s role in building a mass political movement within the United States to return this nation to the anti-colonial mission for which it was founded, was far from unknown in Mexico. A group of young Mexicans, still in their 20s, had established a political association in Mexico in 1974 based upon LaRouche’s ideas. Through their publications and polemical interventions into the universities and political events, LaRouche enjoyed significant influence among nationalist intellectual layers in the country.

One of the leading figures who had come to know LaRouche’s work through meetings with his young Mexican collaborators, was then-Finance Minister José López Portillo. Over the course of his Presidency (1977-82), López Portillo would continue meeting with the youth leading LaRouche’s association in Mexico, which was rapidly growing in numbers and influence. LaRouche himself would visit Mexico four times, meeting personally with the Mexican President at the Presidential offices, Los Pinos, on his third visit, in May 1982, in the midst of the Malvinas War.

This was a very different time. Developing sector nations were still recognized as nations, not dismissed as simply “emerging”—or rather submerging markets. And many leaders of those nations still believed that their job was to better the lives of their people.

José López Portillo was an exceptional leader, a classically educated intellectual—Goethe, Beethoven, and Mexican Independence leader José María Morelos were his heroes from his youth, he told *El Universal* in February 1978. He took great personal risks in his battle to defend Mexico’s rights. His was an exceptional mind, but others shared his outlook. Mexico’s *culture*, as a whole, was more optimistic; its people were respected internationally as fiercely determined to safeguard their sovereignty and independence. Members of López Portillo’s team, who in later years would buckle to the Malthusian, post-industrial *Zeitgeist*—something he never did, to his dying day—under López Portillo’s leadership, displayed great patriotism and creativity.



A detailed program for Mexico's agro-industrial development, and the forces for and against it, were chronicled weekly in the EIR.

1977: The Battle Begins

A series of now-declassified internal U.S. government memoranda from the Carter Administration days, document how the “economic hit men” within the Administration began preparing economic warfare against the López Portillo regime as soon as Carter was inaugurated. U.S. officials already knew that Mexico was sitting on vastly more oil than previously known—and they had no intention of letting it be used for national development.

In a Feb. 8, 1977, memo prepared for Treasury Secretary Michael Blumenthal, in advance of the upcoming visit of the Mexican President to Washington, Under Secretary of Treasury for Monetary Affairs Tony Solomon advised that “recent nonpublic estimates indicate that Mexican petroleum reserves may be among the largest in the world.” JLP (as he was identified) is expected to request U.S. financial assistance to increase oil production capabilities, but the two-month old JLP Administration has yet to clearly define its economic policies, Solomon cautioned. As Finance Minister, JLP had privately stated that “Mexico could not afford a recession because of the lack of social welfare programs to take care of the unemployed, a theme he continues to repeat.” Solomon recommended that Blumenthal press the Mexican President on “what policies are being instituted to meet the economic performance targets in the IMF stabilization program.”

The Carter-López Portillo summit took place in Washington, on Feb. 14-15. According to the official U.S. summary of the conversations, the Mexican President came with the message that Mexico illustrates “the problems inherent in relationships between the United States and the developing world,” and therefore, JLP suggested that Mexico could serve “as a ‘laboratory’ or a ‘sounding board’ for new proposals” for this North-South dialogue.

Brzezinski was the third party in the Presidential talks,

and *EIR*’s Washington sources reported at that time, that Brzezinski had demanded: (1) offshore drilling rights for U.S. oil corporations (a violation of Mexico’s Constitution); (2) a reduction in Mexico’s public spending; and (3) measures to reduce Mexico’s population growth and the flow of undocumented “aliens” coming across the U.S. border from Mexico. Were that to occur, the United States would kindly help Mexico renegotiate its foreign debt.

Solomon was sent to Mexico City in April, again to press for greater austerity. Upon his return, Solomon reported that JLP had told him that “in the case of Mexico, belt-tightening can only go so far because there is nothing to tighten a belt against, or even a belt for Mexico’s poor. He said that measures that were too strong could risk social unrest and turn Mexico into a fascist state like Brazil or Chile. In this connection, he discussed the price of corn and how difficult it is to raise the price of tortillas.” Solomon’s message back was that the IMF recommendations must be followed, no matter the “short-term political risks.”

U.S. officials told Mexico again in May, that it must meet IMF budget deficit parameters, even if that meant postponing spending on developing its oil.

Mexico proceeded, nonetheless, and by June 1977, estimates of its probable oil reserves had doubled since January, to more than 60 billion barrels, making Mexico potentially among the four or five greatest oil producers in the world. *EIR* summarized the fight developing between the economic hit men and Mexico’s nationalists in its June 28, 1977 issue: Mexico saw oil as its path to economic modernization and development; the financiers saw a cash cow from which Mexico’s then-\$30 billion-plus debt to international commercial banks would be paid back—a full \$5 billion coming due in 1977 alone. Down the line, they intended to grab Mexico’s oil itself.

David Rockefeller personally went to Mexico on June 21, with “an offer you can’t refuse”: The United States would lighten up on demands for debt payment, if Mexico agreed to keep its oil at U.S. disposal, in case of “emergency,” as part of its strategic reserve.

The Mexicans, however, had drawn up a \$15.5 billion capital investment program for the state oil company, Pemex, for the 1977-82 period—IMF approval or no. A program had been drafted for building 103 new refining and petrochemical plants, including all major lines of petrochemical production, with particular attention on ammonia, a key ingredient for fertilizer. After meeting with López Portillo, Mexico’s Natural Resources Minister José Andres de Oteyza delivered Mexico’s answer to the Rockefeller ploy: “Mexico is not willing to commit its oil to the United States in exchange for financing received through the good graces of that country.” Mexico would use its oil for a broad development policy of the whole economy.

The government began looking for options for international financing outside the Eurodollar market; discussions with Japan, Italy, and OPEC intensified.

The Paddock policy of which LaRouche had warned in his pre-election broadcast, was now set into motion. Paddock, in 1975-76, had told journalists: “the Mexican population must be reduced by half. Seal the border and watch them scream.” Asked how that would reduce the population, he coolly replied: “by the usual means—famine, war, and pestilence.” Now the word went out that the Carter Administration intended to crack down on undocumented Mexican workers in the United States.

López Portillo responded, in a July 4 interview with *US News and World Report* that “illegal migration to the U.S. will end when we solve Mexico’s economic problems. . . . These people aren’t criminals. They are ordinary people looking for jobs. . . .”

