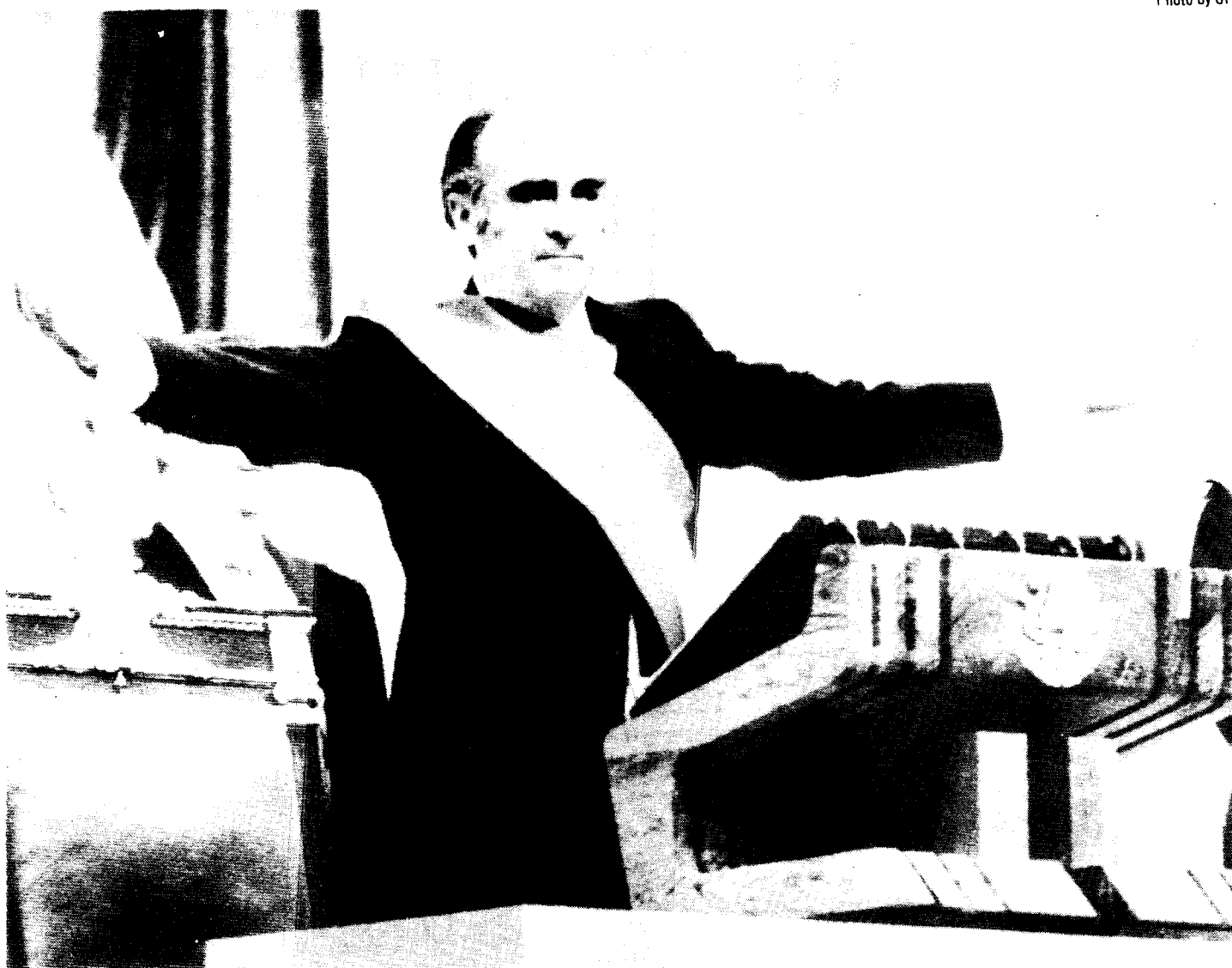


Photo by UPI



Mexican President Jose Lopez Portillo.

