

ago. Over the past several months, the long-settled border question has been fanned into a flaming issue by U.S.-linked right-wing chauvinist elements on both sides, as a means to block reforming, progressive potentials in the two countries' military regimes.

The hardening of relations between Peru and Ecuador was revealed last night in terse comuniques from the Foreign Ministries of both countries which announced that Peruvian President Francisco Morales Bermudez' short visit to Ecuador had been cancelled because of "failure to agree on an agenda of questions to be discussed." The problem is evidently Ecuadorian insistence on recovering oil-rich jungle areas which Peru took from Ecuador after a short war in the 1940s. Right-wing chauvinist military elements in Ecuador and their counterparts in the Peruvian Navy and Peruvian Army Genral Gonzalo Briceno have fanned up the long-resolved border question over the last few months to facilitate their wiping out the progressive reformist potentials of the military regimes of the two countries.

At the other end of Peru, rapidly escalating tensions with Chile over the still unresolved Bolivian petition for access to the Pacific Ocean have accentuated the grave danger of an armed conflict between the two nations. The New York Times on Dec. 9 cited Bolivian "concern over what it regards as the possibility of a Peruvian-Chilean war," and reported that Bolivia has asked the U.S., Brazil, Argentina, and Venezuela to guarantee Bolivian neutrality in the event of a repetition of the 1879-83 War of the Pacific.

The trigger for this latest, and hottest, flare-up between the two countries was the late November mutual rejection by Peru and Chile of each other's proposals for a Bolivian corridor to the sea. Both are now set on a collision course, and—for the first time in generations--

mobilizing their populations behind their respective positions.

At least six major Peruvian unions and popular organizations have gotten sucked into publically supporting Peru's proposal, which the Chileans regard as a provocation. On the Chilean side, *El Mercurio*, the semi-official press organ of the Pinochet junta, published in its Dec. 5 edition three full pages of "man-in-the-street" interviews which unanimously condemned Peru's proposal for trinational authority over the Chilean port of Arica.

Pinochet himself put teeth into Chile's determination not to relinquish control over Arica by traveling there Dec. 3 and declaring the city a "free port." Pinochet stressed that the city was of great "strategic" and "geopolitical" importance as a seaport not only for Bolivia and Peru, but also for Paraguay and southwestern Brazil.

In addition to undercutting the Andean Pact by facilitating massive smuggling of duty-free goods into Peru and Bolivia, Pinochet's "free port" strategy sets the basis for defining the entire dispute as a "continental" problem requiring outside intervention.

The New York Times of Nov. 23 has already urged that escalated U.S. intervention in "negotiating a halt to the arms race in the Andes...ought to be a priority for the Carter Administration." Ironically, legal pretext for Carter to impose U.S. dictates on the region could be provided by the same 1929 Treaty settling the first War of the Pacific — upon which the Peruvians found their claims to rights in Arica. The 12th article of the 1929 Treaty states: "In case the Governments of Peru and Chile are not in agreement with the interpretation given to each of the points of this treaty and despite their good will cannot reach an agreement, the President of the United States will decide the controversy."

Mexico: "Big Mac" Under Discussion

Dec. 9 (NSIPS) — There were increasing indications this week that Mexican planners are considering a "Big MAC" scheme for Mexico. Exactly as in New York's Municipal Assistance Corporation model, there would be consolidation and some re-negotiation of debt in exchange for stringent austerity measures and increasing creditor oversight of finances.

This possibility has arisen from a "crisis" climate around Mexico's \$28 billion foreign debt that has developed in recent weeks. Liberal circles as well as conservative business groups have inveighed against the evils of "further indebtedness." starting Dec. 4, the national daily *Excelsior* began printing a series of articles on the foreign debt and revealed that a Wall Street bail-out offer in September was rejected by then-president Luis Echeverria Alvarez.

Manuel Gaudiano, head of the Mexican Chambers of Commerce, called Dec. 6 for "debt reorganization" in response to the *Excelsior* revelations. The next day the *Journal of Commerce* in New York reported the

government development bank, NAFINSA, already anticipated short-term restructuring of debt.

The content of the renegotiation proposal was most clearly presented in an *El Día* column Dec. 8 (see below). Mexico, by accepting austerity and promoting accelerated exporting, would pay what it could of immediate obligations; the rest would be restructured.

The alternative method of closing Mexico's payments gap, still the general preference of New York circles reached by NSIPS this week, would be through direct granting of roll-over loans that would further jack up Mexico's overall indebtedness.

