

territorial sovereignty itself.

For its part, the Carter Administration itself has also adopted a provocative approach to Mexico. Scarcely 24 hours after Mexico reported its new oil finds, President Carter announced that he would visit Mexico in mid-February. Informed Washington sources report that Carter will take with him a script by National Security Adviser Zbigniew Brzezinski that calls for: upstaging French President Giscard's scheduled trip to Mexico in late February, which is widely expected to consolidate Mexico's links to the EMS; and delivering to the Mexican government a series of ultimatums, including the threat

of closing the U.S.-Mexican border to migrant Mexican labor to arm-twist Mexico into abandoning its industrialization plans.

Mexican press and governmental sources fear even more direct action by Brzezinski to attempt to seize control over Mexico's vast oil deposits. Last week, Brzezinski gave a briefing to a secret, closed-door meeting of U.S. businessmen where he argued that the U.S. has the right to intervene in nations which "threaten world economic stability"—and then made explicit reference to Mexico.

More far-sighted sectors of the U.S. business and political community, who recognize that the

Schlesinger-Brzezinski strategy is leading to a major foreign-policy fiasco, have so far kept out of the public limelight, giving the British faction inside the U.S. a field day. One of the few salutary exceptions to the current suicidal drift of U.S.-Mexican relations was a recent editorial in the *Washington Star*, which hailed Mexico's new oil discoveries. "Mexico has the opportunity," the *Star* wrote, "to use its oil wealth for the most serious effort yet to bring its economy into the 20th (and the 21st) century. . . . Mexico's augmented oil wealth—bolstering the planet's exhaustible supplies—is good news for everyone."

—Dennis Small

## 1. Mexico links the EMS and Third World

In the first two years of the López Portillo Administration, Mexico has begun to serve as the bridge linking the new European Monetary System to the entire Third World.

The primary theme of Mexico's international organizing in recent years has been the explicit rejection of the small, labor-intensive projects promoted for the Third World by the World Bank and the International Monetary Fund, to demand instead "grand" projects for industrialization through the transfer of advanced technology to the Third World. For the most far-sighted and outspoken Mexican leaders, this has meant explicit support for the EMS as well.

For example, Mexican Congressman Julio Zamora Batiz told a Nov. 5 forum of the governmental party, the Institutional Revolutionary Party, that

"a new interplay of world politics is being set up. And it is an interplay in which Mexico, for the first time in many years, is playing a protagonist role on an international scale — with President López Portillo's proposal for unity in the Pacific Rim region, with the development of the European Monetary Fund, with the contacts Mexico has made with the Soviet Union, and with our closer relations with France."

Similarly, in a September interview with this journal, Finance Minister David Ibarra endorsed the EMS as "moving toward a more fair and more permanent economic order." Ibarra had earlier called for the creation of a \$15 billion fund to finance capital goods production in both the advanced sector and the Third World.

For Mexico, the content of such a new international economic order is the transfer of advanced technology to the Third World. In its own case Mexico presents this as the exchange of oil for nuclear and other advanced technology.

This strategy was laid out most clearly by President López Portillo during his recent trip to China and Japan: "We did not come to simply sell our oil, but rather to associate ourselves in a grand enterprise with the Japanese who have financing, technology, and markets so that we can do great things together. . . . We want to overcome the simple stage of commercialization of oil to enter into a stage of integration with much greater perspectives, and in which the important thing is the general scope of the projects which we are capable of conceiving and carrying out." In brief, this is what López Portillo has described on various occasions as the need to "think big."

President López Portillo has taken personal responsibility for carrying out this policy through intense diplomatic organizing which in the past year has taken him to Spain, the Soviet Union, Bulgaria, China, and Japan. In addition, his Foreign Minister Santiago Roel has directly coordinated policy with France and West Germany, the architects of the EMS. Spanish King Juan Carlos's current visit to Mexico, combined with the upcoming visit of French President Giscard d'Estaing in late February, is expected to fully solidify Mexico's role in this joint international organizing.

