

## MEXICO

# IMF Moves Into Mexico With Brutal Austerity; Force Split Between Lopez Portillo And Echeverria

Sept. 23 (NSIPS) — For the first time ever the International Monetary Fund (IMF) has forced its way into Mexico with demands for major cutbacks in real wages and government spending and the lifting of government limits on investors. According to press reports in the Mexican and U.S. press Sept. 21, the IMF "agreed" to provide Mexico with from \$1.2 to 1.8 billion to back up the recently devalued peso on international markets. The U.S. Treasury and Federal Reserve have worked out an arrangement to make \$600 million of that amount available to the Bank of Mexico to counter "disorderly" exchange market conditions.

High-level government and banking sources within Mexico revealed that the IMF is still holding back approval on the large loan package pending acceptance by Mexico of stringent measures which includes: 1) a tight fiscal policy and cutbacks in spending by the large public sector, 2) wage controls, 3) the lifting of restrictions on foreign and national private investment and on profits, and 4) the lifting of protectionist trade barriers, primarily the recent export tariff imposed by the Echeverria government immediately after the devaluation of the peso. While the IMF loan package includes funds from Mexico's "gold and first credit tranches" totaling \$365 million which reportedly do not stipulate conditions, an as yet undetermined sum over \$700 million come from the "extended fund facility" which according to the Sept. 21 New York Times involves "a long-term plan for adjustment of Mexico's balance of payments deficit." Having gotten its foot in the door, the IMF, through the above-mentioned measures plans to administer the genocidal austerity and slave labor policies which Wall Street and its right-wing allies within Mexico have promoted over the past year and a half.

### Pressure Lopez Portillo

The move on Mexico by the bankrupt IMF was announced three days before Mexico's President-elect Lopez Portillo was scheduled to travel to Washington for meetings with the IMF, the World Bank, Henry Kissinger, William Simon and Chase Manhattan's David Rockefeller. The meetings, which began today, are designed to force Lopez Portillo's retreat from the pro-development policies of Mexico's current President Luis Echeverria and to blackmail him into accepting the IMF demands.

Reflecting these pressures, in a politically suicidal way, Lopez Portillo on Sept. 21 echoed recent right-wing attacks on the Echeverria government by stating that "Mexico, as well as other Latin American countries, isn't underdeveloped but underadministered." The "underadministered" slogan has been used by the right-wing Monterrey Group of pro-Wall Street industrialists and their allies in the business and landowner communities to attack "inflated" public investments in the large state sector, which includes some of the country's key industries — oil, steel, fertilizers, etc. — and which has expanded rapidly under Echeverria.

### Dual Power

Lopez Portillo's first overt attack on Echeverria has brought into the open the "dual power" situation in Mexico crippling the Echeverria government as Lopez Portillo scheduled Dec. 1 inauguration approaches. Following months of pressure and terror against Lopez Portillo, Wall Street has driven a wedge be-

tween Echeverria and his weak-kneed centrist successor. The fiercest terror attacks over recent months have been aimed by Wall Street directly against Lopez Portillo, including a terrorist assassination attempt against his sister two months ago.

Furthermore Lopez Portillo has been surrounded by Maoist, pro-zero growth advisers from the Rockefeller Foundation-funded Colegio de Mexico, who infiltrated the ruling PRI party's think-tank, the IEPES, since the start of Lopez's campaign. The top agent in this group, Moctezuma Cid, has consistently stated that the most serious problem Mexico faces is "demographic growth." On Sept. 20 — one day before Lopez's open attack on Echeverria — Cid used the "under-administration" line to attack the government.

In early September the terror environment intensified with rumors of assassination plans against Echeverria, as well as other destabilization operations — including a major national bank panic — creating the environment of chaos and fear in which Lopez has been forced to retreat.

### Echeverria Holds The Line Against IMF

In the past few days Echeverria and his allies have attempted to put counterpressure on the wavering Lopez Portillo. In a speech in Lopez's presence Sept. 18 inaugurating a new steel plant, Echeverria warned that "when the Mexican Revolution has undergone interruptions from one administration to the next, it has stagnated," and stressed that "Lopez's presence here demonstrates that there will be no splits or stagnation."

Echeverria also held out against the IMF's austerity demands yesterday by intervening into wage negotiations between business and Labor representatives — stalled by the intransigent businessmen, who had attempted to keep the wage increase at the IMF-mandated 10 per cent — and insuring a favorable settlement for workers including a 23 per cent wage increase. The settlement averted a major disruptive strike pushed by CIA labor controller Fidel Velazquez. However the door remains open for further wrecking operations, since disgruntled businessmen threatened after the settlement that some companies would be unable to meet the wage increases which could still trigger "small strikes."

### Mexican Columnist:

### Foreign Debt—Enough Is Enough

Sept. 24 (NSIPS) — The following article by Salvador Lozano appeared in the Sept. 21 Mexican Daily El Sol.

At the beginning of the month, there were some doubts as to whether the "North-South" dialogue would be resumed. A news wire datelined Brussels noted that the "problem of the foreign debt of the developing countries makes the continuation of the negotiations through which the establishment of the practical basis of new world economic order are sought very difficult." The news wire explained that while the group of developed capitalist nations present in Paris upheld their proposals to deal with the question of the foreign debt "case by case" and in a "flexible manner", the underdeveloped countries "demanded a general moratorium on their debts" and consider that the formula proposed by their opponents tends to "divide the third world block". In fact, the negotiations were resumed on the

Sept. 13 as was scheduled, but only to become deadlocked on this important and decisive question.

