

THE PETRO INDUSTRIAL COMPLEX

BY CRAIG S. KARPEL

Big American business profits from high Arab oil prices—we lose.

Money talks.—Prince Saud al Faisal, foreign minister, Kingdom of Saudi Arabia, Atlanta, Ga., October 22, 1977

The greatest danger to the American economy at this moment—and, ultimately, to our foreign policy, our political system, our way of life—is the stranglehold of the thirteen members of OPEC (Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela) on a crucial portion of America's oil supply. As long as OPEC has the power to raise oil prices at will, there can never again be economic improvement of any kind in America or anywhere else on earth.

Yet, incredibly, a network of businessmen, bankers, and public officials within the United States is working to maintain the control of the Organization of Petroleum Exporting Countries over America's oil supply.

This constellation of vested interests benefits from high oil prices overseas. It uses its vast influence to prevent the U.S. government from taking action to weaken OPEC.

This power grid deploys its influence to ensure that nothing is done to interfere with the flow of petrodollars from American consumers to oil-producing régimes abroad and back to a small number of U.S. exporters, construction companies, banks, lawyers, and consultants—the private sector of the petro-industrial complex.

Illustration by Sean Earley



EXPORTERS

The financial impact of OPEC is usually portrayed in the media in terms of Arab investment in the United States. Far more significant, however, is the huge amount of merchandise that certain U.S. corporations are exporting to oil-producing countries.

"The important consuming countries have export interests which will benefit by the higher oil prices because of the oil producing countries' greater purchasing power," M.I.T. oil economist M. A. Adelman wrote two years before OPEC quadrupled oil prices. "Those segments of industry profiting are relatively small, but the gains are large for them, the losses diffused over very many, and hence their political influence will be much greater."

OPEC thus serves to redistribute income within American society, taking money from "very many" of us and paying it to "relatively small" segments of U.S. industry, which therefore find it in their interest to support OPEC. Arab payments to U.S. exporters in 1976, for example, totaled \$7.059 billion—every penny of which was paid for with U.S. consumers' money. And 62 percent of these imports consisted of machinery and transport equipment, a sector that, without OPEC, would have to wait in line for the U.S. consumer's money. Between 1970, the year before the first OPEC price rise, and 1976, the most recent year for which dollar totals are available, exports to Venezuela have nearly quadrupled, while those to neighboring Colombia have less than doubled. Exports to Algeria have multiplied almost eight times, while sales to neighboring Tunisia have risen only 67 percent. Exports to Iraq have jumped by 1,736 percent. Exports to Saudi Arabia have gone up nearly 2,000 percent. (See the box accompanying this article.)

U.S. politicians used to

say, "If we can put a man on the moon, we can eliminate poverty." The energy consumers who are paying for Saudi Arabia's current five-year development plan are spending \$142 billion—more than three times as much as was spent on the entire Apollo space program, including eighteen space shots and six manned moon landings. We're eliminating poverty all right—at the headquarters of our large corporations.

Even U.S. corporations that do not export to OPEC and use huge amounts of energy so that, one might think, they would be violently opposed to OPEC's power to raise the price of the fuel they buy are getting into bed with the cartel. Last year U.S. Steel borrowed an undisclosed amount from the Saudi Arabian Monetary Agency, as did A.T.&T. According to a source within the intelligence community, one of America's twenty largest corporations borrowed just under \$500 million in October 1977 from an Arab oil-producing country. Pacific Telephone & Telegraph borrowed \$75 million for twenty months at 6.25 percent from SAMA to pay off a note issue carrying a 6.625 percent coupon that still had twenty months to run—a savings to P.T.&T. of \$468,750. Dallas Power & Light borrowed \$75 million from SAMA at an interest cost of 7.75 percent, compared with the going rate in the United States of 7.9 percent. Since such energy-intensive companies represent a political force that could be mobilized against OPEC's power, it would appear that the Saudis are attempting to buy their acceptance of high-priced oil with low-priced loans.

BANKS

"The driving force behind the soft line toward OPEC is the international banking confraternity," the British historian Prof. Geoffrey Barraclough told me. "The energy economy is being run for the benefit of Wall Street, not for the people in Flint and Gary."

OPEC's septupling of oil prices since 1970 has been a bonanza for America's biggest banks. OPEC surpluses have swelled their deposits. These deposits, in turn, have been loaned to less-developed countries that must borrow to pay for OPEC oil. Foreign loans of U.S. banks have more than doubled since 1973, with increased profit margins because of high loan demand. An increased number of dollars are flowing from the energy consumer, through the oil company to OPEC, which immediately deposits them in such huge U.S. banks as Citibank, Chase Manhattan, Morgan Guaranty Trust, and Bank of America. Were OPEC not in the picture, those dollars would be on deposit and loan at thousands of U.S. banks, large and small, in the accounts of millions of Americans. As a result of OPEC, most of those dollars are now on deposit in a few of the biggest banks, in the accounts of a handful of foreign governments.

In September 1977 Sen. Frank Church's Subcommittee on Foreign Economic Policy

reported that Arab members of OPEC have a total of \$50 billion on deposit in the U.S. and overseas branches of U.S. banks and warned of the havoc that would result if this money were suddenly withdrawn. The remote conceivability of *The Crash of '79* moving to the nonfiction best-seller list is, as the Church report suggests, sufficient reason for taking action to break up OPEC before its piled-up surpluses begin to totter. But the present danger is not that, as the *Washington Post* headlined the Church report, "Arab 'Money Weapon' Could Be Used on West," but that it is being used on the West right now. The real money weapon is not the threat of sudden withdrawal, but the lure of constant deposits. That \$50 billion balance gives the big banks—the most powerful institutions in U.S. society—a vested interest in maintaining OPEC's power. If OPEC were to falter and the price of oil were to drop, Arab depositors wouldn't be able to roll over their deposits and that \$50 billion would begin to melt away. The banks

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would have to give away a lot of toasters to get Americans to deposit enough of their energy savings to make up the difference. As matters now stand, OPEC serves the big banks as a kind of compulsory year-round Christmas Club in which we are afforded the convenience of drive-in banking: we hand our deposits to gas station attendants.

Not only are U.S. banks pro-OPEC because they need a continuous flow of OPEC deposits to stay liquid, but also they have been making loans to OPEC countries that cannot be repaid unless OPEC has a constant flow of consumer dollars. Sheikh Rashid, the ruler of Dubai, borrowed \$230 million last year from a syndicate of seventy banks to finance a natural gas-gathering project. In August 1977 Dubai borrowed \$200 million from the Banque Arabe et Internationale d'Investissement, which is part-owned by Bank America. Qatar borrowed \$350 million last July from a syndicate led by Chase Manhattan's London subsidiary and two other banks. Bank of Credit and Commerce International, 24 percent owned by Bank of America, in 1978 joined with Kuwait International Finance Co. to lend \$178 million to oil-rich Ven-

eziuela. Chase Manhattan Ltd. and Morgan Guaranty Trust recently led a syndicate that lent \$1 billion to Nigeria, America's second-largest oil supplier after Arabia. The syndicate included BankAmerica International Group, Citicorp International Group, First National Boston Ltd., and Wells Fargo Bank. U.S. banks now have more than \$12 billion out on loan to OPEC governments. Because they are both borrowing from and lending to OPEC countries, U.S. banks have a double vested interest in continued high oil prices.

OIL COMPANIES

OPEC rose to power as a result of the major U.S. oil companies' determination to pay exactly the same price to foreign governments in 1970 as they did in 1960. Because the companies refused to raise their payments to foreign producers during a decade in which the U.S. consumer price index rose by some 30 percent, OPEC's members were provoked into welding themselves into a united front, which then proceeded to raise prices by 759 percent. Because the oil companies insisted on giving OPEC a smaller and smaller piece of the pie, OPEC's members got so angry that they took over the bakery.

The oil companies' first reaction to OPEC's first, little-known price grab in 1971 was horror, exceeded only by the intimations of doom they felt when, the following year, the producing countries helped themselves to 25 percent ownership of the companies' holdings. But as the companies realized that the State Department was going to do nothing to help them bring the price down or fend off further creeping nationalization, they began to exhibit a corporate version of the hostage syndrome, in which the hijackees argue in favor of the cause of the hijackers. The companies suddenly became OPEC's most enthusiastic supporters, in the hope that if they ingratiated themselves with the producing countries, they would be rewarded with long-term agreements guaranteeing that they would be able to purchase adequate supplies of crude oil. Aramco, the consortium of Chevron, Texaco, Exxon, and Mobil that operates the Arabian oil fields, went so far as to ask its member companies if they would supply the Saudi Arabians with information about petroleum products used by the United States military during the embargo of 1973—an action that would have betrayed American security.

The oil companies found that they were able to pass higher crude prices through to consumers and that higher prices meant higher profits. Earnings for the top twenty-one oil companies in the first half of 1977 were greater than for all of 1972, an increase nearly three times the rate of inflation. The inventory value of the companies' underground oil reserves in the United States rose overnight. They realized that if they could get rid of the regulation that was keeping the price of domestically produced oil below the OPEC price, the value

of their inventories would go up by another 50 percent and they would be able to sell U.S. oil to U.S. consumers at the world price and blame it on the Venezuelans, the Nigerians, and the Iranians.

In the fall of 1974, the United States, Western Europe, and Japan formed an International Energy Agency to implement Kissinger's plan for sharing oil in the event of another Arab embargo. In the past three and a half years, the oil companies have come to find that IEA provides yet another way to turn the power of OPEC to their own benefit. Antitrust law has historically cramped the style of the oil companies, limiting their ability to meet with each other for fear they'll be accused of "conspiracy in restraint of trade." In the past, twenty-three oil companies circumvented the problem by retaining the same attorney—John J. McCloy. If they could not all talk to each other, at least they could all talk to the same lawyer. But now, as one antitrust attorney put it to me, "Old Brown Shoes is no longer necessary." IEA provides a forum in which representatives of different oil companies can meet without fear of antitrust accusations. IEA is run by committees of oil company personnel, whose deliberations are kept secret from the public. "OPEC has given the oil companies the opportunity to evade antitrust," a former high Justice Department official told me. "IEA has constructed a computer model of the world oil market, which gives companies an accurate picture of the status quo, so that they can meet to decide everything necessary to preserve it—except they don't have to fix the price, because OPEC does that for them. The oil companies are using IEA to do the same thing internationally that they did nationally in the 1930s, when they worked out the interstate control mechanism."

"The oil companies are the agents of a foreign power—OPEC," MIT oil economist M. A. Adelman told me. Without the active assistance of the companies, OPEC could not function, because it is not a true cartel. A true cartel is able to keep the price of a commodity artificially high by cutting back on production when demand is low. If a cartel has no mechanism for allocating cuts in production among its members, too much of the commodity will be put on the market and the price will fall. Because of the wide divergences between OPEC's members—it is difficult to imagine two countries that have less in common than, say, Venezuela and Abu Dhabi—the group has never been able to agree on a method of prorating production cuts among themselves.

Fortunately for OPEC, however, the oil companies have been more than willing to supply the prorating mechanism that OPEC lacks. The companies not only take care of cutback allocation for OPEC but enforce OPEC's artificially high price as well. Rutgers University oil economist Paul Davidson has said that "the OPEC cartel has not yet broken down, as a cartel usually will (because of its members cheating on

price), for two important reasons: (1) the solidarity among the Arab producers, and (2) the willingness of the international companies to police prices and quantities in non-Arab OPEC countries. To act differently would threaten their Arab oil concessions. For example, Aramco, the sole producer in Saudi Arabia, is a combination of four of the 'Seven Sisters.' These four companies cannot purchase large quantities of crude over long periods at prices well below OPEC levels from sources outside Saudi Arabia, or else they will be in serious danger of losing their control of more than 6 million barrels per day of crude production in Saudi Arabia."

Oil company support of OPEC takes insidious forms, with companies attempting to manipulate public opinion by funding pro-Arab organizations in the United States. Gulf secretly donated \$50,000 to create an organization called International Affairs Associates, Inc., in Washington to subsidize pro-Arab publications. Gulf

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laundered the money by passing it through its Bahamas subsidiary, the Beirut branch of New York's Citibank, and the account of an international lawyer. At least \$9 million has been contributed to pro-Arab organizations over the past decade by such companies as Aramco, Gulf, Exxon, Mobil, Texaco, Esso Middle East, and Esso Standard Libya. The largest payment so far has been Gulf's donation of \$2.2 million to an organization called American Near East Refugee Aid, Inc., which testifies before Congress in favor of Arab causes and whose chairman emeritus is John H. Davis, formerly principal officer of International Affairs Associates, Inc.

Americans for Middle East Understanding, Inc., publishes a pro-Arab newsletter called *The Link*, which recently stated that "the 1973 oil embargo was not an Arab embargo; it was an OPEC embargo," when in fact the embargo was an action not of OPEC but of OAPEC—the Organization of Arab Petroleum Exporting Countries. AMEU disseminates articles and pamphlets with titles like "More in Sorrow than in anger. . . the Arab case for OIL and JUSTICE," which reprinted an advertisement run by the Arab League in U.S. newspa-

pers and which was mailed to lists of interstate trucking companies and service station owners. Operating out of the sanctimonious cover of New York's Interchurch Center, AMEU is a front for Aramco, which in AMEU's first full year of operation provided \$86,300 of the organization's \$89,757 budget.

