

PRM-41 and the great Mexican oil grab

Economic and civil war plotted: a secret presidential policy review

A Presidential Review Memorandum, PRM-41, is now being prepared on U.S.-Mexico relations, ostensibly to reverse previous U.S. neglect of policy issues between the two countries and to correct past problems such as Energy Secretary Schlesinger's veto of last year's natural gas deal. Although the content of the document is supposed to remain secret, the "scenarios" being publicly floated by think-tank and other sources close to the policy-making process demonstrate that PRM-41 will head the U.S. straight into a foreign policy disaster.

As is now generally well known, Mexico has enormous quantities of oil — as much as the largest Middle East producers, by even the most conservative estimates, with reserves likely totaling 200 billion-plus barrels. The discussion around PRM-41, as orchestrated by Senator Edward Kennedy, the Rand Corporation, and the Brzezinski-Kissinger wing of the National Security Council, centers more or less bluntly on how the U.S. can make sure its "strategic considerations" prevail over Mexico's in the use of the oil and its revenues.

This oil grab combines a "bust Mexico" angle with the now familiar "bust OPEC" strategy. But that is not the whole point.

National Security Advisor Brzezinski, according to reliable sources, is saying privately that the U.S. "will never permit another Japan south of the border." As he and his cofactioneers are unhappily aware, Mexico is committed to using its oil revenues for a program of mass, high-technology industrialization, to become "another Japan" on the basis of oil-for-technology deals with the European, Japanese, Soviet, and Arab forces behind the European Monetary System, for which Mexico is already acting as a primary bridge to the Third World. The oil grab has this political target.

The fact that a Mexican "Japan" would be one of the best trade partners the export-seeking U.S. could wish, the best guarantee of a secure and open border, and a reliable supplier of needed oil, is of no interest to Brzezinski, Kissinger, and the rest. In fact, they are advertising their willingness to incite civil war in Mexico to stymie that country's development plans, and even to encourage that civil war to spread into portions of the U.S. itself and lead to possible U.S. counterstrikes — their policy can succeed only through that degree of brutal pressure.

Two events last week signaled how advanced this

'undeclared war' is:

•The *Wall Street Journal*, in an Oct. 19 editorial, raised to the level of public national debate what had previously been confined to background briefings and unpublished think-tank papers. "Illegal immigration is an irritant," the *Journal* wrote, "building up a huge Mexican minority in the U.S., much of it in areas where Mexico has irredentist interests. With the wrong change of government, this mixture could evolve into a pressing problem of national security."

•On Oct. 23 U.S. immigration authorities began the construction of 16 miles of concentration-camp-style fencing along the U.S.-Mexico border in El Paso, Texas, and San Isidro, California. Already dubbed "the Tortilla Curtain," the new fencing is being seen in both Mexico and the U.S. correctly, as a further step toward the eventual sealing of the entire 2,000-mile-long border.

'How much oil is each alien worth?'

The oil grabbers correctly recognize that direct U.S. multinational control of the oil is currently close to impossible. Intensely nationalist Mexico, which views its 1938 oil expropriations as a defining act of sovereignty, will simply not permit it. Although this fact is ruefully admitted, it has not dampened repeated "speculations" that "Mexico doesn't have the capability to carry out the oil expansion it wants on its own and will have to call in outside help" sooner or later.

As an interim arrangement, the fall-back notion of a "special oil relationship" is being floated, in which long-term "assured supply" to the U.S. would be traded for "concessions" from the U.S. in terms of other bilateral issues — illegal aliens, trade, financing, and so on.

A Washington journalist close to Kennedy's office stated the terms of the desired negotiations this way: **"The question that will be political dynamite will be how many barrels of oil each 100,000 aliens are worth."**

One of the tasks of PRM-41 is to set up the framework for such negotiations.

The "technical" aspects are subordinate to the larger strategic goals, however. For example, Kennedy-linked think-tanker Richard Fagen suggests that the U.S. will want to encourage Mexico to develop

its oil even faster than Mexico now plans, because, as he says, Mexican oil has a high "political value added" content: "A barrel of Mexican crude is not just 'another barrel on the world market'; it is a barrel that can substitute on the U.S. import bill for... a despised and potentially dangerous (but still desperately needed) barrel of Arab crude."

But should the Zionist lobby in the U.S., together with allied forces internationally, manage to realize the dream of "busting OPEC" and splintering the Arab nations before Mexican oil becomes a key factor, the bulk of the oil grab sponsors would probably wish to see Mexican oil output *cut back*. Although the Kennedy forces now criticize Schlesinger for clumsily mishandling the gas negotiations last year, they remain fully committed to Schlesinger's zero growth energy-supply vision. Almost every pronouncement generated from Kennedy's office over the past three months has included embarrassed disclaimers that the astonishing Mexican oil finds "do not reduce the need for strict conservation policies in the U.S."