There is no possibility of constructing any just order in international economic relations without resolving the problem of the foreign debt of our nations. Not only the oppressive magnitude of indebtedness — \$200 billion by the end of this year — not only the economic and social bloodletting which meeting those payments means for underdeveloped nations, but the now evident fact that this horrible burden impedes our development and by looting leads to the destruction of the necessary instruments of progress, undeniably result in the following conclusion: Either the huge foreign debt is thrown aside or the new international economic order will be unrealizable. In the latter case, the consequences can scarcely be described: the Chileanization — or Argentinianization, its all the same — of our economies and, sooner than later, the appearance of political conditions that will lead to general war.

Many leaders of the so called Third World, are today discussing this dilemma and voices of great political and moral authority have been raised to point out that after long years of controversy the time for action has arrived. The intransigence of Nairobi and the intransigence of Paris demand a reply. For any honest human being it is disgusting that a handful of financiers and international bankers insist on collecting inflated

credits through unimaginable tricks while the world food shortages grow. Today, for example, over 20 million tons of grain are wanted to satisfy the needs of humanity — epidemics ride on the heels of malnutrition, resources are decreasing for all types of social services, and the necessary investments for the industrialization and the urgent modernization of agriculture in our countries are being strangled. In short: Enough is enough, as the saying goes.

At Colombo, the "Non-Aligned" countries decided upon the initial mechanism to set the new international economic order into motion. And they decided to confront the imperialist intransigence with the adoption before the year's end of joint unilateral measures. Such measures include, in the first place, the suspension of the foreign debt payments denominated in dollars.

There is the conviction that the moment has arrived to begin the decisive battle for our future, for the future of humanity, and in the resolutions of Colombo the battle plan is laid out — nothing remains but to apply it. As to the "economic warfare" of which the press agencies spoke after the conference in Nairobi one must use his best weapons, comparable to those of the enemy. If our indebtedness is the iron hand with which they plan to strangle us, the unilateral suspension of the foreign debt payment must be the arrow aimed at the heart of international financial capital.

## AFRICA

# Kissinger's Rhodesian Peace Plan Designed To Ensure War

Sept. 25 (NSIPS) — The reluctant approval by Rhodesian Prime Minister Ian Smith last night of the so-called Kissinger proposal for eventual "black majority" rule in Rhodesia is being wildly acclaimed today as a major diplomatic success by the Atlanticist-controlled press. In fact, the Kissinger proposal is designed to be totally unacceptable to the five front-line African states who will meet today in Lusaka, Zambia to consider it. By advancing an unacceptable proposal, Kissinger has contrived to shift the blame for the war he is setting up in southern Africa onto the African states and their Soviet supporters.

### The Kissinger Proposal

The "peace" proposal proffered by the U.S. Secretary of State on his just-concluded southern Africa shuttle calls on African states to lift sanctions against Rhodesia's Smith régime and dismantle the Zimbabwe Liberation Army in return for Ian Smith's establishment of a "biracial" government dominated by himself and which will include blacks hand-picked by Smith. According to Smith's official announcement, Kissinger promised him that "sanctions (that have made Rhodesia an outlaw state among the community of nations for the last 11 years—ed.) will be lifted and there will be a cessation of terrorism"—the latter is a euphemism for the dissolution of the Zimbabwe Liberation Army, the only liberation force recognized by the front-line states of Tanzania, Zambia, Mozambique, Angola and Botswana.

Kissinger's proposal also provides for an interim government comprised of a council of state and a council of ministers, with the supreme body, the council of state, having equal numbers of blacks and whites and a white chairman. Smith emphasized that the members "will be chosen by Rhodesians," and the constitution this council draws up "will not be imposed from outside,"

another reference to the Zimbabwe Liberation Army now in forced exile in Mozambique, Zambia and Tanzania.

Smith and Kissinger both recognized that they could not pack the council of state with docile blacks agreeable to Smith without excluding the legitimate liberation force. Kissinger assured Smith that "they will be able to insure the implementation of this condition," even if it means war: "Even if we are realistic," said Smith publicly, "we must accept that terrorism cannot be halted at the drop of a hat and it will therefore be incumbent on the security forces and all those living in the affected areas to act accordingly. Indeed, it is likely that there might be an immediate and temporary increase in terrorist activity."

Thus, Kissinger is not keeping it a secret that he intends the Smith acceptance to set in motion a long process of tension and war designed to keep Third World nations off balance at the precise moment that they are closest to declarations of debt moratoria. Kissinger told Washington Post reporters accompanying him that this was the beginning "of a diplomatic drama that would run through many, possibly countless acts before a conclusive outcome."

Kissinger has an entire stable-full of stooges ready to take designated positions in the Smith government. Leading the pack is Joshua Nkomo, portrayed by the press as the most likely candidate for top African in a Smith government. Diplomatic sources have reported that Nkomo is provided houses and Mercedes autos by mining companies with interests in southern Africa, including American Metal Climax. Some other Africans of Nkomo's ilk are assigned more militant postures, and are therefore slightly more critical of the Kissinger proposal, just for the record.

Although the front-line African states have repeatedly made it