

A July 21 *Journal of Commerce* article—the only coverage to date in the U.S. press of López Portillo's important address—said as much: “The pressures on the Mexican peso are real, not imaginary,” wrote Alan Robinson, “and the Mexican economy does not need an international plot to send it down.”

This last week, Wall Street added another weapon to their anti-Mexican arsenal: the deliberate political destabilization of the country through the activation of radical Church networks. This strategy was delineated in detail in a July 21 *Wall Street Journal* article, which argued that a repeat of the 1920s bloody showdown between the Catholic Church and the fledgling Mexican republic—known as the Cristero Rebellion—could easily be repeated. The resulting “civil war between the Church and the state,” *Journal* scribbler George Getschow noted merrily, “could threaten the political and economic stability of Mexico.”

The particular area of the country that has been targeted for trouble this time, is the oil-rich southern state of Chiapas, which borders on volatile Guatemala and which has an inordinate concentration of Jesuits and other troublemakers.

In this context, Mexican security officials will be closely watching the upcoming trip to Mexico of Father Theodore Hesburgh of Notre Dame University, who is on the Board of Directors of the Rockefeller Foundation. *EIR* has learned that Hesburgh's closest collaborators were responsible for planting the call for another Cristero Rebellion in the *Wall Street Journal* (see below), and are also actively working with Theology of Liberation priests in Mexico's south.

The interest-rate question

In his press conference, López Portillo indicated a two-level response to the “international conspiracy” against Mexico. The first, as mentioned above, was to mobilize the nation on the straightforward basis of patriotism, asking citizens to come to the defense of Mexico's currency and institutions. The second was to recognize that the full solution to Mexico's problems lies not inside Mexico, but in the international arena.

The Mexican president noted in his remarks that the economic difficulties Mexico is facing are shared by most nations in the world, and that this is due to the “scissors” effect created by the combination of reduced prices for raw materials (such as Mexico's oil) and stratospheric interest rates on the U.S. dollar. López Portillo therefore called on the recently concluded Ottawa summit to force the U.S. to lower interest rates.

After Ottawa, Mexico plans to make these issues the central topic of discussion at the October 1981 North-South meeting in Cancún, Mexico. But Wall Street is counting on having brought the his knees before that time.

How currency warfare worked in 1976

On Aug. 31, 1976, four months before the inauguration of President José López Portillo and on the eve of then-President Luis Echeverría's sixth and last State of the Union message, Mexico was forced to devalue its currency—the peso—by 50 percent. It was the first devaluation in 22 years!

The devaluation was the result of a coordinated destabilization against the Mexican nation, kicked off in March 1976, when Wall Street and Trilateral Commission press outlets started to systematically call for devaluation with lengthy rumor-mongering and scare articles. The leading publications in that campaign were *Money Manager*, *Barron's*, and the *Wall Street Journal*, which even suggested that the “best time” to “effect the mechanisms of devaluation” would be September.

Politically, the calls for devaluation were accompanied by a tourist boycott of Mexico, organized by Rockefeller protégé Jacob Javits and the Zionist lobby, coordinated with ex-President Miguel Alemán, the head of Mexico's Tourism Council, who has notorious links to international Zionism.

While the Zionists attacked Mexico for “anti-Semitism,” U.S. Rep. Larry McDonald sponsored full-page ads in the major U.S. press warning of Mexico's “slide toward communism.”

This classical “right-left” operation was designed to foster a lack of confidence in Mexico, and to provoke massive capital flight from the country.

Within days of the devaluation, rumors abounded that Mexican bank accounts would be frozen by the government, triggering a national banking panic. Thousands of people besieged banks throughout the country attempting to withdraw their deposits. Other rumors—that the government planned to nationalize the banks, or that a military coup was in the works—also spread like wildfire during the second week of September. Things got so bad that, on Sept. 16, in an unprecedented statement in Mexican politics, the chief of staff of the armed forces, General Gutiérrez Castañeda, was forced to announce that “the doors of the military are closed . . . to any fascist coup.”

The Echeverría government at the time denounced the rumors as a “form of terrorism” fostered by “small groups” which pay others to spread rumors to “disorient people.”