AMEU's *The Link* has offered free subscriptions to *Aramco World*, possibly the most lavish corporate publication in the world. The message of *Aramco World* is that the money we're shipping to Saudi Arabia is somehow making us richer. "For the world's industrialized nations, therefore, the sands blowing in the Middle East offer unprecedented opportunities. The Arab world's almost unlimited appetite for staggering quantities of industrial commodities and services—from computers to cracking columns, design data to deep-sea diving—are injecting billions of dollars into the world's anemic bloodstream, swelling cash flows into corporate and national treasuries, and, as one effect, providing salaries and wages, dividends and taxes."

The company that produces the magazine for Aramco—called, discreetly enough, Motivational Techniques, Ltd.—glosses over the fact that the reason why the world's economic bloodstream is so anemic is that OPEC's members have their fangs in it. During 1976, for example, the United States paid Saudi Arabia \$5.2 billion for oil, while sales of U.S. goods to the Arabians were only \$2.8 billion—a net bloodletting of \$2.4 billion. *Aramco World* uses this figure to demonstrate, not that Americans will always be paying OPEC more than OPEC is paying Americans, but to argue that if the United States would be more demonstratively pro-Arab, the Saudi princes would condescend to return to us more of the money they extort from us.

OPEC'S U.S. LAWYERS

Some of the most politically influential lawyers in Washington have a vested interest in the foreign oil cartel, because they are being paid handsome fees out of OPEC's inflated proceeds. A former chairman of the Senate Foreign Relations Committee, a former secretary of defense, and a former secretary of state have been retained by OPEC members to look quietly after their interests in the U.S. capital.

After Senate Foreign Relations Committee chairman J. William Fulbright was defeated for reelection, he joined the elite Washington law firm of Hogan & Hartson. On August 12, 1975, he was retained by the United Arab Emirates for \$25,000 annually. On July 28, 1976, he took on the Kingdom of Saudi Arabia at \$50,000 a year. Though he is on the payroll of two of the richest members of OPEC, he poses as the disinterested statesman in speeches in which he says, "We may denounce the threat of embargo as blackmail, and perhaps that is the right name for it, but it is more to the point to note that if the Arabs did not use their economic power in their national interest, they

would be the only nations in the world . . . who declined to do so." Fulbright is entirely correct. But the Arabs have thus used their economic power, which makes the United States, which has made no move to counter that power, the only nation in the world to have declined to do so.

According to Hogan & Hartson, Fulbright legal associates A. Linwood Holton, Jr. (former governor of Virginia), Arthur J. Rothkopf, and Bob Glen Odle lobbied last year for the firm's foreign clients, "contacting members of Congress and congressional staff regarding S. 61 and H.R. 1037, Energy Transportation Security Act of 1977, and cargo preference legislation generally—in opposition to such legislation." Arab members of OPEC are buying a fleet of tankers in order to make it possible to reduce shipments to the United States in a future pseudoembargo. The bill Fulbright's firm lobbied against would have required that a percentage of oil transported to the United States be shipped in U.S.-owned tankers. It was defeated.

It was Fulbright who opened the door for Washington attorney Frederick G. Dutton, a top aide to President John F. Kennedy and later to Bobby Kennedy, to a \$200,000-a-year retainer from the embassy of Saudi Arabia. Dutton has been helping Saudi Basic Industries Corp. negotiate with Shell Oil, Dow Chemical, Exxon, and Fluor on petrochemical complexes to be built in Saudi Arabia. Dutton reports that he assisted the Saudi embassy in "the dissemi-

nation of political propaganda," including "radio or TV broadcasts," "advertising campaigns," "magazine or newspaper articles," "press releases," and "lectures or speeches." In a recent six-month period, Dutton paid out \$35,500 for the legal services of one Nancy Hogan Dutton, who also happens to be his wife. Energy consumers also paid young Christopher Dutton \$5,250 in four months for expertise presumably not possessed by either of his parents.

Washington lawyer and former defense secretary Clark Clifford, who held Bert Lance's hand at his televised confrontation with the Senate Governmental Affairs Committee, represents the somewhat inaccurately named Democratic and Popular Republic of Algeria, one of the United States' largest oil suppliers, at an annual retainer of \$150,000. The DPRA also retains the huge Wall Street law firm of Shearman & Sterling, which has received \$2,154,568 since April 1975 from the New York office of the Algerian national oil company, Sonatrach, and also does work for Saudi Arabia.

Three months after William Rogers, Nixon's first secretary of state, was superseded by Kissinger, he became the attorney for the shah of Iran's private foundation. He has since been retained by the Iranian embassy. Rogers has managed the Pahlavi Foundation's investment in a new skyscraper on New York's Fifth Avenue and in the \$500 million Canal Street project now going up in New Orleans, helped create a subsidiary of the stock brokerage firm of

Merrill, Lynch, Pierce, Fenner & Smith in Tehran, with the shah reportedly owning a controlling share, reputedly has lobbied against restrictions on foreign investment in the United States, and was credited with having helped to defeat a well-founded resolution by California Congressman Pete Stark to disapprove the sale of three submarines to Iran. Rogers has not registered with the Justice Department under the Foreign Agents Registration Act on the grounds that the political advice that he gives the Iranian ambassador is "free." An associate of columnist Jack Anderson, who recently was able to obtain a copy of the Pahlavi Foundation's tax return for the most recent year available, told me that the firm of Rogers & Wells was paid \$148,427 in legal fees.

CONSULTANTS

U.S. consulting firms provided OPEC's initial expertise and today assist the cartel's members in attempting to manipulate American public opinion and in arranging petrodollar recycling deals that benefit a limited segment of U.S. companies.

OPEC's original pricing study was performed by Arthur D. Little & Co., Inc. The employee at the Cambridge, Mass., think tank who prepared the study, Francisco Parra, was hired by OPEC as its first chief economist and later became the price-fixing organization's secretary-general.

The idea that OPEC should use the "oil weapon" to enforce its demands for radically higher prices originated in the United States. A top investment banker with oil-industry connections has informed me that it was a New York petroleum investment analyst, a Palestinian Arab who is a naturalized U.S. citizen, who devised the plan. State Department Energy Chief James Akins's 1972 Algeria speech opened the door to this investment analyst's proposal. "Before Akins gave that speech, Ahmed Zaki Yamani, the Saudi oil minister, had thrown this guy out repeatedly as a fool and a troublemaker," the investment banker told me. "But after Akins told the Arab League oil conference that State expected oil prices to go up sharply due to a supposed lack of short-term alternatives to Arab oil, he suddenly got a respectful hearing." The Palestinian-American investment analyst is now a successful adviser on Mideast-oil-related financial matters.

Pollster Patrick Caddell is one of Jimmy Carter's top advisers. Five days after Carter won the New Hampshire primary, Caddell's firm, Cambridge Reports, Inc., was retained at \$50,000 a year by the Saudi Arabian embassy in Washington—at the suggestion of lawyer Frederick G. Dutton—to provide quarterly reports on U.S. public opinion. For unexplained reasons the Saudis were willing to pay two and a half times what Caddell was getting from Exxon, Arco, Shell, and Sun Oil—also accounts that did not add to the objectivity of Caddell's advice to Carter on energy policy. Caddell contracted to give the Saudis



"This is what I hate about our annual banquet! Nobody gives any real thought to dessert!"

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"an oral presentation of data." In other words, he wasn't even required to hand in a piece of paper for his \$50,000. The president's pollster prudently registered with the Justice Department as a foreign agent for Saudi Arabia. The Saudis paid Cambridge Reports an additional \$30,000, for which they were entitled to have thirty questions of their choice included in Caddell's polls. Caddell told columnist William Safire that "the confidentiality of my client's situation" kept him from revealing the content of those extra questions.

Cambridge Reports is considered to be the most reliable source of information about U.S. public attitudes on energy. It was crucial for Saudi Arabia to have access to such information in order to plan its pricing policy. If the American public is becoming aware that it is OPEC which controls oil prices, the Saudis must know so that they can soft-pedal increases. So far, Caddell told a fund-raising dinner for a Florida congressman—as he has undoubtedly orally informed his oil-producing clients—the public does not yet comprehend the full extent of the energy problem. Caddell has done his part to add to this lack of comprehension. Carter last October blasted the oil companies for seeking "the biggest rip-off in history," trying to "rob" American consumers, and en-

gaging in "potential war profiteering on energy." His purpose in accusing the oil companies of being criminal masterminds, rather than being, as they in fact are, the getaway drivers for OPEC, was to throw the public off the trail of the true perpetrators, on whom his energy plan doesn't lay a glove. "President Carter," reported the *New York Times*, "trying to rally support for his battered energy program, singled out the oil companies for attack in the belief that they are unpopular. Patrick Caddell, opinion pollster, said here today."

Thirteen days after Richard Helms pleaded no contest to the charge that he had lied to a Senate committee, the former CIA director and ambassador to Iran announced that the Safeer Company "has been established to provide consulting services in international trade and business" with Iran. "I'm not trying to influence our government or our country," Helms said. "All I'm trying to do is help our balance of payments." It can be expected that Helms will indeed not be using his considerable influence in the federal government to interfere with the outflow of U.S. energy consumers' dollars to Iran, which creates the balance-of-payments problem that he so altruistically plans to help. *Safeer* means "ambassador" in Persian.

Columnist Robert Walters has discovered that Martin Ryan Haley & Associates, a New York public relations firm, has prepared a plan for oil countries to spend \$15 million annually on a propaganda program

in the United States. According to Haley, working "for an individual in the Middle East who, in turn, discussed it with several governments," he prepared a "confidential document," each copy of which was numbered and assigned to a specific recipient. "The Arab world," the plan notes, "has great potential power rooted not only in oil resources and financial reserves but also in untapped friendships and supporters. A long-term consistent and coherent plan is needed—a central system for identifying and mobilizing friends is needed." According to the Justice Department, there is no record of Haley's having registered under the Foreign Agents Registration Act.

Morgan-Newman Associates in Washington does consulting work for the Saudi Arabian Ministry of Finance and National Economy. The principals in the firm are both former Peace Corps officials who are applying their experience in helping the poor to helping the rich. The New York public relations firm of Doremus & Co. has been paid \$328,500 by Saudi Arabia to design an extensive public relations campaign to convince the U.S. public of the benefits of close relations with OPEC's most powerful member. A public relations firm headed by Crawford Cook, who managed John C. West's successful 1970 gubernatorial campaign in South Carolina, has a \$65,000 contract from Saudi Arabia to lobby for U.S. military aid and has received a \$100,000 initial payment to promote closer Saudi-American relations. West, who introduced Cook to the Saudis, is currently U.S. ambassador to Saudi Arabia. Clients in Indonesia, Kuwait, Nigeria, and Venezuela retain Kearns International, a San Francisco-based economic and investment consulting firm. President Henry Kearns was formerly head of the Export-Import Bank, the federal agency that finances U.S. exports. Politically connected think tanks, such as Arthur D. Little and the Hudson Institute, have been retained by the Algerians, as have the management consulting firms of McKinsey & Co. and Booz, Allen & Hamilton.

THE TRILATERAL COMMISSION

The chief consensus-building institution of the petro-industrial complex is The Trilateral Commission, the international council of industrialists, financiers, and politicians founded by David Rockefeller and Zbigniew Brzezinski in 1973, which recruited Jimmy Carter as a member when he was a political unknown and, in effect, ran him for the presidency. (See Cartergate I, II, and III in the November 1977, December 1977, and January 1978 *Penthouse*.) One of the essential reasons why David Rockefeller formed The Trilateral Commission was to attempt to install an administration in 1977 that would not adopt any policies which might weaken OPEC. Rockefeller is chairman of Chase Manhattan Corp. The largest blocks of stock in Chase and in Exxon and Mobil, two of the members of Aramco, are owned by his family. The bulk of the family's



"I'm afraid one of those wild oats has sprouted."

shares are voted by Chase, which in turn is the second-largest voter of Mobil stock and whose board of directors interlocks with Exxon's. Chase is one of the major depositories of OPEC surpluses. Not only is David Rockefeller one of the largest personal beneficiaries of OPEC's power outside the Saudi royal family, but he is also considered the spokesman for an international financial community that has become hooked on petrodollars and resists any attempts at detoxification.