Mexico's Lopez Portillo woos U.S. dollars with carrots and stick

By Harvey Levenstein

President Jose Lopez Portillo tried a bit of the carrot-and-the-stick on Jimmy Carter during last week's meeting of the two new presidents in Washington.

The only way to head off the flood of "wetbacks" across the border, he warned, was to help Mexico through its presently troubled economic waters. That was the stick. Mexico needs fewer restrictions on its exports to the U.S. and a sympathetic ear to its requests for loans, he said.

Among the carrots was his categorical assurance to American property owners in Mexico that they need not fear nationalization.

But Lopez Portillo was not speaking only to Carter or to the assembled houses of Congress. He was also talking over their heads to Wall Street. One of the main purposes of his trip was to reassure the international financial community that he was leading Mexico back to "responsible" economics: in short, that his government will be a good credit risk.

His promise to Carter that Mexico would no longer try to maintain the peso at an artificially high level was a bow in the direction of Wall Street and the International Monetary Fund—a way of assuring them that Mexico was willing to pursue the kind of austerity at home they demand in return for their loans.

► Mexican revolution comes full turn.

For some, it would appear that the Mexican Revolution has now come full turn. The 1910 revolution led to years of wrangling with Wall Street and intervention from Washington over repayment of debts. As a result, for years it was a cardinal principle of the Mexican government to stay out of hock to Wall Street.

By the 1960s, though, this part of the revolutionary credo was being conveniently forgotten. The government of Gustavo Diaz Ordaz cashed in on Mexico's by then excellent credit rating to borrow heavily abroad to finance showcase projects like the Olympics and the Mexico City subway system.

Diaz Ordaz's successor, Luis Echeverria, made many more trips to the foreign lenders' trough. He claimed that much of his borrowing was aimed at financing the importation of technology and the creation of the kinds of sophisticated industries that would reduce Mexico's dependence on imports.

The recession of the 1970s brought Echeverria's optimistic dreams to a nightmarish conclusion. Mexico's foreign debt snow-balled to over \$20 billion, more than eight times its size when he took office. Its trade deficit soared to \$3 billion last year. Finally, just before leaving office, he bit the bullet and devalued sharply, at least sparing his successor that ignominious surrender to the international lenders.

In his first months in office, Lopez Portillo has sought to reassure Wall Street and the International Monetary Fund that he is not as unreliable as his predecessor. Echeverria's ill-conceived, politically-motivated, last minute attempt to redistribute some of Mexico's most efficient

In recent years, Mexico has discovered what appears to be at least one vast sea of oil, more than enough to restore it to the ranks of the world's major exporters.

landed estates, important dollar earners, has been scrapped.

He has appointed a cabinet heavy with the kind of young "pragmatic" technocrats Wall Street and the IMF like to see whip an economy into shape through a tough-minded program of austerity. Although by no means reactionary, it is clear that he and his governing team are willing to put reform on the back burner for at least a few years while they try to restore the confidence of the private sector.

All they need, they think, is the time and money to tide them over this difficult period. This year, they need \$1 billion to be exact, and most of this will have to come from American banks and the U.S.-dominated International Monetary Fund.

► The petroleum carrot.

Lopez Portillo will likely get his billion dollars, but not simply because Wall Street likes the cut of his technocrats' suits. In his back pocket he has another carrot: oil.

In recent years, Mexico has discovered what appears to be at least one vast sea of oil, more than enough to restore it to the ranks of the world's major exporters. Its government has been secretive about the extent of its reserves, in part because it fears American discrimination against its other exports if it joins OPEC. However, it periodically "leaks" information indicating they are indeed huge.

This is the security against which Lopez Portillo will be borrowing. It is no accident that the first \$300 million Mexico needs this year have just been loaned to Pemex, the state-owned oil monopoly.

