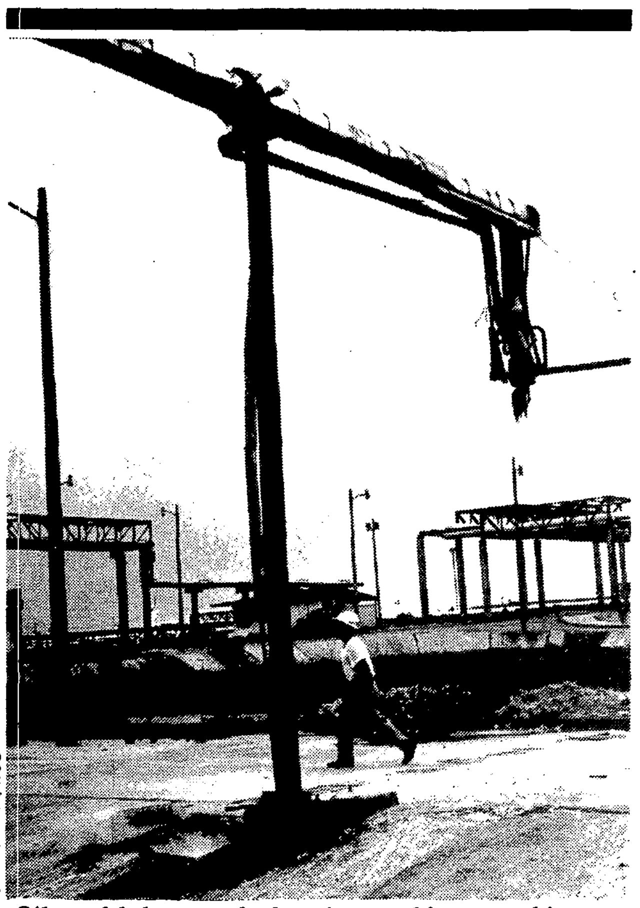
THE INSIDE STORY



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Oil wealth has sparked an import binge, pushing up the country's external debt and inflation rate at a rapid clip.

Mexican Socialists run on "democracy"

By David Moberg

MEXICO CITY

From the street lamps of Mexico City's major thoroughfare, the Paseo de la Reforma, to the whitewashed walls of the tiniest Indian villages in the mountains of Chiapas, there is a uniform message these days: "Miguel de la Madrid, 1982-1988, vote this way July 4." The country is saturated with the trappings of political campaigning. But with the exceptions of an occasional hand-painted slogan from the left or a few banners for the conservative PAN (National Action Party), all the hoopla—including daily banner headlines on most of the country's papers that are embarrassingly adulatory—is for Miguel de la Madrid, candidate of the PRI (Institutional Revolutionary Party).

That is little surprise, since the PRI is the heir to the parties that have governed Mexico since the revolution in 1929 and is the unquestioned, near-monopoly political force in the country. Madrid's campaign is less a bid for office than a ritual of introduction to the public that he will govern and an opportunity to build his legitimacy to succeed current President Jose Lopez Portillo.

The PRI is a broad coalition linking landowners and peasants, business executives and most of the trade unions. It tries to balance its revolutionary origins with its growing commitment to a market-directed economy. So in the Yucatan, where Mayan peasants squeezing a few ears of corn out of a rocky field co-exist with the wealth of Cancun-style tourism and nearby oil fields, one of Madrid's slogans reads: "In the fields, productivity...with justice." Despite the PRI's stranglehold on politics and its diminishing social concerns (Lopez Portillo's government was the first administration since the revolution not to redistribute more land to the peasants), the party and government still can claim left-wing credentials (for example, its recent joint call with France for negotiations between rebels and the government in El Salvador).

There is a left outside the PRI, but it is not simply a split left, it is a "completely pulverized left," according to Enrique Semo, one of its leaders. Semo, a professor of economic history, is a member of the executive committee of the Unified Socialist Party of Mexico (PSUM), a recently inaugurated effort to combat that pulverization and make the left presence felt.

Semo, who is now completing a book on the left in Mexico, said that during the '60s and early '70s, the left operated mainly in difficult conditions, especially after the 1968 student protests were brutally suppressed and many individuals on the left took up guerrilla warfare for a period. But the government, recognizing the threat of such eruptions, eased its measures against the left in 1974, making it easier for parties to register and operate openly.