Carter went ahead and announced on August 4, “aggressive and comprehensive steps” to crack down on Mexican undocumented workers. And it could get worse, Immigration and Naturalization Service (INS) Director Leonel Castillo threatened, in an interview with Mexico’s *Excelsior* daily. Were the United States to initiate “massive deportation . . . the return of millions of citizens to Mexico would destabilize the country, causing a revolution. . . .” This threat, in hardly varying disguises, would become a constant theme for the next three decades.

In September, U.S. Treasury’s Solomon prepared a memo outlining Treasury’s proposal for creation of a “U.S.-Mexican Development Fund,” as a sweetener to get the Mexicans to go along with its crackdown on illegals. Solomon rejected the Mexican government’s proposal for a joint fund to supply credit to private industry, in favor of a fund targetting loans for two purposes: *labor intensive* projects in the rural and semi-industrial areas from where most migrants came, and support for “a long-term family planning program.”

In Treasury’s view, Mexicans were to remain peons, and the fewer of them the better. Kissinger’s infamous 1974 National Security Study Memorandum 200, which declared that Third World population growth is a threat to U.S. control of raw materials, was still in force.

To Develop a Nation, Develop Its People

The war over whether Mexico had the right to industrialize was on.

In his first State of the Union speech, on Sept. 1, 1977, López Portillo fired back against the backward, anti-human policies being thrust upon Mexico. “The regime will not accept any growth which is based on injustice or on the exploitation of man and his family,” he told his nation. Government spending will set the pace and course of the economy, to make certain that our national priorities are met. Two weeks later, on Sept. 18, *El Sol de México*’s Manuel Buendía was leaked the text of the 1976 IMF “Letter of Intent” which had been forced down the throat of López Portillo’s predecessor, Echeverría, and the key documents related to it. The IMF’s chief concern was that public investment be reduced.

That the document had been deliberately leaked to strengthen the government’s hand in its plans to violate the IMF conditionalities on government spending, was not hidden. Buendía—who would be assassinated in the 1980s—called for “a vigorous movement of public opinion” to back up President López Portillo in his fight “to break the chains which bind us to a program which . . . favors the designs of the most reactionary national and foreign capitalists.” Citing Buendía’s call, nationalist Congressmen from the ruling PRI party led the campaign. As Congressman Julio Zamora Bátiz told *El Sol*: “The IMF has had great success in finishing off the economic structure of many countries. . . . The debate must be opened at the national level with the participation of all sectors of public opinion, in order to pressure the IMF to reconsider its attitude.”

In presenting his credentials as Mexico’s Ambassador to France, to French President Giscard d’Estaing that September, nationalist economist Horacio Flores de la Peña condemned the IMF. Mexico and the Third World need growth, technology, and industry, Flores de la Peña proclaimed, and Mexico “looks to France for cooperation.”

The Malthusian post-industrialists may have seized control over the Carter Administration, but not yet the governments of all the then-industrialized nations. Giscard d’Estaing replied that France was committed to giving the Third World technology, and that Mexico’s extraordinary untapped oil reserves provided the basis for a most advantageous oil-for-technology exchange.

Not everyone in the United States was as crazy as Carter and Brzezinski. These were pre-Enron days, and U.S. businessmen were eager to do what they assumed they were supposed to be doing: producing. A credit package had been drawn up in August to finance construction of an 825-mile

natural gas pipeline from Mexico's new southeast hydrocarbon fields, to the border town of McAllen, Texas, the which could provide the United States with 2 billion cubic feet of natural gas per day by 1981, some 4% of the U.S. natural gas consumption levels in 1977. The Eximbank was to provide some \$600 million in financing, for collateral development of Pemex, as well as for U.S. exports for the pipeline itself. Six U.S. gas companies were enthusiastically preparing to get in on the deal, when Energy Secretary Schlesinger set out to sabotage it.

Executives of the pipeline and gas companies who recognized *EIR*'s unique role as a bridge between the two countries, and were working closely with *EIR* on expanding U.S.-Mexican economic cooperation, could not believe what was happening. One exploded to *EIR*: "They can't be looking to the welfare of the U.S. We're going to lose jobs and important production contracts if the loan doesn't go through. Mexico has made it clear it is ready to go elsewhere."

Within a few months, Schlesinger won out in the United States. But Mexico refused to buckle to the demand that it sell its gas cheap, and the deal collapsed by the end of 1977, not to be revived—yet! The pipeline was built to the north of Mexico, but the connection to the U.S. border was never built. Mexico used the gas in the northern regions for domestic development, and instead exported the oil that otherwise would have been used domestically.

Found Oil? Go Nuclear!

What government today, upon discovering massive oil reserves, would exclaim: "Wonderful! This is our path to becoming a nuclear economy!" Yet, this was the response of López Portillo and his collaborators. Oil was not viewed as "money"; it was the resource which could provide Mexico the means to finally industrialize and achieve true independence for its people.

On Oct. 26, 1977, Pemex head Jorge Díaz Serrano opened a special, two-day session of the Mexican Congress to discuss the proposed natural gas pipeline to the United States, with the stunning announcement that Mexico's oil reserves might, in fact, be as large as 120 billion barrels. Oil, he said, will be the center of a 20-year crash economic development program, in which the nation would move into the atomic age, in which oil is used not as a fuel source, but as a raw material for petrochemical processing. A recent government study had concluded that a generation hence, nuclear power should be the dominant energy source in the country. "We can see in the future a new nation, not only permanently prosperous, but a rich country in which the right to work is a reality, and where wage levels permit better style and quality of life." Congressman Jesús Puente Leyva, speaking for the ruling PRI party, replied, "Oil will be the bridge to Mexico's future."

In November, Francisco Vizcaino Murray, chairman of the Mexican Nuclear Energy Institute, told a PRI youth conference that uranium, not oil, was the country's most abundant

resource, and by the year 2000, 70% of Mexico's electricity would be generated by at least 20 nuclear reactors. Mexico needs to train the technicians and researchers of the future who will man this new industry, he said—and to step up its training and experimental program, the government sought to acquire a fusion tokamak facility.

President López Portillo and his team travelled throughout Mexico in the first few months of 1978, rallying the Mexican people to the task of building a vastly different future than they could have foreseen for themselves in the recent years of worsening living conditions. "We have to rapidly accustom ourselves to thinking big," López Portillo told his people. "We must plan large development projects with ambition and vision."

