

Latin Americans Advance Energy Fight With Call For Debt Moratorium

The crucial issue of debt moratoria was placed once again at the forefront of international politics two weeks ago by Latin America's three leading advocates of industrial development. Mexico's former president and current ambassador to UNESCO, Luis Echeverria, issued a stinging denunciation of the debt collection policies of the International Monetary Fund. Jamaica's Prime Minister Michael Manley and a top spokesman for Venezuelan President Carlos Andrés Pérez publicly demanded generalized debt moratoria for the financially strangled nations of the developing sector.

The statements represent a step forward for the informal alliance for nuclear energy and industrial development that has emerged in Latin America over the past few weeks, led primarily by Mexico. In defiance of U.S. Energy Secretary James Schlesinger and the Carter Administration, the Lopez Portillo government has elaborated a plan to use Mexico's massive oil reserves — an estimated 120 billion barrels according to the state oil company Pemex — to fuel a 20-year crash development program to transform Mexico into an advanced sector nation. . . rather than using the oil to pay off the nation's multi-billion dollar foreign debt. Vizcaino Murray, chairman of the Mexican Nuclear Energy Institute, told a youth conference of the ruling PRI (Partido Institucional Revolucionario) last week that Mexico's long-term energy program is based on the transition from hydrocarbons (chiefly oil) to fission, and eventually fusion power. By the year 2000, he said, 70 percent of Mexico's electricity will be generated by at least 20 nuclear reactors. Recent tremendous oil discoveries notwithstanding, Vizcaino declared, "The country's most abundant energy resource is uranium." A recent exposition of the Mexican Council for Science and Technology prominently featured a display on the plans for the test Tokamak fusion reactor.

Mexico has launched an aggressive international "development diplomacy," centering on negotiation of oil-for-technology deals with leading Latin American and European and Mideast nations. The head of Pemex, Jorge Diaz Serrano, three weeks ago began a world-wide tour with stops in Venezuela and Brazil, the two economic lynchpins of South America. Brazilian president Ernesto Geisel is scheduled to visit Mexico in January, 1978, for further discussion of Mexican proposals for expanded oil-for-technology trade arrangements; also under discussion will be possible joint construction of a refinery in Brazil to process Mexican crude oil as suggested by Mexico's ambassador to Brazil last month.

Diaz Serrano is now in Europe, where he is holding talks with a number of governments and enterprises, including the Italian state oil company ENI. Mexico and France recently reached agreements to exchange Mexican oil for French nuclear technology, cooperation which will be furthered during the January visit of French President Valery Giscard d'Estaing to Mexico City.

Debt Moratorium Required

The issue of debt moratorium is key to the successful implementation of nuclear energy and industrial development plans throughout Latin America, as the Carter Administration itself well knows. Brazil is a stunning example. The most dangerous vulnerability of the Brazilian nuclear energy program is the financing problems imposed by the need to continue servicing the country's nearly \$35 billion foreign debt. This economic leverage point is the primary weapon in the Carter Administration's arsenal against Brazil's plan to implement a full fuel-cycle nuclear development program based on the multi-billion dollar technology transfer deal with West Germany. U.S. Secretary of State Cyrus Vance's three-day sweep through Argentina, Brazil and Venezuela Nov. 20-23 is apparently intended to contain, if not destroy, the emerging potential of this Latin American development axis. Vance's mission must focus on forcing Brazil and Argentina — as the "weak links" — to bow to the Administration's ban on full-cycle nuclear energy development, while attempting to coerce Venezuela into acting as a "Trojan Horse" in behalf of the Administration's no-growth policies.

Echeverria: IMF Must Go

Luis Echeverria told an international bankers' meeting in Yugoslavia two weeks ago that the world financial crisis is due to the Third World's crushing debt burden: The debt is the cause of the 200 million unemployed in the Third World and the 30 million unemployed in the advanced sector countries. The existing "inactive financial institutions" must be replaced with "a New International Economic Order," he specified. Echeverria in a simultaneous interview with the Mexican daily *El Universal* singled out the IMF, blaming the agency for the current world collapse. Echeverria's charges were echoed last week in an editorial in the national daily *Diario de Mexico*, which attacked the IMF and cited France's 17th century economic minister Colbert, who instituted debt moratorium and an in-

dustrial growth program, as a model to be followed by Mexico.