The Trilateral Commission has published two reports on energy policy, both authored by John C. Campbell, senior research fellow at the Council on Foreign Relations since 1955, and counterparts from Japan and Europe, with the participation of Zbigniew Brzezinski. The Trilateral reports' emphasis is on "cooperation, not confrontation," with OPEC. Campbell advocates that the United States and its fellow consuming countries should "maintain solidarity among themselves," not to attempt to weaken OPEC, but to "set the framework of cooperation with the producing states." He insists that "economic bargaining power on the consumer side will still be limited owing to the quasi-monopoly position of the producers" but advocates taking no action to break up that "quasi-monopoly." He opposes every technique of moderating OPEC's power that he can think of. "Diplomatic argument," he says, is "not likely to prevail against counterargument based on tangible interest"—as if the American interest in assured supplies of reasonably priced oil were not "tangible." He claims that "attempts to mobilize collective economic pressure on them [OPEC members] are of limited effectiveness because the preponderance of bargaining power is on their side." He opposes "economic warfare, in the form of attempts to deny food or other supplies" to OPEC—despite the fact that it has been precisely OPEC's attempts to deny oil supplies to consuming countries that have given the organization its power. "Military action must be ruled out," Campbell opines, not feeling the need to explain why and despite the fact that the Arab members of OPEC, through their confrontation-state clients (Egypt, Jordan, and Syria), took military action in October 1973—against Israel, as a surrogate for the Western industrialized world—in order to put teeth into their demands.

Since the Trilateral reports preclude the use of diplomatic argument, economic pressure, economic warfare, and military action in dealing with OPEC, what method remains but negotiation? But Campbell would put limits even on that option: "[The European Common Market] must be expected to negotiate with the oil-producing countries on trade and investment, though not on prices"—when, of course, oil prices are the basic issue.

Far from attempting to weaken OPEC, the Trilateral reports advocate strengthening it: "The industrialized countries should encourage their [the OPEC countries'] increasing participation; both in existing and

future international institutions and in informal associations, in dealing with the familiar questions of finance, trade, and development. This will mean giving them more voting strength and top-level appointments, and larger responsibilities as well, with a corresponding reduction of the role of others."

The lengths to which Campbell would go to build up OPEC are remarkable: "The building of petroleum-related industries such as refining and petrochemicals in the [OPEC oil-] producing countries is natural and inevitable. The consuming countries should provide help, even though the temporary effect will be to add to OPEC's bargaining power, create competition for their own industries, and aggravate their situation regarding the cost and supply of oil products."

Campbell's recommendations verge on petro-masochism: "Similar considerations apply to further exploration for oil and gas [financed and/or conducted by the consuming countries] in the producing countries. The effort required for it might be better used to develop energy in the consuming countries themselves. But if a basic purpose is to create a many-sided structure of cooperation with the producers, this side can hardly be omitted.

"The real challenge of the energy problem," says the Trilateral report, "is not a struggle with outside adversaries, as in most great crises of the past, but within and

among our respective societies. . . . Our peoples need a wartime psychology to fight this war against ourselves."

The chief weapon we are to use against ourselves in this (to use the words of another Trilateral member) "moral equivalent of war" is to be increased government intervention in our lives. As Campbell puts it: "Economic factors will by themselves induce certain changes. But the situation will call for a considerable degree of voluntary cooperation and of acceptance, voluntary or involuntary, of governmental regulation of an increased sector of personal life."

VOLUNTARY OR INVOLUNTARY

Heavy equipment exporters, international construction firms, international banks, major oil companies, Washington lawyers operating as foreign agents, highly paid consultants, Trilateral Commission members—taken together, they function as the mutually reinforcing private sector of a petro-industrial complex that, to defend and increase its profits from high foreign oil prices, opposes any policies that would interfere with OPEC's ability to take money out of the pockets of American consumers and kick back a percentage to a small number of well-connected U.S. corporations and individuals.

But the ability of the petro-industrial complex to maintain the grip of despotic oil-producing régimes on American soci-



"To tell you the truth, Blanche, I've about had it with your 'unbridled passion'!"

SHAVE THE COST OF SHAVING CLOSER.

Mennen Skin Bracer Pre-Electric costs a lot less than the other best selling pre-electrics. But it doesn't give you any less. It really props up your beard, conditions your skin and gives you a closer, smoother electric shave.

MENNEN
SKIN BRACER
PRE-ELECTRIC

ety would be crippled if its constituent elements did not include a power whose support of OPEC is as effective as it is little known: the U.S. government.

YOUR HIGH GAS PRICES MAKE THESE PEOPLE RICH

In addition to the individuals and firms listed in the accompanying article, the following companies, banks, and Trilateral commissioners have a vested interest in maintaining OPEC's ability to keep your oil prices high.

This is a sampling of U.S. companies that are being paid with dollars extorted from energy consumers by OPEC:

- Harbert Construction Corp., Birmingham, Ala., and Paul N. Howard Co., Greensboro, N.C., \$50 million for a pipeline from the desalination plant serving Abu Dhabi City.
- J. Ray McDermott & Co., New Orleans, \$200 million for oil rigs in Persian Gulf.
- Kellogg International, \$250 million for natural-gas processing plant in Kuwait.
- Foster-Wheeler, \$70 million for oil refinery expansion in Kuwait.
- General Electric, \$40 million for gas turbine engines for Kuwait.
- Parker Drilling Co., \$10 million to drill a test well in Burgan oil field, Kuwait.
- J.A. Jones, Charlotte, N.C., \$385 million in construction projects in Saudi Arabia.

- L.E. Meyer Co., prime contractor for \$300 million electrification of Eastern Province of Saudi Arabia.

- Ralph M. Parsons Co., Pasadena, \$6.5 million for a master plan for an industrial park at Yanbu, Saudi Arabia, with subcontracts to Arthur D. Little, Inc., Cambridge, Mass.; Skidmore, Owings & Merrill, Los Angeles; DeLeuw, Cather International, Chicago; and Tetra-Tech, Inc., Pasadena.

- Ward School Bus Mfg. Co., Conway, Ark., \$20 million for 700 buses to shuttle pilgrims between Jidda port and Mecca, Saudi Arabia.

- Strickland Systems, Inc., Jacksonville, Fla., \$1 million for concrete forms for a luxury apartment building in Saudi Arabia.

- Elliot Co., Jeannette, Pa., 1977 sale of \$50 million worth of gas compressors to Saudi Arabia. Elliot's suppliers include Bently Nevada Corp., Minden, Nev.; Foxboro Co., Foxboro, Mass.; Custom Engineering Co., Erie, Pa.; Industrial Gasket & Shim Co., Meadowlands, Pa.; Abex Corp., Mahwah, N.J.; Philadelphia Gear Corp., King of Prussia, Pa.; Kraissl Co., Hackensack, N.J.; Arrow Foundry, Holyoke, Mass.; Empire Steel Castings, Laureldale, Pa.; Walworth Co., Greensburg, Pa.; Lukens Steel Co., Coatesville, Pa.; McInnes Steel, Corry, Pa.

- Waste Management, Inc., \$243 million for a five-year contract to provide garbage collection services for Riyadh, Saudi Arabia.

- Fluor Engineers Constructors, Inc., Los Angeles; Foster-Wheeler, and Ralph M. Parsons Co., \$8 billion for gas-gathering, treatment, and reinjection system for Iran. Fluor is also responsible for \$4.6 billion worth of work on a natural-gas processing system to fuel industrial centers at Jubail and Yanbu, Saudi Arabia.

- Sanderson & Porter, Inc., New York, is supervising the construction of a \$5 billion water desalination plant at Jubail, which will be the largest on earth.

- National Broiler Marketing Association, \$40 million for frozen chickens for Iran.

- North Pacific Grain Growers Association, Boise, Idaho, \$5 million in wheat for Libya.

- Holmes & Narver, Inc., Las Vegas, planner and contractor for mini-cities costing \$131.4 million to house 27,000 foreign construction workers in Saudi Arabia.

The capital of the petro-industrial complex is Houston, where Aramco Services Co., the purchasing arm of Texaco, Chevron, Mobil, and Exxon's Arabian-American Oil Co., employs more than 550 people just to process purchases of \$2.8 billion worth of contracts for goods and services destined for Saudi Arabia, ranging from a 320-ton boiler to 37,000 pounds of Oreo cookies. Bechtel Corp.'s Houston office is designing the \$370 million Ghazlan power plant that the company will build in Saudi Arabia. Brown & Root is constructing \$2 billion worth of port facilities for Iran. Hudson Engineering is providing engineering, design, and equipment for a \$394 million gas-liquefaction plant in Dubai.

Houston's 3D/International is designing seventeen Mideast projects worth \$3 billion, including a new city for 28,000 and twenty state guest houses for visiting dignitaries in Saudi Arabia as well as five hotels in the United Arab Emirates that will cost energy consumers \$1 billion. Caudill, Rowell Scott, Inc., is being paid more than \$55 million by the Saudis to plan the University of Riyadh, a complex that will cost energy consumers \$3 billion and will have, say the Saudis, "10 million square feet of teaching space—more than Harvard." CRS is working on schools, hospitals, and housing in Bahrain and Kuwait that will cost more than \$3 billion.

James M. Sink Associates of Houston is designing a teachers college in Riyadh. "We've spent a great deal of time in seminars on design of bathroom fixtures," Sink says. Motorists will be pleased to learn that they are paying more for gas so that Arabian teachers-to-be will not have to face within twenty degrees of Mecca when they defecate or urinate.

The reason why U.S. heavy-machinery exporters and construction firms are in favor of funneling more and more of the U.S. consumer's money to OPEC is that it is much more economical to sell to OPEC governments than to Americans. For instance, San Francisco's Bechtel Corp. has been hired by the Saudi government to supervise construction of an industrial center at Jubail, comprising petrochemical

steel, aluminum, fertilizer, oil-refining, and other plants at a total cost for this single project of more than \$45 billion—the largest construction project ever built. This represents one-half the assessed value of New York City, and the Saudis are building two such projects.

The only way Bechtel could build that much within the United States would be somehow to contract thousands of individual projects, each one involving political deals, construction and mortgage financing, zoning approvals, environmental impact statements, labor agreements—none of which is necessary when one is working for an absolute monarch with unlimited amounts of energy consumers' cash at his disposal.

C.&O. Developing Co. of South Kenly, N.C., recently built Abu Dhabi's first government-owned hotel—called, with deep respect for the traditions of the Persian Gulf, the Ramada Airport Inn. "Compared with Abu Dhabi," says C.&O.'s Norman Richardson, "construction in the U.S. is penny ante stuff."

U.S. banks are also shoulder-to-shoulder at the petro-deposit trough:

- Fidelity Bank of Philadelphia has bought 80 percent of the Banque de la Méditerranée, Beirut's largest.

- Manufacturers Hanover Trust has an 18 percent interest in Arab Finance Co, Beirut.

- Bank of America owns a 24 percent share in Bank of Credit and Commerce International, a leading, Arab-dominated Eurobank, as well as a 29 percent share in the parent company of the Banque Arabe et Internationale d'Investissements, Paris.

- American Express Middle East Development Co. is joining in the creation of a merchant bank that will invest in development projects in Saudi Arabia.

- Chase Manhattan administers the Saudi Industrial Development Fund.

- Chemical Bank has obtained a majority interest in Beirut's Rabiyyer Bank, which it has renamed Chemical Bank, Middle East.

- First National Bank of Boston has organized and undertaken to manage the investment banking activities of the Saudi National Commercial Bank.

- Morgan Guaranty Trust has purchased, through a subsidiary, 40 percent of Intra Investment Co.'s share in Almarshneg Bank, Beirut.

- Texas Commerce Bank, First National Bank of Chicago, Security National Bank, Los Angeles, and New York's Bankers Trust own shares in UBAF Arab American Bank, the New York affiliate of the Union de Banques Arabes et Françaises.

- Chase Manhattan and Citibank have been retained to manage the investment portfolio of Kuwait.

- An Arab-American bank has been planned for Houston, whose participants would include the city's Cullen Center Bank, New York's Citibank and Chase Manhattan, Bank of America, two Saudi banks, and one in Kuwait.

- Chase Manhattan owns a piece of the recently established Saudi Investment

Banking Corp., Riyadh.

David Rockefeller founded The Trilateral Commission, in large part, to implement a pro-OPEC consensus among elements of the business and financial community that benefit from high foreign oil prices. The commission's North American members include:

- Ernest C. Arbuckle, chairman of San Francisco's Wells Fargo Bank, one of the largest depositories of OPEC's surplus dollars and a member of the syndicate that has \$1 billion out on loan to oil-producing Nigeria.

- Investment banker George Ball, who told a meeting of the commission that the reason "the entire financial structure of the non-Communist world" was threatened with "collapse" was "the strategy of confrontation" pursued by Kissinger and his determination "to confront the oil-producing countries rather than seek their cooperation."

- Lee L. Morgan, president of Caterpillar Tractor Co., a major exporter of construction equipment to OPEC countries.

- William A. Hewitt, chairman of Deere & Co., another major supplier of construction equipment to OPEC members (John Deere).

- Gerald L. Parsky, who in 1976, when he was assistant secretary of the treasury for international affairs, was quoted in *Time* as saying that "breaking up OPEC would be detrimental." It certainly would be detri-

mental to Parsky, who now heads the Washington office of the Los Angeles law firm of Gibson, Dunn & Crutchen and advises Arabs on politics and investments.

- John H. Perkins, president of Continental Illinois National Bank & Trust Co., one of the largest depositories of OPEC surpluses.

- John D. Rockefeller IV, governor of West Virginia, who shares his uncle David's interest in the profitability of Chase, Exxon, Mobil, and Aramco.