On March 18, the anniversary of President Lázaro Cárdenas's expropriation of foreign oil companies in 1938, Pemex chief Jorge Díaz Serrano announced, in a nationally broadcast speech, that oil production had grown by 23.7% in 1977, to 1.1 million barrels per day, and would rise to 1.4 million bpd by the end of the year. Mexico would produce and export oil fearlessly, because it provided the path to development, he assured Mexicans. The Administration expected to raise \$60 billion in oil sales over the course of the López Portillo Administration (1977-82), and a net profit of approximately \$11.5 billion would be channeled into the newly created National Employment Fund, which would finance the construction of large-scale industrial projects.

The principle driving the Administration's plans, was the development of the Mexican labor force as a whole. Education Minister Fernando Solana told a summit meeting on education policy in mid-March, that training and education of the broadest layers of Mexico's population, is "the most efficient means of transforming the potential energy, which resides in the very heart of populations, into the motor force of progress." The government drafted a bill for the Mexican Congress to reform Article 123 of the Mexican Constitution to make advancing education and skill levels a *constitutional right*. Discussion began of the necessity of raising the labor skills of the peasantry, by building up agro-industries in the countryside itself.

At the same time, attention focused on how to build up heavy industry in the nation. A government task force was formed to coordinate the effort to build up a significant capital goods industry, and a private-public sector task force was created to direct national steel production. Three separate state-owned steel plants—Las Truchas, Altos Hornos, and Fundidora Monterrey—were consolidated into one enterprise, Sidermex. Total production nationally in 1978 was projected to reach 6.6 million tons, sufficient to meet national demands, and a minimum investment of \$1.58 billion was planned over the next three years.

Investment into petrochemicals was to increase by 360%, to \$4.1 billion over the course of the Administration; a five-year plan to increase national production of fertilizers was



The Pemex plant in Veracruz. The López Portillo Administration planned the use of Mexico's vast oil and gas reserves to build a future high-technology nuclear-powered economy. There was a \$15.5 billion capital investment program for the state oil company Pemex, for 1977-82, which included 100 new refining and petrochemical plants.

drafted, with the goal of supplying 80% of national needs, within that time. The shipping industry was also a focus of attention, with plans for Mexico to build 44,000-ton tankers for Pemex by 1982.

"The task is to turn our abundance of hydrocarbons into a lever of integral, independent, and well-planned development," José Andrés de Oteyza, Minister of Natural Resources, told the annual meeting of the National Chambers of Industry (Concamín) on March 15, 1978. He laid out for the businessmen a sweeping vision of what must come next. We must "foster in the medium and long term, a national capital goods industry. . . . The establishment of an industrial plant capable of *reproducing itself*, is an appropriate destiny for our oil resources," as is also the development of such alternative sources of energy as nuclear power, he told them. Regional development and industrial decentralization are needed, and "great ports on our coasts will be constructed to serve as ports of departure for our exports." So, too, agriculture and the food industry must be made more productive through the building of large agro-industrial complexes. "We must again become a country capable of feeding itself," De Oteyza emphasized.

The oil for industrialization strategy had its opponents within Mexico, both from anti-state reactionaries and from radical, anti-industrial leftists, who demanded that the oil be left in the ground. López Portillo took the broader philosophical issue, which lay behind the battle, directly to the people, so that Mexicans would be clear about the looming battle with the financiers' economic hit men. Exemplary was his March 31 address to a rally of 25,000 oil workers:

" . . . Here are the petroleum resources. They are resources that will run out. Who is going to take advantage of them and

for what purpose? That is a moral problem. . . .

"Are we going to sacrifice the present generations for those of the future, or are we going to leave the future generations subject to their own advice and decision? This is a grave question to pose to a politician. It is the grave question that was posed to the politician who was Lázaro Cárdenas, when he expropriated foreign oil holdings for the future generations. And this was 40 years ago; brothers, we are now the future generations of that time.

"For the first time, and within two years, we will have the possibility, the potential to not have to resort to foreign financing in order to maintain, increase, and accelerate our development. What are we going to use these potentialities and the petroleum surplus for? To begin an era in which we only pay debts? This, friends, is the grave question before us, and it is an appropriate moment for all sectors of public opinion to debate this national question. . . . It is the future of Mexico that is under discussion.

"I think, brother workers, that the historic moment has arrived to say 'enough' to the ancestral misery of the Mexicans; we must have sufficient talent and decisiveness to solve once and for all . . . the problem of misery and marginality; and for this, the fundamental support, the basic pivot, is and should be oil.

"I believe it is unjust, for those who are out of work, and there are many; I believe it unjust, for those who suffer hunger; I believe it unjust, for those who are sick; I believe it unjust, for those who are ignorant; I believe it is unjust for the Mexicans who are unhappy, that we should postpone the decision to build the greatness of the country. We are going to build it now, for ourselves and for our children."

A Global Battle

López Portillo understood that should the international system of which Mexico was a part not be transformed, Mexico would be unable to sustain its own transformation into a modern nation, in which all its people, finally, were freed from conditions of virtual feudal peonage. To the disappointment of the Brzezinski crowd in the Carter Administration, who had projected that he would not continue the activist international policy initiated by his predecessor, Echeverría, López Portillo and his team set out to create international alliances for the battle to build the kind of New World Economic Order which LaRouche had elaborated in his 1975 IDB proposal, with which López Portillo was well-acquainted. The potential was great, as key leaders of the industrialized nations—France’s President Giscard d’Estaing, Germany’s Chancellor Helmut Schmidt, Japan’s Premier Takeo Fukuda, and Soviet chief Leonid Brezhnev, among them—also were seeking to restore some order to a world thrown into chaos by the 1971 decision to impose a floating rate exchange system.

On April 8, 1978, López Portillo delivered a major address on foreign policy, in which he stressed that Mexico’s national development goals could be realized only in the context of a revised world system, in which no country is forced to “export its living standards” in order to survive.

He took personal charge of the diplomacy to create that revised world system. In May 1978, López Portillo visited the Soviet Union, then led by Leonid Brezhnev. He arrived less than two weeks after Brezhnev had announced, in an address to the West German people, the signing of a new “Rapallo accord,” a 25-year economic treaty between the Soviet Union and Germany, then led by Chancellor Helmut Schmidt. In the same speech, Brezhnev stated that world economic development required a partnership between the industrialized and Third World nations.

How to develop such a global partnership was the center of discussion during López Portillo’s visit. López Portillo told the Soviet people, in a May 18 address on national television, that “to us of the developing countries, the important thing is not just reducing the risk of war, but winning the peace. This is only achieved if we find the true path toward the new international economic order, which resolves problems of financing, transfer of technology, and basic trade.”

