

# The problem within Mexico

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*Contributing Editor Christopher White states: to save the republic and its economy, less rhetoric and more political courage are required.*

I have returned from Mexico where I spoke at a mid-April conference organized by *EIR*'s Mexico City Bureau on prospects for the U.S. and world economy. The conference was widely covered in the capital's newspapers. In the days following I was able to meet with a number of individuals, from both the government and private sector. The following report is an evaluation of the crisis now facing Mexico as reflected in those discussions.

While I was in Mexico City a second major devaluation of the peso was already being discussed as "inevitable." American institutions, to this writer's anger and shame, were most aggressive in lobbying for that cause. Now that discussion has become public.

The pressure is part of the process of renegotiating Mexico's foreign debt on terms acceptable to the Swiss-based Bank for International Settlements (BIS) and the International Monetary Fund (IMF). As was the case with the first devaluation on Feb. 16, there is no competent economic argument to justify what is now being proposed. Mexico remains one of the most credit-worthy of LDC nations because of its immediate growth potentials. Credit worthiness is not the issue in this case, however.

## The destruction of the republic

The decision has been made to destroy the Mexican republic, by shattering public confidence in its ruling institutions. Mexico is to be transformed into a drug-producing tourist playground, as state-backed industrial-development efforts are chopped up and destroyed. Cornerstone elements of the IMF-BIS proposal, such as the abandonment of large-scale development projects, have been mooted publicly in such leading newspapers as *Excelsior*. It is argued that under current depression conditions such ports will not be needed for trade, and that therefore the locations in question should be transformed into hotel-based resort centers along the lines of Acapulco. Such propaganda is accompanied by the beginnings of a campaign for renewed drug production in the Mexican countryside.

The port projects which it is now proposed to dismantle had been the core of a national commitment to develop the new urban centers urgently required to accommodate Mexico's rapidly expanding population. Public discussion of the termination of such projects

signals that the Mexican allies of the racist Malthusian crew in the United States, together with their allies in London, Cambridge, and Switzerland, now think themselves strong enough to advance their murderous objectives openly.

Such efforts to destroy the Mexican nation and slash its population could, even now, be stopped dead if the political will were forged among Mexico's elite to impose the necessary defensive measures in the form of exchange controls and the related measures required to protect that nation's currency and industry. Rather than the *rhetoric*, what is required is mortal combat against domestic allies of the international financial institutions and the racist genocide lobby. Thus far such challenges have been met with the traditional bombastic verbal flourishes of the Porfirio Díaz school of Mexican politics—and one substantive capitulation after another. Faced with a choice between the destruction of the republic, and the imposition of exchange controls to halt the hot-money outflows used to justify reversing growth plans, Mexico's factionalized ruling elite has chosen, thus far, the destruction of the republic.

Such a choice is too often rationalized by the need to obey the mythical rules of the Mexican political system, which dictate "unity within the national household against a foreign threat" for those in the ruling institutions of government, "realism and pragmatism" for those in the private sector.

## Process of compromise

In Mexico, as elsewhere, such "unity" is of course achieved through a "pragmatic" process of compromise with the internal allies of the apparent foreign threat, on terms acceptable to the identified foreign threat—that is, capitulation. Meanwhile, the country is run on terms acceptable to the political heirs of Mejías and Miramón, the collaborators of Maximilian, while everyone ignores the fact that the invading troops have landed.

This is exemplified by the dominant tendencies in economic thinking in Mexico, imports from Cambridge University in England, and the Wharton School in Pennsylvania. To the extent that such "equilibrium" anti-growth doctrines are accepted as legitimate elements of the Mexican household, then the nation's policy planning is firstly riddled with incompetence, and

secondly wide open to the treachery of a snake in the bosom, like that indoctrinated radiator of Cambridge methods, 'Pepe' de Oteyza, the present Minister of Industry, whose British thinking, as in so many other such cases, is disguised behind the traditional *zapatista* moustache.

