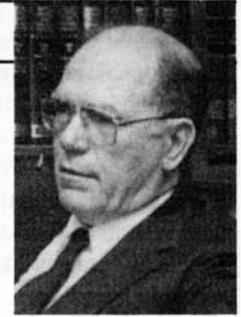


Interview: Lyndon LaRouche



Toward a sane U.S. policy for the development of Mexico

The following interview with American political prisoner and former U.S. presidential candidate Lyndon LaRouche was broadcast by Radio XEAW in Monterrey, Mexico on July 20. The station submitted its questions in writing several weeks earlier, and LaRouche taped his responses, which were aired with a voice-over translation into Spanish. Monterrey is one of Mexico's principal industrial centers.

XEAW: Mr. LaRouche, what results do you see from the transformation of Mexico during the last 10 years, from a closed and protected economy, to its joining GATT [General Agreement on Tariffs and Trade]? Both models, that of a closed economy with import substitution, and the current open economy, have had a social cost. What is the social cost of the latter, of the open economy?

LaRouche: I think the terms themselves, "closed" and "open" economy, are somewhat misleading. Prior to the end of the events of 1982, prior to the Kissinger mission to Mexico City to terrify the Mexican government into submission, Mexico had a limited autonomous development aided by its monopoly on its petroleum industry, but lacked any significant infrastructural development.

If one looks back to the governments of [former Mexican Presidents] Luis Echeverría and [José] López Portillo, one sees that the industrial projects envisaged by the Echeverría government were crushed by orders from the Carter administration, saying it did not wish any new Japan below the Rio Grande border of the United States. In the time of the López Portillo government, the leading issue was the development of water and power and other infrastructure for development of new cities, for development of agriculture, to provide a basis for the continued industrial and agricultural development of the country. So the problem is not really import substitution, although that term is used.

In October-November 1982, when the United States and others crushed Mexico over the debt issue, Mexico was stripped. This can be measured in terms of per capita and per square kilometer values of productivity and consumption—real consumption, not monetary consumption, because monetary statistics are very misleading. We have to look at households' and producers' budgets per capita and per hectare or per square kilometer. That is a better comparison. By that standard, the population of Mexico per capita and per square

kilometer is far worse off today than it was in 1982.

This is not exceptional; this is the condition of the entirety of the Americas below the Rio Grande, below the U.S. border: Brazil, Venezuela, Colombia, Peru, Argentina, just to name a few. This is also the condition of Africa, where a similar colonialist policy in the name of free trade and globalism has had similar but worse effects. The price has been tremendous. The crushing of Mexico's independence, which is what it really amounts to, all follows a pattern of which I was aware and referenced in a 1976 U.S. nationwide NBC television network broadcast on election eve, in which I referred specifically to the intent to loot Mexico and to reduce its population by means of economic slave-labor measures, and also in 1982, where, in my proposal called *Operation Juárez*, which supported Mexico's independence as well as that of the other South American states, I indicated what the alternatives were. And, unfortunately, my warnings to the Mexican government and others, during the spring and summer of 1982, have all been confirmed thus far.

Mexico cannot continue to survive as a nation, if the present trends are continued.

XEAW: The last decade saw the end of a bipolar world, and the tendency toward the formation of regional blocks. What can be expected during the next decade? Will there be a North American bloc, a European, an Asian, and others coming into being?

LaRouche: To answer the question, one has to quote the opinion of leading patriots of Mexico from former times, who often referred to the fact that Mexico was a great nation with great potentialities, but with a certain misfortune in its geography, i.e., that of being the neighbor of the United States.

The idea that the world has changed from bipolar to multipolar, is not sustainable. What we are seeing, which is called "multipolar" by some, is chaos. But chaos is taking a shape, and the shape is the collapse of the Anglo-Americans and other OECD powers, at the same time that the crushing imposition of International Monetary Fund [IMF] conditionalities upon Russia and eastern Europe has provoked within Russia a return of the *nomenklatura*, so that we may very soon expect a new adversarial breakout occurring step by step from Moscow as the United States and Britain continue

to collapse.

We may expect that over the period from this summer into next spring, probably the worst financial or monetary collapse in the 20th century, in which the power of the Anglo-American Atlanticist powers will collapse, although not entirely, which will return us to a bipolar world, but in a somewhat different set of circumstances than that which existed prior to October-November 1989.

