

# Mexican Oil: 'Strategic Reserve' For U.S. Or Mexico's Road To Fusion Power?

It was no accident that the recent revelations that Mexican oil reserves may total 60 billion barrels or more first appeared in the U.S. press the day after President Lopez Portillo finished his official state visit to the United States. During that visit, U.S. National Security Council chief Zbigniew Brzezinski demanded that Mexico hand over control of its oil to U.S. multinationals to serve as a weapon against the Organization of Petroleum Exporting Countries (OPEC). The announcement of the 60 billion barrels — immediately placing Mexico as one of the world's four or five richest countries in oil potential — lends vastly greater weight to the U.S. pressure.

Monetarist forces in both countries have demanded that Mexico's oil export revenues be used to repay Mexico's \$35 billion dollar foreign debt. But Mexico has a very different alternative. As reported in the British Sunday Telegraph Feb. 20, Mexico has sounded out a plan for Mexico to join OPEC and receive a long-term credit line for industrialization of \$20 billion from the Arabs. This kind of plan, in conjunction with a moratorium on the dollar-denominated foreign debt, can free Mexican oil to play a positive role in domestic development and the forging of the new world economic order — instead of scabbing on OPEC for Brzezinski and Rockefeller.

The required Mexican oil policy is the direct continuation of the tradition of President Lazaro Cardenas' historic 1938 oil nationalization decree. In that year, based on the principles of the 1917 Constitution, Cardenas expropriated U.S. and British oil companies in Mexico. Article 27 of the Mexican Constitution declares that Mexico's natural resources constitute a National Patrimony to be defended at all costs against use by foreign or domestic interests for purposes other than development of the country.

Although Brzezinski put extreme pressure on Lopez Portillo to cede substantive control of Mexico's oil during Lopez's Washington trip, there are as yet no indications that Lopez has capitulated. The speed and manner of Mexican oil exploitation is a battle very far from its conclusion.

The opposition to U.S. control has built steadily since the beginning of Lopez' term Dec. 1. Exemplary of a wide strata of nationalist layers, Senator Jorge Cruickshank of the Popular Socialist Party declared at the beginning of February that "U.S. banking circles are attempting to turn Mexico into another Puerto Rico." He warned that renegotiation of Mexico's foreign debt "could be used to gain control of Mexico's oil..." Simultaneously Alfonso

Terrones Benitez, one of the surviving members of the 1917 Constitutional Convention, charged in direct conversation with Lopez that "extremely powerful and ambitious U.S. interests are pressuring so that certain precepts of the Constitution be subordinated to their convenience and purposes."

Four days after Lopez' return, Cardenista Senator Mario Carballo Pazos of Chihuahua demanded that Mexico not "hand over (its oil) to the United States for foreign debt payment." The oil instead must be used to "strengthen our economy," he said, adding that if customers in Europe lacked cash to pay for imports, they could pay with "heavy machinery such as tractors." His statements came in the midst of demands for diversified markets and jealous defense of national resources. Typical of such statements, the Mexico City daily *Diario de Mexico* labelled Pemex' decision to call in a U.S. firm to survey Mexico's oil reserves "malinchismo" — one of Mexico's strongest terms for "traitor," deriving from the Indian Malinche's collaboration with Cortes to defeat Moctezuma. The same paper emphasized that the battle is continuing. If the oil had been ceded, it noted ironically, "Nelson Rockefeller would already be in the National Palace."

But important as these strategic considerations are, the development of Mexican oil — all Mexico's energy — must be guided by a more fundamental principle. The next basic world energy mode, controlled thermonuclear fusion and technologies of plasma processing, will come on stream in the advanced sector economies by 1990 at the latest. For Mexico to adopt such technologies, as it must to survive, the skill levels of its work force will have to be enormously upgraded. This increase in labor power can only proceed on the basis of enormous increases in living standards — to be fueled by an estimated necessary 15-fold increase in energy use in Third World areas such as Mexico.

This battle has taken on particular intensity in the wake of Lopez' response to the heavy-handed treatment he received in Washington. Speaking to the House in the last hours of his trip, he delivered a spirited defense of the continuing traditions of the Mexican Revolution, declaring that those who believed he would "denationalize" Mexico's resources or "take orders from the empire" were wrong.