Specific oil-for-technology accords, particularly Soviet cooperation in the construction of nuclear reactors for peaceful purposes in Mexico, were discussed on his trip, which included tours of the Soviets’ advanced fission and fusion nuclear facilities of the Kurchatov Institute outside Moscow and the extraordinary science city of Novosibirsk. Bilateral agreements were signed for Soviet training of Mexican nuclear scientists, the transfer of nuclear technology to Mexico, and Soviet enrichment of Mexican uranium.

Underlying the accords was the concept the Mexican President presented in a May 19 speech before the Academy of Sciences in Novosibirsk: “Technology is a patrimony of

humanity. . . . Powerful countries which have achieved it and implemented it have the obligation, for the future of humanity, of honestly transferring their advances so that backwardness can end, so that tomorrow’s humanity will not be as divided as it might be otherwise.”

This was precisely the collaboration that the economic hit men were determined should never occur! On May 21, Mexican newspapers reported that Schlesinger’s Department of Energy had confirmed that the United States had embargoed two tons of uranium which Mexico had purchased from France, and sent to the U.S. for enrichment, until Mexico agreed to U.S. on-site inspection rights of Mexico’s nuclear research facilities. President Carter had signed the Nuclear Non-Proliferation Act in March 1978, and the Brzezinski-Schlesinger regime set out to sabotage not only its own nuclear development, but any such development around the world.

However, pressure was building for a global change in economic policy from Western Europe, also. At a meeting of European Community Heads of State in Bremen, Germany, in July 1978, French President Giscard d’Estaing and Chancellor Schmidt announced the formation of a new, gold-backed European Monetary System (EMS), to end world monetary instability and allow for a full economic recovery. The purpose conceived for the EMS, as Schmidt admitted to West German bankers that October, was to provide the “basis for a new *world* monetary system.” In December 1978, Schmidt elaborated in a speech to a meeting of Commonwealth countries in Jamaica, that what was needed, within the coming months, was agreement upon “a new, more just world economic order, with full access to credit and technologies for the Third World and the industrialization of the Southern Hemisphere.”

In September, the Mexican government raised the urgency of creating new international financial structures to support development, at the 15th meeting of IMF and World Bank governors from Ibero-America, the Philippines, and Spain. At the meeting, Mexican Finance Minister David Ibarra proposed that Ibero-America unite in support of the need for the World Bank to profoundly change its operational and financial policies, “to transform itself into a real bank for international development,” and for the IMF to become an institution for “long-term financing for the developing nations.” At the IMF annual meeting two weeks later, Ibarra told *EIR*, in an exclusive interview, that it was urgent that action be taken to reduce the acute exchange rate fluctuations of recent years, and “there must be a general agreement among the industrial countries to set the conditions for an international monetary system, taking into account the needs of the developing countries.”

Brzezinski: No Japans South of the Border!

As *EIR* reported in its Oct. 31, 1978 issue, the economic hit men had other ideas. *EIR* had been told that National Secu-

rity Council Director Zbigniew Brzezinski had repeatedly stated in private that the United States would not tolerate “another Japan south of the border.” The tack taken by the “hit men” team—the Carter Administration, the World Bank, and the IMF, included—was that Mexico must give up the idea of industrializing, and concentrate on creating low-skilled, labor-intensive jobs which kept its people backward.

Carter Administration sources leaked that a secret Presidential Review Memorandum, PRM-41, was being prepared on U.S.-Mexico relations, plotting economic and civil war against Mexico, using immigration battles as a weapon. The discussion around PRM-41, “as orchestrated by Sen. Edward Kennedy, the Rand Corporation, and the Brzezinski-Kissinger wing of the National Security Council, centers more or less bluntly on how the U.S. can make sure its ‘strategic considerations’ prevail over Mexico’s in the use of the oil and its revenues,” *EIR* reported at the time.

When quotes from the PRM-41 document were leaked to several U.S. and Mexican papers on Dec. 15, 1978, they revealed that the document, linking immigration and oil development, officially mooted the possibility that the U.S. might “attempt to seal the border.” Also placed on the U.S. Government’s agenda, was the idea promoted by the Council on Foreign Relations as part of its infamous mid-1970s “Project 1980s” proposals for how to bring about the “controlled disintegration” of the world economy, that Mexico’s resources could be best grabbed through the eventual formation of a “North American community” joining Mexico, Canada, and the United States. This was the policy finally sealed, in 1994, with the signing of the North American Free Trade Accord (NAFTA), which has so destroyed all three countries.

López Portillo rejected the NAFTA plans out of hand, throughout his Administration. As he told the Canadian Parliament on May 26, 1980, “the creation of such an entity would inevitably hinder our industrial development,” and would condemn Mexico to “perpetually extracting and exporting raw materials for their consumption by more advanced societies.” Mexico rejected the idea of any “regional economic association” in North America, “be it general or be it in the field of energy.”

Mexico proceeded with its development. The cover story of *EIR*, Nov. 28, 1978, told Americans of “The Oil Giant Next Door.” In the two prior weeks, *EIR* reported, Mexico had amazed the world with the news of two major oil finds totaling an astounding 180 billion barrels of oil, plus natural gas. This is “good news for everyone,” *EIR* stressed: the López Portillo government will sell Mexican oil to anyone willing to participate in Mexico’s industrial development. In announcing the finds, Minister of Natural Resources De Oteyza invited international businessman to collaborate with Mexico, within its laws, in its plan to double its industrial plant within 6-7 years, and grow at an annual rate of 10%. We shall use our oil wealth “as the propulsive instrument for the great industrial development of the nation,” Pemex director Díaz

Serrano told a Chicago audience at that time.

EIR detailed the yet-more-audacious “Coming Industrial Boom” Mexico planned:

- Twenty nuclear reactors were to be built by the year 2000. Mexico’s Congress had just passed a comprehensive nuclear bill which created a Nuclear Energy Commission, a state uranium mining and refining monopoly, Uramex, and a reactor construction program, which mandated the expansion of the existing, small nuclear research and training institute, the INEN.

- Mexico’s demand for capital goods would total \$45 billion over the next ten years, officials now calculated. The “Program for the Development of the Capital Goods Industry” was inaugurated on Nov. 15, 1978, with the signing of a loan for Mexican capital goods industries to produce heavy equipment for Pemex and the Federal Electricity Commission. The architect of the strategy, Finance Minister Ibarra, was campaigning also for the creation of a \$15 billion international fund to promote capital goods throughout the Third World.