The problem is that originally, Mexico had hoped to avoid becoming simply another exporter of crude oil to the petrochemical complexes of the First World. Much of Echeverria's borrowing was intended to build up Mexico's ability to make its own sophisticated petroleum derivatives—the things from plastic wrap to panty-hose that are as profitable as the production of crude oil itself. Now, in order to earn the dollars to pay back its enormous debt, Mexico will have to bypass its budding petrochemical complex and export as much crude as it can as quickly as it can.

It has already had a trial run. During the recent fuel crisis, supposedly in response to American distress, it began exporting a trickle of crude to the United States. It was likely a rehearsal for the flood to come.

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Panama Canal

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as a physical impediment to economic expansion. President Torrijos has announced that the Zone will be open to private industrial development once the U.S. gives up control, and his government has plans for the expansion of port and commercial activities at both the Atlantic and Pacific ends of the zone.

A boom in the tourist industry, largely controlled by American capital, is also foreseen. "If we get a new treaty and Torrijos keeps his head and maintains stability then I think investment dollars will pour in," said a Panamanian banker recently.

► A favorable investment climate.

A result of the new treaty will likely be the slow demilitarization of the Zone, which constitutes the best piece of real estate in Panama. Multinational and Panamanian capital has taken advantage of the excellent installations built up over the past 70 years by the U.S.

This investment opportunity probably explains why the Council of the Americas, which includes the main American corporations operating in Latin America, is backing the new treaty. "A renegotiation of the treaty is the best way to create a more favorable investment climate," said Henry Geyelin, president of the council.

Meanwhile, the ultra-right is using supposed violations of human rights in Panama as a basis for building opposition to the treaty in the U.S. According to the London weekly, *Latin America*, the Panamanian Committee for Human Rights operating out of Washington is in fact dedicated to proving that Torrijos is a marxist dictator and a puppet of Fidel Castro.

► Torrijos builds image on Canal.

Torrijos has built his image as a progressive populist largely on his militant

stance regarding the new treaty. His government, however, has come under increasing fire from Panamanian unions and student groups because of rising food prices, high unemployment and its wavering on the issue of the 14 U.S. military bases.

At the height of anti-government student demonstrations in September, Torrijos accused the U.S. of trying to destabilize his government and charged that American intelligence agencies were responsible for the unrest in the country. Three U.S. Army intelligence agents accused of participating in one demonstration were arrested.

More serious protests broke out in January after Torrijos modified the 1972 labor code, eliminating seniority rights and seriously weakening the right to strike. These measures were part of an economic plan to reactivate the Panamanian economy, which showed a negative growth rate last year, by offering a better deal to private business.

Worker reactions to the changes were immediate and strong. One major national union went on indefinite strike until the measures were reversed, and another

union called for the resignation of the government officials responsible. However, both the communist *Partido del Pueblo*, and the pro-government student federation described the government's pro-business measures as "tactical readjustments in the revolutionary process."

Clearly Torrijos, as well as Panamanian and international capital, have an interest in a quick agreement on the new treaty. The latest delay in the negotiations was the sudden resignation Feb. 9 of Foreign Minister Boyd in a dispute with Torrijos over the structure of Panama's negotiating team.

Sources in Panama speculated that Torrijos may have been disturbed by the personal publicity Boyd received during his 10-day trip to the U.S. Boyd, a former Panamanian ambassador to the United Nations and a member of the Panamanian aristocracy, is known to have long held presidential ambitions. But Boyd was replaced last week by Gonzales Revilla, who is also expected to be named foreign minister.

Cam Duncanteaches economics at a community college in Puerto Rico.

Should British workers also be bosses?

By Mervyn Jones

A bitter political struggle is in prospect over the Royal Commission Report on Industrial Democracy which the Labor government must seek to carry into law. It is an open secret that some powerful ministers, including Prime Minister James Callaghan, are reluctant to take action, while others, notably Industry Minister Benn, are determined to see the proposals acted on quickly.