- John C. Sawhill, president of New York University and former administrator of the Federal Energy Administration, in which capacity he took no action to counter OPEC.

- Edson W. Spencer, president of Honeywell, Inc., which is active in Kuwait.

- Caspar W. Weinberger, vice-president and general counsel of Bechtel Corp., which is building the \$45 billion industrial complex at Jubail, Saudi Arabia.

- Carroll L. Wilson, director of MIT's oil-foundation-supported Workshop on Alternative Energy Strategies, whose major report, issued in 1977, said not a word about reducing OPEC's power.

An excellent source of information on options for a constructive energy policy that would diminish OPEC's power is Americans for Energy Independence, 1250 Connecticut Ave., N.W., Suite 502 A, Washington, D.C. 20036. Tax-deductible contributions are welcome.—C.S.K. ☐

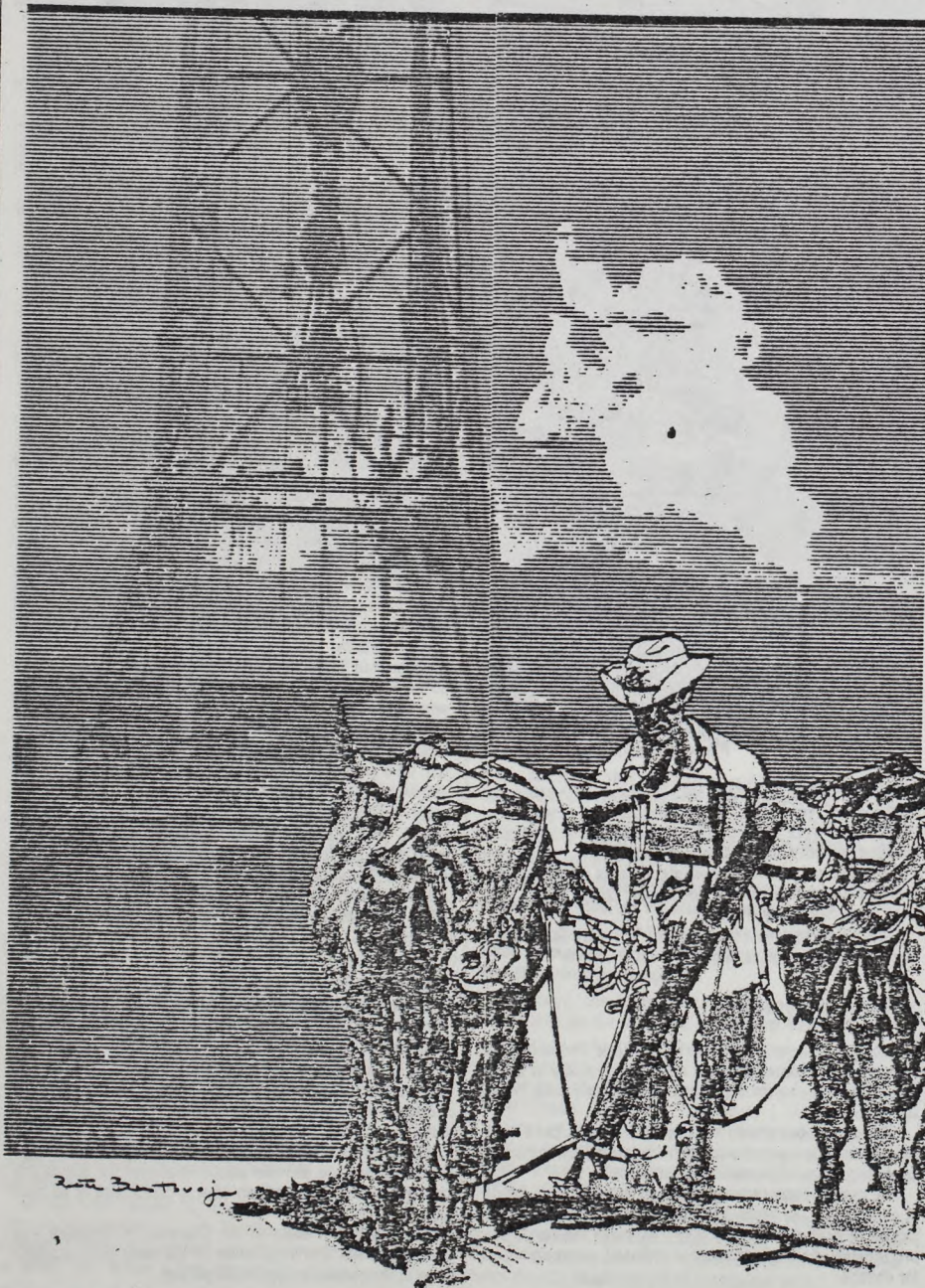
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MEXICO

Crisis of poverty/Crisis of wealth



WHEN it finally ended, 10 long years after it had begun, one out of every eight Mexicans had died. The Mexican Revolution of 1910—proportionally far bloodier and longer than the Russian Revolution—grew out of the miseries of poverty, political corruption and the disfranchisement and hopelessness of a huge peasant class.

Today these problems still exist, but an astronomical birthrate has elevated them to a far greater scale. In that sense, the Mexican Revolution, revered almost to the point of deification by most of Mexico's 67 million citizens, has failed.

Yet out of that bloody revolt grew a remarkable political system that has given Mexico something unique in Latin America—50 years without a revolution.

It has been said that the Mexican political system was designed largely to ward off another revolution and there is a general consensus among Latin American scholars that another revolution in Mexico is extremely unlikely. But there is profound concern over the years immediately ahead. If Mexico fails to make great progress, and thus to restore hope to a largely disenchanted populace, many scholars fear, that failure will precipitate violent outbursts against governmental authority. That could spark harsh repression, much bloodshed and possibly a mass exodus out of Mexico and into the United States.

The inequities that led to the revolution still exist, but they are in many ways far more difficult to resolve today than they would have been at the beginning of the century.

THE ISSUES

Oil. Mexico's new oil discoveries literally pulled the country out of its rapid economic slide. But oil development does not directly produce many jobs, the one thing Mexico needs most. Knowledge of the oil raises expectations, and if these expectations are not at least partially fulfilled, the discoveries could lead to further disenchantment among Mexico's increasingly restless, rapidly growing population.

According to a Times poll conducted in Mexico City, most Mexicans fear that the money from the oil will wind up in the hands of the rich rather than helping the poor. If their fears are well founded, the enormous gap between the rich and the poor will widen even more.

Unemployment. Although Mexico is the 19th largest economy in the world, nearly half the workers are underemployed or out of work. The top 10% of the population takes 45% of Mexico's income, and the lower 40% gets only 10%.

Growth is brisk in the economic sector today, but unless the nation can implement ambitious plans, according to economic analysts, the inequities will worsen considerably before they improve.

That depressing outlook is compounded by the fact that the population is growing so rapidly that at least 100 million Mexicans will be competing for already scarce food, jobs and services by the year 2000.

Even the most optimistic projections show that far more workers than jobs will be added to the labor force each year.

The neighbor. Mexico is the only Third World nation that shares a common border with a highly advanced, consumer-oriented, major industrial power.

And the record shows clearly that the two nations rarely understand each other. Their contrasting political systems frequently fail to mesh.

Mexican leaders deeply resent what they perceive as U.S. arrogance and a failure by U.S. leaders to take Mexico seriously. They believe the oil has given them the leverage to force the United States to mend its ways, but if the oil leads to expanded economic agreements between the two nations, this could lead to further domination of Mexico by the giant to the north.

Emigration. From the U.S. perspective, the most vexing problem of all is the illegal migration from Mexico to the United States.

There is a growing consensus among immigration experts that there is no real solution to this problem. Mexico cannot be expected to stem the flow because the out-migration is the single most important escape valve the country has. And as growth in the work force continues to out-distance growth in the job market, the number of Mexicans crossing the border—at almost any cost—is expected to rise. Failure of Mexico's economic plans, or harsh repression to quell dissatisfaction, could intensify the migration dramatically.

This has profound implications for the United States, and especially for the Southwest, where most of the immigrants settle.

Politics. The Mexican political system, overwhelmingly dominated by a single party, is a model for stability in Latin America. But it is showing signs of strain. The Times Poll shows that most citizens believe they have no real say in how their government is run and who their leaders will be. The size of the middle class is growing, communications across the country are improving, the level of education is rising, and more and more citizens are less and less willing to tolerate a political system that offers them no real alternatives.

Reform movements are under way, but for them to succeed the chief of state must be willing to relinquish some of his power; something few leaders are willing to do in any country.

How Mexico resolves this problem will largely determine whether the country moves forward or regresses into a repressive, fearful nation. The international implications are great.

Agrarian reform. One of the most sacred goals of the 1910 revolution was to guarantee land to the peasants. That goal has not been met, and it now appears that it never will be.

Mexico's agricultural program is in such sad shape that the nation now imports corn—its most basic foodstuff—and virtually no farming experts have any hope that the situation will improve for many, many years.

The population has grown so rapidly that there is no longer enough arable land to meet the goals of the revolution. Furthermore, small-unit peasant farming, for the most part, is inefficient farming.

If Mexico is to meet its agricultural challenges, experts contend, the farmhands will have to be modernized. This means tractors instead of oxen. But one tractor can do the work of many Mexicans, and that means more unemployment.

Unless, of course, the unemployed farmhands can be taught to build the tractors; and then persuaded to stay home rather than go to the United States to better employ their newly learned skills.

It is safe to say that in Mexico today, virtually no one thinks that will be easy.

THE PEOPLE

Mexico's greatest single problem—although many would say its greatest hope and strength—is the people themselves. There are so many of them that the land no longer supports them. Too many are unskilled. Too few share in the rewards available even to the "underprivileged" in most modern industrial societies.

And, perhaps most important of all, too many of them know it. The transistor radio and urbanization have increased their awareness.

This special report is the result of several months of work by 16 Times staff members. The reporters spent up to two months traveling throughout Mexico, conducting hundreds of interviews. Latin American experts throughout the United States also were interviewed.

Research assistance was provided by Martha Goldstein. Design of the section was by Ken Bruns and Howard Anderson. Nicholas C. Chriss contributed to the oil story.

The Times Poll of 1,002 residents of Mexico City reveals that the people see themselves as Mexico's greatest asset.

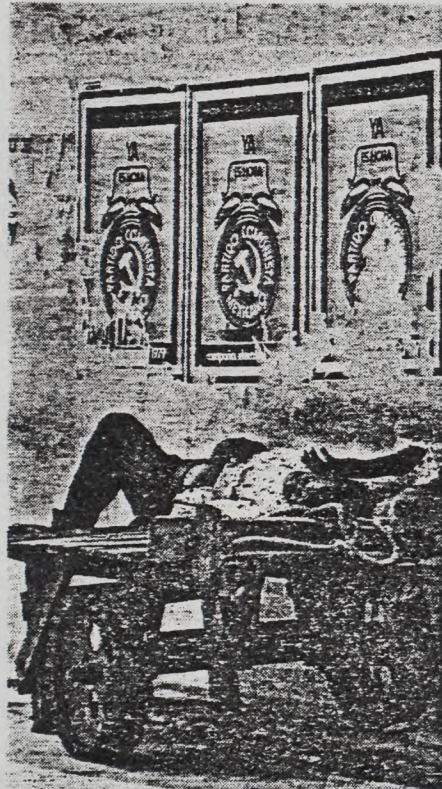
Said a senior official of the Mexican Foreign Ministry:

"Today, we talk about oil. But if we are careful, by the year 2000 Mexico's most important resource will be its people. They have great capacity but they are being underused."

Time. It will take time. But many fear that the one thing Mexico has the least of is time.

"You ask me how I look toward the future of Mexico, with optimism or pessimism," political writer Luis Gutierrez said. "I would say, with skepticism. The coming years will be difficult."

One Mexican journalist, who fears that the oil revenues will be drained off by a "system that is totally corrupt," is concerned that misuse of the oil money will lead to further disenchantment and violence.



Photography by Larry Armstrong

"We are seeing the stage set, for some very sad, very tragic acts of repression," he said. But then he added:

"We must work toward an ideal and believe we are progressing. My only hope is that it will change."

"Frequently I feel we're heading towards a disaster. For me, that is an obsession. I doubt that things really will work, but I hope they will."

"The only family I have is here. The only language I know is Spanish. This is the only country I have."

THE SYSTEM

Long admired by Third World countries because of its stability, the Mexican political system is a model of flexibility. That may be the single most important reason for its survival.

"The system has shown over the years that it has a very sensitive political antenna to pressures, and it moves to relieve them," one U.S. political observer said.

The system concentrates enormous power in the hands of one man for six years. But under the law, the president can serve only one term, so every six years the entire upper echelon of the government is replaced, inspiring hopes for change.

In theory, the president is democratically elected. In reality, he is selected by party leaders—probably his predecessor in most cases—to head the only party that stands a chance of winning the presidential election. Since it is essentially a one-party system, the vote of the people really means little, and The Times Poll shows that the people know it.