## *"Strategic Reserves"*

The Rockefeller-Carter policy of confrontation with OPEC, and the role of Western Hemisphere "strategic

reserves," was laid out in mid-January to the U.S. Defense Department and U.S. Congress by national security specialist formerly with Rockefeller's Exxon Corporation, Melvin A. Conant. After presenting an array of scenarios to break up OPEC, many converging on a U.S.-instigated renewed Mideast war, Conant turned to the strategic role of the Western Hemisphere. "The U.S. can embark on an unprecedented effort to expand supply sources outside the Persian Gulf, to three highly prospective areas in this hemisphere... Canada, Mexico (and the Caribbean basins) and the Orinoco Belt of Venezuela. Success in developing oil resources in these three...should give solid assurance that the U.S. can withstand contrived supply shortages."

Sen. Lloyd Bentsen, Democrat of Texas, spelled out the specific role of Mexico's oil in this scheme Jan. 24. "Mr. Chairman," Bentsen said to Joint Economic Committee hearings of the U.S. Congress, "there are a number of disparate areas where trade-offs can be made between our two countries which will entail scant sacrifice by each government, but which can reap important mutual

benefits... Mexico should agree to provide the U.S. with an assured supply of Mexican oil at competitive prices to allow us to reduce our dependence on politically unstable Arab oil." Two days later a crony of Mexico's new director of Petroleos Mexicanos, an ex-oil union leader named Enrique Lopez Naranjo, was even more blunt. The Carter administration is coordinating investment from U.S. multinationals in Mexico's oil in order to "decapitate OPEC," he stated approvingly.

As for internal development of Mexico, Rockefeller's policy is one of de-industrialization. He is demanding the slashing of domestic consumption to increase exports, paraded as "conservation" or rationalization" of use. As Redvers Opie, former head of the American Chambers of Commerce in Mexico, reported to U.S. Congressional hearings last month, "the growth of domestic consumption of petroleum products" is a "difficulty" standing in the way of "foreign exchange earning prospects." His recommendation is "conservation-oriented measures to reduce the rate of growth in domestic production... for which rationing through higher prices would seem to offer the best hope of success."

## The Mexican Labor Party Energy Program

*The following are extracts from an energy program for Mexico recently elaborated by the Research and Development staff of the Mexican Labor Party (PLM). The PLM program is noteworthy for being the only concise overview of policy recommendations for expanded energy production available in the country. It is now being circulated widely in the Northwest, Monterrey, the Bajic, the states surrounding Mexico City, and Mexico City itself.*

The Mexican Labor Party program for the development of Mexico's energy calls for the following steps:

- 1) Mexico must join OPEC.
- 2) Moratorium on the foreign debt.
- 3) Massive development of oil as the primary domestic energy source to set the basis for moving to fusion economy by 1990.
- 4) Priority commitment to expand existing fission reactor construction, both for direct electricity generation and the training of skilled nuclear workers.
- 5) Auxiliary development of hydroelectric power and coal.

Without debt moratorium, there is no oil or energy policy worth discussing. The mass of Wall Street's paper can only be part of an energy policy as a marginal fuel source.

*OIL* Mexico's enormous oil reserves put it in tremendous position to forge rapidly rising living standards throughout the country. No other densely populated Third World country has such advantages. And Mexico starts with a substantial inheritance from its previous nationalist policies: production levels of 1 million barrels per day (BPD) and refining capacity close to 850,000 BPD — both figures doubled during the administration of former president Luis Echeverria. Even more important, the famed 1938 oil expropriations have led to the creation of a large cadre of Mexican oil technicians and engineers — expertise which is now being exported to such countries as Venezuela.

The existing plans of Petroleos Mexicanos (PEMEX) and Wall Street for expansion over the next six years — essentially paper projections to back up paper debt obligations with little chance of being fully implemented — call for raising pumping capacity to 2.2 million bpd and refining capacity to 1.67 million bpd, through investments of roughly \$15 billion.

These are absolute minimum plans. They are predicated on expanding exports to 1.2 million bpd — and letting domestic consumption stagnate. Instead, almost the