

PERSPECTIVES

Democracy interferes with free enterprise

By James Livingston

THE NOISY GNASHING OF TEETH THAT ACCOMPANIED corporate utterances over the last two years has recently given way to more hopeful sounds from the vicinity of Wall Street. Most journalists take this to mean that Ronald Reagan's election has inspired new confidence in the integrity of the American economy. But influential corporate leaders are not convinced that a celebration is in order yet. Indeed, their latest manifestos share an abiding pessimism about the long-term prospects for private enterprise in the U.S. ¶Felix Rohatyn's sermon about the "coming emergency," published in the *New York Review of Books*, will be the most widely read of the new corporate jeremiads. But there are plenty of others. All of them adopt the tone of Cotton Mather preaching to sinners in the throes of extravagance. More important, all of them connect our fall from grace with "five decades of government policy aimed at income and employment stability," as the Morgan Guaranty Trust puts it.

Rohatyn's bitter lament is easily the most pointed. This is due in part to the fact that his analysis of our situation is based on the kind of apocalyptic economic determinism we normally associate with the sectarian left. Rohatyn argues that in a "padded society" like ours—in a society that for 50 years has promoted income security and thus price rigidity at the expense of balanced government budgets and the work ethic itself—the state and related political processes have become what Herbert Hoover feared they would become: a trough at which a multitude of interest groups feed at public expense. As a result, the "current political structure" is incapable of responding to the nation's critical economic problems, and "this makes a crisis inevitable."

Yet Rohatyn's fears are balanced by his belief that "only a major crisis will force the kind of constitutional change advocated by serious students of government today." The changes he looks for

ing of production rather than [toward] equal opportunity."

This is a primary cause of our recent inflation, according to Kaufman, because the government's transfers of claims on wealth to meet the demands of the new egalitarianism exceed the economy's ability to service those claims in real terms: there are simply more claims on commodities than commodities. That egalitarianism has also contributed to the breakdown of the "discipline required to maintain government policies that will keep to a reasonable economic course," because the majority sees no need to defer more transfers of claims on production in the name of equality. Again, the economic problem becomes a political one; more specifically, the economic problem becomes an excess of equality.

Yet Rohatyn and Kaufman, and their allies in boardrooms across the country, know perfectly well that the state apparatus is an indispensable means to economic and social stabilization in the modern world. They treat Milton Friedman's 20th century version of "laissez-faire" as something that belongs in the classroom and the textbooks, not in the real world of business. The corporate jeremiads do not target state intervention in the economy as such, but attack government policies that support consumption as against capital formation, at policies that support social as against economic objectives—at policies that apparently nurture a new society struggling to be born within the old.

Class struggle from above.

In sum, Rohatyn, Kaufman, *et al.*, see themselves as engaged in a momentous struggle—a class struggle, if you will—for control of the state, and thus for leadership of American society. As Kaufman puts it, "the problem of the disregard for capital and the inherent malaise it breeds rests with all of us. We have, I believe, a last-ditch opportunity to stop the tide and to strike a new balance between social and economic objectives." Surely the problem so conceived is larger than a state apparatus animated by old-style liberalism for behind the welfare state stands a majority committed to an "unaffordable" egalitarianism. "We live, after all, in a democratic political system," Kaufman notes, "and no government leading such a system can long be independent of the will and action of the electorate." This is why Citibank economists have suggested that Ronald Reagan's election has not fundamentally altered the terms of the struggle for control of the state. They remind their clients that "other electoral triumphs in recent memory did little to solve the problems that confront us," and that "Reagan's campaign promised more jobs and rising incomes."

So corporate leaders realize that they must seize the time. The program that flows from their historical analysis is accordingly aggressive. It hinges on policies

that will introduce "greater flexibility" into labor markets by removing the "padding" of government-sponsored income security—in other words, it hinges on policies that will severely limit the sphere of collective bargaining (above and beyond any temporary or emergency wage freeze), restrict the government's ability to maintain aggregate demand and stabilize incomes, and reduce any direct public subsidies to consumption. So much for Lord Keynes.

