vastly reduced by 1980, and the amortizations and service on foreign debt, all tesitfy to the necessity of the adequate conditions, logically and collectively determined, for a new world economic order. The material means at the disposal of present societies, without having to use messianic language, present the potential for a real transformation of the world, or, as the thinkers of the atomic age put it, for a constant change in what has already changed.

Precisely because of this very fact, a rational, renovating alternative is absolutely necessary. CEESTEM, in summary, begins its task with this purpose, departing from these concrete facts determining present reality.

From this perspective, CEESTEM has proposed a series of parallel and distinct research projects, which form an organic whole, on those problems that can be of extraordinary global importance. Toward this end, we have begun an analysis of the public foreign debt of the Third World, which will probably go beyond the $200 billion level in 1977, and which threatens to strangle the Third World's potential for investment and development. The object of this study is none other than to present this phenomenon and propose the reasonable and viable alternatives at this time.

Colombia—A Nation Of 'Dead Cities'?

The city of Pasto in southwestern Colombia has been without water, electricity, and fuel for two weeks. All production and commercial activity has ground to a halt, leading the local press to label Pasto "the dead city." During this same period, Colombian Finance Minister Espinosa Valderrama has decreed a series of "drastic" financial and economic austerity measures which will reduce every major industrial city in Colombia to a "dead city" if his "war economy" plan succeeds.

Espinosa's decrees fall into four major categories: (1) severe restriction of the money supply which increased 36 percent in 1976 over the previous year's levels; (2) limitation of investment to labor-intensive export--oriented enterprises such as mining, and to small- and medium-sized business establishments; (3) drastic escalation in debt payment schedules; and (4) the launching of an "anti-monoply" campaign.

Espinosa's proposals to restrict the "inflationary" flow of money into the economy have taken several forms. Two weeks ago, he raised the marginal reserve ratio of bank deposits to 100 percent while increasing the reserve ratio of dollar-denominated deposits from 6 to 18 percent, thus freezing most available liquidity in the economy. Secondly, Espinosa reduced the payments deadline for imports to six months for raw material and consumer goods imports, and to three years for capital goods imports. According to the Colombian press, these measures are deliberately intended to force businesses to contract large debts with banks and financial institutions in the exterior. As noted by one knowledgeable New York banker, Colombia's Finance Ministry maintains strict controls on debt contraction with foreign banks, controls which will enable the extremely selective granting or denial of financing to Colombian businesses.

Espinosa's "anti-inflationary" measures are designed to complement his investment policy. According to Espinosa, all financing will be limited to a few large and labor-intensive enterprises like mining — which are guaranteed to bring in substantial foreign exchange through exports — and to "the small and medium labor intensive businesses which can absorb the growing labor force."

Colombia's foreign reserves — which soared to over one billion dollars this past year due to Colombia's "coffee bonanza" — have been fully committed by the Finance Ministry to payment of Colombia's present and future debt obligations. Espinosa has responded to increasing demands from Colombia's credit-starved industrialists that the bonanza be used for productive investment in the economy with the assertion that as far as he was concerned "the reserves have been spent on the country's extensive back debts to the exterior...indulgent overspending on imports has led to an overdue debt burden which must immediately be corrected."

Espinosa unveiled his "anti-monopoly" campaign earlier this week. The Finance Minister invoked Article 32 of the Colombian Constitution which gives his ministry the right to intervene, by mandate of law, "in the production, distribution, utilization, and consumption of the goods and services of the private and public sector." Espinosa's "interventionist" pronouncement is an attempt to divert working class anger away from the government's looting designs and with the help of well-funded agents, to turn that rage against the nation's industrialists.

One of the agent organizations, the year-old Colombian organization Common Cause (modeled on its namesake in the United States) broke heavily into the media. Through favorable newspaper coverage and a weekly television program, Common Cause is bringing its "timely" campaign against monopolies and corrupt bureaucracies before the public.

Creating the appropriate atmosphere for Espinosa's war measures and Common Cause's crusade was the glowing press coverage given this week to the North American "prophet" of deindustrialization, Ralph Nader. One Colombian newspaper praised Nader for his untiring assaults against U.S. industry: "Who is this extraordinary man...this David of the XXth Century...? This poor, modest, almost ascetic man is a person of few words. But he is a fighter, an apostle. The most powerful industrialists in the world tremble before him."