- Cities based around new medium-sized industries were to be built throughout the country, to “bring about a wealthier, more just and more humane society by the dawn of the next century,” in which unemployment would be eliminated by the 1990s, Natural Resources Minister De Oteyza told people.

And the Carter Administration? At the conclusion of the debate on the Mexican nuclear power legislation, Mexican Congresswoman Ifigenia Navarrete denounced those foreign countries which “just like the gods who were angered that Prometheus gave the gift of fire to mankind, now try to prevent the spread of nuclear technology, now open to everyone.” Everyone knew her target was the Carter Administration. The week before Mexico announced its oil finds, Brzezinski had given a closed-door, secret briefing to U.S. businessmen, telling them that the United States had the right to intervene in nations which “threaten world economic stability,” and he referenced Mexico by name.

Brzezinski and crew were also not pleased that Japan itself was actively pursuing ways to help Mexico become “another Japan south of the border,” by negotiating oil-for-technology contracts with Mexico.

In a May 1978 meeting with President Carter, in which Brzezinski participated, Japanese Prime Minister Takeo Fukuda had proposed that the United States join Japan in helping create a world economic recovery, through joint cooperation on the development of fusion power, and “grand projects,” such as a second canal in Panama, and a first canal across the Kra Isthmus on the Malay peninsula. That Fukuda sought to revive the FDR precedent in U.S. history, was made explicit, when he proposed to Carter that such U.S.-Japanese cooperation could be called “a New Deal.” Carter ignored the proposal, instead suggesting that foreign aid be centralized through the World Bank, and pushing solar energy.

López Portillo, however, was eager to cooperate with Ja-

pan on bringing about such a global “New Deal.” In late October, he travelled to China, Japan, and the Philippines, to develop cooperation with the great Asian nations on this project.

As he arrived in China on Oct. 25, 1978, the U.S. Immigration and Naturalization Service announced the construction of an “impenetrable fence” along key sections of the U.S.-Mexican border. The Mexican press compared it to “the Berlin Wall.”

Schlesinger, visiting China at the same time, tried every which-way to get the Mexican President to meet with him in China, an “offer” which JLP sharply rejected. López Portillo had a message for China: The unity of the two great Pacific Basin giants, China and Japan, around development, should define the end of the 20th Century.

López Portillo arrived in Japan on Nov. 1, announcing that he was not there as an oil salesman, but to seek long-term relations “which extend into the next century.”

“Let us think big together. . . . Mexico and Japan could together write some of the most important pages of the history of the future,” he told a group of Japanese businessmen. In other speeches, he called for international agreements to share advanced energy technology with the developing sector, because energy must be secured to “guarantee the well-being of humanity” and the “elimination of the extreme poverty in which a broad part of the world population lives.”

Prime Minister Fukuda agreed. Promising that Japan was ready to provide “everything possible” for the development of “new industrial sectors in Mexico, as well as for those already in operation,” he situated the exchange of Mexican oil for Japanese technology in its broader context: “the necessity to seek a solution to the world economic crisis, fundamentally the North-South question.”

The Fukuda-López Portillo final communiqué reported that “the President of Mexico expressed the urgency of establishing a new international order, as defined by the United Nations, to achieve equitable economic relations among all nations. The Japanese Prime Minister listened intently and responded with a detailed discussion of his country’s conception of this important question. . . . They both agreed as well that the global conception of their relationship goes far beyond the mere strengthening of commercial exchanges, to encompass a commitment to joint investments of mutual interest. . . . [They] discussed with interest the possibility of cooperating on development projects for Mexico, such as improving ports, transport, tankers, steel, secondary petrochemicals, and machine tools. . . .”

In the last stop on his Asian tour, the Philippines, López Portillo offered to supply Mexican oil technology to its fellow developing country.

Europe Not Excluded From the Battle

Europe’s efforts to develop Third World partners for the fight to create a stable world system, represented another

problem for the Brzezinski team. With French President Giscard d’Estaing scheduled to visit Mexico at the end of February 1979, Brzezinski pushed Carter to go there first, and in December, a Carter trip to Mexico was hurriedly scheduled for early February. U.S. pressures were so fierce, that Giscard’s personal spokesman, Pierre Hunt, told the press that France did “not understand why French-Mexican energy accords could bother the U.S., unless it considers Mexico its private hunting preserve.”

EIR intervened, to rally saner Americans to adopt the oil-for-technology approach, which was proving successful for other industrialized nations. LaRouche’s perspective was, as López Portillo had argued with Carter in their first meeting, that cooperation with Mexico’s industrialization provided the United States the best opportunity to change economic policy. In well-attended *EIR* conferences in New York City and Washington, D.C., in January 1979, which were prominently covered in the Mexican press, LaRouche representatives laid out the urgency for the United States to collaborate with the French/German-led European Monetary System on Third World development. Emphasizing Mexico’s interest in the proposed change in U.S. policy, the Mexican Embassy’s commercial attaché spoke at *EIR*’s Washington seminar on “Doing Business in 1979—The European Monetary System and Mexican Oil.”

On Jan. 22, in testimony before hearings of the Joint Economic Committee, Schlesinger threatened that Mexico must go slow with its energy development, because “we have seen what happens with too rapid development in Iran.” Thus began another drumbeat which the financiers would pound upon for years: that the very attempt to develop would create a Mexican version of the fundamentalist radicals around Ayatollah Khomeini, and lead to the overthrow of the regime.

On Feb. 6, the Mexican daily *Excelsior* published a document from Brzezinski’s National Security Council, recommending that Alaskan oil be sold to Japan to replace oil for that country due from Mexico in 1980, and that Mexican oil instead be delivered to the United States—an idea never raised with the Mexican government, and which the Mexicans promptly rejected out of hand.

Brzezinski and Secretary of State Cyrus Vance, another CFR “economic hit man,” accompanied Carter on his Feb. 14-16 visit to Mexico. They delivered ultimatums: The U.S. needs Mexico’s oil for its strategic reserve, so it could confront OPEC, and Mexico must join the General Agreement on Tariffs and Trade (GATT), the predecessor to globalization’s World Trade Organization enforcement arm. (On March 18, 1980, López Portillo, to the great anger of Washington, announced that Mexico would not enter GATT, because “we prefer to advance in the conception of a more just new economic order.”)