Yet the new corporate dispensation is something more than a revival of the old-time neo-classical religion, which preaches higher unemployment as the cure for all economic ills, because it presumes the significance of the political and ideological changes wrought by 50 years of Keynesian demand management. Corporate leaders recognize that the key to enacting their program is to insulate the state (the executive branch and its attendant agencies) from the government—from the interest groups and broader social movements educated and enfranchised by the New Deal, the Fair Deal, the New Frontier, the Great Society, and the New Left, and represented, with varying degrees of commitment and success, in the Congress and in state and local governments. Rohatyn, for example, complains that "a government of checks and balances has become all checks and no balances... Today, we could not build our road system, the TVA, or the Manhattan Project. Be-

tween the Congress, the courts, the numerous interest groups, these projects would all die on the vine." He wants constitutional change "so that a president with a real vision of the future will be able to put his program through."

The novelty of the recent jeremiads lies, then, not so much in the fact that corporate leaders have become increasingly explicit about their fear of equality, and correspondingly suspicious of the economic functions of government by the people. What is new here is that corporate leaders can now suggest that the reconstruction of the constitutional foundations of political authority is a practical and necessary way to nullify five decades of government policies aimed at employment and income stability. They realize, in short, that existing institutional bases of class rule are no longer sufficient to guarantee the future of private enterprise.

Their predicament is interesting, if only because when a ruling class loses its belief in its capacity to rule, it often seeks to reconstitute its power and authority in ways that destroy the legitimacy of its claims to both, and so creates a genuine ideological crisis. At least that is what happened in England in the early 17th century, in France in the late 18th century, in the U.S. between 1844 and 1860, and elsewhere, of course, in the 20th century.

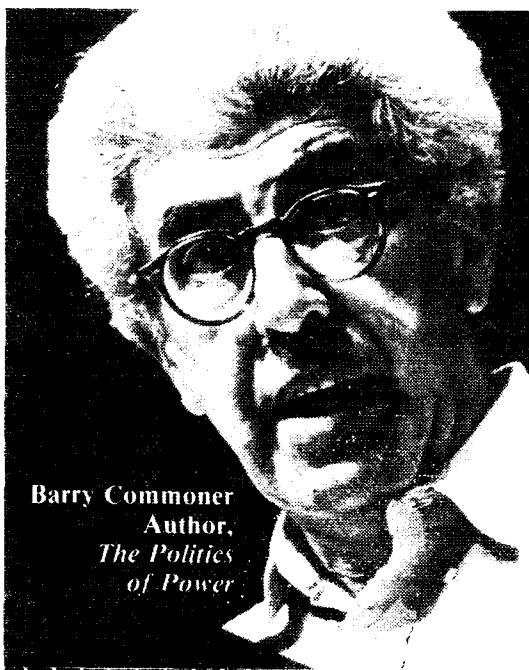
James Livingston is a Chicago historian.

Felix Rohatyn and other business leaders want to end our system of checks & balances.

are political, but, like most left-wing sectarians, he can't see any way to begin to make those changes without the prior impetus of an "emergency" that somehow illuminates the evils of "current politics." The difference, of course, is that Rohatyn will be in a position to make changes if and when the crisis does come. That is why he advertises an analogy between New York City in 1975 and the nation in 1981.

Henry Kaufman, an influential economist who is a senior partner at Salomon Brothers of New York, is less frantic in his assault on what Rohatyn calls a "padded society." But he is no less candid about, or fearful of, its probable consequences. In his recent address to the Economic Club of Chicago, Kaufman pointed to a "fundamental change [that] has been taking place in our society over the past five decades": the majority of the American people, he contends, is now committed to "democracy oriented toward an unaffordable egalitarian shar-





IN THESE TIMES

"In These Times fills an urgent need for facts and ideas that can help the people of the U.S. learn how to govern their own future."

Barry Commoner
Author,
The Politics of Power

☐ YES, I want to try **IN THESE TIMES**, the alternative newsweekly! I don't even have to enclose payment now—you'll bill me later. **MY GUARANTEE:** If at any time I decide to cancel, you will refund my money on all unmailed copies, with no questions asked.

☐ Send me 6 months of **IN THESE TIMES** for only \$10.95.

☐ Send me one year of **IN THESE TIMES** for only \$19.50.