All these diplomatic efforts have intersected the key organizing efforts for the European Monetary System.

For example: President López Portillo traveled to the Soviet Union shortly after the historic summit between Brezhnev and Schmidt; Foreign Minister Roel spent several days in France and then traveled on to West Germany at the time the European heads of state were first putting together the European Monetary System at their Bremen summit meeting; and President López Portillo arrived in Japan two weeks after West German Chancellor Helmut Schmidt had spent several days there briefing Prime Minister Fukuda.

Simultaneously, Mexican leaders have vigorously attacked the World Bank and the International Monetary Fund. At an IMF preparatory meeting of Latin American countries, Spain and the Philippines held in Mexico in September, Finance Minister Ibarra assailed the IMF as a "straitjacket" on Third World development and proposed that "the World Bank profoundly change its operative and financial policies in order to become a real international development bank. Even the World Bank's name should be changed. . . . The IMF (must) be converted into an organism for long-term financing of developing countries." And denunciations of the IMF and World Bank have been coupled with attacks on the "labor-intensive" policies these institutions promote.

But major U.S. and British press are responding with a systematic campaign of misinformation and outright lies about Mexico. For example, an editorial in the *Washington Post* last month blatantly lied that "Working with the World Bank, the Mexican government is moving toward development plans that emphasize agriculture and labor-intensive industries,

to provide food and jobs. The government intends to use its oil revenues to finance this kind of expansion. Capital-intensive industry is likely to be deferred."

—Pablo Silva

## British press denies Mexico looks toward Europe

*The following are excerpts from a distorted account of Mexico's Grand Design initiatives from the pen of the London Financial Times' Hugh O'Shaughnessy, appearing Nov. 2:*

. . . Unlike many of the other countries of Latin America, Mexico does not see a strengthened relationship with Europe as a counter to the strong U.S. connection. Britain, Germany, and France are seen as useful sources of technology and providers of financial services, but the Mexican Government does not feel that Brussels and the EEC could ever come to rival in importance the influence of the U.S.

The feeling is all the more marked because at one time the Mexican Government harboured the somewhat unrealistic view that the re-opening of a long-severed relationship with Spain would act as some sort of magic promotional aid to greater trade with Europe. Despite the visit this month of King Juan Carlos to Mexico it is clear that Spain will never become Mexico's bridge to Europe.

If relations with Europe are very secondary to relations with the U.S., Mexico's links with the Communist World are of even less importance.

## 2. The coming industrial boom

The commitment of Mexico's leadership is to invest the revenues from its oil boom in *multiplying* and *self-renewing* sources of wealth within Mexico—that is, in unprecedented in-depth industrialization.

Pemex Director-General Jorge Serrano put it this way last week: Mexico will "establish programs and priorities which allow it to use its oil wealth, not only to generate oil revenues but as the propulsive instrument for the great industrial development of the nation." The same day, Natural Resources and Industry minister Oteyza was telling an international financial conference that Mexico will "double our industrial plant within a period of six to seven years" (see accompanying box).

What will this industrial boom look like? A close gridding of government declarations provides the following picture. It will be directed by a Hamiltonian policy of favoring capital-intensive development over labor-intensive. Mexico's planners are insistent that, though auxiliary labor-intensive programs may be

necessary as the immediate-term complement to capital-intensive industrial projects, it is only the latter in the medium and long term which will generate the *expanding surplus* to adequately meet the nation's consumption needs and full employment goals.

The industrial boom will make production of capital goods a national priority. Mexico's "developmentist" (*desarrollista*) model of the past 30 years, which is now widely repudiated throughout government circles, favored production of consumer goods at the expense of capital goods. Mexico's industrial boom will reverse this emphasis and create a fully integrated, in-depth industrial apparatus for the first time in the nation's history.

The industrial boom will involve integrated government planning and coordination on a scale never seen before. The oil, electricity, and increasingly the nuclear programs, for instance, will provide the core demand for the capital goods industry. The national