Carter left Mexico empty-handed. Not so French President Giscard d’Estaing. His Feb. 28-March 3 trip to Mexico, the first by a French head of state since Gen. Charles de

Gaulle's historic 1964 visit to Mexico, concluded with deals which Mexican Ambassador Flores de la Peña said would turn both countries into "one huge factory." Giscard d'Estaing explained the EMS functioning to Mexican businessmen and bankers; met with intellectuals; and addressed a special session of the Mexican Congress. Bilateral accords signed ranged from cooperation on railroad building, to mining-metallurgy, and scientific cooperation in aerospace and nuclear development.

Discussion between the two Heads of State focussed on the global changes needed to achieve what the two Presidents called "an active peace." These dangerous times require that leaders drop "the conventional rhetoric that no one believes in," and instead pose the problems faced "with frankness and clarity," López Portillo said in his speech at the welcoming state dinner. He identified the philosophy, later to be called "neoliberalism," as a threat to all humanity. France and Mexico have "much to explore and do: raw materials, capital markets, currency co-investment, technology, projects, opportunities in which we must join, eliminating the phenomenon of a new monetarist mercantilism that favors capital above labor, and which is dramatically present between the powerful and the weak countries," he said. "For France, as for Mexico, politics and economics are a living part of the culture, and not an expression of natural forces."

Our meetings "should permit our two countries to play an essential role in the establishment of a new world economic order," Giscard told Mexican bankers and businessmen. And to the Mexican Congress, he stated: "Our two countries have identical points of view about the near future of the world, and have the same will to peace. . . . It is necessary to lay the foundations for a 'détente' policy on a world scale, through open cooperation, and by getting beyond a simplistic Manichean vision which counterposes some peoples against others, according to whether they participate in or submit to a given form of government or according to their level of wealth or misery."

An 'Energy Bretton Woods'

In his discussions with the French President, López Portillo singled out the urgency of developing "the grand conception" required to bring order to world use and development of energy sources and their alternatives. Energy sources must be viewed as "the patrimony of all mankind," he urged, as he warned that "the disorder of energy production, distribution, and consumption, with all that involves and touches upon, has humanity on the brink of collapse." In keeping with this policy, Mexico never sold oil on the international spot market, under his Administration.

Giscard was interested in the proposal, and his government later joined Mexico in organizing for a world energy conference around his idea.

Throughout the year, López Portillo would organize other leaders around the world behind this proposal, a conception

which he put forward as the counter to attempts to seize Mexico's oil for a regional Common Market scheme.

In a Sept. 2, 1979, address to the United Nations dedicated to the subject, López Portillo outlined a broad plan for the adoption of a world energy plan, including "all nations, both haves and have-nots," which could impose rational parameters for the worldwide regulation of energy production, distribution, and development. This was not to be a supranational accord, but an agreement between sovereign nations to restore stability to, and ensure the development of that most critical of economic factors, energy. "If at Bretton Woods we were able to establish an orderly structure for handling monetary and reconstruction matters, we could today, in this now fully instituted forum, establish a new and more orderly structure for handling energy and resources," he told the UN General Assembly.

He proposed the creation of an international working group, representing oil-producing countries, industrialized, and developing sector oil-importing nations, to prepare specific proposals on ways to ensure the dissemination and transfer of energy technologies, financing for the needy, the establishment of an international energy institute, and so on.

LaRouche Goes to Mexico

A few months prior, in March 1979, LaRouche, accompanied by his wife, Helga Zepp, had made the first of his four trips to Mexico during the last half of the López Portillo Administration. He had been invited to attend the celebrations of the 50th anniversary of the ruling PRI party. At a press conference in Mexico City on March 7, which generated major media coverage, LaRouche, speaking "as a political leader of the United States who represents the tradition of the American Revolution," denounced Carter's policy towards Mexico as "a crime against humanity. It is a policy of genocide" conceived by the likes of Paddock and Ball, who believe there are 20 million too many Mexicans. "Those within the United States who are attacking Mexico now, I denounce, as traitors to the American Revolution," LaRouche declared.

"There was no exaggeration, no diplomatic rhetoric in the agreement between President Giscard of France and President López Portillo: that the choice of the world today is between the new world economic order or apocalypse. . . . It was important to me to take this opportunity to be in Mexico at this time, because, although the government is not a power by the ordinary standard of world powers, it is at this moment, one of the most important moral forces in the world, and . . . one of the leading forces of the new world economic order on behalf of developing nations."

The charge would not be forgotten. Over a year later, on Aug. 11, 1980, in the midst of the U.S. Presidential campaign, the major Mexico City newspaper *El Heraldo* published an eight-column banner front page story: "Brzezinski Tries to Destabilize Mexico: LaRouche." In it, *El Heraldo* reproduced extensive excerpts of the 1980 draft Democratic Party pro-



Lyndon LaRouche tours the Pyramids at Teotihuacan in 1979. Visiting Mexico four times during the last half of the López Portillo Administration, LaRouche supported Mexico's "moral force" in the world, and opposed the Carter Administration's "policy of genocide." In 1982, LaRouche issued Operation Juárez, a book-length proposal for Ibero-American development.

gram of then Democratic Presidential pre-candidate LaRouche, in which LaRouche again documented Brzezinski's efforts to implement the "Paddock Plan" for Mexico. The ultimate purpose of Brzezinski's actions, LaRouche charged, was to keep Mexico in maximum economic backwardness, induce a process of "Iranization," and through the resulting destabilization, take control of Mexico's oil.

El Herald's coverage, followed up by five additional columns and editorials over the succeeding two weeks, sent shock waves through Mexican political circles which were felt all the way back to the United States.

By this time, the Brzezinski-Carter Administration had begun to knock off various of Mexico's potential international partners. Japan was now led by Prime Minister Masayoshi Ohira, who represented the historically British-allied faction in the Japanese elite. Ohira was scheduled to visit Mexico on May 1, 1980, to sign the long-sought oil-for-technology deal first discussed in 1978. The Carter Administration was pressuring Japan to break ties with Iran, from which it got 10% of its oil, while López Portillo's government was offering to triple oil sales to 300,000 barrels per day, provided that Japan agreed to help Mexico meet its capital goods needs, including construction of entire new industrial ports. Natural Resources Minister De Oteyza had just been in Japan, to work out details for multi-billion dollar investments.

Carter "invited" Ohira to pay a 24-hour visit to Washington first. *EIR*'s Washington sources reported that the message to Japan was that Mexican oil had become a vital part of the strategic "reserves" available to the "Western alliance," and therefore "bilateral" relations with Mexico must be subjected to "multilateral, strategic" considerations.

