

The right wing turn in Peru over the last year itself tends to greatly increase the potential for a war. With the right-wing military, the primary source of revanchist hatred for Chile, now effectively in control in Peru, that country can play out the "aggressor" role assigned it by Rand and Brookings, and built up in *Time* this week. According to *Time* and commentaries in the U.S. and Chilean press concerning the Peruvian purchase of 36 Soviet fighter bombers last fall, Chile is now the "underdog" in any conflict situation, rendered militarily inferior by the Congressional cut off of arms sales to the repressive Pinochet regime.

#### *Closer to the Brink*

*Time* magazine, faithfully portraying the Rand scenario, noted that a Peru-Chile conflict "could tempt other countries on the continent into similar action. Potentially volatile territorial disputes...simmer between Venezuela and both Guyana and Colombia, and also between Peru and Ecuador."

All the elements are in place for setting the "War of the Pacific" tinderbox aflame.

\* According to both *Time* and the Bolivian nationalist Institute of Geopolitical Studies, which has cautioned repeatedly against Bolivian involvement in an arms race and war which that country is sure to lose, both Peru and Chile have begun serious "precautionary" buildups and fortification of their border troops. The Institute described Dec. 1 "a complete defensive apparatus...on both sides of the so-called "line of concord" (Peru-Chile border — ed.) which, because of the bunkers, parapets, artillery, tanks at the ready and military aviation permanently overflying the borders on observation...looked rather like the type of 'Maginot Line' which France built against Nazi Germany."

\* Bolivia, traditionally at the mercy of Peru and Chile, assumed last week a markedly more aggressive attitude. Bolivian Army commander Gen. Raul Alvarez Penarandas called Dec. 30 on the population to "prepare

militarily in order to guarantee our national security and (territorial) sovereignty." "Despite our pacifist nature we were involved in conflicts before...without being militarily prepared," Alvarez declared, referring to the defeat and territorial losses of Bolivia and Peru to Chile in the 1879-83 War of the Pacific. "The errors of history should not be repeated." Bolivia's turnabout, and entry into the so-called "Andean arms race," intensifies the sense of inevitability of war in the region.

\* Complementing the Bolivian twist to the Rand scenario, is the continuing right-wing cabinet takeover in Ecuador, Peru's northern neighbor and historical secondary geopolitical foe. Army chief and junta member Gen. Duran Arcentales is fanning old border tensions with Peru as a means of offsetting the challenge of a significant nationalist faction within the Army. Renewed Ecuadorian right-wing claims on Peruvian territory — awarded to Peru following the defeat of Ecuador in a short 1941 border war — have raised the spectre of a potential "second front" against Peru.

\* For the first time in over a year, Argentina and Brazil — the two "big powers" in Latin America and traditional rivals for geopolitical hegemony — have been drawn into the dispute. Argentine Foreign Minister Admiral Cesar Guzzetti, the first cabinet member to officially comment on the war danger, characterized Bolivia as a "zone of expectant conflict." In statements reported in the Buenos Aires daily *El Cronista Comercial* Jan. 4, Guzzetti added that Bolivia deserves Argentina's "confident solidarity." Brazil has not yet officially responded to the "hot spot," but has quietly demonstrated its support for the Banzer government which Brazilian troops helped to install in 1973. Bolivian Army chief Alvarez met with the Brazilian War Minister and other top officers in Brasilia in early December, and signed a deal to purchase Brazilian military equipment and weaponry. Upon return, Alvarez publicly emphasized the Brazilian military's "full agreement" with the political ideas of the Banzer government.

## Venezuela The Key to Latin America's Future

In his New Year's address to the nation, Venezuela's President Carlos Andres Perez presented what is in effect the defining political groundwork behind his November tour of Western Europe and the Soviet Union on behalf of the Third World demand for a new international economic order. These state visits, particularly to Rome, London and Moscow, and their consequent trade agreements, have firmly tied the Perez government to the expanding three-way commercial flows involving the EEC, the Comecon, and OPEC, a development that represents increasing independence from dollar-sector trade credits and oil supplies.

The remarkable feature of Perez's appended speech, beyond his reaffirmation of the determination to achieve the new order and the willingness to use oil for leverage, is that it locates the process through which the emerging de facto economic order internationally is turned into the high-technology industrialization that the Third World needs locally. That process is the development of labor power.