We can expect the potentiality of a fundamental strategic conflict between a Great Russia nuclear superpower, weaker than it was in 1989, but confronting a United States which is also vastly weaker than it was in 1989. And around the rest of the world, we can expect conflicts modeled upon those which we see in Africa, in the Balkans, in Southeast Asia, and so forth. We are looking into a kind of period of hell on earth unless very radical changes are made very soon.

XEAW: How is Mexico entering the North American bloc? Weakened? Does it have anything to contribute?

LaRouche: Does Mexico have something to contribute? Yes, it does. This I referenced in a number of writings, including the *Operation Juárez* writing of 1982. But Mexico requires full respect for its sovereignty as a truly sovereign nation-state. Mexico has to have the right to control its own creation of credit, to be free of comprador dependency upon the world market, and to develop its infrastructure, to develop the educational system, the medical system, to develop industries and agriculture based on sound infrastructure.

The resources exist, especially the human resources, but we are draining them down at present. The dependency relationship, which is a new kind of colonial relationship which the United States and others have imposed upon nations in the Americas south of the U.S. border, is corrosive and destructive. We have to recognize this.

We have to be somewhat practical, but at the same time we have to realize what's true. We can never allow the fact that we must tactically submit to something because we cannot resist it, to cause us to say this is good. In life we have to submit to many conditions which are wrong, wrongly imposed upon us. We have to submit to them temporarily, perhaps; but we must never justify that which is wrong. And what is being done to Mexico is wrong. What is being done to the Mexican people by foreign powers is *wrong*—as what is being done to most of the countries of South America, for example, is *wrong*.

We say, "All right. We don't have the power to resist; therefore, we put up with it, we adapt as well as we can." But we do *not* try to make a virtue out of an evil to which we are forced to submit ourselves.

XEAW: The North American Free Trade Agreement was a product of the Bush administration and neo-liberal doctrines. Clinton has set up two roadblocks, environmental restrictions and labor restrictions. Will these alter the original project for the integration of Mexico into NAFTA?

LaRouche: We have to realize that NAFTA could never work. NAFTA was simply the idea of using cheap Mexican labor on the basis of the assumption that a part of Mexico's population could be used up and worked to death, in net effect, by cheap labor operations in the *maquiladoras* and similar regions. All this was an enterprise to loot Mexico through looting cheap labor.

This runs against the fact, which was the source of endemic opposition from the beginning, that the jobs which are running into Mexico are not new jobs, but are jobs which are taken away from families and communities in the United States.

At this time, the United States is running into the worst depression already in progress in the 20th century. We are facing in the six months or so ahead, the worst financial monetary collapse in modern history. That is the potentiality and the likelihood if current trends continue.

In the meantime, we have a government in Washington which is trying to adapt to domestic pressures, both from the banking and financial community, which is to loot Mexico, and from domestic institutions which say you cannot take our jobs away and ship those jobs to Mexico.

Thus, the two areas of conditionalities which the Clinton administration has tended to put upon NAFTA agreements are simply pretexts for slowing down the rate at which jobs are exported from the United States to Mexico, and to propitiate the pressures which the administration is experiencing from labor and from communities inside the United States itself.

However, essentially, in the long run, NAFTA could *not* be acceptable, because Mexican labor is being employed at a price *below that which families in Mexico could reproduce such labor*. Mexico is being asset-stripped by this *maquiladoras* kind of looting. Although this may appear to provide a temporary source of income through the selling of Mexican live bodies, as quasi-slave labor, to these foreigners—it results in a certain amount of cash flow and purchasing power into Mexico—if we look at the bottom line on the physical costs and gains, we see that it's a net loss.

What is also undermining Mexico's *maquiladoras* program, as we have already seen in the textile industry, is that mainland China is exporting hundreds of millions of peasants and others from the countryside of interior China, into *maquiladoras*-like projects in Shanghai, Guangdong province, Hainan, and so forth.

This Chinese slave labor is coolie labor, which will be worked to death; they will die of hunger, die of being worked to death at the low wages they are being paid and the terrible conditions of life, which are like those in *maquiladoras* around the Matamoros region. But, nonetheless, the Chinese slave labor can out-compete Mexican cheap labor. And that's another fact to be considered.

This will result in turmoil and chaos in China. In general, the idea of using free trade and so-called open borders as a way of exploiting cheap labor, and driving the cost of

production down through cheap labor, is an idea which *cannot work*. In the long run, one way or the other, the NAFTA project is a complete disaster.