Ohira, accompanied by his Foreign Minister Saburo Okita, a member of the Club of Rome and Brzezinski's Trilateral Commission, managed in two days, to sink three years of negotiations, and come away from Mexico empty-handed. Ohira stated that "oil provisions have nothing to do with Japanese investment." He praised the GATT (which six weeks earlier Mexico had refused to join), called for expanding the powers of the IMF, and attacked developing nations which used their raw materials to achieve political goals! The upshot: Mexico would not increase its oil sales by even one barrel a day, and Japan provided a total of a \$1 million credit—for the Mexican-Japanese Friendship Society.

The Next Battle: Could Reagan Be Won Over?

The ouster of the Brzezinski-Carter administration in the November 1980 elections, however, opened a new opportunity for LaRouche and those allied in the international battle for a return to a productive economic system. True, President Ronald Reagan's cabinet was stacked with representatives of the same utopian financier interests which Brzezinski, Schlesinger, and Kissinger served. Kissinger toady Al Haig, served as Reagan's initial Secretary of State, only to be replaced in May 1982 by chief economic hit man George Shultz himself; Merrill Lynch CEO Donald Regan ran the Treasury Department; and Shultz's Bechtel buddy, Caspar Weinberger, served as his Secretary of Defense. But Reagan, notwithstanding the ugly warts in his political past, came out of the anti-Kissinger wing of the Republican Party, and his outlook had been shaped in the FDR period. His encounter with LaRouche, during a 1979 New Hampshire Presidential candidates debate, established a contact that would eventually blos-



Presidents Reagan and López Portillo meet. After the brutal assault on Mexico's development plans by the Malthusian hit men of the Carter Administration, President Reagan again opened the door for a cooperative North-South policy.

som into President Reagan's stunning March 23, 1983, break with the utopian doctrine of Mutually Assured Destruction with the announcement of the Strategic Defense Initiative.

LaRouche's organizing for the United States to take up Mexico's oil-for-technology offer provoked great interest in circles around the Reagan camp. On Jan. 5, 1981, President-elect Reagan met for three and a half hours with López Portillo, in the border town of Ciudad Juárez, Mexico. *EIR*'s sources on both sides of the border reported that the talks were cordial, and both leaders were pleased. Sources in Mexico told *EIR* that a cooperative approach to North-South relations was agreed upon, and that an understanding was reached whereby Mexico would work with India, Iraq, and other moderate forces in the Third World to contain the influence of the "confrontationist" faction around Cuba's Fidel Castro.

That same day, Jan. 5, Republican Sen. Harrison Schmitt of New Mexico, from the Reagan circle, introduced a bill on immigration to the Senate, entitled the "U.S.-Mexico Good Neighbor Act of 1981," which was endorsed by Reagan intimate, Nevada's Sen. Paul Laxalt. The bill slammed the premises of the Brzezinski-Ball-Paddock genocide policy. The Schmitt bill argued that a solution to the problem of undocumented Mexican workers in the United States, must be based on "strong economic and political cooperation between the United States and Mexico [which] will benefit not only the people of these countries, but will also help to eliminate Western Hemispheric tensions." And, it explicitly rejected any "attempts to seal our vast border with Mexico to the flow of migrants," as a policy "doomed to failure."

Two weeks later, López Portillo visited India, for a week of meetings with his fellow fighter for a New World Economic

Order, Prime Minister Indira Gandhi.

Both of these great world leaders were well acquainted with LaRouche and his work. *EIR* had published an exclusive interview with Gandhi in 1979, in which she discussed the obstacles to her program of developing India through industry and scientific development, and in April 1982, she would welcome the LaRouches again to India. Officials in the López Portillo entourage distributed the Special Report prepared by *EIR* for the trip on "The India José López Portillo Will Find" to the Mexican press corps accompanying the President, a document which was then quoted extensively—without attribution—by numerous Mexican journalists.

The two leaders were happy with their visit. López Portillo toured India's advanced scientific and nuclear facilities; the two countries agreed to exchange Mexican oil technology for India's nuclear technology; and Gandhi agreed with López Portillo's perspective for a world energy plan. Expressing their mutual concerns over the deteriorating world situation and the grave crisis facing the world economy, the two leaders agreed, in their final communiqué, that their two countries were "in a very favorable position to play a new and healthy moderating role in the context of today's turbulent international relations." They reiterated "the urgent need to carry out structural changes in the present international economic system that would guarantee the effective implementation of the new international economic order."

López Portillo, in the same press conference where he reiterated the need for "the creation of a financial system that will allow real transfer of resources" and technology to developing countries, told the Indian press that "we are very optimistic at the attitude of friendship and respect expressed

by Reagan” toward Mexico.

An official Reagan-López Portillo summit was soon set for April 27-28, to be held on the California-Baja California border.

LaRouche was invited back to Mexico in March of that year, as the keynote speaker of the Monterrey Institute of Technology’s annual “International Symposium on Economics.” The address was part of a six-week speaking tour by LaRouche, which took him from Monterrey to Mexico City, and back to Washington, D.C., organizing policy-makers, as noted at the outset of this article, to understand the strategic potential represented by the project for the crash industrialization of Mexico.

“Shaping the outcome of the upcoming Reagan-López Portillo summit is precisely one of my objectives in coming here,” LaRouche told a Monterrey television audience. An oil-for-technology agreement between the United States and Mexico would “represent in principle the model for a new economic order in North-South relations,” he stated in Monterrey. There would be a “change in the global strategic geometry resulting, chain-reaction fashion, from the establishment of such a relationship.”

LaRouche’s visit received prominent coverage in eleven Mexican newspapers, and in some of them, for several days in a row.

LaRouche returned from Mexico on March 26, to address a two-day *EIR* seminar in Washington, D.C., on “The U.S., Mexico and Central America: Conflict or Cooperation?,” attended by more than 100 diplomats, Reagan Administration officials, and members of the business and intelligence communities. “We now have a real strategic possibility for change,” if the United States helps Mexico fill its “shopping list” of high-technology goods, he told the seminar.

Four days later, John Hinkley attempted to assassinate President Reagan.

The López Portillo-Reagan summit was postponed, but as Reagan recovered, it was rescheduled for June 8-9, this time in Washington, D.C. The assassination attempt, however, was a reminder of how determined the financier forces were, that the United States republic not break out of their control, as it had done repeatedly since its founding. And there were many representatives of those interests within the Reagan cabinet, who were determined to return to the policies of a North American Common Market and genocidal immigration controls, in dealing with Mexico.

