

LaRouche's Mexico tour and the oil-for-nuclear plan

by Dennis Small

Lyndon H. LaRouche, the founding editor of *Executive Intelligence Review*, told an international symposium on economics in Monterrey, Mexico on March 9 that if the government of the United States were to immediately agree to trade oil for technology with Mexico, vast benefits for both countries would result. The U.S. could sell Mexico \$100 billion in American capital goods and technology during the next decade. Mexico would trade its "20th-century surplus resource, petroleum, for the technology of the 21st century," such as nuclear plants. And there would be a "change in the global strategic geometry resulting, chain-reaction fashion, from the establishment of such a relationship."

LaRouche was the guest speaker before 250 persons at the International Symposium on Economics, an annual event sponsored by the Monterrey Institute of Technology. The institute is the principal think tank of Mexico's industrially powerful, Monterrey-centered private sector.

The address was part of a six-week speaking tour by Mr. LaRouche, which will have taken him from Monterrey and Mexico City back to Washington, D.C. at the end of March to address an executive seminar sponsored by *EIR* on U.S.-Mexico relations, all aimed at influencing the April 27-28 meeting between Mexican President José López Portillo and President Ronald Reagan.

"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.

Mexico's political elite—both governmental and pri-

vate sector—has responded positively to LaRouche's call. This is seen clearly in the quality of political debate on matters of energy and population which has emerged in the wake of Mr. LaRouche's interventions (see news excerpts and reports below), and in the exceptional press coverage afforded LaRouche in Mexico. Indicative is an editorial appearing in *Más Noticias*, the largest afternoon daily of Monterrey, Mexico.

"It would be wise to pay close attention to the words of warning that have just been voiced by the American economist Dr. Lyndon H. LaRouche. Mexico would benefit if it traded its surplus of a potentially obsolete source, oil, for modern industrial technologies of the 21st century.

"It is somewhat ironic," the mass circulation daily concluded, "that it takes an American to alert us [but] it is here that we believe that the Mexican government should focus all its attention."

Mexican government officials and leaders of the business community have already taken up *Más Noticias's* advice. Over the past week they held extensive private discussions with Mr. LaRouche in both Monterrey and Mexico City, responding favorably to the oil-for-technology strategy, and debating out the details of its implementation.

But as much as it is an offer to Mexico, the LaRouche proposal is also a challenge to the Reagan administration: jettison Volcker's high interest-rate policy of economic austerity; reject the Carterite "Global 2000" strategy of reducing world population through genocide; and execute the electoral mandate of re-embarking America

on its original course of high-technology industrial development.

LaRouche elaborated on this theme to a packed press conference in Mexico City on March 16:

"If the Reagan administration continues its present policy, we will probably be in an irreversible world depression beginning May or June of this year."

If, however, the Reagan administration adopts a development strategy toward neighboring Mexico, LaRouche explained, this can serve as a model of mutually beneficial economic relations to be followed in all areas of American foreign policy. This, in turn, would go a long way toward cooling out the worst political hot spots—such as Central America and the Middle East—that now have the world on the brink of war.

Such an American policy would work hand-in-hand with the Third World strategy outlined by our European allies, such as President Giscard d'Estaing of France, whose government has announced that its entire Third World policy is premised on transferring advanced technology to aid this sector's industrial modernization. In fact, LaRouche used his Mexico City press conference to issue a call to the heads of state of France, Mexico, West Germany, and India to influence the Reagan administration to reverse the current disastrous course of U.S. policy.

Common Market

Where Mexico is open to an oil-for-technology relationship, Washington is still in the throes of a factional brawl between those—like LaRouche—who support this policy, and those circles that are opposed to the industrial development of the Third World. For example, Secretary of State Alexander Haig and National Security Adviser Richard Allen have consistently opposed a U.S.-Mexican alliance based on economic cooperation.

Aware from past experience that the policy proposal which most rankles Mexico's government is the Carter-concocted idea of establishing a "North American Common Market" among the U.S., Mexico, and Canada, Haig and Co. put out that line to the press last week. Worse, they used Reagan's Canadian trip and his meetings with Prime Minister Trudeau to have "White House sources" tell the press that the Canadian and American heads of state "enthusiastically" agreed to invite the Mexican President to "regular tripartite summit meetings" to work out the idea of a "North American Accord" among the three countries.

The López Portillo government is unalterably opposed to this North American Accord proposal—a rewording of the original "Common Market" scheme—on the grounds that it would undermine Mexico's own industrial development strategy.