President Perez is only too acquainted with the effects of economic backwardness on the cognitive powers of the Venezuelan population, and his call for arresting the appalling malnutrition among children, coupled with a

program for turning the nation's "industrial plants into classrooms," underscores his awareness that development without a healthy, educated, and skilled work force is impossible. Equally important, however, is Perez's emphasis on capital-intensive industrialization, a direct rejection of the labor-intensive techniques espoused by zero-growth currents within Venezuela linked to institutions such as the World Bank and the International Monetary Fund.

By turning Venezuela into what Perez called "a vital and dynamic model" of development, the Caracas government has established itself as the crucial link between the rest of Latin America, now under pressure from U.S. creditors to abandon hopes of industrial development and implement severe cutbacks, and the growing international movement for expanded trade and development. The success of Perez's effort to pass on these benefits to the rest of the continent will most likely determine whether or not war erupts in the economically collapsed Southern Cone.

The significance of the endorsement of the general parameters of Perez' policies by Fedecamaras, the powerful businessmen's federation, is as an indication of the broad alliance the president has forged behind a program of development and trade. It is also, however, an invitation to U.S. industrialists to act in their own self-interest by participating in the new world economic order.

## Perez Presents Venezuela's Development Plan for 1977

*The following is a translation of the New Year's speech given by Venezuelan President Carlos Andres Perez.*

"The Venezuelan people have demonstrated for themselves and the world their capacity to assume direct control of their essential, basic resources, without causing international confrontations." The plan to consolidate the petroleum industry which at present consists of multiple individual companies loosely under the direction of the main mother company, Petroleos de Venezuela was presented by President Perez. The aim in the iron industry, Perez explained, is to build up Venezuela's capacity to transform all iron ore extracted in the country into steel and related products, and thus stop exports of raw iron.

"...I can assure (you) that the policy of accelerated economic development...of combining a high rate of expansion with the growing level of employment is not only possible but today is an undisputable reality."

"...The question of human resources is not only a problem of quantities of jobs and workers but is also one of a qualitative order, of levels of specialization and skills of the human resources which are incorporated into productive activities."

"We announced last December a special program of industrial apprenticeships which will convert industrial shops into classrooms for the preparation of specialized workers, of semiskilled technicians which our country

needs...We have submitted to the Congress a law which will create a fund for financing scientific research, higher education, and technical training with the intention that the private sector comply with its unavoidable duty of contributing to the preparation of Venezuelans who will incorporate themselves into work needed by these same industries which will lend their economic cooperation."

President Perez discussed agricultural development, stressing "the creation of the necessary infrastructure aimed at putting nature at the service of the Venezuelan man." The programs of agricultural developing include "irrigation, agricultural roads, rural electrification and construction of wells and reservoirs."

"My optimism is the fruit not only of the unalterable decision which I have made to rescue national agriculture so that it grows with the same vigor and in harmony with industrial development — it must be taken into consideration that while industrial development obtains results in the short and medium term, agriculture only sees its results in the medium and long term...."

"I am optimistic (as well) because we have achieved extraordinary goals, as much in the private sector as in the public sector. I am optimistic because this moral spirit is an indispensable condition for confronting new difficulties and for analyzing with a critical spirit what has been done and what needs to be done."

"I have listened with attention and studied in detail the criticisms of what are called the 'gigantic' plans of the government. Sincerely, I don't share those views. Venezuela cannot lose this moment...We either develop now or we lose the opportunity offered to us by an international and national conjuncture that will not be with us for long.

"I have noticed that it is not the projects which are criticized but their volume and cost, which seems to indicate that there is a national consensus on the direction which the country's development ought to take, although fears are expressed about our capacity of complying with the goals that we have proposed. I want to make clear that what we should construct today will cost us more than double in the future, whereas what we invest rationally now will grow in value with every passing day."

"There is no danger of a division in OPEC...The divergence over prices will be overcome. OPEC...is strongly tied to the solidarity of the Third World. Petroleum is the great instrument of negotiation for the creation of a New International Economic Order."

"It is also the definitive decision of the Organization to take the necessary measures so that the new price increases do not have an effect on the balance of payments of the developing countries that do not have oil."

"The solidarity between the developing countries will not be broken as some developed nations have tried to do with their brutal strategy. (These developed nations) do not want to understand that the the world's division between exploited nations and exploiting nations has ended. The developing nations have demonstrated that they are conscious of their destiny."