The Communist Party of Mexico (PCM), on whose central committee Semo sat from 1961 until last year, "was the main party of the left, but it was not too much of a force," he said. In 1976 it appealed to the rest of the left to run a common candidate in the presidential campaign. A few other groups, including some Trotskyist organizations, joined with the Communists and drew an estimated 800,000 write-in votes (Mexico's total population is approximately 70 million). After a 1977 campaign law was passed, the Communist-initiated left unity group won 5½ percent of the vote and elected 19 deputies, the largest bloc on the left (300 deputies are elected by majority vote, another 100 set aside for proportional representation of smaller parties).

At its 18th Congress in 1977 the PCM took steps that were unusual, even among similar Eurocommunists. "The Communist Party said it was not the only socialist organization in the country; not the vanguard of anything; a party and not a philosophical sect, so therefore it was possible to have different views but be united on a program; and it saw itself as a party for the creation of a big party of the working class with room for all other socialists and for others," Semo said.

As the 1982 election approached, the sentiment for unity on the left blossomed again. Last August four other parties joined with the Communists to form the PSUM and all disbanded their previous organizations. (One important group, Herberto Castillo's Mexican Workers Party, dropped out of the united declaration because it opposed forming an explicitly socialist group.) By a narrow margin, the former chairman of the Communists, Arnoldo Martinez Verdugo, was selected as PSUM's presidential candidate.

Toward democracy.

"The main subject of the campaign is democracy," Semo said. "The Mexican bourgeoisie has been successful in economic development to a certain extent. It has run in many aspects a successful capitalist economy. But it has failed on democracy. The campaign is for democracy in all senses, not only electoral but in the unions, the universities, the family. The second theme is the fight for the standard of living. Inflation is 30 percent yearly. The condition of more than half of Mexicans is really bad in all senses—nutrition, medicine, schooling."

Realistically, PSUM hopes to win more seats in parliament and more municipal governments (it now controls six). But its emphasis will be equally on trade union activity (it has significant influence in a few unions, especially the large teachers union), campesino organizing and cultural work among intellectuals and students, who, despite excellent job prospects, are quite open to the left for more rational plans to utilize the nation's wealth.

With the discovery of its great oil reserves—which are likely to match Saudi Arabia's—Mexico seemed to be sitting pretty. But David Barkin, professor of economics at the Metropolitan Autonomous University in Mexico City, argues that oil revenues may have been one of the worst things to happen to Mexico. "Because of oil," he said, "as in many other countries, the government has been able to decide it doesn't have a foreign exchange problem and can indulge in a heavy investment program. But that distorts the economy away from serving the needs of the people."

Oil actually magnifies a distortion already present. Only 30 percent of Mexico's population constitutes the effective internal market; the rest of the population is too poor and marginal to count for much. Government investment, or rather the use of oil surpluses to make up for both the failure to collect taxes from the rich and tax breaks to business, encourages production of domestic consumer goods, such as cars, motorcycles, household appliances, electronic goods.

Even with only 30 percent of the population able to contemplate buying these products, Mexico still has a large internal market. But many of these people, who are benefiting most from the oil wealth, also have been going on an import binge, helping—along with the massive imports of equipment for the oil industry—to push up Mexico's external debt and inflation rate at a rapid clip. Diversion of money into luxury homes and real estate also has fostered inflation, partly because it means less money is devoted to improving the low productivity of Mexican agriculture and industry.

Although the government claims that the country is now close to self-sufficiency in food—even though 70 percent of the population doesn't regularly eat milk or meat products—Barkin thinks that agriculture will not keep pace with needs. Rural areas, including the *ejidos,* or communal lands, are coming more under capitalist market control, which undermines peasant control and is inclined toward export. Meanwhile, inflation has meant that the average worker's purchasing power has dropped to the level of the late '60s.

What would PSUM do differently? First, it would depend much more heavily on a vastly extended domestic market by distributing wealth "as a stable basis for growth," Semo said. Building on the cooperative traditions and organizations of the peasantry that already exist, PSUM would emphasize domestic self-sufficiency in agriculture. It would use oil money to develop independent Mexican high technology industries, possibly using industrial sales linked to sale of Mexican oil in order to penetrate foreign markets. It would cut back subsidies of Mexican businesses.