With or without a "renegotiation," all signs point to more rapid export of Mexico's oil — primarily to the U.S., according to confidential Washington memos political maneuvering room to sell the "belt-tightening" a key ingredient of debt repayment plans.

The particular appeal of a Big MAC for newly installed president José López Portillo derives from his need to satisfy Wall Street and IMF austerity demands, while

simultaneously avoiding an explosion of the peasant and worker sectors. Measures of temporary debt relief, most likely worked out as a demonstration of Carter Administration interest in Mexico, would allow López political maneuvering room to sell the "belt-tightening" and "budgetary discipline".

Barely a week after his inauguration, López faces continued strong pressure from the right. The new president of the ruling Institutional Revolutionary Party (PRI), Carlos Sansores Pérez, began his tenure with a stinging attack on outgoing President Luis Echeverría and effusive praise for previous PRI presidents closely associated with the right. A major meeting of government and right-wing business representatives is set to celebrate an eight-point austerity "pact" on Dec. 10.

But at the same time the peasant and labor sectors, which were the beneficiaries of many Echeverría measures, have shown they will try to maintain and extend their gains. In the critical rural areas, mobilized peasants continue to pressure for land redistributions such as those decreed by the former president, though López' first moves indicate he will discourage their drive.

In the labor sector Jaime Espinoza Galindo, head of the labor umbrella group Congreso de Trabajo and a supporter of Echeverría, has firmly put off discussion of a Worker's Bank proposal which on the model of several Brazilian institutions would represent forced savings for the benefit of illiquid banking institutions and relatively little benefit for workers.

The press has backed up these signs of resistance with coverage of British resistance to International Monetary Fund loan conditions and reprinting of an article from the French weekly *Nouvel Observateur* warning Britain not to mortgage its oil for debt repayment — a timely message to Echeverría circles in Mexico, whose leader had linked his internal economic policies to an international drive for a new world economic order.

Rockefeller's Oil Export Plan For Mexico

Dec. 8 — The following are excerpts from an article by Fausto Fernandez Ponte, Washington correspondent for Excelsior, the Mexican daily entitled "A Rapid Recovery for Mexico... If She Exports Crude Oil to U.S."

The Mexican economy will recover in a few months if the economic policy of the new government is to promote the "independent exportation" of oil to the nearest market, the U.S. This is the opinion of international financiers in Washington. However, the president of the Organization of Petroleum Exporting Countries (OPEC), Mohamed Sadli, declared today at the National Press Club in Washington that "the independent exportation of crude oil to the international market, and particularly to the market of the industrialized countries, or to an industrialized country, would weaken our political position by knocking down prices."

Memorandums that circulate from office to office, in international financial organizations as well as in government entities, say "The hydrocarbon resources in

Mexico — resources which have increased with the discovery of reserves in various regions throughout the country — are the most important element that should be included in the economic policy of the government with a view towards the recuperation of the economy."

A xerox copy of one of these documents, stamped "for confidential use only", affirms that "such an economic policy could promote the independent exportation of oil to the nearest markets, with advantages both for the exporter and for the importer, defined by the close geographic proximity.

IMF Pushes "Big Mac" For Mexico

Dec. 4 — The following are excerpts from an article by Fausto Fernandez Ponte, Washington correspondent for the Mexican daily, Excelsior. The article was headlined "Eche Rejects Support for Peso; InterNation Bank Offer In Aug. — Condition: 'Continuous and Direct Control of Economic Policy.'":

The private banking network offered the Mexican government a "rescue operation" when the peso plummeted, but then president Luis Echeverría rejected it vigorously, according to sources here...the offer consisted of financing Mexico's foreign debt service on the condition that a consortium of private New York banks 'directly and continuously oversee' government economic policy.

According to the same sources, the rescue operation was proposed to Mexican government officials at the highest levels, as well as nongovernment individuals who have access to the President...The operation was proposed as soon as the government made it known to the IMF that it would float the peso and request additional funds to support the currency.

...Representatives of the international private banks indicated when they made the offer that the conditions...would be accompanied with 'administrative discipline' which the IMF proposed to Mexico when it was asked for the currency support....

...Among the conditions was the creation of a commission to be made up of representatives from banks and the government, which would oversee the execution of the economic policy...However, then president Echeverría rejected the offer, since he thought it to represent a direct intervention of foreign banks in the internal national economy....