Industrial democracy was a commitment in the 1974 election manifesto, and then Prime Minister Harold Wilson decided to refer it to the Royal Commission for study, which is the normal technique for putting an issue on ice. However, the commission produced a report in one year, record time. The man to thank for this is chairman Lord Bullock, an historian who can by no stretch of the imagination be described as radical, but who is suspicious of the power of private industry and is sympathetic to unions.

►Report favors worker equality.

Commissions normally attempt to reach unanimity, though it is not unusual for a minority report to be issued. This time, the commission was split from the outset with union members working on one report and members representing private industry working on another. All four independent members—Bullock, two other academics, and one lawyer—lined up with the unions to produce what became the majority report.

Three industry members produced the minority report, which advocates supervisory boards on which workers would be represented. Existing management would retain final decision-making powers and responsibilities.

The majority report says that democracy should be introduced into companies employing over 2,000 workers. This would include the giants of British capitalism such as Imperial Chemicals, auto firms, heavy engineering, textiles and banks. The commission's report did not



A Royal Commission Report has recommended that workers and shareholders have equal representation on corporate boards. The report has sparked a bitter political struggle.

"Don't you say Bullock to me!"

cover state-owned industry, but the minister receiving the report said that any legislation would also cover such enterprises, which include coal, electricity, gas and railroads.

The report provides that the first step in any company would be to ask the employees to vote by secret ballot on whether they want the new system, since any democracy without worker demand would prove moribund.

The new boards would possess the full powers of management, and would replace existing boards of directors. There would be parity between members elected by share holders and those representing workers. To avoid a deadlock, the workers and share holders would add several members, presumably accountants or technicians with special expertise, who would be fewer than a third of the total membership.

It was strongly recommended, though not mandatory, that worker representatives be actual employees of the company, who would continue normal jobs and receive no payment beyond normal wages.

►"Bloody chaos" predicted.

The method of electing or selecting the worker-directors was deliberately left flexible and may differ in various companies. But the commission says that the method should be built on the trade union machinery and declares that it is impractical to contemplate any system that does not have the support of the trade union movement.

It is envisaged that the directors would be drawn from shop stewards, who are the trusted spokespersons of workers under existing machinery. Jack Jones, Trans-

port and General Leader and commission member, pointed out in an article last week, "The unions provide the expertise and the independent strength necessary to enable worker-directors to play an effective role on the board."

The opponents of the majority report, including most of the press, fasten on this proposed use of union machinery to discredit the scheme. They claim to favor an elective system in which unions would play no part. The *London Times*, for instance, declared that the plan is not for democracy but for syndio-anarchy. These attacks are in line with the current propaganda charging that unions have excessive power and that the 12 powerful union chiefs are dictating to the government and running the country. They also raise the question of the rights of workers or office staff who do not belong to unions; but all large companies have closed shops or at least 90 percent union membership.

There have been loud cries of protest from the three commission members who drew up the minority report. One says that the majority scheme would produce "bloody chaos," while another predicts "a devastating effect on management."

The Confederation of British Industry has announced root and branch opposition. Tory spokesmen in Parliament have pledged an all-out fight against any bill. The Trade Unions Congress meanwhile demands legislation within one year. Callaghan apparently intends to frame legislation this summer after consultations. In view of the shortage of parliamentary time and the difficulties of the Scotland and Wales problem, it could not go through Parliament in the current session that ends in October.

Certainly his inclination is to go slow and defer the battle. Real action will strengthen Tory determination to oust the Labor government and force an election. They sense a grave threat to capitalism as it has traditionally functioned.

Mervyn Jones has worked as assistant editor of the *London Times* and the *New Statesman*. He has recently published a book on Britain's offshore oil industry.

Sevareid's England sinks into the North Sea

By Joseph Conlin

Coventry, England. The obvious can be granted. Great Britain has her troubles. But there is a big difference between the way these are perceived in the U.S. and how they stack up over here. It's a difference worth knowing because the American version is a con.

The American version of England's problems is summed up in the topical cracks about her "sinking into the North Sea" and that sort of thing. If you close your eyes and chant your mantra, you can almost hear Eric Sevareid... "There won't always be an England after all, and more's the pity."