When the summit finally occurred, both leaders were satisfied, López Portillo “profoundly” so. In bidding farewell to his Mexican counterpart, Reagan spoke of his happiness that their meeting had “led to a closer relationship between our two countries.” We have reached “a basic agreement on the need to strengthen the economies of the lesser developed nations to bring about social and economic development of their peoples,” the U.S. President stated.

Full-scale economic warfare was immediately launched

against Mexico. On July 17, López Portillo told the Mexican public that there was “an international conspiracy” to destroy the Mexican economy, as financiers stripped the country of capital through capital flight. Tearing into “those little bank employees who tell their clients to buy dollars,” he promised to “fight like a dog to maintain a stable peso,” and reminded his fellow Mexicans that while the money markets were ruled by an unjust order, “Mexico is we Mexicans. . . . We who are here, who have our families here, whose destiny is here and who will stay here, are the ones who will make the nation great or small.”

EIR reported that David Rockefeller’s Trilateral Commission was leading the assault on the country, with support from the *Wall Street Journal* and Exxon Corporation, the latter which had begun to boycott Mexican oil.

By February 1982, the unrelenting capital flight exploded into a debt crisis, forcing López Portillo to devalue the peso by 28% and impose austerity measures.

U.S. relations with Ibero-America were dealt a severe shock just months later, when Great Britain sent two-thirds of its Navy to wage war against Argentina, after Argentina’s April 2, 1982 reoccupation of its Malvinas Islands. LaRouche had immediately called upon the Reagan government to enforce the Monroe Doctrine, and “prevent European military action in the hemisphere”; the British have no legal claim to the islands, he stated. The Weinberger-Shultz team, however, using the threat of a break-up of NATO treaty agreements, defeated those few within the Reagan camp who argued for U.S. neutrality, and the United States broke its Rio Treaty obligations to its Ibero-American allies, and joined Britain’s war against Argentina.

Coming on top of the debt crisis facing every country in Ibero-America, decades of U.S. relations with Ibero-America were shattered. In mid-May, Henry Kissinger would brag to the Royal Institute of International Affairs in London, that the Malvinas War had pulled the United States back behind British geopolitical colonialism again.

LaRouche, viewed throughout the region as the chief U.S. public figure defending Ibero-America, was invited back to Mexico in May, this time for a personal meeting with López Portillo. LaRouche emerged from their 40-minute private meeting at the Presidential residence, Los Pinos, to answer questions from the 60 journalists present. It was here that he launched his famous call for Ibero-American nations to defend Argentina, and themselves, by dropping the “debt weapon” upon Great Britain, and thus forcing a restructuring of the world economic system. LaRouche would later report that he had told the President that the international bankers were going to move to take Mexico apart piece by piece, and he must expect the crisis to hit not later than September; he also summarized the policy alternatives.

Invited back to Mexico in July for private meetings with other leading Mexican figures, upon his return to the United States, LaRouche wrote his famous *Operation Juárez*, a book-



López Portillo lays a wreath in honor of Mahatma Gandhi in January 1981, during his week-long visit to India. He and India's Indira Gandhi both were fierce fighters for a New World Economic Order, and both were well acquainted with LaRouche and his work.

length proposal for how Ibero-America had, at that time, the capability to force the industrialized countries to the negotiating table on the long overdue restructuring of the world financial system, should they unite their forces, declare a joint debt moratorium, and pool the region's then-still-rich resources for their common defense, through an Ibero-American Common Market.

Economic warfare continued unabated against Mexico—until Sept. 1, 1982, when López Portillo announced to the nation in his final State of Union message, that he had just imposed exchange controls, and nationalized the private banking system, and the Central Bank, to defend the country's wealth. He reported that the government had already proven that \$54 billion had been pulled out of the country, and the figure would likely go higher, as officials scrutinized previously private bank records to determine the true figure. The "speculation and rentierism" of those few who produce nothing, but "plunder" those who produce, will end, he said. "Mexico shall live."

Because Reagan was President, and López Portillo was to leave office on Dec. 1, the military threats which otherwise

might have been thrown against Mexico were put on hold, and the "economic hit men" focussed their efforts on ensuring that the next government of Mexico understood that López Portillo's measures were to be reversed, period—which, in fact they were, beginning with incoming President De la Madrid.

On Sept. 30, George Shultz told the United Nations General Assembly that the days of funds for development were over, and the United States would not tolerate opposition to the IMF. "Immediate debt problems are manageable if we use good sense and avoid destabilizing actions, but the magnitude of external debt will almost inevitably reduce resources available for future lending for development purposes. Economic adjustment is imperative, and the International Monetary Fund can provide critical help and guidance," he intoned.

López Portillo, speaking before the same body the next day, answered Shultz. The nations of the world must face reality: Either we change the economic system, or the world will likely enter "a new medieval Dark Age. . . . We cannot fail," he told world leaders. "Not only the heritage of civilization is at stake, but also the very survival of our children, of future generations, and of the human species."

Later, LaRouche associates were told that in his last embattled four months in office, López Portillo had attempted to win over key Ibero-American nations to LaRouche's *Operation Juárez* strategy, calling Argentine President Leopoldo Galtieri and Brazilian President João Baptista Figueiredo to propose that they join Mexico in declaring a debt moratorium.

Their refusal to take the risk of breaking with the ruling system, as LaRouche and López Portillo proposed, ensured that their nations, and the rest of the world, today stand, like Mexico, at the edge of death.

A Postscript

Undeterred by the character assassination to which he had been subjected by the hit men since his daring actions of 1982 with LaRouche, on December 1, 1998, López Portillo happily agreed to be the official commentator following an address by Helga Zepp-LaRouche to a Mexico City forum at the Mexican Society of Geography and Statistics. His sense of irony had not lost its edge, in his decades out of power. He stated: We were trapped by the international bodies, and so his Administration "misbehaved" with the international bodies, and so were accused of being "populists, etc. Other governments behaved themselves, and the result has been the same. This is what is dramatic: We push the rock to the top of the hill, and when we reach the top, it falls down on us. It is always the system, the environment which stubbornly refuses to understand revolutionary values. . . . Hence, the necessity for [that order] to be reformed."

"It is now necessary for the world to listen to the wise words of Lyndon LaRouche," López Portillo stated.