☐ Payment enclosed. ☐ Bill me later.
☐ Charge my: ☐ VISA ☐ Master Charge

Acct. No. _____

Signature _____

Name _____

Address _____

City/State _____ Zip _____

IN THESE TIMES
1509 N. Milwaukee Ave.
Chicago, IL 60622

STB1

IN DEPTH

Hanigan case spotlights Arizona's feudal system

By Lourdes Arguelles and Gary MacEoin

HAVING LOST AN APPEAL FOR DISMISSAL, THOMAS AND Patrick Hanigan are waiting for the federal court in Tucson, Ariz., to set a date for their trial on charges related to attacks on undocumented Mexican workers. A new trial began in Prescott, Ariz., Jan. 20. Judge Bilby granted a change of venue because he said less negative publicity there would benefit the court's impartiality. Many Chicanos, however, feel that the trial was moved because the Chicano population in Prescott is very small. ¶The Hanigan case, which has been

making headlines in Arizona for more than three years, is an important commentary on justice in the Southwest. The Hanigan brothers were first charged with kidnapping, robbing and torturing three Mexican undocumented workers: Eleazar Ruelas Zavala, Manuel Garcia Loya and Bernabe Herrera Mata.

An all-Anglo jury acquitted the Hanigans in 1977 in a state trial. The verdict was denounced by Mexicans, Chicanos and a collection of social reformers who continued protests for two years, until the federal government empaneled a grand jury that indicted the Hanigans on a technical violation of the Hobbs Act in October 1979. They could not, however, be tried a second time on the original charges. All the federal grand jury found was "a robbery affecting interstate commerce." Ruben Sandoval, a Chicano civil rights attorney from San Antonio, was outraged. "The trial will center on the technical elements of the case—the fact that a few dollars and clothes were taken from the victims," he said. "The inhuman treatment—the shooting and the burning—will be forgotten. The jury might be convinced that the simple robbery of a few dollars from a few wetbacks was not such a big deal."

After a protracted trial on these charges, the jury reported that it was hopelessly deadlocked, so a third trial will have to be held.

Press accounts of the case and the fledgling Washington-based National Coalition for Justice on the Hanigan Case have created interest in social conditions in the Southwest. In Arizona the Hanigan family's prominence has given the case drama by "pitting the rich gringo against the illegal aliens," as one journalist put it.

Background.

Anglo domination of Arizona dates back less than 150 years, to 1848, when the U.S. annexed more than half the territory of Mexico. Anglos quickly began to design Arizona's capitalist development to create a "white buffer state" between Hispanics in New Mexico and Mexican Sonora. At the time, this region was little more than a desert, but Anglos quickly mobilized banking capital and federal monies for large scale irrigation, railroad building and mining projects. Federal projects in Arizona remain at a level far above its population share. Joint Economic Committee of Congress reports show that more than \$100 billion in direct subsidies has been allocated Arizona's special economic interests.

The need for a flexible and cheap labor pool early became evident. In his book, *U.S.-Mexico Border: A Politico-Economic Profile*, Raul Fernandez notes that "for American agri-business north of the border, the Mexican migrant was better than any previous migrant. The ideal immigrant was one who showed up for harvest work and who disappeared in the off-season." The supply of this kind of labor seemed unlimited—the thousands of colonized Mexicans were gradually joined by millions of migrants

heading north.

In the past two decades Arizona has become a preferred relocation site for industry in the U.S. Among the newer arrivals are high technology industries, light and heavy manufacturing firms, as well as branch offices of multinationals.

The relatively cheap and unorganized Chicano work force remains essential. Further, the cyclical importation, deportation and re-importation of Mexican labor is key for agribusiness and competitive sectors in the economy. If the Chicano work force is cheap in conventional economic terms, Mexican labor is doubly cheap because it is acquired at little or no social cost. The cost of these people's upbringing and education will be paid by Mexico.

But the development of industry, as opposed to agriculture, has also created a demand for a skilled, urban, young and preferably Anglo labor force. Many new migrants come from the industrial and financial centers of the North, settling primarily in the metropolitan areas of Phoenix and Tucson. Their lifestyles contrast sharply with the poverty of the indigenous Chicano and Native American populations; the contrast is even more striking with Mexican workers.

The voice of the state's small business and big agricultural capital continues to be heard in Congress. Representatives like Barry Goldwater, whose brother Bob's Arrowhead Ranch is a large employer of undocumented labor, and Senator Dennis De Concini, scion of a cowboy family, are effective in making federal immigration policies suit their economic interests.

