

## **EIR** Special Report

# The Mexican fight for modernization

by Dennis Small

As an American businessman, which would you prefer? A country on our border with 18 million people, and economic growth rates of 1 to 2 percent; with no internal market to speak of, scant industrial development, and no trained labor force; with religious fanaticism sweeping through a largely peasant population? Or would you rather face a market of 70-80 million buyers, with a 10 percent industrial growth rate, engaged in a half-dozen city-building efforts; with a premium placed on rising skill levels, the application of the world's most advanced technologies, and a growing energy base that will be 40 percent nuclear by the year 2000?

Unless you are a victim of Mao Tse-tung-thought, the choice is obvious.

This is not a hypothetical case. We are talking about Mexico, our southern neighbor, so much in the press of late due to its meteoric rise to the position of the world's fifth largest oil producer. The two options outlined above are in fact the two very real choices Mexico now faces, choices explicitly addressed by President José López Portillo in his Fourth State of the Union speech, delivered in Mexico City on Sept. 1.

The Mexican president chose the occasion to reiterate his country's commitment to a high growth model. With characteristic irony, López Portillo told his audience:

There are those who, because of understandable ideological paradoxes or warped intellectualism, question and criticize the economic growth we have achieved as if it were a crime. Let them stew in their own sick juices.

The Carter administration on the other hand, and especially the office of National Security Adviser Zbigniew Brzezinski, has meanwhile restated its standing determination to force Mexico to adopt the low-growth option, known in Mexico as the "Paddock Plan." The outcome of the face-off between these two contending strategies will be shaped in the months ahead, and is of no small concern to Americans anxious to do business abroad—or



Photo: Government of Mexico

President José López Portillo (center) with Admiral Cházaro Lara (right) and General Félix Galván López (left).

who are disturbed by America's overall relationship to the developing sector. For whether or not America fosters modernization in developing sector nations such as Mexico may well be the issue which decides whether or not *our* economy survives into the 21st century.

### **Mexico girds for war**

What emerges from a close scrutiny of López Portillo's State of the Union message or "Informe," and the related policy statements issued by high Mexican officials immediately before and after it, is the unmistakable sense that what is guiding the Mexican political elite at this moment is the conviction that the world is on the brink of war. As the head of the Superior War College stated on Sept. 2, in the approving presence of the Mexican president: "The absence of armed conflict indeed creates the illusion that we live in a time of peace—a dangerous mistake."

Highly placed Mexican officials have told *EIR* that their concern over the danger of war was immensely heightened last month by the Carter administration's public adoption of Presidential Decree 59, the executive memorandum which adopted as policy a "tactical" nuclear war-fighting posture. Mexico sees the Middle East as being particularly explosive at this time, and thinks that there is a strong possibility that oil exports from that region will be drastically interrupted. As an emerging oil power, Mexico is highly attuned to the ways in which such a Middle East catastrophe would instantly threaten Mexico's own sovereignty over its oil

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and other resources—a principle cherished by the highly nationalistic Mexicans for over a century.

This urgent concern was reflected in the unprecedented way that López Portillo, both before and after the “Informe” conferred on Mexico’s armed forces a new, leading role in the country’s development strategy.

The war danger is also central to understanding Mexican foreign policy in Central America and the Caribbean. Contrary to the disinformation circulated by *Newsweek* and similar publications, Mexican President López Portillo has not signed a pact with Fidel Castro to sow revolution and terrorism in the region. In fact, such extreme developments are viewed by Mexico as threatening their own stability, to the extent that they are used by Brzezinski and Co. to justify a possible American military intervention.

### The Paddock plan

Particularly present in the mind of the Mexican executive is the way in which Mexico’s food crisis can be used as a means of pressure. López Portillo’s concern is that Mexico is far from achieving its targeted goal of food self-sufficiency. On the contrary, a serious drought this year will force them to import close to \$10 billion in basic foods, and Mexico’s new oil revenues are in this way being “eaten,” instead of being reinvested in industrialization. Mexico this year adopted a new Mexican Food System, or “SAM,” designed to achieve self-sufficiency, and President López Portillo spent a good deal of time during his speech explaining the nature and purpose of the program. One day later, a top military spokesman denounced the threat of “food war” by unnamed foreign powers, and revealed that henceforth the military will play a role in the SAM, since it is vital to “securing our sovereignty.”

The *Executive Intelligence Review* has found that the preoccupation of the Mexican government on this count is well placed. Through a series of exclusive interviews with the principals involved, and our own exhaustive investigation, the *EIR* has pieced together the following picture which is elaborated in detail in Part III of this Special Report:

- There exists a so-called “Paddock Plan” for Mexico and other developing nations, which consists of using food and other economic weapons to force them to drastically reduce their populations and de-industrialize their economies. The plan is named after the American agronomist William Paddock, one of the originators of the Malthusian concept of “triage.”

- For the case of Mexico, Paddock argues that that country’s 70 million population should be halved, or perhaps even reduced to as little as 18 million, by “pestilence, war and famine.”

- Paddock’s views are shared by National Security Adviser Brzezinski, and Paddock himself is only part of

a larger group of top policymaking co-thinkers who were involved in the creation of NATO and the Club of Rome.

- The same Malthusian, “limits to growth” approach has just been enshrined as Carter administration policy in the Global 2000 report, which calls for reducing the world’s population by the end of the century from an expected six billion down to three billion.

Confronted with such a “Paddock Plan,” it is not surprising that Mexico—firmly committed to modernizing its economy to satisfy a growing population—would now be girding for war.

### The 1982 presidential succession

One of the leading questions on the mind of every Mexico-watcher or businessman active in that country, is how the fourth “Informe” will affect the 1982 presidential succession fight. Since the governing president always has the final word in choosing his successor, and since that choice will be made in the next 12 months before the next “Informe” rolls around, Mexican politicians were hanging on López Portillo’s every word on Sept. 1 to try to get a reading on his preferences.

First and foremost, the Mexican president reiterated his characteristic choice of heavy industry and advanced technology as the means to achieve modernization.

This approach bodes ill for the entire gamut of prospective candidates from the “Alemanista” faction, who have argued for a slower pace of industrialization. In particular, the Mexican president gave implicit backing to his Minister of Industry (Sepafin), José Andrés de Oteyza, in his battle with Finance Minister David Ibarra, by endorsing de Oteyza’s strategy of aggressive expansion of the steel industry. Ibarra has received support for his “go slower” arguments from Planning Minister Miguel De La Madrid, heretofore considered by many a strong contender for the 1982 nomination.

Special recognition was reserved for Jorge Díaz Serrano, the head of Mexico’s national oil company PEMEX. Although mentioning no names, López Portillo issued strong praise for the oil sector, whose growth rates led the entire economy and whose actions were responsible for capping the “Ixtoc” oil spill in the Gulf of Mexico earlier this year. Díaz Serrano came under very heavy fire for “Ixtoc,” but he has received the full support of the President for his policies.

Díaz Serrano, however, is not a minister in the cabinet, and is thus ineligible for the presidential nomination, according to Mexico’s unwritten “rules of the game”—*unless* López Portillo creates a much-rumored Energy Ministry and gives the post to his longstanding friend and colleague, Díaz Serrano.

These are some of the questions that remain to be answered in the wake of the Fourth State of the Union speech.