the Malthusian faction in Soviet domestic economic debates and the "destabilization faction" of Soviet foreign policy.

Poland: the battelground

The Polish crisis, long before its year-end escalation to the Dec. 13 imposition of martial law, was a battleground where all these conflicts, both those internal to the Soviet Union and those in the West about policy toward the East, were fought out.

A keynote for the entire year in Poland came in the first weeks of January, when environmentalists forced shut-down of a factory in Krakow that had produced nearly one-half of the country's aluminum. Prepared in the 1976-80 period by "small is beautiful" ideologues both inside the regime and among the opposition grouplets patronized by British intelligence, the Polish crisis from the beginning was a deindustrializers' flank in Eastern Europe. That aspect of Poland's destruction reached a milestone in November 1981, with its application to join the International Monetary Fund. The economy is in shambles.

Gen. Wojciech Jaruzelski, the Defense Minister, became Polish Prime Minister in February and party chief Oct. 19, replacing Stanislaw Kania. In the interim, the Polish party congress swept 90 percent of the Central Committee, reformers and orthodox Marxist-Leninists alike, out of office, putting untested men in their place and leaving Jaruzelski all the more powerful. Jaruzelski attempted to effect "national conciliation" through talks with Solidarnosc union leader Lech Walesa and Catholic Church Primate Bishop Jozef Glemp. A rash of strikes and ever greater demands for power from the British-pedigreed extreme wing of Solidarnosc pushed Poland into the downward spiral toward the "state of war" Jaruzelski proclaimed.

Reports that Jaruzelski acted to head off a Soviet bid to replace him with Politburo member Stefan Olszowski ring true in light of the year's developments in Soviet policy toward Poland. While Brezhnev on several occasions gave Jaruzelski a green light to carry out what shake-ups and negotiations with the union and the Church he deemed necessary, the Czechoslovak media, which often reflects the views of Ponomarev and his associates, consistently pushed for the crackdown that finally came in December. When the Soviet party chose to turn up the pressure on Warsaw in the late spring, it was Ponomarev's senior partner Mikhail Suslov who went to deliver the message.

The fact that Olszowski and the ousted Tadeusz Grabski, would-be successors to Jaruzelski, were complicit in the 1980 ouster of Edward Gierek at the very inception of the Polish crisis does not bother their Soviet backers. It is not the first time that the KGB and British SIS back the same horse.

Mexico

Fresh start in Mexico-as LaRouche mounts a

by Robyn Quijano, Co-Editor

Mexican-American relations got a fresh start in 1981, a dramatic change from the open warfare of the Carter years. Presidents José López Portillo and Ronald Reagan held face-to-face discussions four times this year and developed a warm relationship based on mutual respect—a breakthrough that leaves the door open for further collaboration among these neighbors representing North and South.

Despite a lack of concrete progress on economic cooperation, and growing attacks by Mexican officials on the tight-credit policies of the U.S. Federal Reserve, the kind of economic sabotage directed from the Carter White House has significantly diminished. The hostilities caused by such affronts as Energy Secretary Schlesinger's veto of the successfully negotiated natural-gas deal have been cooled. Zbigniew Brzezinski's cocktail-party bragging that the U.S. "will not permit another Japan south of our border," a quote made infamous by *EIR*, has given way to Ronald Reagan's good intentions. We need "a strong, stable, free and prosperous Mexico," said Ambassador John Gavin as he took up his new post in Mexico. The "obstructionism" of the Carter era is over, and the United States will once again be a "reliable supplier" of nuclear energy, Gavin told a nuclear symposium in Mexico last September as U.S. companies joined the bidding for Mexico's ambitious nuclear program.

These changes represent more than just a "thaw." But the greatest potential for the kind of economic collaboration that could make both nations prosper have been stalled by Reagan administration bungling of the crucial economic issues which define North-South relations. And if Al Haig and David Rockefeller succeed in making "free-enterprise" collaboration with the drug-producing colony of Jamaica and not with Mexico, the model for U.S. relations with the developing sector, then Mexico's development prospects will come under renewed fire from Washington once again.

Mexico: a North-South model

Immediately after the Reagan victory in November, *EIR* and its founder, Lyndon H. LaRouche, moved to shape a new model for North-South relations based on

U.S. relations policy initiative

an oil-for-technology approach to Mexico. LaRouche issued a call for Mexico to "exchange a 20th-century resource, petroleum, for 21st-century technology," emphasizing Mexico's need for nuclear and other advanced technologies. The United States could solve its economic problems by gearing up its plant to supply a good part of the import needs of that country, putting a million Americans to work in high-technology production.