Who knows how this translates into images in people's minds? Do they see sturdy young men refusing to work and keeling over in the gutter from hunger? Or surly throngs, sapped of their morals by free medical care, demanding "more! more!?"

►The pubs are still friendly.

In fact, folks over here are bustling about their assorted News, Closes, and High Streets as if there will be a tomorrow after all. Proportionately, more people have jobs than in the States. When you see people in tattered clothes, they are more likely students or other fops than beggars.

The prams are as sleek and as glossy as they looked in old RKO travelogues. On a daily basis, the cops are still incredibly decent and unimposing by American or any other national standard. And the pubs are still "friendly."

A couple of months ago, some fatuous think-tank released the results of a poll to the effect that the English were "the hap-

piest people in the world." If such twaddle is to be taken seriously enough to be mentioned, it ought to be added that you can't disprove it just by looking around.

None of this Merrie England business means that the English are oblivious of their problems. They get plenty of attention. Another rocky day for the Pound

sections of British industry, rather than "the people," "the society," "this scept'd isle, this England."

In the American press, on the other hand, it is verily "this England" that is floundering, from Pennines, moors, Warwick Castle, and Beefeaters to—and this is the crux of it—the welfare state.

In the American press, it is verily "this England" that is floundering, from Pennines, moors, Warwick Castle, and Beefeaters to — and this is the crux of it — the welfare state.

means a quarter-page block of headline type in the newspapers. The Tory leader Mrs. Thatcher sounds like a bilious millenarian on the subject. The Labour Prime Minister Mr. Callaghan sounds like a Tory leader.

In the pubs, if you press the subject, less august statesmen will regale you with their theories of from whence Albion came to this pass, and the truth is, the "typical British workman" knows more about the esoterica of currency than his American counterpart.

►A campaign against the welfare state.

But there is that important difference between the anxieties on this side of the ocean and the solicitous apprehensions of the American press. In England, with the exception of the shrillest right wingers, they worry about problems like sterling, Scottish independence, the Common Market, and the obsolete equipment in many

There is a serious political campaign underway here. It is an aggressive attack on the life of the English welfare state by a Conservative Party that is not, as Americans sometimes like to think, a slightly dotty, well-meaning, and well-mannered collection of harmless old blimps.

On the contrary, the Tories are kissing cousins of American Right-wing Republicans. They are increasingly a party of a narrow Pounds-and-Pence self-interest.

Tory leader Mrs. Thatcher's signal contribution to modern British history was, as Minister of Education in 1971, the elimination of free milk in the tax-supported schools. It is her sole contribution, that is, if her nostalgia for the gallows, whipping post, and whiff of grapeshot are discounted.

In England, as in the U.S., the right phrases its case in homilies about the spirit of the people and the vitality of the nation. They call on Nobel Laureate eco-

nomists and pipe-smoking sociologists to attribute England's deterioration to cradle-to-grave welfare programs.

Gunnar Myrdal lost his temper recently when an American reporter suggested that frustration created by the welfare state was the key to the defeat of the Swedish socialists in last fall's general elections. "This is a fantastic lie," he said. "Why in hell should the protection of your life from economic disasters and from bad health, opening education for young people, pensions for old people, nursing care for children—why should that make you frustrated?"

Liberal American journalists would agree with that, when it is put so bluntly. Surely those of their readers whose politics look toward a more humane American society would lodge no objection. But the journalists have bought precisely the slick line that angered Myrdal—a decrepit right-wing line—and have transmitted it to the United States as "the news."

In any event, there are problems in England all right. Some of them are not even reported in the U.S., like the enduring and quite wretched urban poverty that requires more "social programs," not fewer. But the discomfiture of the speculator who holds two millions sinking Pounds Sterling in his Lloyd's of London account ought not to be confused with the "soul of the English people." Nor the partisan argument of a political right with "the news."

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