In a speech to the Canadian Parliament on May 26,

1980, President López Portillo himself declared that "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." That is why, he concluded, Mexico rejects the idea of any "regional economic association" in North America, "be it general or be it in the field of energy."

Reagan's Canadian torpedo was not enough for Haig's boys. They provocatively rubbed salt in the wound in the form of statements to the press issued by John Gavin, the Hollywood actor who has been widely mooted as Reagan's choice for ambassador to Mexico. Gavin is quoted in the Mexican press saying: "I propose to you . . . the formation of a North American Common Market, which would include Canada, the United States, and Mexico. . . . The advantages of unifying our energy resources is obvious."

Gavin called for an end to Mexico's jealously defended industrialization strategy: "What Mexico needs are labor-intensive industries, and not so much those that are intensive in the use of capital . . . such as steel and petrochemical."

Although it is not altogether clear whether Gavin actually holds the views he purportedly uttered, or if he was simply fed a pre-packaged speech by Haig, the effect in Mexico was to provoke predictable outrage.

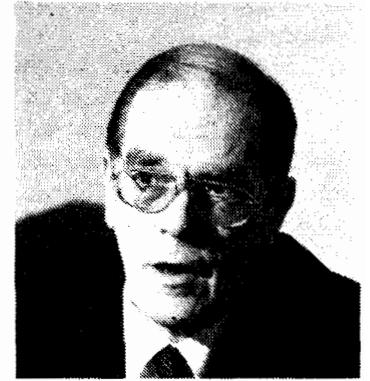
The Common Market question has been a long-standing—and fundamental—bone of contention between the United States and Mexico. Carter's terrible relations with Mexico in large part were due to his advocacy of this approach. Ronald Reagan, at his first meeting with López Portillo in January 1981, judiciously avoided calling for a North American Accord, despite the strong pressure from National Security Adviser Richard Allen and others to do so. In the weeks leading up to that meeting, Lyndon LaRouche was the most vocal opponent of any such tripartite approach, calling then—as he is today—for a strictly *bilateral* approach to Mexico, centered on the oil-for-technology concept.

The issue now is whether the LaRouche prodevelopment policy or Haig's contrary view will prevail inside the Reagan administration.

Growth rate

The present López Portillo government of Mexico is committed to using Mexico's oil resources to achieve economic growth rates of 7 to 8 percent per year.

The crux of Mr. LaRouche's recommendations is that Mexico can and must raise growth rate targets to at least 12 percent per annum, the minimum annually required to overcome key economic bottlenecks—transportation, education, etc.—and to offset the "overhead cost" of Mexico's large subsistence agriculture sector, which must be replaced with a modern farming sector.



Lyndon H. LaRouche, Jr.

'20th-century resource for 21st-century technology'

In his address March 9 to the Monterrey Institute of Technology's "International Symposium on Economics," Lyndon LaRouche outlined an "oil-for-technology" initiative that is provoking broad interest among policymakers on both sides of the border.

Based on agreement between the governments of the United States and Mexico, LaRouche reported, the oil-for-technology approach would "represent in principle the model for a new economic order in North-South relations. Mexico," he continued, "enjoys the special world-historical importance of being among those leading developing nations whose special circumstances enable it to bring the beginning of such a new economic order into being."

Increased production of oil for export

"Let us assume, for purposes of discussion, that the projected increase in Mexico's production for oil exports to the United States were to reach 2.5 million barrels per day," said LaRouche. "Let us assume that this means that over the first decade of such an agreement Mexico would receive the current equivalent of \$150 billion in high-technology capital-goods imports, in addition to other categories of purchases effected with oil revenues. . . ."

"The export of \$150 billion more of capital goods from the United States 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."

"Mexico would benefit. It would be exchanging a surplus of a potentially obsolescent energy source, petroleum, for 21st-century technologies as well as up-to-date 21st-century industrial and agricultural technologies. . . ."

Mexico must go nuclear

"The major feature of global investment over the coming decades must be nuclear technologies. . . . Every nation which intends to have a technological future, including most of the semi-industrialized developing nations, must now begin to develop nuclear technologies. Nations . . . such as Mexico must become masters of thermonuclear technologies, developing the research and training programs required, as Pemex has done in connection with petroleum technologies."

LaRouche also proposed that Mexico complement nuclear with advanced MHD natural-gas-based energy production—especially in the eastern parts of Mexico where natural gas is plentiful. He recommended that American companies aggressively join the international bidding for such nuclear and MHD contracts.