"You can invest with confidence in big Mexican companies now," Semo said. "None will go bankrupt. Many sectors are subsidized, causing tremendous inefficiency and lack of quality. The oil money goes to subsidize the standard of living of the higher classes, to corrupt and to invest in agriculture, creating a rural bourgeoisie as peasants are being expropriated and social conditions in the countryside every day become more contradictory."

Worsening conditions for much of the country coupled with oil-inspired national hopes could lead to political unrest. That would make an opening for a unified, rational, democratic left. Despite limited immediate prospects, Semo is hopeful. "Mexico has excellent possibilities," he said, "better than many other countries, to develop and to change its system. You don't have the same oligarchies as all over Latin America. This is a modern bourgeoisie born in revolution. And you do have this tradition of revolution, which is important in the attitudes toward change.

"We are very aware that any kind of socialism would be a very different kind here. We are on the frontier of the U.S. We would have to be free of any military alliance. But Mexico is a country big enough and strong enough to propose an independent socialism," Semo said. ■

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IN THESE TIMES

Will UAW's gamble pay off?

By Michael Hoyt

NEW YORK

IN EARLY JANUARY, WITH AUTO production at a nadir, the United Auto Workers gambled that the moment had arrived to talk to Ford and General Motors: maybe the union could give up something to boost the industry and get the profound changes it needed in return, and maybe it could sell the package to the membership.

It was a tricky dance with three partners and perhaps it's not surprising that even before the Jan. 23 deadline for the two-week bargaining session arrived, the talks bogged down. From the conciliatory tone of both sides, it seemed likely as *In These Times* went to press that the bargaining might be extended, a decision to be made by Ford and GM plant local union leaders assembling in Detroit Jan. 23.

The talks will change the bargaining relationship or will sound yet another union's retreat in what already is a devastating year.

But sooner or later, sometime between now and the existing contracts' end in September, autoworkers will be judging whether bargaining has achieved UAW union president Fraser's goal to "change the concepts of the collective bargaining relationship," or whether it has merely sounded another union's retreat in what is already a devastating year for labor. Submission goes against the grain in the UAW, and the membership will be looking closely at what's likely to be the most important tentative contract agreement in their union's history.

As complex as they are, and whether they lead to a short or a new long-term contract, the negotiations boil down to trading wage and benefit concessions for job security. Union opponents of any concessions (particularly to GM, which is expected to show a profit for 1981) were already meeting Jan. 15 in Flint to plan how to fight them. But with nearly 300,000 layoffs in their industry, many auto workers will probably wait and examine the details: How much concession? What kind of job security?

And while the former is easily measured in dollars and cents, the latter can be as elusive as the language allows. Many members have come to understand that these days true job security requires union controls in areas the auto companies have historically regarded as sacrosanct—where the companies produce or buy their parts, how they introduce their new robots and so on. These issues are no longer abstract in a number of factories. Despite a long barrage of company propaganda, some autoworkers realize their goals and those of the company are not the same. Both want a reborn industry, but in different forms.

For example, before negotiations got underway, GM all but halted its $40 billion rebuilding program, leaving scores of critical decisions on where to modernize or build new plants—the very shape of the future—hanging over the union side of the bargaining table like a sword. Unless the UAW leaders can win a share in these decisions, the givebacks may look like surrender. The danger is a divided union. If they can't wrest true job security provisions the leaders may be hard-pressed—despite an innovative pricing aggrement with GM—to drown out the battle cry of UAW militants. With givebacks they warn, "you'll be financing your own layoffs."

"What's decided now will govern the years of the industry's rebuilding," said Harley Shaiken, a labor and technology specialist and a research fellow at the Massachusetts Institute of Technology. "The point of maximum leverage is before the process unfolds. I don't like to sound cataclysmic, but that means this series of negotiations is not final yet certainly pivotal to gaining some control of these areas (new technology and "outsourcing"—subcontracting for auto parts from lower-paid workers at factories both here and abroad).