"Armed opposition groups crossing the border"

One of the most disturbing indications of the kind of discussions going into the presidential review has been the public airing of "scenarios" of how Mexico, and by extension the Mexican-American community in the U.S., could pose a "security risk" to the U.S., typified by the Oct. 19 *Wall Street Journal* editorial.

The most detailed and sophisticated have been authored by Stanford and Johns Hopkins academic Richard Fagen. In two recent papers (see accompanying selections), one devoted entirely to the question of "Mexican Petroleum and U.S. National Security," Fagen elaborates fully the "inter-connectedness" of Mexican oil, Mexican domestic development policies, and Mexican immigration as matters of "U.S. security concern."

U.S. security will be jeopardized, warns Fagen, if there is "civil and political strife" in Mexico, and the only way to avoid such strife is to "change developmental patterns" toward labor-intensive rural job programs and away from heavy industrialization. The clear inference: Mexico's "oil-for-technology" development focus poses a "security threat" to the United States.

Fagen spins out the further "national security" implication: if there is unrest in Mexico, "the Mexican-resident families and friends of persons living in the U.S. (Chicanos, Mexicans, and Anglos) would be involved — and possibly injured and killed..." He adds a footnote: "As a prod to the imagination, consider a Mexico in which armed opposition groups were being supplied and even occasionally sheltered north of the border."

It must be emphasized that Fagen is at the top of the "left" foreign-policy establishment, with close links to both the Institute for Policy Studies in Washington and to Kennedy circles. He writes frequently on

Mexican oil a 'U.S. security threat'

In two papers circulated to academic and government circles over the past four months, Richard Fagen has gone further than anyone else in detailing how Mexico potentially poses "national security risks" to the United States. Here are some excerpts from his June 1978 paper, "Mexican Petroleum and U.S. National Security," and the September 1978 sequel, "Mexico and the United States in the late 1970s and 1980s: a Framework for Thinking about the Big Stories."

Fagen writes that the policy-trends projected in his papers "do not necessarily reflect the author's preferred values or outcomes." But he has indicated privately that he "would not necessarily dis-

agree" with a large portion of the conclusions of his studies.

Interrelated security concerns

... There is a still diffuse but growing sense (not yet a consensus) that the petroleum boom in Mexico will inevitably be linked to a host of other issues on the U.S.-Mexican agenda. First among these, of course, is the question of Mexican immigration into the United States, but related issues of debt, investment and development are not far behind.... What is becoming clear is that in the public policy dialogue in the U.S., Mexico's people, petroleum, and development are seen as interrelated security concerns in a way not duplicated in U.S. relations with any other nation in the world.

Politics and development in Mexico

Because in the 1980s the United States is likely to care very deeply about the markets for and the supply of Mexican oil, it follows that U.S. policy-makers will care even more deeply than they now do about internal political and economic developments in Mexico. These concerns are manifold: the political cast of the government and its favorable or less favorable disposition to the United States; rates of petroleum development, prices, uses of petroleum revenues (particularly as these relate to questions of employment, out-migration, "social peace," etc.) and relationships with OPEC and other oil producers; relationships with the Mexican-American and Chicano communities in the United States — communities which will

commission for Foreign Affairs magazine. Although he footnotes disclaimers that his papers are merely exercises in "realpolitik," he also notes that they are "an attempt to suggest the 'real world' of trends, interests, and perceptions relating to petroleum and national security in the U.S."

As soon as word of Fagen's "scenarios" was picked up by the Mexican press early in October, leading Mexican political figures reacted violently. Porfirio Munoz Ledo, formerly Lopez Portillo's education minister and currently an unofficial roving envoy for the President, declared emphatically in a Washington forum, "The sufficiency of the Mexican state to direct its development and preserve national autonomy must not be judged lightly.... The problems of Mexico are not a domestic matter of any other nation. Interdependency is not a dilution of sovereignty."

What Mexico is offering the United States

Mexico is determined not to repeat the mistakes of other nations that reaped a bonanza from a raw material export boom but failed to invest in in-depth industrialization. Labor-intensive projects along World Bank lines are being viewed only as an interim back-up to the "front end" of development, industrialization programs. As Mexican planners have stressed, the oil wealth must be *multiplied* through investment in other wealth-producing

activity. "Job creation programs" that channel the oil income into low-productivity rural "development" programs eliminate this multiplier capacity, they note, and would leave Mexico worse off at the end of the oil "boom" than before.

Mexico is offering a "special relationship" with the U.S. based on this development commitment. The way U.S. ambassador Lucey — reflecting strong Mexican government pressure to have its official stand accurately reported — put it to a Cooper Union audience in New York last week was, "Mexico wants to exchange its oil for our high-technology exports."

The amount of oil Mexico is talking about is considerable. Though Petroleos Mexicanos (PEMEX) director Jorge Diaz Serrano has stated that Mexico's goal is to diversify its market in an approximate 20-20-60 percent split between Japan, Europe and Latin America, and the U.S., this still leaves the U.S. with the lion's share of exports, probably 1.5 to 2 million bpd by the mid-1980s.

