for a "breakaway ally" Brazil to invade Venezuela to seize Venezuelan oil reserves.

The Carter "human rights game" has strengthened the hand of the pro-Chilean forces in the Argentine Navy, Air Force, and Army who demand that junta chief Videla impose a hard line against the labor movement and wage an unrestrained war against all "subversive" elements. The Buenos Aires daily *La Opinion* warned March 10: "The national interest (mandates) circumscribing the break with the U.S. to its strict limits, and counteracting any attempt to isolate Argentina or involve her in a bloc with Chile, Uruguay and Brazil against Peru and the majority of the Latin American nations."

Chile is the most prominent example of the success of Carter's human rights operation. Fascist dictator Augusto Pinochet responded to U.S. "human rights" denunciations with a further "right turn." On the pretext of "discovering" a plot to overthrow him March 11, supposedly engineered by the Christian Democracy and illegal Communist Party, Pinochet summarily dissolved all political parties — "never to be allowed to exist again." (Only the Communist Party and other leftist groups were officially outlawed in 1973; the bourgeois parties were declared in "recess.") The three-year state of seige was institutionalized officially as a "State of defense against subversion," and human rights petitioners painted as evidence of a new "marxist threat."

Mexican Gov't Announces 'Petrobond' Issue To Pay Debt

MEXICO

Mexican Finance Minister Rodolfo Moctezuma Cid has announced that the Mexican government will begin to issue special "petrobonds" pegged to the international price of oil and directly backed by titles to Mexico's large oil resources. Through the petrobond scheme, Mexico has taken the lead in pushing the commodities policy being promoted by the Carter Administration under the UNCTAD common fund proposal. By directly linking the bonds to oil, the "petrobonds" will go even beyond the commodity price fixing proposed under the common fund — in fact it will implement the fundamental aspect of Henry Kissinger's International Resources Bank plan, presented at the Nairobi UNCTAD meeting in May of last year, and then universally rejected by the nations present.

The petrobond scheme is also a step forward in the Carter administration's efforts to gain control of Mexico's oil. The Mexican press today reports that Nelson Rockefeller's Commission on Critical Choices has issued a study proposing a "hemispheric" oil cartel to bust OPEC. The Mexican daily *Excelsior* ran the story under the headline "Rockefeller seeks an agreement with Mexico to ensure steady oil supply to the U.S."

The petrobond issue topped a long list of economic measures announced during the just concluded National Bankers' Conference held in Acapulco. The conference was attended by 2,000 Mexican bankers and 450 foreign observers, including representatives from the International Monetary Fund, which is directly overseeing austerity measures in Mexico. The major theme of the conference was succinctly described by financial analysts in Mexico: "For the first time the protagonist at the bankers' conference is not money but oil."

The first petrobond issue of $90 million at 7 percent interest, payable in three years, is scheduled to be floated in April. The first issue will be an "experimental issue" limited exclusively to Mexican nationals, as part of the efforts to "stimulate domestic savings." The Finance Ministry has announced that further issues of bonds backed by oil, as well as by other resources, like silver, will be floated on domestic and international markets. In contrast with bond issues floated in the past by the government-owned oil company (Pemex) to finance the development of Mexico's oil resources, the petrobonds will be directly backed by oil titles. Finance Minister Moctezuma Cid announced that a special fund has been established with which the "federal government will purchase 6.5 billion barrels of crude oil" as collateral for the bonds.

The direct relation between the petrobonds and the Carter administration's proposed common fund for commodities was openly recognized by Moctezuma Cid and by the head of the Bank of Mexico, Gustavo Romero Kolbeck. After the announcement of the petrobonds Kolbeck declared that "the increase in international prices of some raw materials like coffee, cotton, tomatoes and petroleum . . . will improve our balance of payments deficit."

The unique aspect of the bonds was immediately recognized by a World Bank official in Washington who noted that "this is the first case I've seen in which bonds are indexed to resources or commodities."

"Taking on the Foreign Debt"

The bankers' conference announced additional measures to "increase domestic savings and reduce our foreign financing," whose purpose was bluntly stated by Moctezuma Cid at the conclusion of his address to the conference: "With our resources and our work we will take on the foreign debt."

The measures announced at the conference under the rubrics of "internal savings," "economic autonomy," and "de-dollarization," are in full accordance with the latest IMF directives. According to a secret IMF document leaked by *Excelsior* on the last day of the conference, Mexico must impose "limits on indebtedness" and "extreme austerity" on public spending.

In line with the calls for austerity, the head of the Bank of Mexico announced the lowering of the legal reserve requirements for private banking — a measure long demanded by business and banking circles. Revenues currently at the disposal of the government through a high central bank reserve ratio (known as the "encaje") will now be shifted back to the private sector. While the exact percentage of the new "encaje" level has not been announced yet, Mexican bankers are estimating that the private banking system will immediately receive anywhere between $100 to 200 million since the measure will be implemented retroactively.

This will represent an important reduction in the government financing of the state sector, built up under the administration of former President Luis Echeverría as the backbone of Mexican development efforts, and still defended by the remaining Echeverristas in the López Portillo government.

Despite general expressions of "confidence" and "pleasure" by the businessmen at the meeting, spokesmen for the Monterrey Group of financiers and industrialists reiterated their recent demands on López Portillo to purge the Echeverristas in his government. This view was voiced at the end of the bankers' conference by the head of the Businessman's Coordinating Commission, Armando Fernandez, who argued that "the measures by themselves have not reestablished anything."

Fernandez's specific concern was revealed by a columnist for the Mexican daily *Novedades*, who yesterday called for purging "those who contributed to the collapse of the national economic stability in order for the measures announced at the bankers' conference to have more profound and lasting effects."

The Echeverristas are beginning to counterattack. Augusto Gomez Villanueva, the current head of Congress and former Agrarian Reform Minister, two days ago forcefully defended the "many achievements of the Echeverría government," and declared that "the interests affected by the previous administration are those who are trying to satanize the survivors of the administration."

Gomez's statements were followed up by a barrage of attacks on the Rockefeller attempts to gain control over Mexico's oil. The daily *El Sol* strongly attacked the Commission on Critical Choices proposals in an editorial rejecting the "special treatment" offered to Mexico in return for its oil as "false prosperity." A second editorial in *El Sol* calls for the establishment of a new international economic order, stressing that the U.S. itself would benefit.