Henry Kissinger's policies wreck the U.S.-Mexico summit

by Valerie Rush

Mexican President Miguel de la Madrid arrived in Washington, D.C. on May 14 bearing the mandate of every major Ibero-American nation to present their views on the continent's dangerously escalating political and economic crises: namely, Central America and the foreign debt. He met with stony indifference from President Ronald Reagan; open rebuffs from the administration's economic spokesmen; and threats of destabilization, even overthrow, from Kissinger-allied forces in the State Department. The diplomatic doubletalk of "exchanging views" and "agreeing to disagree" could not cover up the fact that de la Madrid's appeal fell on deaf, even hostile, ears.

In short, the results were just about what could be expected from a Washington regime in which Henry A. Kissinger has controlled policy toward Ibero-America since the summer of 1982, when he was appointed to head the Bipartisan Commission on Central America. But this outcome means that the United States is on the verge of losing all influence from the Rio Grande to Cape Horn.

De la Madrid told a joint session of the U.S. Congress on May 16: "The Latin American nations seek, with fairness and respect, a new type of relationship with the United States. They seek to eliminate any shadow of subordination, preserving their sovereignty and national identity. . . . Justice and well-being are the only effective guarantees for warding off the danger of instability and a widespread conflagration of Latin America.

"How can we accept that a unilateral increase in interest rates nullifies the great efforts made for economic readjustment, accompanied by a lowered standard of living?. . . The developing nations seem trapped in an iron circle of indebtedness and cancellation of progress. . . . In a world that is impoverished, we must jointly establish new bases for financial and commercial exchange. . . .

"[The Contadora Group] represents Latin American actions to solve a Latin American problem. We maintain that dialogue and a negotiated solution to the conflicts are possible; we therefore reject, without exception, all military plans that would seriously endanger the security and the development of the region."

Two days earlier, the Mexican President reportedly warned President Reagan: "The United States must know that it has dignified neighbors, not slaves!"

Rebuffs and threats

The de la Madrid visit bears special significance for North-South relations in this hemisphere, because it coincides with heightened tension stemming from the new interest-rate spiral that threatens to blow apart the indebted Ibero-American economies. One Ibero-American leader after another, aware that the escalating bank rates have become a question of national survival, has warned that the situation is fast reaching a breaking point.

Outgoing Ecuadoran President Osvaldo Hurtado declared during a May 13 stopover in New York City that the debtor nations were "on the verge of explosion" due to recent the interest-rate increases. Former Venezuelan President Carlos Andrés Pérez has urged that the debtors respond to the interest-rate hikes by imposing a "ceiling" on their debt payments.

Argentine President Raul Alfonsín described the rising rat May 10 as "like a neutron bomb in which men and women remain alive, but all that generates wealth is destroyed. It is as though madness has taken over the financial centers." Alfonsín conducted hurried telephone consultations with his colleagues in Colombia, Venezuela, Brazil, and Mexico to try to bring off an emergency summit on the interest-rate problem, and his vice-president, Victor Martínez, declared outright May 14 that the time for a debtors' cartel to "defend our common interests" has arrived.

The interest-rate hikes themselves are being used as political as well as economic weapons against the outraged Ibero-Americans. The first 0.5% increase was announced just as de la Madrid launched his tour of the major Ibero-American debtor countries in April, for which a common position on the debt and in defense of Central American sovereignty were at the top of the agenda.

The second 0.5% rate hike occurred during de la Madrid's Washington D.C. visit. Together with the comments of U.S. officials like Federal Reserve Board chairman Paul Volcker and U.S. Ambassador to Mexico John Gavin, it spoke volumes about the Reagan administration's suicidal blindness

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towards its neighbors and toward the debt bomb about to explode on its shores.

Volcker, in a meeting with the Mexican head of state, declared that he stood "spiritually" alongside de la Madrid and the austerity measures he had imposed under the International Monetary Fund's (IMF) murderous dictates, but rejected de la Madrid's appeals to lower bank rates. "I can't pull a plan to lower Third World interest rates out of my pocket." Besides, Volcker added, the high interest rates are beneficial for the U.S. economy.

Gavin was more provocative, asserting that it was the "irresponsibility of the Third World in managing its affairs," and not U.S. economic policy, which was to blame for the high interest rates.