The Mexican offer comes when the U.S. desperately needs to pick up its exports to help the dollar, and when U.S. capital goods producers are finding Third World orders for their goods falling off as International Monetary Fund austerity dictatorships take hold.

Very little of the Mexican policy thrust is known in the United States. It has been either blacked out in the press or grotesquely distorted. The East Coast "papers of record" devoted all of a 50-word filler on an

assuredly have more weight and presence in U.S. politics in the 1980s than they do now. In short, the national security issues involved in a massive dependence on imported oil will remain, and it would be unrealistic to expect U.S. policy elites intent on "getting out from under Arab oil" to be unconcerned with what "getting under Mexican oil" might mean in terms of new kinds and sources of vulnerability.

Terms of a "deal"

In return for more oil, Mexico may well want a more open border. If so, such an arrangement — taken in historical perspective — will stand up rather well both economically and morally when compared to some of the oil-for-arms deals to which the United States currently subscribes.

Oil not a bridge to development

... With growth almost to a standstill in the mid-1970s, recovery still spotty in 1977-78, and debt and inflation still high, it is abundantly clear that no short-run solution to Mexico's developmental problems is imminent. With the exception of the debt question, potential oil wealth by no means assures any basic amelioration of these and other problems.

Chicanos and civil unrest in Mexico

... A strong case can be made for the long-run centrality of "the Mexican question" in the U.S. political system. The crucial link — suggesting the crucial dynamic — is the presence of millions of Mexicans and persons of Mexican descent in the United States.

The civil rights movement of the

1960s should sensitize us to the future full entry of Hispanics onto the U.S. political scene. (On the other hand, one must be careful of false analogies). Just what forms this "full entry" into U.S. politics will take are unclear, but that a larger role will soon be assumed by millions of Hispanics — and particularly Chicanos and Mexicans — is certain....

Should serious political problems and massive social unrest be added to Mexico's deep-seated developmental difficulties, new issues arise: Under those circumstances not only would the Mexican-resident families and friends of persons living in the U.S. (Chicanos, Mexicans, and Anglos) be involved — and possibly injured and killed — but the border itself would assume a strategic importance that it has not had for more than a century.

inside page to President Lopez Portillo's historic May trip to Moscow to negotiate technology transfer to the Third World. There has not been even that much coverage of Mexico's striking proposal to international lending agencies for a \$15 billion capital goods fund to go to strengthening capital goods industries in both the advanced and developing sectors.

The United States, itself built on the basis of the

aggressive industrialization strategy now being adopted by Mexico, has the opportunity to extend a helping hand to its southern neighbor and benefit from collaboration in the task Mexico has set itself: leaping from the Third to the First World in the course of the next generation. The real threat to U.S. "national security" lies with the Kennedy-Brzezinski policy-making group, and particularly their plans for PRM-41.

— *Tim Rush*

The men who make 'scenarios' come true

While Henry Kissinger and Zbigniew Brzezinski are urging the formation of "mobile U.S. strike forces" that can be shuttled rapidly to any point of "national security danger" around the globe, their aides are coordinating the formulation of PRM-41. This group, part of a high-level government faction of British-colored "geopolitical" orientation, has already demonstrated its "destabilization" capability against recalcitrant Third World countries such as Chile and Angola, and an impressive track record of seeing that "scenarios" come true. Coordinating the review are:

- * **Robert Pastor**, Brzezinski's NSC assistant for Latin American affairs.

- * **Viron Vaky**, the new Undersecretary of State for Latin America who filled Pastor's post at the NSC under Kissinger through 1976.

- * **Luigi Einaudi**, head of Policy Planning at the State Department, known for his sponsorship while with the Rand Corporation of a 1974 "scenario" study of how a new "War of the Pacific" could be cultivated to coincide with the centenary of the Peru-Chile conflict of 1879.

Guide to the studies underway

Meanwhile, who's concocting the scenarios?

Over the past year, Mexican oil discoveries have

created at least one flourishing industry: studies of U.S.-Mexican relations, Mexican development, and the U.S. Hispanic community by platoons of think-tankers and academics. Among the "heavies" of the new projects now getting off the ground:

- * **Edward Kennedy's Blue Ribbon Commission on Immigration policy.** Never heard of it? You're not alone. The legislation establishing this Commission, which will be probably the most important body determining U.S. immigration policy for the duration of the Carter Administration, slipped through Congress and was signed by the President in early October without a ripple of national press coverage. Yet a Kennedy aide says that this Commission "will do for the U.S. immigration Code what Kennedy's S-1 bill did for the U.S. criminal code."

- * **Fagen-Rockefeller Foundation study groups on U.S.-Mexico relations.** Stanford's Richard Fagen is now in the process of selling the Rockefeller Foundation on long-term funding for a series of in-depth study groups on what he terms "neglected aspects" of U.S.-Mexican interaction. Current plans call for three study groups on immigration, finance and trade, and oil. Fagen foresees that particular attention will be focussed on profiling the developing impact of the Chicano and Mexican-American community on U.S. politics over the next decade.