"The president is an absolute monarch, or a six-year dictator," said Manuel Becerra Acosta, editor of Uno Mas Uno, a major Mexico newspaper. "There are none of the checks of the United States."

Said a senior U.S. diplomat: "You look at the Mexican constitution and see three branches of government, but things are not always what they appear to be in Mexico. Unlike in the United States, the president has nearly all the power."

Like any chief of state, he is subject to pressure, but he retains the trump card—enormous power.

The system offers the advantages of centralized control, quick decisions and continuity.

But it also means that only one person can make the most important decisions.

THE heart of the Mexican political system is the Institutional Revolutionary Party (PRI). While there are other political parties in Mexico—some subsidized by the PRI to keep them alive as token opposition—only the PRI has any chance of winning a presidential election. And the presidential election, in Mexico, is the only election that really counts.

In the last election, 86.1% of the votes were cast for the PRI candidate, Jose Lopez Portillo.

The chief opposition group, the National Action Party (PAN) is so weak that it did not even put forward a candidate.

It was a hollow victory. Only a few more than half of the eligible voters went to the polls.

That low turnout helped convince the nation's leaders that their people lacked faith in the political system. Why vote if there is no doubt over the outcome of the election?

The timing of the election was crucial from another standpoint. The peso had recently been halved, greatly increasing the cost of living and culminating a decade of growing disenchantment. In a sense it had begun in 1968 when several hundred young people died in a wave of government repression aimed at student demonstrators who were protesting the use of government funds for the 1968 Olympic Games in Mexico City.

During the intervening years, inflation and unemployment soared. Millions of peasants flocked to overcrowded cities in an effort to find work. Thousands of landless peasants, convinced that the government's agrarian reform program had failed, squatted on large landholdings. Many of them were killed in clashes with authorities and private security forces.

It was a bitter time for Mexico's emerging middle class, haunted by the memories of the students who had died in the 1968 protests, taunted by inflation that seemed to be pushing "progress" beyond their reach.

By the time Lopez Portillo took over the government Dec. 1, 1976, Mexico's bankers, industrialists and big farmers had lost confidence in the immediate future of their country. The national economy, which had been steaming along for years at a growth rate of 6% to 7%, grew only 1.7% that year—considerably less than the increase in population.

Mexico, already overwhelmed by massive problems, was losing ground.

"Lopez Portillo inherited a political system under siege," said one political scientist who serves as a consultant to the Mexican government.

Within a few weeks of Lopez Portillo's inauguration, senior men in the new cabinet and leaders of the PRI were working on political reforms to give new life to Mexican politics.

The reforms ease registration requirements for new political parties and provide public financing for campaigns and free radio and television time to candidates of all parties.

The number of seats in the Chamber of Deputies was doubled to 400, and a minimum of 100 seats were guaranteed to the combined opposition parties.

But skeptics point out that the Chamber of Deputies is powerless in a system that vests so much authority in the president.

"The Chamber of Deputies does not exist," said a well-known journalist. "It's a facade."

"There is no reform. The attitude here is still 'We are the government.' *Tu hablas y yo hago.* (You talk but I do)."

"Maybe these reforms will be a step toward more democracy simply by widening the arena for public debate."

"But if I'm Cassius Clay and you're some lightweight, there is no contest."

One U.S. diplomat argued that the changes are real, but a senior policy adviser to the U.S. State Department said he doubts it.

"PRI hopes the illusion (of change) will prove to be real," the adviser added. "They hope to drain off discontent through greater public participation, but they hope it will not lead to greater changes."

brisk, businesslike approach of Lopez Portillo and his appeals for national unity had a calming effect on the country and its people.

And shortly afterward, he made the first of a series of announcements that provoked an excitement and an economic boom unprecedented in Mexico's history. The announcements reverberated around a world suffering from a fuel crisis, giving Mexico a prominence it had never known. Foreign presidents, ministers, bankers and businessmen began their pilgrimages to Mexico from the world over.

The announcements offered special relief to the United States. Could it be that the neglected neighbor to the south was going to solve the nation's energy problems, finally freeing America from the hands of the Arabs?

Probably not.

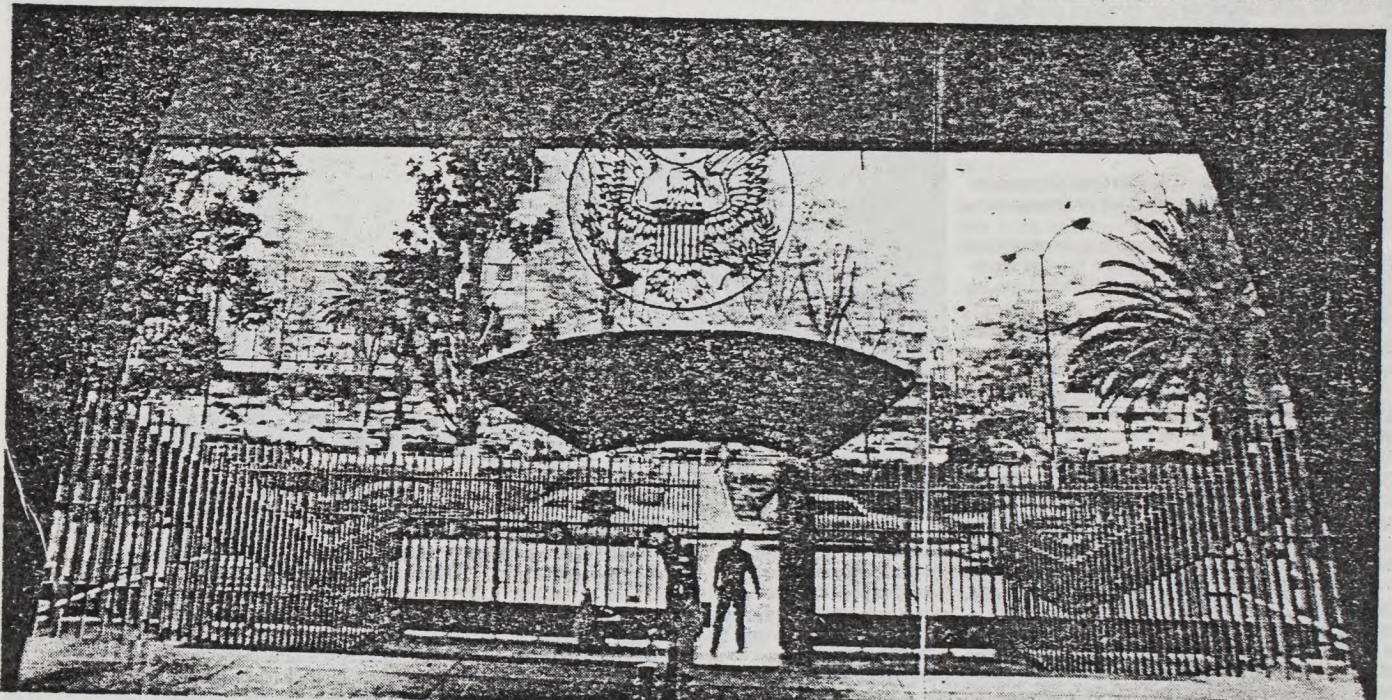
Mexicans at every level insist that Mexico will use its oil and natural gas to solve its own problems, not someone

Fidel Velazquez, secretary general of the giant Mexican Labor Confederation and for half a century one of the most powerful figures in Mexico, says he feels "tremendous pressures" already building up. If Mexico bows to these pressures, he says, it will find itself facing "not a crisis of poverty but a crisis of wealth."

In Mexico today there is a strong sense that the country is approaching its moment of truth: Oil and natural gas are seen as a once-in-history opportunity to make the future better for all Mexicans.

If the non-renewable resources slip away, or if the wealth disappears through corrupt hands into foreign bank accounts, there will be no second chance, many observers believe.

Conditions will deteriorate, they fear, and Mexico could well approach the centennial of the 1910 revolution more intent on controlling the political and social threat of an-



U.S. Embassy, Mexico City

One political scientist who has studied the reforms said the system is being restructured from the bottom up, leaving overwhelming power still in the hands of the president.

Another believes that, one way or another, the reforms will change Mexico within the next 10 years.

"Either it will be changed because the reforms were real. Or it will be changed out of reaction to reforms that were phony," he said.

Even if the reforms are, as one political scientist described them, "more cosmetic than cosmic," there is one change in Mexico today that is real, indeed.

OIL

Although the government's official projections are the subject of controversy, there is no doubt that Mexico has recently discovered substantial amounts of oil.

The timing of the discoveries could not have been better.

Three years ago, there was an accelerating sense of impending tragedy in Mexico. The system that had kept the country together for so long seemed to be disintegrating. The economy, which had been expanding steadily, was in deep trouble. Inflation was out of control; the value of the peso had been cut in half, and citizens had funneled \$4 billion out of the country.

As the time neared for President Luis Echeverria to yield to his successor, Lopez Portillo, there were so many rumors of possible coups that the country was on the brink of panic. But within a few days of his inauguration, the

else's. The official line is that Mexico will exploit its oil and gas only as fast as Mexico can absorb the new wealth in a constructive way, without fueling inflation and thus destroying the gains.

By the end of 1980 Mexico expects to achieve a production level of 2.2 million barrels of oil a day and to keep output limited to that figure for the foreseeable future. Mexico itself will use half of it and the rest will be exported. But it won't all go to the United States.

France and Canada have already contracted for some of it. Spain and Israel are expected to get their share.

Even if the United States could buy all that is left, it would amount to only a small percentage of the nation's prodigious daily consumption.

Meanwhile, the pressures to increase production—and the rewards for the rich—will continue to mount.

"Mexico is trying to avoid the 'Venezuelianization' of its oil industry and its economy," said Mario Ojeda, a political scientist with the International Studies Center of the Colegio de Mexico. "Venezuela has earned a fortune from oil and lived on it, neglecting other rich prospects for economic development. It has finished up with a totally distorted economy, importing thousands of products it could produce itself. What will it do when the oil runs out?"

"We want to use our oil rationally, but when we look at the figures and see how much will be available for the United States we get very apprehensive about the pressures the U.S. might put on us to produce more."

other uprising than celebrating the achievements of the last.

THE UNITED STATES

If Mexico could group many of its most troublesome problems under one title it would probably call it "the United States."

As Lopez Portillo told President Carter during the latter's visit to Mexico earlier this year, it's not always easy being a neighbor to an economic and political giant.

A symbol of the principal reason for that disenchantment can be found even in the most backward villages of Mexico: a giant Pepsi-Cola sign.

It isn't that the Mexicans don't like Pepsi-Cola. It's just that they don't like constant reminders of the domination of their country by a foreign power. And they are convinced that the domination does not end at the soft-drink stand. It is a fact that many Mexicans believe that U.S. officials pull the strings in the Mexican system, often for the good of the States at the expense of Mexico. The Times Poll shows, for example, that most Mexicans believe that the United States wants to "dominate and exploit" Mexico more than it wants to "be a good neighbor."

Yet if they had to leave their own country, the poll shows, far more would want to move to the United States than to any other country.

"It's a classic love-hate relationship," said Olga Pellicer, an international relations expert at the Colegio de Mexico.

"There's no denying there is a lot of latent anti-U.S. feeling here," she said. "It is based on our history." But, she added, the suspicions are mixed with admiration for U.S. know-how.

"The same people who shout 'Down with the gringo' want to buy U.S.-made toothpaste rather than Mexican brands, and they want to buy a big American car to drive around in."

Nearly all scholars agree there is far too little understanding on both sides of the border about how the other side's system works.

"There are profound cultural differences between us," said David Ronfeldt, a Mexico specialist with the Rand Corp. in Santa Monica.

"Americans see the future as totally new. With technology and the right choices we can overcome anything. We are very optimistic. We believe we can overcome the past and set it aside. The myth of the future, you could call it.

"Mexicans are trapped by the myth of the past. You can't overcome the mistakes of the past. The past is part of what the future will be like. We are trying to solve the puzzles of the future. The Mexicans are trying to figure out the puzzles of the past."

One Mexican expert at the U.S. State Department pointed to the different angles from which the two countries regard issues.

"To the Mexicans, we are the primary focus of their foreign policy," he said. "To us, they are not that important. Our main focus must be on areas of the world that are more dangerous.

"It has advantages for Mexico. Look at the migration issue. What other country would have put up with that situation as long as we have?"

"We talk a lot about interdependence, but we are a very self-assured country. We have to be more sensitive to Mexican attitudes."

One U.S. analyst who advises the U.S. government on foreign policy talked of American insensitivity.

"Most of what goes by the name of consultation now is more a matter of informing people what we are going to do, just before we do it, with no intention of changing what we plan to do. Sometimes we don't inform them at all."

"The American people have to understand it is in their national interests what kind of development takes place in Mexico in the future," said Richard Fagen, a Latin American scholar with Stanford University. "In the past you can't say we didn't give a damn, but we gave a very limited damn, a very wrong damn, about that development.

"We live cheek by jowl with them, so what happens will affect us in multiple and as yet unforeseen ways. The compound dynamics do not look good."

