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## Conference Report

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# LaRouche specifies recommendations on U.S.-Mexico economic policy

This magazine's Latin America editor locked horns with one of the Reagan administration's top policy-makers for Mexico and Central America at a well-attended Washington seminar sponsored by *Executive Intelligence Review* March 26. The debate occurred at the final session of a two-day seminar on "The U.S., Mexico and Central America: Conflict or Cooperation?" which brought together a high-level audience of over 100 diplomats, Reagan administration representatives, and members of the business and intelligence communities.

Present at the *EIR* seminar were representatives of the White House; Defense, Agriculture, Commerce, Treasury; Labor, and State Departments; the Army Corps of Engineers, the Naval Reserve, and the Nuclear Regulatory Commission; diplomatic representatives from European, Asian, African, and a half-dozen Latin American embassies; and various participants from think tanks and intelligence agencies in the Washington area.

Al Zapanta, a member of the Reagan transition team with responsibility for Mexico and Central America, currently a vice-president at ARCO Ventures, presented the high points of what he said was the thinking that went into formulating Reagan's foreign policy. On Mexico, Mr. Zapanta urged the adoption of a "North American Accord," which would be a cleverly disguised version of the North American Common Market proposal which calls for uniting Mexico, Canada, and the United States. Zapanta also suggested that a model of U.S. ties with area nations should be with the new Seaga government in Jamaica.

*EIR* Latin America Editor Dennis Small attacked Zapanta's idea of Jamaica as a model. "Seaga's 'free enterprise' approach has meant legalizing Jamaica's large marijuana exports to the U.S., and the financial flows from it. This is no ally of America," Small charged, "this is a bill of goods we are being sold."

The *EIR* editor counterposed to this a U.S.-Mexico relationship based on an exchange of oil-for-technology first proposed by former Democratic presidential contender Lyndon H. LaRouche. Small argued that this—and not a trilateral common market accord that Mexico

has already publicly rejected as a threat to its industrialization plans—is the basis for economic and political stability in the region, including Central America.

Democratic Party leader Lyndon LaRouche outlined the strategic context for the entire discussion in his afternoon keynote address. If the Reagan administration accepts Mexico's offer to trade oil for advanced American technology and capital goods at the upcoming April 27-28 meeting of two countries' presidents, LaRouche argued, America's entire economic and foreign policy can be put back on the right track.

"We now have a real strategic possibility for change," LaRouche told the attentive gathering, if the U.S. helps Mexico fill its "shopping list" of high-technology goods it needs to meet its ambitious industrialization goals. This is the best way for the U.S. to abandon the "Global 2000" antigrowth policy pushed by the Haig State Department, LaRouche said.

Alexander Haig and Federal Reserve Chairman Paul Volcker "want to halt technological progress," the Democratic Party leader charged. "This is a policy of genocide, of bringing the world population down from 6 billion projected in the year 2000 to 4 billion. This is 100 times worse than Adolf Hitler."

### But can we produce enough?

LaRouche's address came after a morning session had heard Dr. Uwe Parpart, the director of research of the Fusion Energy Foundation, present a detailed profile of the prospects for Mexico's rapid economic growth. Dr. Parpart, who recently completed a groundbreaking study of the Mexican economy based on the LaRouche-Riemann econometric model, argued that Mexico would in all likelihood be purchasing upwards of \$150 billion in capital goods imports over the decade of the 1980s, to fuel an 11 to 12 percent growth rate. "We can sell Mexico \$100 billion in capital goods over that time period," Parpart claimed, if the right bilateral political relations are established between the two countries.

Parpart argued that the U.S.'s major problem would be that Volcker's wrecking policy against the U.S. economy had left it physically unable to match Mexico's demand, and that a prompt reversal of those policies was required.

Parpart was followed by Dr. Joseph Dietrich, a former president of the American Nuclear Society and chief scientist at Combustion Engineering, who discussed how U.S. nuclear policy had to be changed in order to take advantage of export markets like Mexico's; and by Dennis Small, who reviewed the policies of U.S.-Mexico relations and the steps needed to improve those ties.

Full discussion followed the three presentations, with the audience asking for details on the political and economic feasibility of the oil-for-technology proposals outlined. Is it possible to modernize Mexico's agriculture without changing that country's *ejido* system of land tenure? Will the United States be able to compete with Europe and Japan for the Mexican market? Will Mexico's next president follow in López Portillo's pro-development footsteps?

### Who runs terror?

The worsening civil war in Central America, which threatens U.S.-Mexico relations and hemispheric stability as a whole, was put under a microscope on the second day of the conference. In particular, the controversial question of who really runs terrorism in Central America was asked, and answered in detail.

Criton Zoakos, editor-in-chief of *EIR*, explained that the key to understanding the entire chaotic situation in Central America was knowing State Department policy in the area. It is that policy which is shaping the supposed "ideological dispute" between "left" and "right" there. And that policy, Zoakos charged, is deliberate genocide, depopulation as prescribed by the Global 2000 report.

"Ideologies are manipulated to create this policy result," Zoakos explained, "and there are fools in Latin America who aid and abet this population policy."

Zoakos was followed by Paul Goldstein, contributing editor of *Investigative Leads* and a counterintelligence specialist who has studied Central America closely. Goldstein flatly characterized Haig's charge that only the Soviets and Cubans run terrorism as "a lie." The State Department has 18 pounds of documentation on the role of organizations like the Socialist International and the Jesuits in El Salvador, but they have released only a tiny portion which concerns the Soviets and Cubans. "Why are they covering up?" asked Goldstein.