What is required, is the development of Mexico through infrastructure investment and buildup, education, health care, to build a strong population in agriculture and industry, which assimilates the productive technologies which build for a strong Mexico, in terms of per capita income, but also based on per capita productivities—physical productivities.

NAFTA, as I say in short, is a complicated question, but most of NAFTA is an illusion based on the short-term sweatshop labor of Mexico, which has all kinds of political contradictions inside the United States and globally; it is going to be a failure. It will very soon collapse, at least in any form envisaged by the propaganda put out by its proponents during the Bush administration.

XEAW: What will be the role of speculative capital during the next few months in Mexico, given the unstable stock activity?

LaRouche: Mexico is suffering the spillover of a global pattern typified by the growth of the derivatives bubble. Just take the basic facts of this bubble. Start with the fact that the total GNP of the United States is listed at about \$5.5 trillion, of which, shall we say, about a half to three-quarters of a trillion are expenditures on recreational drugs, so called; of which vast amounts are expenditures on gambling; of which vast amounts are spent on speculative parasitical forms of mass spectator sports and other entertainments apart from gambling, which are largely parasitical and absolutely morally and otherwise degrading.

So even that \$5.5-6 trillion GNP in the United States includes well over \$1 trillion of absolute rot, decay, which is eating out the country as pure waste.

Now, compare that with the derivatives bubble. The derivatives, which are various kinds of futures—that is, not primarily secured, but secondary and tertiary paper—totals in inventories at any one time between about \$9-10 trillion, which is approximately double that of the actual GNP, netting waste, of the United States.

This bubble turns over at about 40 times a year, so that we have somewhere between \$300-400 trillion a year worldwide spinning around in this vast bubble. Half of this bubble's connection to the United States comes out of the U.S. major banking system, and is associated with the bailout of a formerly bankrupt, virtually bankrupt, Citibank, by the Federal Reserve System.

This bubble derives its profit from sucking the blood out of the real economy. That is, the margin of payments, the margin of yield in the derivatives market comes out of the real economy. It comes out in the form of sucking the blood out of pensions, agriculture, industry, household revenues, tax revenues, out of government debt.

What the bubble is doing, is sucking the blood out of these sectors of the real economy, to the point that the real

economy is contracting. Therefore, the amount of generation of wealth by the real economy is shrinking, globally. This means that the bubble is about ready to pop. When it will pop, we can't say; but looking over the period of the next 9-12 months, we must expect *major financial implosions*, monetary implosions, coming out of the activities of pirates, buccaners, thieves, such as George Soros—carpetbaggers is another term for them.

Mexico is simply feeling, in the speculative market, the spillover of this kind of situation in the world monetary and financial system as a whole.

XEAW: Is it true that NAFTA will bring to Mexico productive investments and risk capital?

LaRouche: The net effect of NAFTA activities in Mexico, will be *to bring down* the net capital of Mexico. There will be an influx, of course—who knows what level it will be, given the variations in the world's circumstance and the U.S. economy. There will be an influx of purchasing power in the hands of some people, but against this, there will be the outflow of physical assets through monetization and flight capital and whatnot. That outflow will *exceed* any inflow. That is, the whole NAFTA enterprise will be run at a loss to the national economy of Mexico.

XEAW: There are big capitals that are the movers and shakers of drug trafficking in the world, and there are natives of countries of the first world. Colombia, Peru, and Venezuela are already in their claws. Will Mexico be the next victim?

LaRouche: We should be very explicit on this: It's absolutely true, and Mexico is already in the process of becoming increasingly the next major victim. The attempt to take over Mexico by drug interests of the type that were tied to Gen. Richard Secord and Oliver North, who were operating out of Guadalajara Airport in Mexico, where Secord, Amiram Nir, and North were running drugs from there into the United States and arms into various directions through there, including Communist Chinese arms, typifies, though by no means exhausts the scope of, the nature of the drug problem. And it typifies the fact that it is very difficult for a government of Mexico to arrest people like Major General Secord and North, who are working out of, shall we say, Room 2C840 in the Pentagon, for the Joint Chiefs of Staff.

How do you arrest the U.S. Joint Chiefs of Staff and their agents? And this has been the problem that Mexico has had, in even considering any effort to block and obstruct these kinds of operations which are run for the benefit of certain banking and financial interests, not for the benefit of the U.S. government or its people.