EPILOGUE

Here is Casio Luiselli, an aide to President Lopez Portillo: "What does the U.S. want down here, coordination or competition? A Japan or a Puerto Rico?"

"I know what Mexico wants. We don't want to be another Puerto Rico.

"Mexico is not a paradise. There is corruption, a lot of it. There is inequality, a lot of it. But Mexico, despite its tremendous problems, has had 50 years of remarkable stability.

"In Mexico, the U.S. is not dealing with just another oil country. We have a complex economic structure. Mexico produces more steel than all the members of OPEC put together. Mexico does not have just oil. It has strategic minerals; it has iron, copper, uranium, silver.

"In the next 10 to 12 years we will have to deal with the agrarian problem, revitalize our national industry, modernize the bureaucracy and provide education and social benefits for more people. That will provide the basis for a modern country.

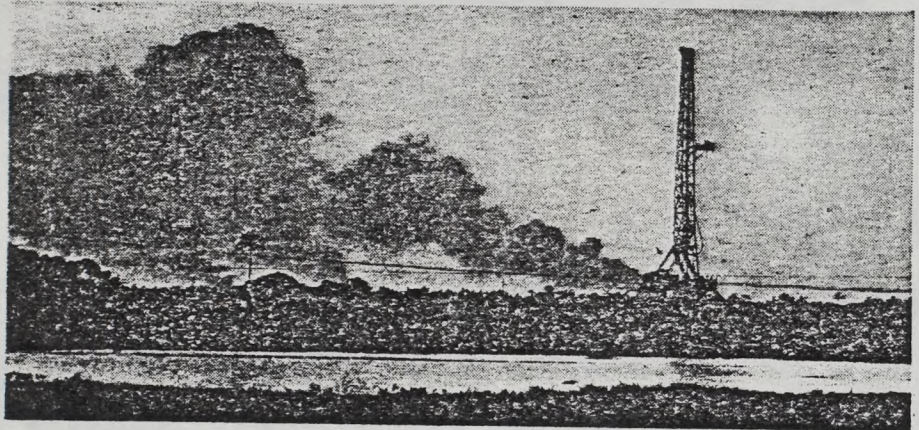
"Throughout the 1980s, we shall grow economically at about 10% a year. Mexico is a possible country. We've got to do it, and we will do it.

"Save your doomsday stories!"

By Frank del Olmo and Leonard Greenwood

By Leonard Greenwood and Frank del Olmo

The gas fiasco: U.S. hardnoses, Mexican honor



NOTHING in recent decades illustrates the repeated, tragic misunderstanding between the United States and Mexico better than the failure of the natural gas deal in 1977.

Actions and statements by top officials on both sides reveal ignorance and insensitivity, failure to understand each other's system, unwillingness to analyze, or even listen to, what their counterpart was saying.

"It was a classic case of two different mental universes going right by each other," a senior U.S. State Department adviser says.

One point on which there is wide agreement on both sides is the damage done to Mexican-American relations by the inflexibility of Energy Secretary James R. Schlesinger.

Richard Fagen, a Latin American specialist at Stanford University who has made an intensive study of the gas negotiations, believes that the Mexicans miscalculated by thinking the private U.S. companies that wanted to buy the gas could get government officials in Washington to accept the deal.

"But Schlesinger's villainy," said Fagen in an interview, "was to make the failure so public, so humiliating, acting so loutish it put Mexican honor at stake."

To understand Mexican outrage one needs to know what oil and gas mean, not only as a source of wealth, but as a national symbol, to Mexicans.

For a time in the 1920s Mexico was the world's biggest oil exporter. "When it was over, we had little to show for it," says Lorenzo Meyer, director of the International Studies Center of the Colegio de Mexico, a think tank that works closely with the Mexican government. "The profits went to Britain and the United States, whose companies controlled our oil."

One of the dogmas of the Mexican revolution was expropriation of oil so that natural resources could be used for the benefit of Mexico and Mexicans. Because of resistance by the powerful foreign oil companies, oil was not nationalized until 1938, but for the next 40 years the oil and the wealth it created were kept by Mexicans.

By 1977 a new president, Jose Lopez Portillo, was struggling to pull Mexico out of its worst economic crisis in decades.

And Jorge Diaz Serrano, an old friend he had named director general of Petroleos Mexicanos (Pemex), the national oil monopoly, was confirming that Mexico had far more oil and natural gas than it had ever made public.

Within two months Lopez Portillo had decided to use the new wealth to finance economic development. Backed by Diaz Serrano and other cabinet colleagues, including Foreign Secretary Santiago Roel, he would sell 2 billion cubic feet a day of surplus natural gas to the United States.

It was a logical proposition. Mexico had far more natural gas than it could use at the time.

Rather than waste the excess gas by burning it off, Lopez Portillo and Pemex officials thought, it should be sold to the nearest customer, the United States.

There were regions of the United States, including Southern California, that they knew would be facing acute natural gas shortages by the 1980s, when Mexico's oil and gas production would be well into its stride.

The gas would be moved to the Texas border through an 800-mile, 48-inch pipeline from the new Reforma oil and gas fields in the southern Mexican state of Chiapas. The pipeline would take 24 months to build and cost an estimated \$1.5 billion.

But it was calculated that the sale of the natural gas would bring in \$1 billion in the first year of operation and that this would increase each year to a maximum of \$5.2 billion when the pipeline reached capacity.

The pipeline would have paid for itself in less than two years and in the first six years would earn more than \$10 billion in foreign exchange, which would be of significant help in Mexico's balance-of-payments troubles.

Despite the logic, there were political problems on both sides of the border, especially in Mexico.

"Lopez Portillo ran a big political risk offering us that gas," says one senior U.S. diplomat close to the talks. "He bucked two Mexican traditions—that Mexico does not sell its natural resources abroad and that Mexico does not increase its dependence on the United States.

"He was right out on the far edge of his political power." Mario Ojeda, a political scientist, says that "to put some of these resources at the disposal of the United States was a very risky political decision for Lopez Portillo, and I don't think people in the U.S. understood that."

Carlos Rico, a political economist who helps to advise the Mexican government on policy, says the offer to sell gas to the United States was seen by Mexico's political left as "creating a symbolic umbilical cord to the United States and this made it the top political issue."

"But Lopez Portillo told the left their objections were silly, that the days of the U.S. big political stick were over."

Details of the deal were worked out between February and August, 1977. The president of Tennessee Gas Transmission Co. met with top Pemex officials at least 10 times. Five other U.S. companies also talked to Pemex.

U.S. government officials knew that the talks with the North American companies were going on. In July, delegates to one of the joint consultative committees set up by the U.S. and Mexican governments to discuss problems between the two countries pointed out to their Mexican counterparts that if Mexico did reach any agreement with private U.S. companies it would be subject to federal approval under U.S. law.

EVEN top U.S. government officials admit today that the United States erred in passing the warning along only to middle-rank Mexican officials. They realize in retrospect that in the Mexican system all important decisions are made at the top and Mexican leaders should have been advised directly.

Not all the U.S. officials remember it the same way, however. A White House source claims the United States did convey its misgivings "three times at a very high level. They (the Mexicans) did not understand our regulatory process and preferred to listen to what the gas companies told them."

But the senior U.S. diplomat close to the talks insists that the word was passed on only at the middle level and adds: "We don't know if that word ever reached Lopez Portillo or Diaz Serrano."

If the word did get through it was not understood. On Aug. 3 the six companies signed a letter of intent with Pemex to buy Mexican gas. The price would be \$2.60 per 1,000 cubic feet, but it would be tied to the price of fuel oil so that the cost would go up every time OPEC jumped its prices.

The project seemed to have such strong backing that it could not fail. Besides, Pemex and the gas companies' bankers had promised their support.

Because of Mexico's poor economic situation the International Monetary Fund had set a limit of \$3 billion on Mexico's additional borrowing that year. But it agreed that the pipeline financing could be arranged as a special case, outside the \$3-billion limit.

The Mexican government was so sure that agreement could be reached on price and that the financing was assured that it began construction of the pipeline Oct. 7, 1977.

But the U.S. government had yet to give its approval and was not ready to accept the \$2.60 figure, nor was it happy about the formula and its built in escalation.

In November, officials of the departments of State and Energy, meeting Mexican government representatives, tried to get them to agree to \$2.16 per 1,000 cubic feet, which the United States paid Canada for its natural gas.

When Mexico rejected that, the United States said it was prepared to raise its price under certain conditions.

"There was an offer from the United States to pay \$2.60, but our intention was not to pay that immediately," the U.S. senior diplomat says. "We were offering it for the time when a significant quantity of gas began to flow. We were saying, in effect, 'Your 1977 price will be fine by 1980 or 1981.'"

But if it was the U.S. intention to set a figure for some years ahead it is not certain now that that was made clear to the Mexicans.

The Mexican government had publicly committed itself at home to selling the gas at \$2.60 and on that basis had already built part of the pipeline.

Lopez Portillo sent Diaz Serrano and Foreign Secretary Santiago Roel to Washington because he was so concerned over the way negotiations were going.

Among those they spoke to in Washington was Schlesinger, and it was this meeting that was to become such a bitter point in U.S.-Mexican relations.

Schlesinger said he could not agree to the deal proposed in the letter of intent. He said there was no urgency about an agreement, that the U.S. natural gas crisis was still several years away. The price was too high, he added, and he

could not accept the idea of tying the price to the rising price of fuel oil.

It was not only Schlesinger's rejection but also his behavior at that meeting that infuriated the Mexicans.

A senior Mexican Foreign Affairs Secretariat official, who has been over the events of that day several times with Santiago Roel and Diaz Serrano, says: "They went to Washington prepared to explain President Lopez Portillo's political predicament, that he had made a promise (to sell the gas for \$2.60) and had to deliver."

"There was a great sense of urgency. It was only a few days before the expiration of the letter of intent, but the Mexicans met absolute haughtiness and arrogance."

"Here were two foreign ministers of state with an appointment in a country where punctuality is highly valued. Yet they had to wait. How long? Ten minutes? Fifteen?"

"No. More. Much more. They didn't time it, but it was more than enough to make them hungry."

"Was Schlesinger busy? They don't know. When they



went in, he had his feet up on the desk and was puffing his pipe.

"What shocked the two Mexican officials was his total lack of comprehension of Mexico's position and the predicament of the president of Mexico. There was no understanding that in making this offer Lopez Portillo had boxed himself in politically in Mexico."

"When Schlesinger coldly rejected the offer he left the president of Mexico no dignified way out."

The Mexican Foreign Affairs Secretariat official says the discussion turned to possible solutions designed to save face for both sides. "The Mexicans talked prices, terms, length of contract, you know, something that would have allowed the Mexicans to say, 'We got \$2.60,' but would have allowed the North Americans to say, 'Yes, but we got a guaranteed supply for X years.'"

Schlesinger just said no to it all. That is what motivated Lopez Portillo to take the attitude, 'screw you,' to selling gas to the United States."

THE meeting was disastrous for relations between the two countries. Mexican political experts say it may be years before the full damage it caused is understood.

Lorenzo Meyer, of the Colegio de Mexico, says that after the failure "without doubt Schlesinger was the focus of deteriorating relations between the two countries."

"His arrogance reminded Mexicans of other arrogant North Americans in the past," Meyer adds.

"For Mexicans, Schlesinger became the devil." The immediate effects were anger in the Mexican press and a freeze on all mention of natural gas sales by Mexico for more than a year. It also caused Mexico to restructure its whole policy toward natural gas, limiting—perhaps forever—the amount for sale to the United States.

And in Mexican politics the failure gave considerable support to the left and the nationalists, pressuring Lopez Portillo away from the policy of open friendship with the United States that he had followed in his first year in office.

Cesar Sereseres, a Rand Corp. expert in U.S.-Mexican relations, says the failure was only the latest of many

blunders in relations between the two countries.

"It illustrated that not only did we not communicate with the Mexicans, we did not even communicate very well within our own government on how to deal with the Mexicans," he says.

A senior State Department official, who saw all the papers at each stage, denies that the United States was insensitive.

The Mexicans were kept informed of concern that the United States government would not accept the price, he says, and when the talks failed the Mexicans should not have been all that surprised.

SO why did they push ahead with the talks with the gas companies and begin work on the pipeline? "I can only speculate," he says. "Perhaps they felt the U.S. companies were so keen to buy the gas and the needs were so great in the United States that there would be no opposition to the deal. So they gambled."

"Our first priority was to straighten out our own energy situation so we said no for reasons that had nothing to do with Mexico," says the senior policy adviser to the State Department.

"But Lopez Portillo thought he had a deal with Carter. When it fell through he did not know what the hell was going on."

Richard Fagen, of Stanford, and others on both sides of the border believe that the Carter Administration should have found some way of telling both the gas companies and Mexico to wait at least six months.

Hugo Margain, Mexico's ambassador to the United States, says the Carter Administration should have said no to the U.S. companies long before it had to say no to the Mexican government, and the senior U.S. diplomat close to the talks agrees.

"Schlesinger should have lowered the boom on the companies, not on the Mexicans," says the diplomat. But, he adds, "I think it unfair to let Schlesinger take all the blame. I don't think there are any real villains. The two systems just didn't mesh."