"Mexico—a $100 billion export market" was the theme of LaRouche's programmatic overture that grabbed the interest of elected officials and industrialists on both sides of the border. U.S. collaboration in the rapid industrialization of Mexico must be the basis for the new relationship, LaRouche wrote, drawing from an in-depth study of the Mexican economy then in preparation by the Fusion Energy Foundation (FEF), and the Mexican Association for Fusion Energy (AMEF), using the computerized LaRouche-Riemann method. LaRouche released a "shopping list" which demonstrated that Mexican purchases of advanced technology could pull the United States out of its economic slump, provided that an entire oil-for-technology package could be worked out between the two nations.

The highest levels of Mexican government and economic planning circles responded positively to the idea, and the first meeting between López Portillo and Reagan in Ciudad Juarez in January set the stage for such an accord.

In February the FEF-AMEF program was presented at the Mexican Petroleum Institute in Mexico City to over 100 Mexican planners, scientists, and students. The details of how to reach a 12 percent annual growth rate to transform Mexico into an industrialized nation by the year 2000 were presented. The plan projected a rise in living standards for the 115 to 120 million Mexicans of the year 2000, to the average level of Western Europeans in 1980.

The launching of the "no limits to growth" program sparked broad commentary and debate in the Mexican press.

LaRouche, widely known as a "friend of Mexico" since his first official visit there as a guest of the ruling PRI party for its 50th-anniversary celebration in 1979, was in Mexico again in early March. He was invited to address the International Symposium on Economics, an annual event sponsored by the Monterrey Institute of Technology, the principal think tank of Mexico's powerful Monterrey private sector.

The event and the LaRouche visit were covered by the mass media. "Shaping the outcome of the upcoming Reagan-López Portillo summit is one of my objectives in coming here," LaRouche told a Monterrey television audience. He elaborated his oil-for-technology proposal, emphasizing that such collaboration could break President Reagan out of the dangerous economic policies that he was following. Such a development would also stabilize the dangerous Central American situation, making Mexican-style development a model for the area.

Mas Noticias, the largest afternoon daily in Monterrey, editorialized: "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 resource, oil, for modern industrial technologies of the 21st century."

LaRouche's proposal stirred great interest throughout Mexico in the private and public discussions he held among Mexico's elites.

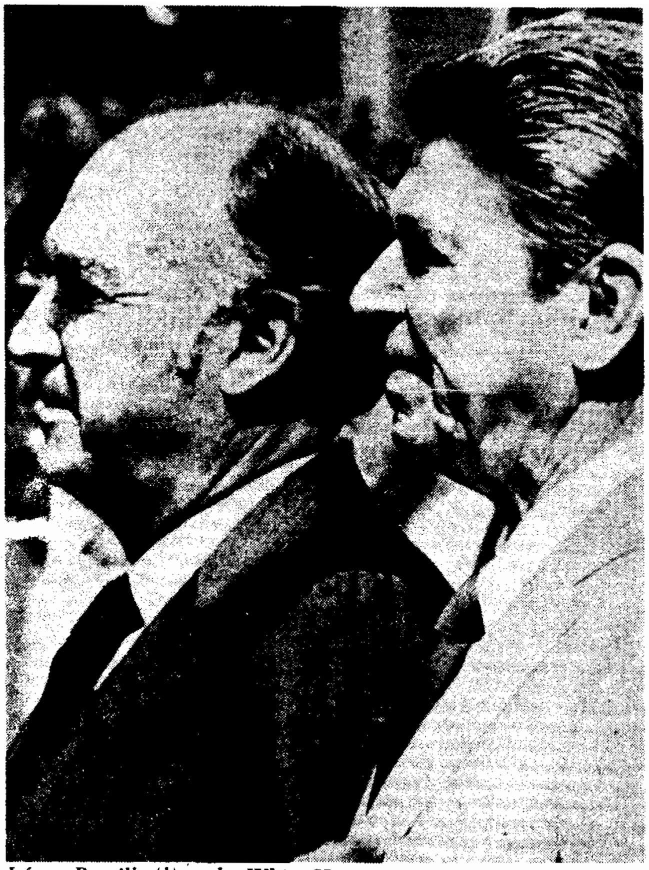
The Mexico City press carried LaRouche's oil-for-technology program, as well as his sharp attacks on the Malthusians within the Reagan administration. The daily *El Sol,* warned in banner headlines on March 15: "Haig Will Cause the Death of Millions," detailing LaRouche's warnings of the genocidal consequences of Haig's policies for Mexico and Central America.