"It would be difficult to win any of these things, but the alternatives to winning them are grim," Shaiken added. "The alternatives are permanent and long-term job loss."

The exception to the rule?

As 1982 unfolds, it appears the UAW will be the exception if it can pull out some measure of victory. As the union sat down with Ford and GM, the Teamsters were wrapping up discussions with the trucking companies' association on a contract that will set the pattern for 1.8 million members, a contract containing vast wage, benefit and work-rule concessions for an industry troubled by recession and deregulation.

Those twin devils plague the airline industry as well. In early January the latest casualties were five unions at Western Airlines, which took 10 percent pay cuts, and pilots and non-union employees at Eastern Airlines, who agreed to a one-year wage freeze if half the airlines' 40,000 union employees go along with the plan.

Even in the rich oil industry, the Oil, Chemical and Atomic Workers failed to win a major goal—a no-layoffs clause—in negotiations with Gulf Oil, agreeing to a tentative two-year contract with a 16 percent wage boost that, if the membership approves, is expected to set the pattern for about 400 more contracts.

Such key negotiations are among those setting the stage for more than 4 million members whose unions are facing the pressure of President Reagan's recession in this critical bargaining year. These include workers in the electrical, rubber, food and construction industries as well as 1.9 million public employees who will be colliding—one union at a time—with Reagan's slashed outlays to state and local governments.

Each group has its particular problems, probably none more serious than those faced by the UAW as they bargain in what *Business Week* called "the pattern-setter for the '80s." Last March, when Fraser and the union declined to discuss concessions with Ford and GM, 191,585 autoworkers were out of work, down from 224,697 at the beginning of the year and close to the 199,000 figure of January, 1980. But the slide steepened sharply this fall, and 290,937 are now out of work—213,855 on "indefinite" and probably long-term layoffs. Ford, which had a profit of nearly $1.8 billion in 1979, lost $1.5 billion in 1980 and is expected to show a loss of about $1 billion for 1981. GM, with nearly $2.9 billion in profits in 1979, lost $762 million in 1980, but is expected to climb $300 or $400 million into the black for 1981.

Since about three-quarters of all automobiles are purchased with loans, high interest rates are wreaking havoc on sales, particularly in a recession in which the price of an auto looms larger against fears of shrinking pay. Ford and GM can do little about a falling economy, and they are not going to point to the management mistakes that have also inflicted wounds on the industry. With bargaining approaching, they have instead hit repeatedly at wage and benefit differentials with Japan that they claim are as high as $8 an hour, saying this is the reason the market share of imports, mostly Japanese, has climbed from 18 percent in 1978 to more than 27 percent now.

Apples and oranges.

The UAW contends Japanese and American workers are statistically apples and oranges. The automakers' figures do not include subsidies to Japanese workers for housing and transportation, nor do they include the Japanese benefit of lifetime employment—an inexpensive factor now, but a mammoth cost in the event of a slowdown. Some union observers note that even though Japanese auto unions are tame and undemanding, Japanese costs will rise as the workforce ages. Current American costs, meanwhile, are bloated with fixed costs, such as pensions, since the industry is running at around 60 percent capacity. Experts like Shaiken at MIT argue that productivity comparisons too are flawed. "You are measuring U.S. productivity at the bottom of its curve because its running at half capacity, against the end of a high (Japanese) period of productivity growth that probably cannot be sustained at current levels."

Nonetheless, though he does not advocate major concessions and though he stresses that cost is not the only factor in competition, Shaiken acknowledges there is some cost differential now—less than half of what the automobile companies claim. Some in the UAW accept the notion of a gap. "A lot of people think U.S. autoworkers have priced themselves out of competition," said regional director Gray. "There is some truth in it."

The union and GM laid a surprising base for changing the pattern on the first day of negotiations, one that caught Ford by surprise, when they agreed that whatever sacrifices the UAW makes will be passed on "penny for penny" to the consumer, lowering the price of American cars. The move was quickly met with mixed doses of support, puzzlement and skepticism. "It was a clever move on somebody's part, I'm not sure whose," said a laid off autoworker in Detroit.

The innovative agreement was cast as a

Continued on page 10

Many autoworkers now know true job security requires union controls in areas the auto companies have historically regarded as sacrosanct.

Scott Van Osdol