But this does mean that Mexico faces a threat.

To give one more indication of this: Look at Peru. Incredible as it may seem, Shining Path, which is not a movement of Indians but of certain French-speaking communist types, is actually crushed militarily in a very successful military-political operation by the Fujimori government and by the

Peru military, which is an Indian or a native Peruvian military, a very unique military in this hemisphere. And this military has done a job of defending the Indians against Shining Path very successfully and has, for the moment, *defeated* Shining Path.

The danger is that Shining Path may be coming back. The greatest defender of Shining Path in the world today is the U.S. government, with its so-called human rights operation.

In terms of *malice* shown by certain institutions in the United States associated with the Project Democracy types, in terms of the power shown by those who work with drug pushers in Mexico, such as a man who was working with the Drug Enforcement Administration—Oliver North, operating out of Guadalajara Airport, this big drug-running and gun-running operation—one sees the vulnerability of Mexico to these kinds of operations politically, and one sees the danger that movements in this direction will tend to increase, at present. It is a great danger.

XEAW: There is a proposal, which is not new but revived, that legalizing the consumption of drugs would end drug trafficking. Is this true from an economic standpoint?

LaRouche: No, it is not true. It is a complete myth. This myth was invented by a group called NORML [National Organization for the Reform of Marijuana Laws], the drug lobby, which was funded by the Playboy Foundation, back in 1970-71, when we first ran into it. We have seen the argument. The argument was supported, of course, by Milton Friedman, the senile bungler called an economist, and others. And it just simply will not work. There is no possible way.

If you increase drug usage and legalize it, you are going to destroy more and more of your own population. If you destroy more and more of your own population, you will see effects like that which China experienced under the forced legalization of drug trafficking into China, by the British government, especially Lord Palmerston. *There is no justification in fact for the legalization of destructive drugs.*

XEAW: Drug trafficking has overwhelmed the judicial systems of Latin America. What's the situation in the United States?

LaRouche: The problem is, the overwhelming of the judicial system in these countries is a result *actually* of U.S. and Israeli pressure, because there are certain Israeli banks which are very key in the money laundering, in the drug trafficking, the weapons trafficking, and so forth. In the United States, what was done was very cute. It was done by certain people inside the Reagan administration. Every indication I have, is that President Reagan was actually quite serious in his war on drugs; but Vice President George Bush had different ideas—or at least in practice he had different ideas.

As a result, in the United States, we have a system in which people are put into prison, presumably as part of the war on drugs. But there is no serious effort to control money laundering, no serious effort to control the major logistics of



Mexico has a lot to contribute to the world economy, especially the human resources, says Lyndon LaRouche. "But Mexico requires full respect as a truly sovereign nation-state." A trainee at a Ford assembly plant in Mexico City.

drug trafficking. And therefore, what we have seen is that the war on drugs, as far as a law enforcement practice inside the United States, is a farce, in which certain victims as scapegoats are stuck into prisons. The press and the government claim that this is a wonderful war on drugs, but in the meantime, the drug trafficking increases. The drug trafficking increases, because people like Oliver North, working out of the National Security Council, with office 2C840 of the Joint Chiefs of Staff and the Pentagon, among others, was running the drugs. How can you fight a war on drugs when you cannot touch those elements of the government itself which are running drugs? And that is the problem throughout the hemisphere.

As long as the United States, in particular, condones agencies of its government, such as the operations of North and Secord during the 1980s, and working with the Israelis in running these drugs as part of the weapons trafficking, how can these countries arrest the U.S. government? And as long as they don't dare take on the U.S. government, the Israelis, the British, and so forth on these questions, how can any of these governments really honestly expect a victory in what is otherwise a necessary but extremely difficult war on drugs?

XEAW: Why do you consider yourself a political prisoner?

LaRouche: In October 1986, the Gorbachov government, as expressed in large part through the leading Soviet press, especially in the period from July through October 1986, demanded publicly and repeatedly that the U.S. government show its good faith by taking action to imprison me; and that was the basis on which I was imprisoned, on the demands of Gorbachov, and by means of the Bush faction, to describe it

most fairly, inside the Reagan-Bush administration. Not the Reagan faction, but the Bush faction. Otherwise, I would not be in jail.