Modernization of agriculture

An immediate development objective must be to eliminate subsistence agriculture, not to subsidize its continuation. "We must end the policy of bringing the price of food down to the reduced income-level of marginally productive households. We must, instead, bring the earned income of households up to the level needed to secure food supplies priced on the basis of parity prices paid to agricultural producers. . . . This enables massive capital inputs into the rapid modernization of agriculture in extensive modes. It requires rapid development of modern industrial workplaces to meet agricultural requirements and to absorb portions of the labor force shifting from rural to urban forms of employment."

Expand education, manpower training

"If I were advising the government of Mexico, I would whisper to the ears of my friends in Mexico: 'Mexico must have not only nuclear plants, it must also have a reprocessing capability, and must have educational and research centers through which thousands of Ph.D.-equivalent physicists and chemists specializing in

advanced plasma-physics technologies are developed over the coming two decades.' ”

LaRouche proposed the adoption of France's 18th-century Ecole Polytechnique as the model for integrated scientific and industrial centers to be established across Mexico.

Port expansion on both sides of the border

To handle the influx of capital goods and technology involved, Mexico needs a major expansion of port facilities on both its Pacific and Gulf coasts—even more ambitious than that now contemplated by the Mexican government. The same applies to now-languishing U.S. port facilities. “The Caribbean coast of the United States would blossom with new superports at places such as Galveston, New Orleans, and Mobile,” said LaRouche. “The riparian transport system, the railroads and air freight capacities, would blossom anew. All this would be catalyzed by the need to process capital goods and related traffic with Mexico and other nations.”

Finance U.S. exports through Eximbank

The United States has immediately at hand the institutional means to provide credit for the capital goods this program requires Mexico to import from America. The key, said LaRouche, “is the organization of credit relationships on a state-to-state basis. In the case of the United States, the Export-Import Bank is the obvious vehicle for facilitating oil-for-technology agreements. This requires that the U.S. Congress authorize increases in the capital of the Export-Import Bank up to the level of combined petroleum-earnings deposits and additional credit extended to Mexico.”

EIR Seminar

Mexico: America's \$100 Billion Neighbor

In California:

Thursday, April 16 2:00 p.m.
Speaker: Dennis Small,
Latin America Editor, EIR

Contact: Theodore Andromidas (213) 383-2912

Documentation

How Mexico views LaRouche analysis

Lyndon LaRouche's Mexican tour received prominent, favorable coverage in Mexico's major press, along with his econometric model, known as the LaRouche-Riemann model, the basis of a major new program for Mexican economic development coauthored by the Mexican Fusion Energy Association (AMEF) and the U.S.'s Fusion Energy Foundation, and presented to the public in a high-level Mexico City conference Feb. 19-20. The more significant articles include:

Feb. 20, 1981, El Sol de México, “Aggressive Exploitation of Crude, Uwe Parpart Recommends to Pemex; Scientifically We Will Soon Be an Industrial Power, Says the Director of the U.S. Fusion Energy Foundation.”

Feb. 20, 1981, Ultimas Noticias de Excelsior, “Mexico Must Not Fear Nuclear Energy: Dr. Uwe Parpart,” by Edward González. “Dr. Parpart stated that Mexico can leave underdevelopment behind and enter fully into a new economic model, based on the theories of Lyndon H. LaRouche,” reported the leading afternoon daily.

Feb. 21, 1981, El Sol de México, page 1, “Political Groups Hold Back Mexican Nuclear Industry: S. Bardwell and Soto Estévez,” by Fermín Vázquez Legaria. “The future development of Mexico, driven no longer by oil but by nuclear energy, encounters serious obstacles in the lack of scientists . . . it was said at the wrapup of the seminar, ‘Energy and the Economy: Mexico 2000,’ organized by the Mexican Fusion Energy Association.”

Feb. 21, 1981, El Heraldo, page 1, economics and finance section. “Mexico needs nuclear energy for the development of its human potential, according to Dr. Uwe Parpart,” reported this major Mexico City daily.

March 7 and 9, 1981, El Heraldo, “The Topic: Models,” from the proceedings of the AMEF/FEF conference and the LaRouche-Riemann forecasts, in two parts.

March 10, 1981, El Norte, page 1, “An Oil for Technology Exchange Would Be Beneficial.” Monterrey's leading daily reports on Lyndon LaRouche's presentation to the Monterrey Institute of Technology.

March 10, 1981, Ovaciones, “Symposium at Monterrey Institute of Technology Opens.”

March 10, 1981, Más Noticias, "U.S. Economist Believes It Would Be Idiocy If His Country Did Not Exchange Technology for Mexican Oil." Monterrey's wide-circulation daily on LaRouche's proposals.

