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## Documentation

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### Mexican press reports on Zepp-LaRouche's visit

*We publish below translations of the leading news coverage of Helga Zepp-LaRouche's visit in Mexico, including of her Nov. 30 press conference and her Dec. 1 presentation at the Mexican Society of Geography and Statistics, together with former President José López Portillo.*

#### **Gabriela A. Frías, "Warn of Inertia in the Face of Collapse," *Reforma*, Dec. 1, 1998.**

The industrialized countries are rapidly entering into a period of economic depression, said Helga Zepp-LaRouche, international president of the Schiller Institute.

The collapse of the real economy, the trade deficit of the United States, and the drop in production from Japan to Southeast Asia, are indicators of this phenomenon, warned the wife of the prestigious economist Lyndon H. LaRouche.

"Unless the governments of the G-7 and other countries totally change their present policy course, we will see in the next few weeks the next phase of the collapse of the financial system," said Zepp-LaRouche.

The new crisis will hit the United States, Canada, Australia, New Zealand, and the countries of western Europe.

For the European economies, the euro represents the worst danger at the present time, since by definition it lacks the mechanisms for defending the member nations from a possible financial collapse, she said.

The question is to influence President William Clinton, to promote an alliance with China and Russia, along with Malaysia and India, and to create a New Bretton Woods, a new, just economic order.

"The countries that are not willing to break with neo-liberalism, to proceed to a new Bretton Woods, and are not ready to take protectionist measures, will find themselves submerged in this dark period during 1999," she warned.

The measures promoted by the LaRouches include recognition that there is no way to save the current system, but to radically reorganize it. To throw globalization and market economies into the garbage, and wipe out with the stroke of a pen the trillions of dollars that exist as derivatives obligations.

#### **Carlos Velasco, "Gloomy Outlook If the Neo-Liberal Economic Model Isn't Changed: Schiller Institute," *El Uni-***

#### **versal, Dec. 1, 1998.**

The future of Mexico will be grim if the neo-liberal model currently applied is not changed, since it has only left unemployment and misery in the country, said Helga Zepp-LaRouche, president of the International Schiller Institute [sic] and specialist in economic affairs, who gave a presentation on the international financial crisis.

With more than 50 articles and essays written on international strategic matters, in particular on China and on the Eurasian Land-Bridge, she gave a speech in which she discussed her experiences during her visit to China, and also discussed the international financial crisis, as well as the case of Mexico.

In response to a question from *El Universal*, she commented that the current neo-liberal model applied in Mexico demonstrates the disastrous nature of the policies of the last 16 years, since there is 50% real unemployment, which holds out little hope to Mexican youth.

The specialist pointed out that if the government resorts to budget cutbacks, as a means of attacking the international financial crisis, it is wrong, since this destroys jobs and industry, and the result will be less income via taxes.

She offered her country, Germany, as an example, where during one period, budget cuts were resorted to, but the health system was destroyed and rehabilitation programs cut.

#### **Sofía Miselem, "The Russian Crisis, Proof of the Failure of the IMF's Strategy: The International Financial System Could Collapse in a Matter of Weeks, Warns Helga Zepp-LaRouche," *Excelsior*, Dec. 1, 1998.**

After literally sending globalization and the free-market into the trash bin, and rejecting any socialist policy, president of the International Schiller Institute [sic], Helga Zepp-LaRouche warned that if economic policy is not changed completely, there could, in a matter of weeks, be a clamorous collapse of the international financial system, which would lead humanity into "a dark age."

However, the international analyst confirmed that there was just as good a chance of going into a "renaissance for humanity," as into a "dark age," provided that timely protectionist measures are taken, such as nationalization of the banks and establishment of fixed exchange rates, which were the key to the economic recovery of the United States, Western Europe and Japan after World War II.

After offering an analysis of the stock exchange collapses in Southeast Asia and also in Russia, Zepp-LaRouche warned that if this process of economic deterioration continues, there is the risk that the entire monetary system would "disintegrate" in a chain reaction that would explode the international financial system.

One of the major problems, said Zepp-LaRouche, is that the members of the Group of Seven most industrialized countries (U.S., Canada, Japan, Italy, France, Great Britain, and

Italy) are reluctant to accept that reality and, therefore, to take up the solution.