The charges against me are fraudulent, as the record shows. The legal record in the court shows that every basis for the charges was perjury suborned by the prosecution or used by the prosecution wittingly, and otherwise by massive lying by the prosecution, which lied on every key point of the case—and that is now a matter of proof.

So, the fact that the government was fully aware at the time of prosecution, that there was no guilt of any of the things of which I was charged, and secondly, the fact that this action was taken, that is, putting me in prison as opposed to harassing me and my friends—I was put in prison solely because the Soviet government of Gorbachov massively demanded this be done as a token of good faith for summit negotiations with the Reagan administration.

The issue over which I was put in prison was the Strategic Defense Initiative [SDI], which I designed, which Reagan adopted, and which became the controversy, the issue over which the Soviet government demanded my imprisonment.

There are other issues involved, but they would not have caused me to be imprisoned. One other issue over which Henry Kissinger demanded my imprisonment, but did not succeed, was, for example, *Operation Juárez*, my demand that Mexico have the right to sovereignty in the matter of treating its foreign debt. That particular issue was the immediate cause for Kissinger, in August 1982, demanding my imprisonment. That did not succeed, but the effort by Kissinger and others, including the B'nai B'rith, to bring about my imprisonment, was made successful *only* when Gorbachov demanded my imprisonment.

XEAW: What's your thinking on the Mexican undocumented workers in the U.S. economy and why, if they are useful, is there a growing tendency to repress them by applying the death penalty?

LaRouche: First of all, on the undocumented workers question, and the Mexican workers in the United States: I was involved in this area, in doing policy studies, and in consulting with the government of Mexico on its views on the matter, and in making recommendations to the U.S. government in this matter, back years ago.

I thought two things were at issue. First of all, the use of Mexican labor in the United States should not be categorically rejected, because the Mexican labor coming into the United States was playing a useful economic role. But I thought two things were necessary. First, that documentation be provided more generously, where there was a justified basis for this; and secondly, that we consider the important problem of the *protection* of Mexican residents working in the United States under such documents, through Mexican consular representation.

The point is that people do wish to use Mexican labor as

cheap labor, which they can super-exploit. That is an obvious point; and secondly, for political reasons and in order to keep it under control, it's repressed. It's terrified. The Mexican undocumented worker is denied all rights, including economic civil rights, by virtue of the fact that he or she is illegal, that employers can treat them pretty much as they choose, that any Mexican who stands up and demands his rights, who is undocumented, is obviously going to be cruelly repressed. He will be turned in. He will be beaten. And an attitude is projected that these people are undesirables who are wanted as cheap labor but are otherwise undesirables. That kind of problem results in these kinds of attitudes.

There is also a policy which is projected by the U.S. government, which is not entirely the policy of the U.S. government. There is a powerful faction in the U.S. government which is represented by membership in or sympathy with the continuing organization of the Confederacy. That organization is the Southern Jurisdiction of the Scottish Rite Freemasonry based out of Boston. There are people visible in the U.S. government who represent that tradition, or are members of that organization, or are otherwise ideologically associated with this tradition, which is in the tradition of the Confederacy.

This aspect of the U.S. government—the Southern Jurisdiction of the Scottish Rite—is the agency which has been involved, specifically, in adventures, in filibustering, and other kinds of repression and atrocities against Mexico and other governments of the Caribbean region over more than 150 years.

So there is a tradition which is powerfully placed, though not exclusively placed, in our government and among institutions affecting it, which is anti-Mexican, in the sense that people such as the Confederacy circle themselves are responsible for their part in the wars with Mexico, declared and undeclared, earlier, as well as in other parts of the Caribbean. The attempted invasion of Cuba, the William Walker depredations in Central America—all of these things come from one source inside the United States, of which people like Teddy Roosevelt and Woodrow Wilson were direct ideological expressions, to typify the problem. And that is the problem today. We have people who have no respect for human rights, and a person who is Mexican or black has less rights in the eyes of these people than even a typical American, who may be also subject to abuse.

It's unjust, it's evil. I think rather than saying the U.S. government does it, however, it is more useful to point the finger at the fact that there is a faction in the United States, which is not typical of all the American people or all factions, which is very powerful, tied to the Southern Jurisdiction of the Scottish Rite, which is the traditional enemy of Mexico, and which, in the case of *Herrera* and other cases, was very specifically represented in those decisions for the execution of Mexicans, despite the fact that these Mexicans had credible, colorable claims to innocence before the court.