While Echeverria was speaking in Yugoslavia, Prime Minister Michael Manley, on a European tour to organize desperately needed financial and political support for his country, told press in Stockholm Nov. 3 that the "accumulation of debts and the burden of servicing charges have developed into a real danger and could end up dominating the world economy." Manley cited Sweden's decision to cancel the debts of \$220 million owed it by a number of the poorest developing nations as "an example for the rest of the world." He added that a debt moratorium for the entire Third World is necessary. This, he explained, "would release enormous resources" for development and would "also help the industrial nations climb out of recession."

A similar line of reasoning on the Swedish measure was taken only a few days earlier by Reinaldo Figueredo, chairman of Venezuela's Foreign Trade Institute and a close friend and advisor of President Perez who has repeatedly stressed the need for generalized debt moratoria. Figueredo told reporters in Caracas that the Swedish move cited by Manley was correct, but "timid." "The correct thing would be for the U.S., Japan, the Federal Republic of Germany, and others to follow this example . . . It would truly alleviate the situation of the peoples of the Third World."

Wanted: A Finance Minister Like Colbert

Following are excerpts from an editorial which appeared in the Mexico City daily Diario de Mexico Nov. 19. The editorial appeared one day after a major reshuffle of the Mexican cabinet in which Finance Minister Moczuma Cid was forced to resign.

When Colbert, the French Finance Minister who is credited with the longest economic boom period that great country has ever experienced, took over that post (in 1661) the situation couldn't have been more critical: war had ravaged the fields, the lords stole what little was left, the artisans, primarily those from Paris and Lyon, were mobilized against the tax collectors. So what was the first thing he did? He declared a general and long-term debt moratorium.

People don't seem to understand this simple lesson; Finance Ministers think that their role is that of blood-letters, and with that commitment they become the worst enemy of the government. At the present moment, the one thing President Lopez Portillo doesn't need are enemies.

Manley: New World Order Greatest Concern

The following is part of an article which appeared in Jamaica's Daily Gleaner Nov. 4.

Creation of a new world economic order is Jamaica's most pressing concern, Jamaican Prime Minister Michael Manley said today.

Manley, here on a two-day official visit, told a press

conference that a new balance in trade was needed between industrialized and developing nations.

He said this could also help the industrial nations climb out of recession.

Manley called for a moratorium on debts accumulated by Third World countries. He said this would release enormous resources.

The Jamaican leader said the accumulation of debts and the burden of servicing charges had developed into a real danger and could end up dominating the world economy.

He praised Sweden's decision announced last month to cancel debts of one billion Swedish kronor (US\$220 million) owned by some of the poorer Third World countries.

Jamaica now paid one-quarter of its foreign exchange earnings in servicing foreign debts and Sweden's decision to renounce repayment was an example for the rest of the world, Manley said....

Mexico: Goal Is Atomic Energy

Here are excerpts from a speech by Francisco Vizcaino Murray, head of Mexico's National Institute of Nuclear Energy (INEN), before a meeting of the youth movement of the ruling Mexican party, the PRI:

The current utilization of hydrocarbons is very costly; they are wasted through combustion for the production of electrical energy; it is essential that we substitute uranium for them. According to the studies which have been carried out so far, uranium is considered one of the country's richest energy resources, as important or even more so than hydrocarbons. We have been able to estimate these resources at approximately 10,000 tons, but it is necessary to increase exploration so that in the next 15 years, we can find half a million tons with which we can meet the increasing national demand for uranium. The National Institute of Nuclear Energy needs greater financial resources and trained personnel so that it can help Mexico to advance in the race for utilization of atomic energy for peaceful ends which will contribute to economic-social development.

On Nov. 15 the Mexico City newspaper Excelsior ran the following article on Vizcaino's speech.

Uranium deposits discovered in the states of Chihuahua, Nuevo Leon and Tamulipas will allow Mexico, in the next fifteen years, to accumulate a reserve of more than 500,000 tons of uranium, a mineral which will be vital for our future and is "the most abundant energy resource in our country," stated the head of the INEN, Francisco Vizcaino Murray.

Vizcaino indicated that this mineral has gained economic and strategic importance which increases day by day and which will be vital for the generation of energy in the coming years, especially because, before the end of the century, 70 percent of Mexico's electrical energy will be produced by nuclear reactors.

He also indicated that it is obvious that national

requirements will demand the construction of at least 20 reactors, essential as initial support for the future development of the nuclear industry. As opposed to other sources of energy, he added, nuclear energy is one of the

cleanest sources of energy and it does not contaminate the environment. Besides, the risk of accidents is much less than that from any other combustible given the security measures which have been established.