Whoever was to blame, the Mexicans were so angry that they changed their basic gas policy and built a pipeline network to use the gas at home.

When Mexico announced that it was going to convert the basic fuel for its industry from oil to gas, U.S. officials were skeptical, but their skepticism did not last long.

"We were taken unawares," says the senior U.S. diplomat. "They succeeded beyond our expectations."

But their income from the sales dropped dramatically.

Instead of selling to the United States at \$2.60 per 1,000 cubic feet they were now selling it to Mexican consumers at the domestic price of 32 cents per 1,000 cubic feet.

It was 16 months before the Mexicans let it be known again that they might have some gas to sell to the United States but in much smaller quantities than the original offer.

Senior officials on both sides believe that there will be a deal on gas before long—perhaps this year, despite all the problems—because both sides really want it.

A new preliminary round of talks was held in March. This time both sides were so cautious that it was a week before they would even admit the meetings had taken place. Since then it has become clear that these talks, too, were plagued by lack of understanding.

The Washington adviser to the Mexican government said recently that "the gas deal fiasco was characteristic of the U.S. attitude toward Mexico and we don't seem to have learned anything from it."

Several other U.S. sources indicate that in the new talks in Mexico the United States came close to infuriating the Mexicans again.

"The Mexicans want to sell gas and we want to buy it," says the senior U.S. diplomat. "At the preliminary talks, the Mexicans were ready for business. They made an offer on the second day."

"Our people were not prepared for that, so they wired Washington asking for authorization to make a counterproposal."

"The cables authorizing them on the counteroffer arrived late, after the meetings were over. It was a blessing in disguise. It was too low."

"If it had arrived on time, we would have made the offer, and we would have insulted them all over again . . ."

By Larry Green

Lopez Portillo: 'facing little time bombs'

THE rose garden of the official presidential residence in Mexico City may not be a particularly healthy place to be on Sundays. That's the day President Jose Lopez Portillo often practices his hunting archery by running through the gardens of Los Pinos — Mexico's White House—shooting at targets hidden behind bushes.

Exactly how well he does is guarded as if it were a state secret.

But, as he approaches the midway point in his six-year term as ruler of Mexico, trying to be on target while on the move is both characteristic of Lopez Portillo and symbolic of the challenges he inherited and is attacking.

This is no small task. He leads a proud but overpopulated, poorly educated, underindustrialized, agriculturally inefficient and frequently corrupt country in which economic inequities and political frustrations have boiled into violence and revolution in the past.

Still he is ranked by diplomats, scholars and international businessmen as one of the most powerful heads of state in the Western Hemisphere.

Unlike most men who have been at the head of Mexico's unique form of government, there is a special burden on Lopez Portillo. Since he took office in December, 1976, the world has learned of Mexico's large proven oil reserves and of the country's even greater potential oil reserves.

Suddenly, long-ignored Mexico is being treated like a once-derelected uncle who has just won a multimillion-dollar lottery. And Lopez Portillo is being courted by other world leaders much as they would the president of an oil company.

Because of the petroleum and a catalogue of festering social and economic problems left for him by his predecessor, Luis Echeverria, this country is at a crossroads.

Decisions Lopez Portillo will make about oil production and the vast new revenues it may produce, the national economy and political and economic reforms in the final years of his tenure will almost certainly have a dramatic impact on the potentially volatile future of his country as well as on the fragile relationship between Mexico and the United States.

An international banker put it bluntly: "There is going to be trouble in the streets if he doesn't do the right things."

"Wrong decisions could turn Mexico into another Iran or Venezuela," where oil revenues have led to crisis situations, a foreign diplomat here said.

"At best, Lopez Portillo can buy some time for his country, delaying the day of reckoning," a scholar said.

"He is facing little time bombs that will explode one day," said a local journalist.

The man on whom this burden falls was characterized by diplomats, politicians, scholars, businessmen, journalists and friends both in the United States and Mexico, as a fiercely nationalistic, complex intellectual who is short on charisma and who had little visible experience as a politician before he was selected—to be elected—to rule Mexico for six years with near-dictatorial powers.

He is also portrayed as a compassionate man. In his office at Los Pinos there is a stained, bullet-pierced old saddle. An aide said it belonged to the revolutionary peasant hero Emiliano Zapata.

The president once told a visitor to his office what the artifact meant to him.

"Zapata was shot and killed sitting on this saddle. What he fought for, to bring justice and a better life to the poor those are my goals also."

But there is more to Lopez Portillo. Documents available in Mexico City libraries feed speculation that it may be more than a coincidence that he became president at this point in Mexican history when oil is so important.

Jose Lopez Portillo is a six-foot, bushy-browed, 59-year-old, hyper-athletic, lawyer, author, former university professor and onetime bureaucrat who may be more shrewd than most Mexican and foreign observers are willing to give him credit for right now.

Besides practicing his archery, he jogs a mile every morning around the Los Pinos grounds, works out in a gym daily, likes to ride horses, is learning how to sail and recently gave-up karate—which he occasionally practiced with his son or a bodyguard. His literary endeavors have involved writing two highly lyrical, philosophical and mystic novels and a textbook, the "Genesis and General Theory of the State."

He is a movie buff, spending time Sunday afternoons watching both classic and current films in his residential projection room.

When he's in Mexico City he also builds time into his daily schedule to visit with his mother who lives with the president, his wife—a former concert pianist—and his three adult children, two daughters and a son, at Los Pinos.

Few expected Lopez Portillo would become president. As the time came to designate the next man to lead Mexico for six years, foreign political analysts did not consider him more than a "extremely remote" possibility. He had none of the qualifications generally considered vital to become president of Mexico.

He was not a politician in the American sense of the word. Although a member, he had not been active in Mexico's dominant and, for all practical purposes, only political party, the Institutional Revolutionary Party (PRI). He did not hold one of the cabinet posts that have traditionally produced presidents. In fact, he was Echeverria's secretary of the treasury when he became a candidate, a post that was considered to be a liability for any presidential aspirant because it required close contact and, to some extent, friendship with American businessmen and government officials.

Furthermore, Lopez Portillo, several years earlier, had been part of a group of federal administrators who had backed someone other than Echeverria when the last president was maneuvering behind the scenes to win the PRI nomination, according to Mexican political insiders.

JUST how Jose Lopez Portillo became president, or how any Mexican president has been picked, is strictly a matter of speculation. The selection process is shrouded in mystery. Even the vocabulary reflects the secrecy.

Tapado, or "hidden one," is what Mexicans call a PRI presidential candidate when his identity is revealed. The noun comes from the verb "to cover up or to conceal." Once the PRI's candidate is announced, the election is a mere formality.

Political scientists, diplomats and Mexican politicians offer similar theories about how a person becomes president in Mexico.

The most generally voiced belief is that the incumbent president makes the selection alone. A related theory

holds that an informal committee of all past presidents and the incumbent president makes the selection.

Still another possibility is that the sitting president, after consulting with various factions within the PRI, including labor and agricultural interests, makes the decision. All seem to agree that the incumbent has a veto over any choice.

Most likely, all of these methods have been used at one time or another though none fully explains how Lopez Portillo—described by one key aide as a "political virgin when selected,"—became president.

It is popularly believed here that former President Echeverria picked Lopez Portillo in an effort to remain in control of government through a surrogate who he thought would be a weak, inexperienced leader.

But there are other possibilities as well. The choice of Lopez Portillo may have been little more than good old-fashioned political cronyism. Echeverria and Lopez Portillo had been friends since high school, and both had won scholarships and studied together at the University of Santiago in Chile in the early 1940s.

Or it could have been a deliberate decision to pick a man who may know more about oil and Mexican oil reserves than most government officials here, though the argument for this theory, like the others, is strictly speculative and based on circumstantial information rather than hard facts.

JOSE Lopez Portillo is the son of one of Mexico's foremost authorities on oil, a little known and curious fact that even now aides to the president attempt to minimize as "unimportant."

The president's late father, Jose Lopez Portillo y Weber, a military engineer who worked both as a bureaucrat and in the government-owned petroleum company, is the author of several books detailing historical and technological aspects of Mexico's petroleum industry.

Records available in Mexico City libraries show that the president's father helped write early versions of the country's petroleum laws and, perhaps more significantly, was a key official in charge of inventorying the assets of international oil companies in 1938, when Mexico expropriated the oil industry and created a state-owned monopoly. Among the information possibly available to Lopez Portillo y Weber was data on potential but unproven oil reserves.

"The international oil companies, at the time of expropriation, knew about large quantities of oil they never reported publicly," a former oil company accountant said in a recent interview.

In addition to any knowledge about oil and oil potential he may have picked up from his father, Lopez Portillo both worked in and served as undersecretary of the Mexican national resources agency. In fact, he was the No. 2 man in the department in 1972, about the time technicians were documenting, but not publicly reporting, vast quantities of oil in Mexico.

Whether by design or coincidence, oil has been and is again important in the life of Lopez Portillo.

Though a political neophyte, Lopez Portillo was not unfamiliar with the workings of government, politics or the presidency.

His grandfather, a noted Mexican historian, was active in both government and politics and once served as governor of one of Mexico's western states.

And Lopez Portillo spent five years between 1965 and 1970 working in the Ministry of the Presidency and served

as legal adviser to former President Gustavo Diaz Ordaz. He was also a professor of political and social science at the National Autonomous University of Mexico.

With this background it should come as no surprise to Lopez Portillo that there is a widely held belief in this country that he will leave the presidency Nov. 30, 1982, considerably richer than when he was presented with the green, white and red sash of office at his 1976 inaugural.

"It is an accepted fact here that Mexican presidents get rich in office," a university professor here said. "But that does not mean that they are all dishonest."

Some scholars, diplomats and politicians here generally believe that there is a secret contingency fund made available to each man who becomes president. This fund, which, like the CIA budget in the United States, does not appear specifically in any government document, is for the personal use of the president. From it he is free to make

investments that will provide him with an income after he leaves the presidency so that he need not work again and, so the theory goes, will keep out of national politics for the remainder of his life except, perhaps, for any role he may play in naming future presidents.

Although the existence of the fund cannot be documented, it is frequently discussed by persons who claim to have an intimate knowledge of Mexican government. A cynic might conclude, however, that it is just a convenient way to explain why virtually all Mexican presidents in recent history have left public office better off financially than when they began.

Another explanation for this might be that presidents here are the recipients of sizable quantities of valuable gifts. One recent president, so the story goes, owned 68 luxury automobiles when he left office, every one of them a gift.

Lopez Portillo has also been offered and, in many cases, accepted gifts since he has been president. But unlike some of those who have held the office before him, he is apparently selective. Aides say that he examines "the value of the gift and the intentions behind it," before accepting, or rejecting, presents. They say he has a warehouse for storing presents.

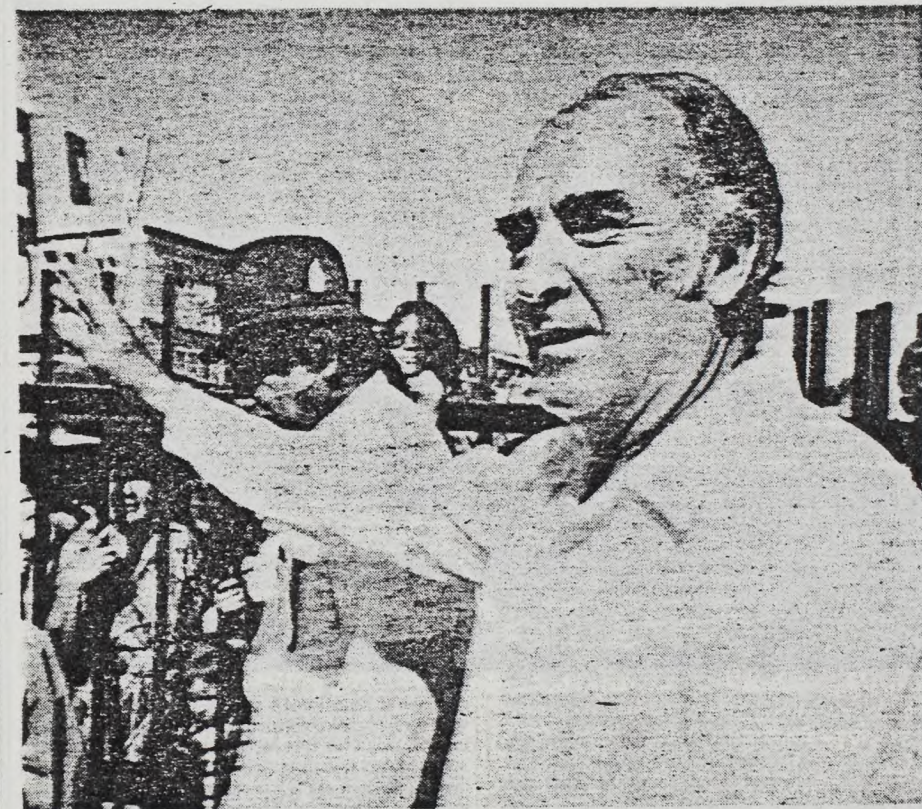
"Leaving the presidency a rich man in Mexico is as nat-

ural as breathing," said one of the country's leading political scientists. "After you leave the presidency you will be under attack for years, and in Mexico money is power."

