

omy; and an unregistered private debt . . . of around \$17 billion more has been generated, adding to the country's foreign debt. These figures, when added to the \$12 billion in Mexdollars [accounts in Mexican banks denominated in dollars but originally funded mostly by pesos]—in other words, a total of \$54 billion—are the equivalent of half of all the deposits in the Mexican banking system at this moment, or about two-thirds of the entire recorded public and private debt of the country. . . . [I]n the past two years, Mexican rentiers have made more investments in the United States than all of the foreign investment in Mexico in all of history. The book value of the foreign investment in Mexico is approximately \$11 billion, 70% from the United States. The net income to our country in 1981 from foreign investment was \$1.7 billion. A ridiculous sum in light of what flowed out of here. . . .

It has been a certain group of Mexicans . . . counselled and supported by the private banks, that has taken more money out of the country than all the empires that have exploited us since the beginning of our history. . . .

The fundamental question is determined by the difference between an economy increasingly dominated by absenteeism, by speculation, and rentier finance, versus an economy vigorously oriented toward production and employment. Speculation and rentierism translate into a multiplication of the wealth of a few without producing anything, and is necessarily derived by the simple plundering of those who produce. And over the long run, it inevitably leads to ruin.

In effect, our country, given its total shortcomings and its social dynamic, cannot afford to allow the development of speculative activities. Our nation has the imperative of dedicating all its resources to production. . . . Mexico cannot permit financial speculation to dominate its economy without betraying the very essence of the system established by the Constitution: democracy as the constant economic, social, and cultural betterment of the people. . . .

We must organize to save our productive capacity and provide it with the financial resources to move forward. . . . In response to these priorities, I have expedited two decrees: one that nationalizes the country's private banks, and another that establishes general exchange controls. . . . It is now or never. They have looted us; Mexico is not dead. They will never loot us again. . . . Let joy and excitement in the battle reign in every Mexican home. . . . We have shut down the capital flight.

Mexico has lived. Mexico lives. Mexico shall live.

Viva México!

Speech to UN in 1982

We Must Stop 'A New Medieval Dark Age'

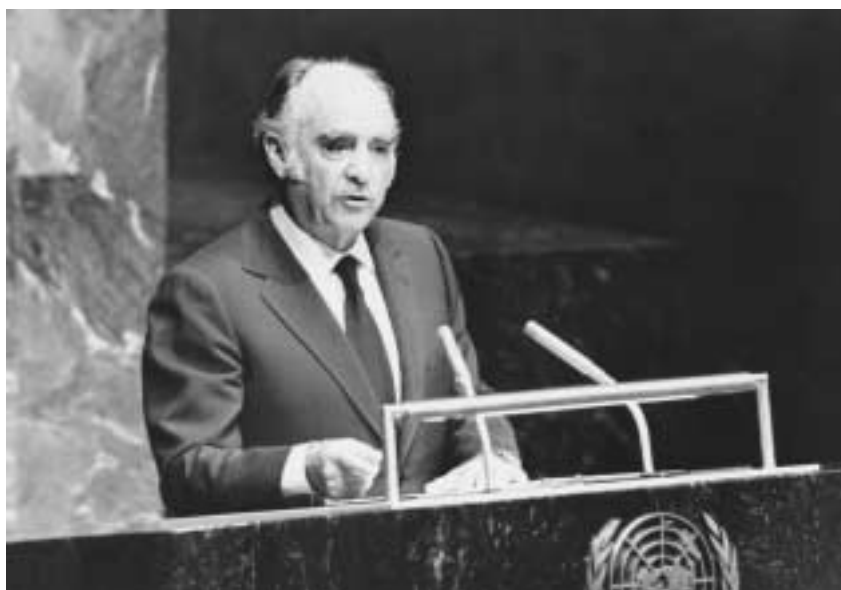
On Oct. 1, 1982, José López Portillo addressed the United Nations General Assembly in New York, where he issued a clarion call for a New World Economic Order. The following are brief excerpts from that historic speech.

. . . The most constant concern and activity of Mexico in the international arena, is the transition to a New Economic Order. . . .

We developing countries do not want to be subjugated. We cannot paralyze our economies or plunge our peoples into greater misery in order to pay a debt on which servicing tripled without our participation or responsibility, and with terms that are imposed upon us. We countries of the South are about to run out of playing chips, and were we not able to stay in the game, it would end in defeat for everyone.

I want to be emphatic: We countries of the South have not sinned against the world economy. Our efforts to grow, in order to conquer hunger, disease, ignorance, and dependency, have not caused the international crisis. . . .

After major corrective efforts in economic affairs, my



President López Portillo explains the dangers of global speculation, in a speech to the UN General Assembly, Oct. 1, 1982. The global financiers were terrified that his example would spread to the rest of the developing sector.

government decided to attack the evil at its root, and to extirpate it once and for all. There was obviously an inconsistency between internal development policies, and an erratic and restrictive international financial structure.

A reasonable growth policy was irreconcilable with freedom to speculate in foreign exchange. That is why we established exchange controls.

Given our 3,000 kilometer border with the United States, exchange controls can only function through a banking system that follows the policies of its country and government, and not its own speculative interests or the fluctuations of international financial chaos. That is why we nationalized the banks.

We have been a living example of what occurs when an enormous, volatile, and speculative mass of capital goes all over the world in search of high interest rates, tax havens, and supposed political and exchange stability. It decapitalizes entire countries and leaves destruction in its wake. The world should be able to control this; it is inconceivable that we cannot find a formula that, without limiting necessary movements and flows, would permit regulation of a phenomenon that damages everyone. It is imperative that the New International Economic Order establish a link between refinancing the development of countries that suffer capital flight, and the capital that has fled. At least they should get the crumbs from their own bread. . . .

The reduction of available credit for developing countries has serious implications, not only for the countries themselves, but also for production and employment in the industrial countries. Let us not continue in this vicious circle:



Lyndon and Helga LaRouche during a visit to Mexico in May 1982, during which Lyndon LaRouche met with President López Portillo, at the height of Mexico's battle for national sovereignty and financial survival.

it could be the beginning of a new medieval Dark Age, without the possibility of a Renaissance. . . .

We cannot fail. There is cause to be alarmist. 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.

Let us make what is reasonable possible. Let us recall the tragic conditions in which we created this Organization, and the hopes that were placed in it. The place is here, and the time is now.

Interview With EIR

We Urgently Need A New Bretton Woods

José López Portillo granted an exclusive interview to EIR on Sept. 17, 1998 in Mexico City. The following are excerpts:

EIR: On Oct. 1, 1982, in your last speech as President of Mexico before the United Nations, you stated that to face the critical problems of the world: Either a new world economic order is accepted, or civilization will sink into “a new medieval Dark Age, without the possibility of a Renaissance.”

Sixteen years after your statement, how would you evaluate it today?

López Portillo: I still hold to it. It was evident to me that we had already passed from the stage of economic crisis or erosion through “simple inflation,” to the stage of a structural crisis of the international economic and financial system. This was recognized worldwide as the “contemporary crisis,” or the “crisis of the capitalist system.”

The economic and monetary stability of the Bretton Woods system was already breaking down. . . . Strongly pressuring against this was what I characterized as the new economic theology, which was not really all that new: free markets, free trade, free competition, total opening of national economies to “foreign investment.” This is the doctrine of the International Monetary Fund, perhaps the last relic of the old Bretton Woods sys-