De Oteyza, for all his pro-industry rhetoric, is primarily responsible for the spread of the Nazi-modeled, and thus genocidal in effect, idea that Mexico's development can proceed on some kind of autarkic basis. He has proposed a variety of evil schemes over the years, such as imposing a lid on the amount of Mexican oil produced for export, thus constraining the search for partners in Mexico's development, and also proposing, and in fact overseeing, de facto controls on essential imports. He has acted against the policies for Mexico typified by the oil-for-technology approach of Lyndon LaRouche and others. Proposals and policies such as de Oteyza's proceed from the bestial British economic assumption, held alike by 18th-century Maoists in the French Physiocratic school, and the free-trade opponent of republicanism, Adam Smith, that raw materials, not human creativity transforming nature through technology, are the source of wealth.

The concomitant of the de Oteyza approach within circles of the ruling PRI party is the frequently encountered argument that Mexico's growth has outstripped its national capabilities, and therefore, for the moment restraint should be exercised, the economy should be cooled down, and population growth controlled. Then we can pick up again, such Cambridge-conditioned pundits argue—like the family which increased its costs by having a baby, and proposed to economize by not feeding it.

And thus infected by the slow venom of the de Oteyzas, Mexico's patriots adopt as their own ideas the policies and outlooks of their racist genocidal oppressor; and, as North Americans likewise tend to do, submit to policies which mean their own self-destruction, in the name of "realism," or "observing the rules of the game." And that nation's republican institutions and moral commitments, like those of the United States, are sapped from within by the contagious evils of oligarchism.

By submitting to such "pragmatic" rules Mexicans have accomplished the following over the past months, and set themselves up for more, including the process of "Iranization" which *EIR* founder Lyndon H. LaRouche, Jr. has warned against since 1976. The country's private sector has been effectively bankrupted, as the case of the flagship partner in national development efforts, the Alfa Group of Monterrey, typifies. The last devaluation administered the *coup de grace* to the private sector, already hurting mortally from the imported inflationary effects of Volcker's interest-rate

policies in the United States. Mexico's major creditors, like the Bank of America, have established task forces to pick through the wreckage to select the elements they wish for themselves. Criteria have been established to this effect, that anything which contributes to the development of Mexico's tourist industry, or to labor-intensive agriculture—admitted to mean drug production—will be saved; all else is to be scrapped.

The direction of the country's economic development has been reversed overnight from an official 8 percent annual growth, to an official estimate of zero growth as follow-up measures to the first devaluation were imposed by the central bank and Finance Ministry in late April. This piece of incompetence, including such autarchic Chilean-style asures as a lid on foreign borrowing, and overall reductions in public and private sector imports for the year, set the preconditions for the coming second devaluation of the peso, now slated to descend to approximately 70 to the dollar, and triggered a public discussion on the privatization of the Mexican state sector. That effort is headed by Armand Hammer of Occidental Petroleum, who has staked a claim to Pemex to add to his collection of national oil companies, and the forces associated with Agustín Legorreta of Banamex and Miguel Alemán, who aim to transform Mexico into a collection of impoverished free-enterprise zones.

The political corollary is that such policies are designed to unleash Jacobin upheavals in the Mexican countryside and cities, while outright psychosis is created by Jesuit and Dominican controllers of religious fundamentalism, who are feeding irrationalism in a superstitious population left open to such efforts by the capitulations of the Mexican elites to the influence of de Oteyza and his collaborators.

The next devaluation, according to our best information at this date, is scheduled to occur shortly before Mexico's national elections on July 4, in order to wreak maximum havoc against the presidency and the PRI. Such timing would conform to the political nature of the ongoing onslaught against Mexico. It is intended to bring about a fundamental transformation in Mexican political life before the next President assumes his official responsibilities in November. Again, the operation is profiled on the assumption that Mexican patriots will continue to be so manipulable as to play by the rules of the game. It is assumed that the incumbent is to act the part of "lame duck" out of deference to the wishes of his successor, and that the nominee lacks power to do anything effective except maintain appearances. In the interim, the field is left to the enemy.

Thus far that profiled script has been acted out to the letter. If such profiled rules of the game are permitted to remain in effect, the Mexican republic is indeed declaring itself unfit to survive.