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*Transcripts of the EIR conference are available at \$100 per copy. Order from Peter Ennis at (212) 247-8820, or write to EIR.*

## Mexican press covers LaRouche in Washington

*Lyndon LaRouche recently returned from a 10-day tour of Mexico. And on the day after he addressed the Washington EIR conference on U.S.-Mexico relations, the Mexico City dailies Avance, El Universal, Ovaciones, El Heraldo, and the semi-official El Nacional, as well as El Norte and El Porvenir in Monterrey, all covered the following March 26 UPI wire on the LaRouche speech.*

It has been said that Mexico is sitting on top of "a sea of oil," but an American economist suggests that the future of that nation lies in nuclear technology.

"The most important characteristic of overall investment during the next decades should be nuclear technology," declared Lyndon LaRouche. . . . LaRouche, who is an energetic proponent of his country's exchanging technology for oil with Mexico, stressed that "only the capabilities of nuclear energy could satisfy the necessities" of Mexican development. . . . LaRouche emphasized that "every nation which seeks a technological future, including the majority of the semi-industrialized developing nations, should begin right now developing thermonuclear technologies.

"Mexico," proposed the economist, "should be owner of nuclear technologies, developing research and the necessary training programs, just like [the state petroleum entity] Pemex did in respect to oil technologies."

LaRouche recommended that Mexico complement thermonuclear development with extensive pumping of gas, especially in the eastern part of the country where natural gas is abundant. He said that if oil exports to the U.S. reached 2.5 million barrels per day, during the first decade of this agreement Mexico would receive \$150 billion in high-technology capital goods.

"These figures are not so impressive when it is observed that it works out to only \$2,500 of investment for every Mexican living in 1991," he added.

As far as the U.S. is concerned, if it reached an agreement with Mexico, it "would produce an increase in employment in the production of capital goods, which would stabilize for a long time the U.S. balance of payments and would guarantee that Mexico would achieve its objectives by the year 2000."

On his thesis of exchanging oil for technology, LaRouche said that this "would represent, in principle, a model for a new world economic order in North-South relations. A U.S. government which rejected Mexico's offer of exchanging oil for technology would deserve to be locked up in an insane asylum because of its clearly galloping lunacy."

# A program to rescue Central America

by Dennis Small

*The final panel discussion of the Washington, D.C. EIR seminar centered on the best means to stabilize the currently explosive Central American region. The following excerpts were taken from the presentation made on this subject by EIR's Latin America editor, Dennis Small.*

The situation in Central America and in El Salvador specifically, as it stands right now, is a no-win situation for the United States. No matter which way we turn, within the current defined options, there is no solution. Both sides of this civil war, both the Christian Democratic Junta and the Social Democratic and Jesuit-run opposition, are in fact controlled by the same international forces at the top. And you can trace this command structure right back into the European nobility that runs the Christian Democracy and similarly runs the Society of Jesus. I think it is crucial to remind ourselves of this to keep the El Salvador situation in proper focus. . . .

Our proposal is different.

The United States and Mexico, on the basis of the kind of oil-for-technology accords which we've discussed in earlier panels, should jointly address the Central American problem from the standpoint of encouraging rapid economic development as the basis for geopolitical stability. This approach would include:

1) U.S.-Mexico economic cooperation projects throughout Central America. A first element of this must be immediate food relief. This is an urgent problem. Secondly, there was a project floated once by certain Mexicans to construct a natural gas pipeline south—since there didn't seem to be any interest in the north. This would be very useful. Relatively economically it could be extended throughout Central America, providing urgently needed energy supplies and industrial feedstocks for what could then be built up as an industrial region south of Mexico's border. A related project would be for private sector companies in Mexico like ICA, and public sector companies like Fertimex, to expand their already significant activities in the region in the areas of construction and fertilizer plants, respectively. These would be the kinds of industries which could in fact

develop Central America.

Perhaps the Alfa group of Monterrey could then be interested in using their HYL process of direct reduction steel fabrication in Central America. The natural gas that could be provided through the proposed pipeline would be one of the necessary feedstocks; the only other major needed input is iron ore, which both Brazil and Venezuela have plentiful supplies of. This would be an excellent area for immediate cooperation between the Mexican and Brazilian economic giants of Latin America: to aid the industrial development of Central America.

I also think it would be very interesting politically to get the Monterrey Group involved in Central America.

Pemex's activities in aiding the exploration for oil in the Central American region would also be very useful. The Mexican-Venezuelan oil accord could be usefully reoriented in these industrial and related ways.

2) We need significant flows of U.S. credit for development in the region. This is self-explanatory. It should only be added that this would have to be made conditional on the absolute elimination of the offshore banking networks that operate throughout the Caribbean basin and in Central American nations like Panama. These offshore banks, as we have documented, are primarily drug-money laundering centers, whose financial functions are not only not a contribution to the industrial growth of the area, but they are actually a cancer on it.

This damned thing should be stopped, the drug-running in the area should be stopped. U.S. credit should be provided for the kind of industrial production we're talking about, but on the basis of the elimination of these offshore financial centers.

3) The flip-side of this antidrug operation must be fulfilled within the realm of direct drug interdiction. The Jamaica problem is perhaps only the region's most extreme one, after Colombia, of the way narcotics production can entirely take over an underdeveloped economy. The participation of the Drug Enforcement Administration in making sure that Central America ceases to be the transshipment point that it is for drugs into the U.S. would be very useful. This is also a tailor-made opportunity to apply Mexico's expertise in combatting narcotics—which they demonstrated in their own successful efforts in the 1975-77 period. . . .

4) The final point I propose for a viable stabilization packet for the Central American region, I would like to call the "Charles III Memorial Point." Charles III was the Bourbon King of Spain who played a very important role in helping to develop the entire New World in the 18th century. Perhaps one of his most significant accomplishments was that he expelled the Jesuits from the entire Hispanic empire of the time.

This fourth and final point is urgently needed, if we are to be successful in the project of economic development which we have laid out.