She emphasized that it is therefore necessary to form a bloc of sovereign states not aligned to the current economic system, that would seek to defend the lives of its people, its economies, and its nations.

The expert in economic matters said that, at this moment, there are currently two realities that exist in the world: governments which try to defend their economies and their sovereignty through protectionist measures, and a series of illusory policies promoted by the G-7.

The proof of the failure of those G-7 economic policies, added the president of the International Schiller Institute [sic], is the stock market collapse that occurred a few months ago in Russia, despite the fact that this country has followed the IMF's economic prescriptions to the letter for the past seven years.

And it has been demonstrated that the nations of the G-7 are not immune to these (financial) jolts, given that U.S. exports have already collapsed, and it has an enormous trade balance deficit, while Japan is facing a similar situation.

In the case of Europe, explained Helga Zepp-LaRouche, the launching of the European common currency, the euro, on Jan. 1, 1999, also represents a serious danger, given that it does not possess the necessary mechanisms for preventing a generalized financial collapse. . . .

It therefore becomes imperative to proceed to a radical reorganization of the current financial system and to throw globalization and indiscriminate free trade "into the garbage."

It would also be useful for the underdeveloped and industrialized nations to declare a moratorium on their foreign debts, which are unpayable even for such consolidated economies as the United States and Germany.

At the same time, said Zepp-LaRouche, we need to establish capital controls, and to control the speculators, imposing fixed trade and exchange rates, while nationalizing the banks so that it becomes the states themselves which assume responsibility for issuing credit, that should be allocated in the first priority to the agricultural and social development of nations.

These policies, she said, were a key aspect in the spectacular economic recovery of the United States, of the western European countries, and of Germany following the devastation caused by World War II.

Helga Zepp-LaRouche's other activities during her visit to this city, include the keynote speech she will give later today before the Academy of Economy, at the Mexican Society of Geography and Statistics (SMGE), which will also be addressed by José López Portillo.

**Marco Antonio Garcíá Granados, "The Principles of the Mexican Revolution have been lost, says JLP," *Excelsior*,**

**Dec. 2, 1998.**

To avoid a world economic depression, the United States should become the sponsor of developing and underdeveloped nations, inasmuch as the past ten years have seen the fall of solid structures like the former Soviet Union and, in the future, that of Japan, which is "hanging by a threat," warned Helga Zepp-LaRouche, founder of the European Liberal Party [sic].

In addition, former President José López Portillo y Pacheco indicated that Mexico has lost the elementary principles of the Mexican Revolution, under the strong pressure that international financial agencies have exerted on our country, of which he stated:

"We had no choice but to insert ourselves, without remedy, in them."

In the excellent presentation entitled, "The Concept of National Economy and Reform of the World's Monetary and Financial System," given by Zepp-LaRouche in the offices of the Mexican Society of Geography and Statistics, she stressed that, in the future, because of the economic crisis in many nations, "corridors of development" should be created without exception, which could become the salvation of the countries which lack the appearance of balanced subsistence.

She insisted that for Latin America, such corridors could mean in practice the door to economic salvation that so many dream of achieving, because from that moment a development "boom" could begin, in which the countries classified as financially underdeveloped, could participate.

The wife of Lyndon LaRouche, founder of the controversial Liberal Party [sic], argued that actions, that the Latin American nations could undertake "would bury" the oligarchy once and for all, to integrate a just economic order.

She went into depth on the subject, noting that it was about three decades ago that the liberal economic reforms were begun, which caused the patrimonial bankruptcy of the underdeveloped nations, but that there is still time to reverse the negative effects which symbolize inequality, and the cause of greater economic problems for those who have the least.

She said that, for her, there could be no better form of development than one based on a new economic policy that includes every nation, and in which the international financial organizations understand that if they insist on maintaining pressure on the most impoverished states, they will cause greater chaos. . . .

**José Luis Ruíz, "There Will Be 'a Lot of Noise' If I Talk About the Economy: JLP," *El Universal*, Dec. 2, 1998.**

*This article includes a picture of Helga LaRouche at the podium, being listened to by former President López Portillo, with this caption:*

*"Joel Romero and former President José López Portillo listen attentively to the keynote presentation by economist*

and humanist Helga Zepp-LaRouche, who addressed the international financial crisis.”