March 11, 1981, Más Noticias, "Opinion" op-ed by Mr. Nuñez Espinosa, endorses LaRouche's "oil for technology" proposal.

March 12, 1981, El Herald, "The Topic: Econometrics," by Leopoldo Mendivil. A full review of LaRouche's background, his econometric model, and his trip to Mexico.

March 14, 1981, The News, "LaRouche Brings Mexico the Word: Technology," by Deborah Moffet. Mexico City English-language daily on LaRouche's Monterrey speech.

March 15, 1981, Avance, page 1, "Mexico Should Exchange Oil for 21st-Century Technology: LaRouche." "Lyndon LaRouche, the Democratic Party's leading economic adviser, advised Mexico to buy \$300 billion of technology to avoid an economic collapse in the 21st century," reported this Mexico City daily.

March 15, 1981, El Sol de México, "Haig Will Cause the Death of Millions," by Fermín Vázquez Legaria. Covers LaRouche's charges that Haig's policies toward Mexico and Central America will lead to genocide.

March 16, 1981, El Diario de México, "Political Moment," by Arturo Blancas. This Mexico City daily also reports on LaRouche's accusations against Haig.

March 17, 1981, Novedades, "Indicators," by Neftali Célis. Financial page coverage of LaRouche's March 16 press conference. "The economic program of Ronald Reagan could lead by May or June to the worst economic recession that Americans have ever faced."

March 17, 1981, Excelsior, "Political Fronts." Mexico's leading newspaper also covers the LaRouche press conference. "LaRouche asked the governments of Mexico, India, France, and West Germany to jointly influence Ronald Reagan to change his economic policy."

From *Ovaciones*, Mexico City, March 10, 1981:

Dr. Lyndon Hermyle LaRouche, ex-presidential candidate of the Democratic Party in 1980 and current chairman of the Advisory Board of the National Democratic Policy Committee, as well as founding editor of the magazine *Executive Intelligence Review*, Inc. said: "Since the 1976 election of former U.S. President James Earl Carter, over the course of the recent four years, there has been an increasing threat of general warfare. This has been a conflict spilling over from deteriorating economic situations among developing nations. . . ."

Dr. LaRouche explained that the true cause for the danger of general warfare is not the now-traditional conflict between industrial capitalist and socialist forms of society, but rather is a conflict between two policies

which overlap the established divisions between the military-strategic alignments. He indicated that the neo-Malthusian, "one-world" forces are typified in the capitalist sector by the Club of Rome, the Pan-European Union, the World Wildlife Fund. . . . [In the Soviet bloc, and among Communist parties, the neo-Malthusians] are led by the Communist factions tied to the present-day continuation of the old Communist International intelligence institutions, known as IMEMO.

From *El Herald*, Mexico City, March 12, 1981:

In a page one banner headline article in *El Herald* last Aug. 11, this reporter brought you news from New York about a charge made by Lyndon LaRouche, former Democratic presidential candidate, against Carter and his national security adviser, Zbigniew Brzezinski, concerning a plan to reduce the Mexican population.

On that occasion, the U.S. embassy in Mexico denied LaRouche's charges and denounced him as a charlatan.

In the months since, LaRouche was at least right about one thing: Carter lost. . . .

LaRouche is an economist and he enjoys matters related to physics. He describes himself as a Neoplatonist and says that the *Republic* of that Greek is exactly what the ideal system of government should be.

Among other things he directs is a magazine called *Executive Intelligence Review*, which has an international circulation, and has gained a certain reputation for the importance of the things it has revealed—before such things became concrete political reality. The degree of interest and credibility attributed to it by the Mexican government is best measured, perhaps, by the fact that the President of the Republic used material taken entirely from the *EIR* for press briefing material.

LaRouche has a bone to pick, in the world of economics, with the International Monetary Fund, which, he says, is a decaying institution that is an enemy of the development of the poor countries. And he asserts that he is the intellectual author of a plan for a new monetary system that can be called the European Monetary Fund, which would be closely linked to the development of the Third World. . . .

It turns out that LaRouche . . . developed an econometric system for Mexico that differs widely from the Wharton School model, used in circles of the Budget Ministry, and the Cambridge model, which had a strong influence in the drafting of the National Industrial Plan.

All this is sure to cause quite a polemic in Mexico in the next few days because—did you know—LaRouche is now in the land of Aztlan. In the past few days he was in Monterrey, and today he arrives in this city where, I am told, he will have meetings with various personalities, including some from the administration.

We shall soon see what happens.