"1977 brings more favorable perspectives than those of the year that has just ended. In 1976 the Paris North-South conference was convened in an organizational framework that seemed satisfactory. Nevertheless there was no result in the commitment to push the New International

Economic Order. There was not the necessary manifestation of political will for dialogue and agreement.

"No resistance to a serious analysis is given by the argument — which in the end is only an excuse — that, in view of the delicate conjuncture of the world economy and especially of some developed countries, the conditions are not favorable for these countries to arrange with the developing countries significant agreements which would constitute the basis for the launching of a New International Economic Order. This excuse could carry forward in the coming years, if the international community does not realize that the only way to overcome these unfavorable conditions in which the world economy is submerged is precisely through a change in the rules of international economic relations.

"We understand that what was left undone in so many years of international injustice cannot be done in a few months. A transition period is required which the developing countries are ready to discuss and concede. Meanwhile the greater the stalling the longer the period of uncertainty which precedes it will be and the more painful the actual change will be. We the developing countries are united in this conviction and are ready to assume our responsibilities. We are convinced that only in this way will justice and reason prevail for the benefit of all.

"The actual indecision that feeds inflation and monetary disadjustments ought to give way to an order of new foundations which can only take place through the deliberate action of all.

"It is obvious that those who have stalled in showing this spirit have been the countries of economic power. 1977 will be a decisive stage in which these countries must demonstrate that they not only understand the situation but will act on it. The Paris conference in the coming months ought to end successfully with that which we all want, in order to save the economies of the developed countries and to give those countries which up to now have only been contributors to the well being of the great nations, the right and the possibility to develop.

The interdependence between nations demands that we follow more closely these international events. The interests of Venezuela are at stake. We will not succeed in our ardent desire to secure social justice and well being if this noble and valiant controversy, which is being waged by the developing countries to attain an international justice, is not won."

Perez concluded by addressing specific problems of Venezuela, including the high rate of malnutrition in children up to 6 years of age — over 50 per cent of this age group is malnourished. In describing the seriousness of this problem, Perez said, "The irreparable damage to health and intelligence caused by malnutrition during gestation and the first 6 years of life is scientifically known."

## Businessmen Back Up CAP

*The following are excerpts from the year-end statement of Fedecamaras, the national businessmen's federation of Venezuela, which appeared in the Dec. 31 issue of the Caracas daily El Universal.*

The ills which international economic relations are presently suffering, (including)...the possible retention of the U.S.'s discriminatory Foreign Trade Law and the stagnation of the North-South conference...are grave problems which should bring us to make maximum effort to preserve the unity of OPEC, to diversify our exports markets, to increase public investment in development, and to mold our economic policies in an increasingly coherent way as an indivisible whole... We must improve the quality, quantity and productivity of our production to make us less dependent on petroleum... The history of OPEC provides important lessons for all raw material producing countries... It shows that negotiating power depends upon tight cooperation among producing countries... (At the same time) it is wise to accelerate projects related to the exploration of the possibilities of the Orinoco oil belt, in light of our (present) reserves and the likelihood of an increase in world demand for the coming decades...

Latin America, and Venezuela in particular, have been facing the question of what the most appropriate strategy for development is. One of the answers has been economic integration... There is no doubt that these programs of integration have resulted in a favorable impact on (the region's) development... We must continue to support and strengthen integration... For this reason, we support the efforts being made at the government level to maintain and develop not only the Andean Pact, but also ALALC, Caricom, and the Central American Common Market... In this context, the strengthening of SELA (the Latin American Economic System, proposed by former Mexican President Echeverria, Venezuelan President Perez, and Cuba — ed.) has special importance for Venezuela... (as part of) a vast policy of cooperation, which, in turn, will serve as a base to the improvement of integration itself...

Within the terms of this policy of cooperation, it is important to rejuvenate our commercial and economic ties with the United States...which, within the framework of the New World Economic Order, has special significance in the implementation of a policy of technology and investment for development. For the coming year, Venezuela has the commitment to continue developing its foreign policy and deepen its economic ties and cooperation with all the countries of the globe. For this reason, we have praised and evaluated in a constructive spirit the recent state visit of the President of the Republic (Carlos Andres Perez) to several countries.