For former Mexican President José López Portillo, it would be a mistake to talk about the current economic measures imposed by the federal government, since it would cause “a lot of noise” to refer to such matters.

Interviewed at the end of the keynote presentation given by economist and humanist Helga Zepp-LaRouche, who addressed the international financial crisis, José López Portillo responded to questions:

. . . The former President admitted that in recent years, the country’s economic policies have been subordinate to the prescriptions dictated by the international financial institutions, “which have even made us forget our revolutionary principles.”

“I had my period of responsibility, and can now realize, in a rather dramatic way, what has occurred to national economies in an international financial order regulated by Bretton Woods, which operates with agencies such as the International Monetary Fund and World Bank.”

He commented that with independence, Mexico should organize itself as a modern nation-state to safeguard its interests from the critical whirlpool of international financial systems.

He insisted that in Mexico, the basic values of the Revolution have been forgotten . . . that of social justice, a principle which has not been taken into account with independence by the international agencies.

**Francisco J. Martínez, “A Mistake to Fall into the Hands of Neo-Liberalism: JLP,” *El Sol de México*, Dec. 2, 1998.**

The governments that emerged from the Mexican Revolution based the organization of their economy on meeting the demands for social justice, and not on responding to international demands, such as those currently posed in the context of globalization, insisted former President José López Portillo, adding that a country like Mexico, with great inequalities, should not leave itself in the hands of liberalism or neo-liberalism, as it is now doing.

He accused the international economic institutions such as the International Monetary Fund and the World Bank of assaulting the emerging countries, by demanding, through their policies the depression of consumption instead of encouraging the development of production.

“Mexico forgot its Revolution and the economy we wanted to create, given that all the prescriptions of the international economic agencies seek to depress demand and not encourage production,” López Portillo said.

Interviewed at the end of the speech of . . . Helga Zepp-LaRouche, at the Mexican Society of Geography and Statistics, the former head of state . . . praised the efforts of Zepp-LaRouche, saying that people like her not only foresee the economic imbalances represented by globalization, but also provide solutions based on protectionism.

## Russia: A stream of sordid scandals

by Roman Bessonov

*Russian journalist Roman Bessonov analyzes the circumstances surrounding the murder of Russian liberal Galina Starovoitova.*

The effective insolvency of Russia, declared on Aug. 17 by then-Prime Minister Sergei Kiriyenko, appeared to be the last and decisive argument against the shallow and incompetent opinion that the Asian crisis was merely an Asian crisis. It was also a decisive argument that Lyndon LaRouche was right in his prognosis — as usual.

Inside Russia, the reality of financial collapse signalled that the era of official political liberalism, underpinned by financial speculation, is over. The gang of privatizer-swindlers and “human rights” demagogues, calling themselves radical liberals, is finished.

The appointment of Yevgeni Primakov as Prime Minister marked the beginning of a period of emergency transition, under extremely difficult social and economic conditions. Millions of Russians understood, mostly by intuition, that it was a shift from the collapsed and discredited liberal system toward something different. This “something” may be either total disaster, with the country’s collapse, or reconstruction based on new economic principles.

### ‘Why did you not join?’

Upon taking office, the new Prime Minister emphasized that his government would be neither a formal party coalition, nor a narrow one-party team, but rather a government of professionals. They might be drawn from various parties, but not just for the sake of “pluralism.” The members of the government were to be competent in crucial issues of economics, finance, science, and social problems, while a range of views would allow urgent tasks to be approached in a competent and creative way.

Among others, Grigori Yavlinsky, a liberal economist who heads the Yabloko party and parliamentary faction, and Aleksandr Shokhin, Vice Premier in the Viktor Chernomyrdin government and head of the “Our Home is Russia” group in the State Duma (Parliament), were invited to join the government. But Yavlinsky refused, saying that he would agree only to work with a team of his own people led by himself, while Shokhin accepted the Vice Premier’s post but then suddenly stepped down, on the pretext of reluctance to cooperate