Vance Is At It Again

Secretary of State Cyrus Vance began a four-day diplomatic tour of Argentina, Brazil, and Venezuela Nov. 20 in yet another effort to somehow subvert the Brazil-West German nuclear technology agreement. Highly placed sources in Washington and Latin America revealed last week that the White House has two basic objectives riding on Vance's mission: first, stall the Brazilian nuclear program as long as possible; second, prevent Venezuela and Argentina from allying with Brazil on a perspective of nuclear technology transfers from the advanced sector.

The Brazilian nuclear question has become the hub of a fight that has erupted within the State Department and other policymaking layers of the Carter Administration. It is now recognized that the Carter policy of direct confrontation against the West German deal, combined with the pressure of the "human rights" insult, has been a total failure. As a result, Brazil, the traditional linchpin of U.S.-Latin American policy, has strengthened its commitment to nuclear energy and has moved closer to European powers who oppose the U.S. government's energy stance.

In an attempt to salvage U.S.-Brazilian relations, the "old guard" associated with the diplomacy of Henry Kissinger in the State Department demands the Administration drop its confrontationist profile and opt for a "softer" policy to buy time. The rationale for this approach was described in detail by Roger Fontaine in the latest issue of *Foreign Policy*. (see below.)

As the "package" of supposed U.S. concessions to be presented to the Brazilians indicates, Vance has settled on the "old guard" option. Last week's announcement by the State Department recommending export permits to be granted for the sale of uranium to Brazil is merely an enticement. As one Washington source explained, it is Vance's "visa" — without it, he would not even get the Brazilian to sit down with him. Columnist Edgardo Costa Reis, in the Rio de Janeiro daily *O Globo* confirmed this scenario Nov. 17 by revealing that Washington admits that Vance's "package of offers" is intended to provoke a "postponement" of the West German agreement.

Vance's chances of actually sabotaging the Brazil-German deal, however, lies less in this direct diplomacy with Brazil than they do in his manipulation of Argentina and Venezuela against the Brazilian deal.

Argentina's Role

Vance is certainly not limited to a "soft" line in his dealings with Argentina the way he will be in Brazil. In Argentina he will pressure the Videla regime on the human rights issue, for concessions on Argentina's own ambitious nuclear program which can then be used as

leverage against Brazil. One option is to rope both nations into a "regional" nuclear pact that would include mutual inspection to enforce "nonproliferation."

As the Stanley Foundation, a Wall Street think-tank, spelled out regarding the "regional" approach several months ago, under such an agreement, the U.S. could effectively police against undesired technologies (such as the full-fuel cycle system being made available to Brazil by West Germany) and maintain control over Latin American uranium supplies.

All indications are that Buenos Aires will not be able to offer much resistance to Vance's gameplan since the total collapse of the Argentine economy has left the government desperate for trade and credit. A Stanley Foundation source remarked that if Brazil were in the same economic shape as Argentina, Brazil would already have buckled "four times over" to U.S. pressures to drop the West German deal. Secondly, Argentina's nuclear program, based on the use of heavy water technology in its reactors, is already highly dependent on the U.S. and Canada. Finally, the political instability of the Videla regime makes it very vulnerable to "human rights" armtwisting.

The U.S. monetarist press has already opened fire on the human rights question. On Nov. 21, the day Vance arrived in Buenos Aires, the *Washington Post* editorialized that Argentina is "ready" for concessions on human rights, with the suggestion that the Videla government push for "regional cooperation" on nuclear energy. Similarly, Juan de Onis in the *New York Times* Nov. 20 stressed the "anti-semitic" violence in Buenos Aires — a cue to the Argentine government that the financially powerful "Jewish Lobby" in the U.S. should not be offended.

Argentina is already bending under the pressure. Less than a week before Vance's trip, the Argentine Foreign Ministry's top advisor on nuclear matters was invited to dinner with John Stanley of the Stanley Foundation, where sources report he viewed the "regional" nuclear control scheme very favorably. Furthermore, Foreign Minister Oscar Montes signed the 1974 Tlatelolco non-proliferation treaty — which Brazil still refuses to do — on the day Vance arrived.

Roping In CAP

Venezuelan President Carlos Andres Perez's leading role in shaping the Third World's campaign for a new world economic order has prompted Vance to place special emphasis on preventing Venezuela and Brazil from forming an axis in favor of nuclear energy. Temporarily, he has succeeded, even successfully manipulating Perez to attack the Brazil-West German deal.