Meanwhile, Treasury Secretary Donald Regan slammed the door to unified approaches by the debtor countries—which de la Madrid and the presidents of Argentina, Venezuela, Brazil, and Colombia have been working for. Speaking on May 17 to a Paris session of the Organization for Economic Cooperation and Development (OECD), Regan stated that no "new approaches" to solving the debt crisis would be considered. "[We] continue to believe that the current [case-by-case] debt strategy provides the right framework for addressing debt problems."

U.S. Commerce Secretary William Brock poured cold water on the hopes of the debtors that more generous trade offers on the part of the creditor nations would assist the subordinated economies in overcoming their unpayable debt burdens. "It makes no sense," declared Brock, to undertake new trade negotiations until "safeguard measures" and trade subsidies are eliminated. De la Madrid was told by Brock in Washington that major trade concessions for Mexican products would only be granted in return for the elimination of all Mexican trade export subsidies and credits.

Nazi-communist alliance

A cold shoulder, however, was not the nastiest part of President de la Madrid's Washington reception. His arrival in the nation's capital was "greeted" with a two-part series carried by the *Washington Post* and written by State Department stringer Jack Anderson charging that, according to a "high government source with access to secret intelligence reports," Mexican President de la Madrid was stealing his country blind.

Anderson's secret source claimed that not only were former Mexican presidents Echeverría and López Portillo multimillion- and even multibillion-dollar thieves, but that de la Madrid himself had taken at least $162 million since his presidential campaign began in 1982, and was keeping it in a Swiss bank account. "This is something you might want to keep in mind when Mexican President de la Madrid calls on President Reagan this week," Anderson concluded his second column.

The Mexican presidential office denied the Anderson slanders as "inaccurate, false, and tendentious," protesting that Anderson's "sensationalism" was "staining" the *Washington Post*'s reputation. George High, State Department spokesman for U.S.-Mexican affairs, rushed to deny that the report Anderson was citing existed and reiterated the U.S. government's "confidence" in the integrity of the Mexican president.

And yet the well-orchestrated "leak" from the Kissinger-dominated State Department was hardly an indulgence in "sensationalism." Nazi-communist forces in Mexico—represented by the drug-trafficking alliance of the former Nazi party of Mexico, the PAN, and the former Communist Party, the PSUM—have been dedicating all their energies to the creation of a fascist mob capability, arousing anti-nationalists and the disaffected with concocted charges of corruption against the previous governments. With the help of their allies in the State Department, this "anti-corruption" mob is now to be turned against de la Madrid, creating the basis for destabilization of the Mexican government and possibly even invasion from the north.

George High's denials notwithstanding, it was High himself who told *EIR* on April 19 that "it will be very interesting to see what comes after the PRI," Mexico's ruling party. "Of course, I am all for democracy," insisted High. "But not just with one party. . . . It's important that there be other parties. The PAN is one of these, and I even believe it would be good to have the PSUM."

Venezuela labeled 'substandard'

The treatment Mexico received in Washington was low-keyed compared to what other Ibero-American nations are getting. On May 10, U.S. banking regulators determined that Venezuelan government and private-sector loans were to be classified as "substandard," the financial equivalent of labeling someone a leper.

As even the *Wall Street Journal* acknowledged, the classification is more political than economic. Banks will be reluctant to do any further lending or loan restructuring and the pressure will be high to force Venezuela into ultimately submitting to IMF dictates. Venezuela is the first Latin American debtor to be classified as "substandard." The only difference between Venezuela and the other major debtors, notes the *Journal*, is that "Venezuela is the only big Latin American debtor to refuse to submit to an IMF program."

The future awaiting Venezuela should it submit to the International Monetary Fund is being starkly played out in nearby Peru, where the government has just announced that stocks of state-sector companies are being put on the market for sale to private interest. The Belaunde government, which in March fired Finance Minister Rodríguez Pastor for advocating submission to an IMF austerity program, yielded late last month and, despite the outraged protests of the population, signed a "letter of intent" with the IMF. Interest-rate hikes, elimination of subsidies on food and other necessities, new currency devaluations and the just-begun dismantling of the state sector were at the top of the list.