Renegotiate The Debt

Dec. 8 — The following are excerpts from an editorial by Enrique Padilla Aragon in the Mexican daily El Dia entitled "Renegotiate the Foreign Debt":

The debt of the dependent countries has tripled from 1969-1975, and our country, as with the rest of Latin America, has seen its foreign debt grow from 1970 to the present date, in such a way that its debt service constitutes a heavy burden.

According to information from international banking sources, the interest on Mexico's foreign debt which has to be paid in 1976 has grown to the huge sum of \$2 billion; in relation to the payments that we made last year, the figure has more than doubled.

Renegotiation Is Necessary

It is obvious that a sum like this cannot be paid every year. It is not that we do not have the available natural resources and industrial capital. The problem is strictly financial. We need time to pay the foreign debt and its interest as is being asked for by other countries who find themselves in the same situation.

To continue resorting to the vicious expedient of asking for a loan to pay is an error, for soon we would lose our

capacity to take new loans.

I believe that if we get to work and adopt the necessary austerity measures, we can pay the debt, but in the present circumstances we have to increase the time limit for these payments.

Of course 5 or 10 year payments have to be lengthened. A renegotiation basis would have to be proposed in terms of 25-50 years to create the necessary relief to permit the Mexican economy to recover.

...we shall see the fruits of these great investments after no less than ten years. This justifies the renegotiation of the foreign debt for longer periods than ten years.

We are not asking for a debt moratorium, but renegotiation, which means that we are willing to pay on a longer-term basis or with a lower interest rate.

Carter Forces Turn Argentina Into Fascist, Corporate Model

Exclusive to NSIPS

Dec. 9 (NSIPS) — A rapid realignment of military forces within Argentina is presently underway, laying the groundwork for the creation of a mass-based fascist movement. Drawing on the ideological remains of the proto-fascist Peronist movement, an alliance of "moderate" and "right-wing populist" layers within the military command structure have begun to mold a corporate fascist state.

Last month, two leading Argentine military men spent three weeks in the U.S., shuttling between Washington, D.C., where they met with numerous National Security Council and State Department officials, and in Atlanta, where they were received by members of the "Carter-Mondale" election committee. Since then, the Argentine junta has initiated several "face-saving" measures, including the release of political prisoners and the purge of the "chileanist" hardline within the army to, as one Associated Press dispatch plainly described it, ingratiate itself with the incoming Carter Administration.

Since the addition last month of a new and powerful Planning Ministry to the traditional eight-man cabinet, a "five year plan" called the National Project, has been launched under the guidance of Planning Minister Diaz Bessone. Bessone has defined his National Project as a "short, medium and long term" process of "national reorganization" to "give the nation a new destiny", to provide a "common" and "coherent" life for Argentina which can provide a distinct set of national values to bind the nation. The insecurity and chaos of an "arbitrary" society will be eliminated. Bessone's slogan is "Without a National Project, there is no Nation!"

Bessone, long identified with the most extreme right-wing forces in Argentina, has nonetheless begun to issue broad popular appeals to the Argentine masses to unify in support of his "revolutionary" National Project. "Neither law nor force, but strictly a consensus... the free will of citizens" will bring about the National

Project. "We propose to consult (read "coopt" — ed.) major nuclei of leaders and the populace in all areas."

Argentine President Videla, considered the leader of the moderate faction of the military, has fully endorsed the ambitious plan of his Planning Minister while leading a purge of the more inflexible "chileanists" within army ranks whose opposition to any sort of dialogue with civilian layers threatens to prove an obstacle to the realization of the National Project. During the last week, eight hardline generals were purged from command.

Central to Bessone's National Project is a tightly controlled labor movement which can serve as the tool of the corporatist planners and as a self-policing bulwark against penetration and takeover by the mass-based socialist resistance movement under the leadership of the Montoneros. The question of how to control a highly class conscious and rebellious labor movement is the subject of a raging debate within the military command which has centered on the issue of the national labor confederation versus the local trade union. Labor Minister Liendo, speaking for the Videla-Bessone axis, has demanded that the national structure of Argentina's trade union apparatus be allowed to remain intact, and that the task of the junta is to purify the working class of its resistant "ideology". "The weakness of an atomized and geographically isolated trade union structure would force the local union into mere wage struggles." Unable to organize nationally, it would become "a mere protest movement and prone to ideological infiltration." We must purify labor of its political excesses, insists Liendo, "but we must learn how to operate without killing the patient." The neanderthal hardliners of the Navy and Air Force, choosing to ignore the long history of organized labor resistance carefully nurtured by Juan Perón, trust nothing but sheer brute force to decimate the working class.

The most serious obstacle facing both factions is the