Mexico's commitment to cooperate with the new administration was clear. LaRouche returned directly to Washington from his meetings in Mexico, where he reported to 100 representatives of U.S. government departments, businesses, and foreign embassies, in an *EIR*-sponsored event, "The United States, Mexico, and Central America: Conflict or Cooperation?"

LaRouche's warnings on the effects of Volcker's interest rates soon found echo in Mexico.

In the weeks before the June Reagan-López Portillo summit at Camp David, all of Mexico was in turmoil over the interest-rate problem, described by one Mexico City daily as Volcker's "financial earthquake." Effective interest rates in Mexico had reached 40 to 50 percent. Mexico's development strategy was in a noose.

I was in Mexico City the first week of June for some private meetings and an *EIR* conference, in which economics editor David Goldman presented the state of the U.S. economy, based on a quarterly LaRouche-Riemann model report. Goldman's discussion of the dangers of Volcker's economic policy was again widely


López Portillo (l) at the White House.

covered by the Mexico City press, and he was interviewed on the evening news of the government-sponsored TV station, channel 13. The commentator stressed Goldman's insistence that Volcker's policy constituted economic warfare against such nations as Mexico.

The summit took place that week, and the interest rate question was very much on López Portillo's mind.

The two heads of state reached a "basic agreement on the need to strengthen the economies of the lesser developed nations to bring about the social and economic development of their peoples." The possibility was live that the two presidents might forge a new model for North-South relations.

On his arrival in Washington, the Mexican president had referenced the hostilities of the Carter period by denouncing the dangers of arrogance and submission in international relations. By the end of his two-day stay, the change was consolidated, and López Portillo confided his "profound satisfaction" with the results meeting.

The most important concrete achievement of the summit was an agreement to collaborate in cooling out Central America. In the months leading up to the Cancún North-South summit in October, Reagan's confidence in Mexico's interest in the stability of the region was a crucial counterpoint to Haig's strategy of blowing up the area.

The personal relationship between the two presidents also served to puncture the kind of confrontation Haig was planning for the Cancún summit. Despite Reagan's insistence that the "magic of the marketplace" could solve the development problems of the Third World, useful dialogue took place, as Mexico, India, Japan, and other nations called for fundamental changes in the world monetary system and an end to international IMF conditionalities.

López Portillo defined the purpose of the summit—to overcome the obstacles to worldwide industrialization. World prosperity can be achieved if ways can be found to link the financial resources of OPEC and other nations, the technological and industrial capacities of the developed countries, and the acute need for technology and consumer goods in the developing sector, he said.

Cancún left the doors of communication open between the United States and Mexico, but the implementation of a real development strategy was left on ice.

Economic squeeze

Skyrocketing interest rates and the collapse of oil prices and oil markets has created an economic crisis in Mexico. The squeeze is on for López Portillo's chosen successor, PRI candidate Miguel de la Madrid, to abandon Mexico's present high growth rates and total commitment to rapid industrialization. International financial institutions from the World Bank to Wall Street and their press outlets, have determined that Mexico will pay—through capital flight and internal chaos—for its daring industrialization policy. And the econometric whiz kids of the Wharton School, not coincidentally, agree and advise Mexico to slow down the economy or face Iranization.

While brawls are taking place among the advisers to De la Madrid on the future of Mexico's development, its nuclear program, which will of necessity bridge the two administrations, could set the pace. A decision to go full speed ahead on the nuclear program was made after the designation of the candidate, and will be crucial to fostering a continuity of Mexico's high-technology development strategy, although De la Madrid has indicated that he will give greater weight to the go-slow arguments of the environmentalists and others.

Mexico opened bidding on its nuclear program on Oct. 5, and the United States, France, Canada, Sweden, and West Germany will participate. Mexico has let it be known that its principal interest is in tying the construction of the 20 reactors it projects by the end of the century, to a long-term transfer of technology package.

Strong United States participation in the bidding could be a signal of more positive changes yet to come.