One such interest is the maintenance of the infamous Texas Proviso appended to the immigration law of 1965, which makes it "a felony to conceal, harbor or shield from detection an undocumented alien," but provides that "the employ-

ment of undocumented persons, including the practices incidental to it, are not deemed to constitute harboring." This statute exempts employers from legal responsibility for immigrant labor.

In the media and the schools the undocumented have become the preferred scapegoats for the byproducts of cowboy capitalism—unemployment, health hazards, stress, crime—and for the state's inability to cope with these problems. Arizona remains the only state without Medicaid. The sentiment against the undocumented was expressed by Leonard Chapman, Immigration and Naturalization Service (INS) director during the Nixon administration: "The United States is being overrun by illegal aliens. They are occupying jobs that are needed by unemployed citizens. They are not paying taxes."

Immigrants to Arizona come from many parts of Mexico, most notably the states of Guerrero, Chihuahua, Durango and Sonora, where, as peasants on small family holdings, they grew corn, beans and other subsistence crops. For many decades, but now with increasing rapidity, they have been pushed from their tiny plots by the concentration of land in fewer hands and the diversion of whole regions from subsistence-crop to export commodity production.

The mechanics of border crossing are arduous and complex. The Border Patrol accommodates the needs of agribusiness along the border; patrol raids are timed to avoid harvest seasons and other periods of peak labor demand when they could seriously hurt local interests. While an estimated 65 percent do make it across, thousands of Mexican workers lose their lives and meager property, or are assaulted, maimed, jailed or raped in the border region. Once in the Southwest the Mexicans frequently work for Chicanos who act as intermediaries for Anglo employers. Pay ranges from \$3 to

When all else fails, *el loco* (the crazy one) is sent back home.

For most women, domestic labor is the point of first entry into the U.S. labor force. Working hours are frequently from 8 a.m. to 10 p.m., pay is usually \$200 a month plus bed and board; and the worker is allowed out on weekends only. Day domestics are usually paid \$2 per hour, with few or no additional benefits. Mexican domestics are in high demand by a middle class who want to maintain a home often beyond their means or who want to add a "Spanish" flavor to their lifestyle.

Undaunted by the systematic and often ferocious campaign of the cowboy capitalist against undocumented labor, Chicano working-class organizations have become centers of radical political activity on the issue. The Coalition of Justice and the Concilio Manzo have both addressed the plight of the undocumented. Their members march the streets of the major cities in the state, condemning the Anglo capitalist establishment for the exploitation of Mexican labor. Study groups and pressure lobbies flourish among minority students, workers and some progressive Anglos. Three years ago, Mexicans successfully organized collective bargaining units in the El Mirage agricultural zone near Phoenix in the face of harassments and threats from the INS, bosses and the Anglo population.

A culture of Third Worldism—with its contradictions and potentials—is emerging in Arizona. The futility of the Anglo establishment's attempt to maintain the social order is increasingly evident. For many, the crucial battle is now with the federal bureaucracy that slowly raises the number and level of social services.

The media's silence on social issues and justice is ending, and that is important. And the reporting of horror stories similar to the Hanigan case has emerged.

Charges of kidnapping and torture "pit the rich gringo against the illegal aliens," as third trial looms.

\$4 an hour, suggesting that more than cheap labor, Mexicans are now simple instruments to keep the wage level down. The monetary reward aspect of this situation does not reflect, however, the true nature of the exploitive working conditions for these workers: no fringe benefits, no holiday pay, 12-hour work days and job insecurity.

For most undocumented workers, private life is lonely and depressed. Resulting from fear of involuntary return, imprisonment or physical hardships, siege mentality and its attendant psychological byproducts become inevitable characteristics of Mexicans. In the absence of both mental health and other health services, Mexicans cope effectively with psychotic breakdowns through a stunning combination of prayer, punishment, herbal remedies and *sabadas* (massage).

In October two Texans made headlines on charges of peonage for holding 14 undocumented aliens, 10 Mexicans and four Salvadorans, against their will. And an Arizona rancher was arrested for chaining an undocumented Mexican to a tree for 24 hours. Ironically, the rancher is free without bond; the Mexican is jailed as a material witness. Cowboy justice still has some wrinkles to straighten out. ■

Lourdes Arguelles is a political economist, psychologist and writer who has lived and worked in the Southwest. Gary MacEoin, lawyer and political scientist, has written numerous books and articles on Latin American countries and peoples.

Border Patrol agents arresting illegal Mexican immigrants in southern California.