"War Economy" Takes Its Toll

Espinosa's declarations of war have intensified a World Bank-directed looting scheme which has already taken its toll on the Colombian economy. Production in the major industrial department of Antioquia has been seriously threatened as a result of devastating 12-16 hour a day rationing of water and electricity. Most schools, clinics and commercial establishments have been shut down for an undetermined period. The country's association of small and medium businesses, ACOPI, has declared itself in a state of national emergency, protesting publicly that the unavailability of credit, stratospheric interest rates and collapsing consumer demand has brought it to the brink of bankruptcy — which will produce severe unemployment and consumer and industrial shortages.

The living standards of the Colombian population have plummeted. One newspaper reports that health standards for over one-third of the population are considered below minimal recommended levels. Another article reveals that meat consumption per capita has fallen from 23 kilograms in 1961 to less than 14 in 1974, threatening to lead to reduced work capacity among the working class and lowered resistance to disease. Unrelieved drought conditions in major regions of the country have led to the fear of epidemic outbreaks. Stories are beginning to spread of people resorting to drinking sewage for lack of potable water.

EXCLUSIVE

Mexican Chief Of State Slapped Around By Carter, Brzezinski On Washington Visit

In a scandal which will have wide reverberations in the Third World and Europe, the Carter Administration welcomed its first official state visitor, President José López Portillo of Mexico, to Washington this week with a combination of brutal private armtwisting and public snubs. The Mexican chief of state, who according to inside sources came to Washington "ready to give 90 percent" on the U.S. demands, left the capital deeply shaken by the affronts.

This is the story, constructed from a variety of well-placed sources, of how this diplomatic disaster — kept largely out of the press of the two countries — was engineered. This story is especially of interest to other Third World and European leaders who are being lured to Washington on the Carter promises of a "new era" of "open and friendly" diplomacy.

López' willingness to please his hosts had been evident for months. He made it clear he would interpret Mexico's foreign investment laws "flexibly"; he accepted plans for a massive increase of Mexican oil exports to the U.S.; he accepted a stringent International Monetary Fund program of austerity to reduce deficits and increase debt repayment. He drew back sharply from the insistent Third Worldism of his predecessor, Luis Echeverria, and on arrival in Washington delivered a cut against those "ambitious and bad-intentioned ones" who "would impede good U.S.-Mexican relations" — a comment widely taken to be aimed against Echeverria's group. In an eight-column headline, the daily *Excelsior* reported the comment as a commitment to "repress" such elements. In exchange for his concessions, López was asking for increased exports to the U.S. and some breathing room on the debt.

Yet in Washington, López' accommodation apparently served for nothing. After being knocked sharply about, López emerged empty-handed. High sources report that National Security Council chief Zbigniew Brzezinski personally took charge of the discussions and insisted that Mexico cede control of its oil development, now under state monopoly, to U.S. firms.

Well-informed sources have speculated that a subsequent "leak" to the *New York Times* that Mexican oil reserves are considered by U.S. government officials to total a whopping 60 billion barrels, putting increased pressure on Mexico to bring in U.S. contractors for off-shore drilling, came directly from Brzezinski's NSC offices.

In addition to the pressure on the oil question, inside sources report López was pressured to purge remaining Echeverristas from his government, and told that Mexico's population growth must be reduced — a pressure point vented publicly by Carter conduit James Reston late in the week.

The effect of the Carter Administration's snubs and slaps to the face, according to the qualified observers, is to undermine López' balancing acts within Mexico and to increase the chances for an early social explosion. These observers have indicated that such may in fact have been the purpose of the Carter treatment, and have linked the hard-line treatment to imposition of the so-called Paddock Plan which calls for reducing Mexican population of 60 million by half.

The visit began on Valentine's Day — an appropriate day for a meeting prepared so effusively from both sides of the border as the "healing" of the U.S.-Mexican relations strained during the term of Echeverria. In reciprocal greetings on the White House lawn and the toasts at Carter's first White House state dinner that evening, the two presidents stressed the warm personal relationship developing between the two First Families. López thanked Carter as a representative of "Latin America and the developing world."

But if López' historical sense served him right, he already must have been taken somewhat aback by Carter's toast comment that Carter knew what Mexico felt about Yankee imperialism, "being from Georgia" himself. During the Civil War, the Confederate States allied with the hated Emperor Maximilian of Austria —