

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:

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.

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## Interview With EIR

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# 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-



*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.*

tem, which took charge of imposing the conditions for the disappearance of the system which had engendered it.

The worldwide imposition of these precepts has placed humanity in a savage “state of nature,” in which force is the justification of the powerful, and the anguished conviction of the weak has to live accepting their rules. . . .

**EIR:** In your administration, you insisted that Mexico would grow “against the tide of the world recession. . . .”

**López Portillo:** I was fully aware as head of state, as I am as a Mexican, that the country should be competitive within the arena of western development. . . .

This meant great projects for the national economy. Twenty new cities, four industrial superports, the development of the petrochemical sector, entering the era of nuclear energy. For this reason, we began the Laguna Verde nuclear plant, and I proposed internationally the World Energy Plan, to thus assure the flow of technology vital for the development of economies such as ours.

**EIR:** Recently you signed the call for the establishment of a new Bretton Woods system. This statement, an initiative of the political leader Helga Zepp-LaRouche and Dr. Natalia Vitrenko, a Ukrainian parliamentarian, calls upon President William Clinton to take the lead in establishing a new and just international economic order. What can you add to what the call states?

**López Portillo:** There are various reasons why I join that call. Among the leading ones, is what I have already explained: a new world economic order is urgent. . . .

But above all, I am convinced that the worldwide solution to the crisis we are experiencing, has to come from an association of developing countries, such as Mexico, India, Egypt, Argentina, Brazil. The case of China is indicative of what a developing country can and should do. The economically powerful countries should understand that they, alone, cannot put the world in order, as, in fact, they have been unable to do in this past quarter century.

With regard to the United States, as I have always conceived it, they have a leadership role which they do not exercise, and this vacuum is filled with something, even if that is disorder and anarchy. The convoking of a new Bretton Woods system by the government of William Clinton, together with countries such as ours, would help solve many of the voids of recent history.

Otherwise, I think the world economy could use reordering. Fixed exchange rates among national currencies; controlled convertibility where it is necessary; exchange controls

and capital controls, which prohibit the creation of markets for financial speculation; encouragement of protectionist measures in trade and tariff regulations. If it could be done after the Second World War, with decisiveness, it could also be done today.

**EIR:** Of those I am familiar with, you are the only Mexican statesman who identifies with Shakespeare in order to analyze the essence of our times. Characters such as Hamlet, or Shylock, the usurer of *The Merchant of Venice*, appear in your writings, in your speeches. Why?

**López Portillo:** That is because they are not fictitious characters; they are real people. Hamlet is the recognition that there is an historical anguish, a universal anguish.

Those who do not confront “to be or not to be,” are monolithic spirits, who know nothing of being, and only know of doing. Administrators of their own submission. It seems that this is the spirit of the current leaders of the world. Nobody wants to know about a decision such as, “I am ready for whatever it takes, in order to achieve a noble goal.”

Shylock is the usurer in *The Merchant of Venice*, in whose hands our country has been since 1982. I remember it well. With the fall in the price of oil and the increase in interest rates, we were left only with payment obligations and without monetary resources.

And we resorted to Shylock to sell him our petroleum blood, before he could try to cut the flesh, and so we could pay him his due. And Shylock behaved like Shylock. Humiliating proposals, unacceptable attempts at blackmail as a condition so that they, the creditors, would provide us the resources to pay them their loans coming due, when, from beforehand, all our economic surplus was already in the safety of their own coffers.

I also know how to deal with Shylock. When I issued categorical instructions, in 1982, that Mexico would declare a suspension of payments, the U.S. negotiators withdrew the unacceptable conditions, not without first obtaining some other usurious benefits. . . .

**EIR:** In conclusion, I would like to ask you for a few words about Lyndon H. LaRouche. There was a lot of speculation about your relationship with him during your Presidency, which I would like you to comment on; also, how do you view him now, as ex-President?

**López Portillo:** As President, I had a relationship with Mr. L.H. LaRouche of respect for his solidly independent and tenacious ideological position, which I share in large measure, largely because of the adherence he had achieved from a group of young Mexicans, whom I equally respect and admire, who even had to endure accusations of belonging to the CIA, which turned out to be false.

As ex-President, my sympathy for his imprisonment, and my wish for his legal situation to finally be resolved, the which is aggravated by an illness from which, I hope, he recovers.

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