Lopez Portillo has a good public image. When he headed the Federal Electricity Commission he reduced his salary and since becoming president, he has waged one of the most aggressive campaigns against bureaucratic corruption ever in Mexican history.

Though minimal, there have been results, which in itself is unusual in Mexico. A small number of former government officials—many from the previous administration and including some at the cabinet level—have been investigated for corruption or actually charged, tried and convicted.

"Not being able to significantly reduce corruption in the Mexican government could be one of his greatest frustrations as president," the aide said. "And so far his efforts are falling short of the mark," he added.



Relative little was known about the Mexican president in the United States until his meeting, here in Mexico City, with President Carter. It was at that meeting that Lopez Portillo gave the American President a good public tongue-lashing, much to the delight of the Mexicans.

"Among permanent, not casual, neighbors, surprise moves and sudden deceit or abuse are poisonous fruits that sooner or later have a reverse effect," he declared before the American President. "Consequently, we must take a long-range view of ourselves. No injustice can prevail without affronting decency and dignity."

The remarks referred both generally to the way the United States has always regarded Mexico in business dealings and specifically to one of a series of diplomatic faux pas that have marred Mexican-American relations during the Carter Administration.

To many, Lopez Portillo's rebuke to Carter early in 1979 appeared to smack of anti-Americanism. If not entirely enamored of the United States, Lopez Portillo was considered staunchly pro-American when he took office. Outwardly, at least, that seems to have changed just as almost three years in office have made him more mature as a president and more sophisticated as a politician.

What angered the Mexicans was a decision by U.S. Secretary of Energy James R. Schlesinger to block a plan by

American corporate purchasers of Mexican natural gas. The deal was nixed because Mexico was planning to charge 45 cents more per 1,000 cubic feet than American companies were paying Canada for its natural gas. According to American banking sources, Schlesinger canceled the deal after the Mexicans believed there was a firm agreement and had invested heavily in a pipeline to deliver the gas to the border.

"The Mexicans felt they were ignored by (former Secretary of State Henry A.) Kissinger, but they were terribly offended by Schlesinger," said an international banking source with close ties to the Mexican government.

A variety of other gaffes, which foreign diplomats and Americans familiar with Mexican-American relations attribute to ineptitude early in the Carter Administration, have also strained the relationship with Lopez Portillo's government.

Being close to the Americans is not a political asset in Mexico. In fact today, aides to Lopez Portillo claim he can neither speak nor understand much English although close friends say he is fluent in the language. He has been so successful in hiding his linguistic skills that top diplomats in one European embassy here were unaware that he spoke any language besides Spanish.

He also emphasized his distance from the United States by waiting for President Carter to walk to him when the President arrived in Mexico rather than walking up to greet the American. "This was a very subtle gesture that delighted Mexicans when they saw it," a Mexican businessman said.

Carter and the Mexican president are scheduled to meet again in September in the United States as equals, though Lopez Portillo holds an office that is very different from the American presidency.

THE Mexican presidency resembles a monarchy or even a relatively benevolent dictatorship renewable, with a new leader, every six years. In fact political cartoonists label pictures depicting the presidency "el rey" — (the king).

A Mexican president is all-powerful, "imperial," the head of a highly centralized government. His authority is virtually never challenged by the courts, the national legislative body, the electorate, or the press, which, while ostensibly free, has a variety of subtle controls imposed upon it.

"The system can react very brutally to open critics," said a Mexico City journalist who, like virtually every Mexican interviewed, agreed to talk to American reporters with the understanding he not be identified.

Even the trappings of his office suggest that he is regarded like a monarch.

When he arrives at the National Palace here, trumpets, shined to sparkle like gold by their military masters, blast a brass salute.

In the countryside, farmers take off their yellow straw hats and wave them in the air when he passes on the road or appears before them at an assembly.

Schoolchildren in villages and state capitals, dressed in smart white shirts and blue skirts or pants, yell "Jose Lopez Portillo, Jose Lopez Portillo! Rah! Rah! Rah!" If someone else were president they would just substitute a different name. It is the office that counts here, not the man.

"The man serving as president is only a symbol of authority and power," an aide to Lopez Portillo explained. Newspapers never dare to criticize him personally.

"If he were walking down the street without any clothes on, nobody would tell him for fear of offending him" said a journalist at one of the city's most respected newspapers.

In fact, the government has a tight hold on the Mexican press. All newsprint is controlled, distributed and subsidized by the government and virtually all of the country's newspapers, including the 20 published daily in Mexico City, depend on government advertising to remain solvent. Papers generally carry verbatim press releases from government agencies and rarely conduct investigations of government operations.

So complete is the government's control that the one opposition newspaper in Mexico City, and one of the most respected in terms of quality, was created with government help last year.

The president is free from most other forms of public criticism too. "If a guy said in Mexico the kind of things Johnny Carson says about Carter in your country, he would go to jail," a longtime Mexican politician said.

And a diplomat observed that about the strongest direct

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criticism made of a president is that "he's badly informed."

"Anything the president does is legal," a journalist said. "The president decides, acts, orders and he is obeyed," a newspaper editor said.

Fortunately for those who must listen, Lopez Portillo is a lyrical, sometimes almost poetic, speaker, but he is not wordy. He rarely speaks for more than 10 minutes and can often spend an entire day touring the countryside being seen but not heard.

"He says what he has to say in a very precise manner," an aide said.

Similarly Lopez Portillo has little patience for people who do not come right to the point when talking with him, which may be why he has a reputation for being sharp-tongued and even combative in conversations.

He is also known for a quick temper, an informal style when dealing with people and a sense of humor.

On a recent trip to China his guide at the Great Wall recommended that the Mexican president not walk any

couraging results. That is no small accomplishment in a country where so many men take such pride in their *macho* image, measuring their manliness in terms of the number of children they produce.

More importantly, in the view of international bankers and economists, he has charted a oil policy which calls for petroleum sales based on Mexico's economy and not on the energy needs of consuming countries.

"He doesn't want to become another Iran," said an international banker. "What he's doing is exactly right for Mexico in this period of its history. His problem is to solve Mexico's problems," the banker added.

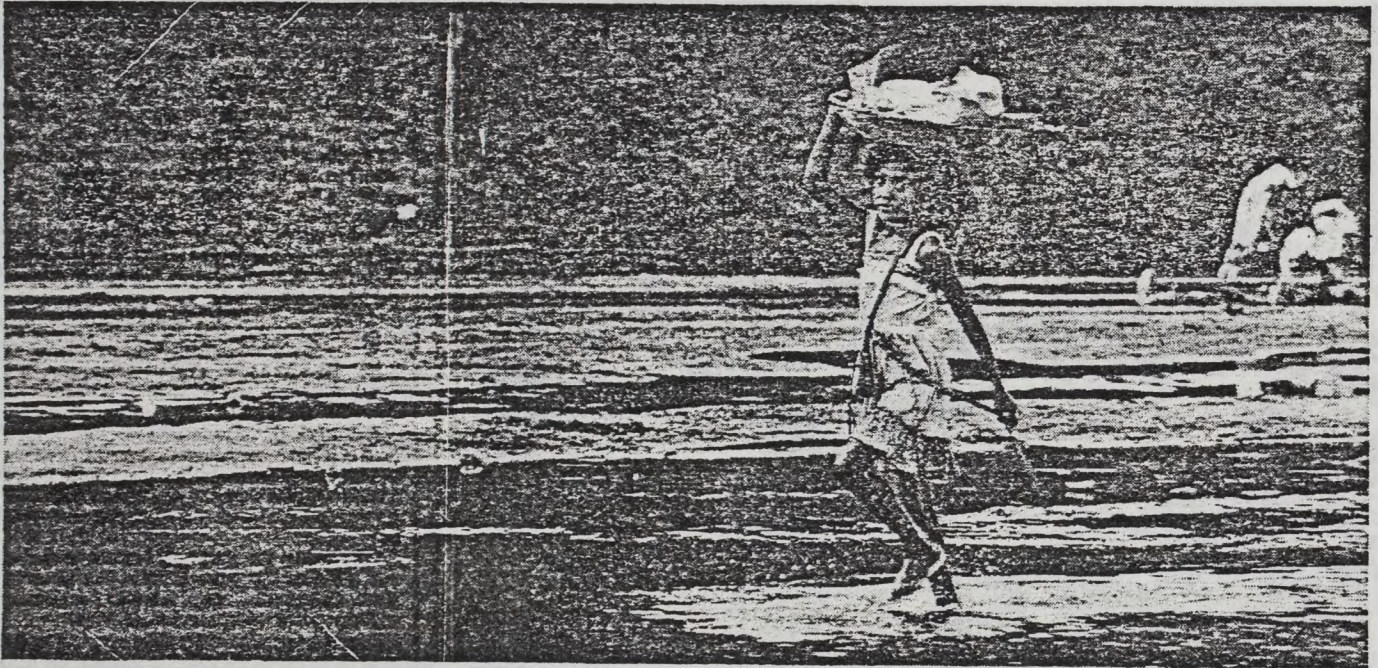
It is, however, too early to measure success. International bankers note that economic expansion is beginning to accelerate now; there are signs that the economy is on the brink of overheating. The 1976 inflation rate of 33% was cut to 16.2% last year but this year it may soar back to about 20% according to economists.

"We intend to use oil income for rational development which will avoid converting our country into an exporter of capital."

A more immediate, but not often discussed, problem faced by the president when he took office was festering political discontent.

If this president is remembered in history it may be not only for being a planner but also for being a reformer. For the first time in recent Mexican political history, minority political parties, including the Communists, were allowed this year to field candidates in an election for the national House of Deputies. Opposition parties, both right and left, are running not only with the government's blessings but with financial help from the government.

The reform law encouraging and providing for subsidies for opposition parties poses no threat to the dominant, ruling PRI. As it is written, opposition candidates will win a



farther. "Then let's run," he said, flashing his infectious smile.

He tells people, "Call me Pepe," the familiar nickname for someone named Jose. And when he travels around the countryside, he addresses his constituents in familiar, rather than formal, Spanish.

When journalists ask questions he doesn't like, he refuses to answer them.

When the green, white and red sash of office was placed around the tall, suave, balding former university professor, formally making him president of Mexico until Nov. 20, 1982, he inherited the leadership of a country on the brink of chaos.

"In the last two years of Echeverria's administration, Mexico was riven: There was runaway inflation, a staggering outflow of currency," said a Western diplomat who was there. "When Lopez Portillo entered there was a thunderous ovation." At past inaugurations attended by the now retired diplomat, the greetings for the old and the new had been comparable, a sign of respect for both the past president and for the new president.

Lopez Portillo moved quickly to try to stabilize and restore confidence in the economy, to cut inflation and to encourage both domestic and foreign investment. During his first two years in office he cut the national budget, curtailing inflationary deficit spending, persuaded unions to hold the line on wages, attempted to streamline the burdensome Mexican bureaucracy, and gave his blessing to political reforms designed to "open the steam valve" and reduce tensions and frustrations that might erupt in political street violence.

His administration has carried out an extensive program aimed at reducing the birthrate and has lately claimed en-

ough the country is making any progress in improving education, the results will not appear for several years.

There is a consensus, even among some of the president's aides, that agrarian problems, land distribution, increased productivity are not being handled either efficiently enough or rapidly enough.

And there are questions about whether oil revenues, even if properly managed, can produce enough jobs to handle the country's chronic underemployment problems. Mexico is growing so fast that between 700,000 and 800,000 new jobs must be created every year and the economy is producing only about a third to a half of them. By some estimates nearly half of the national work force of 18 million is underemployed or unemployed.

LOPEZ Portillo believes that it will take until "the end of this century" to "solve the structural problem of unemployment."

But the planning to deal with this problem and others has already begun, and this is one way Lopez Portillo has distinguished himself from previous presidents. Traditionally Mexican presidents have planned only for the span of their six-year terms. This president is making plans which, to some extent, will bind future presidents.

Lopez Portillo has pledged to segregate anticipated oil revenues in a National Employment Fund or National Development Fund. This money would be used, he said, "as a system for financing development, through projects that create jobs in order to begin to attack the basic problem of this country, unemployment."

"Mexico has no intention of becoming a typical oil country which imports resources and exports capital," he said.

minimum of 100 of the 400 seats in the House of Deputies with the remaining ones almost certain to be controlled by the PRI. And even then opposition political organizations will be gaining little more than a soapbox from which to air their views since the House of Deputies is only a rubber stamp for decisions by the president and his cabinet. In fact, there has not been a significant presidential veto of legislation in about 30 years here, a sure indication that the legislative arm of the Mexican government, like the rest of Mexico, does little to offend the president or the presidency.

"Still it is valid," one of Mexico's elder statesmen said. "It gives the opposition a chance at the ballot box and shows them they do not need guns."

A more cynical view was expressed by a political observer here.

"It opens the steam valve and lets the pressure out, but there is a good chance pressure will build up again because of frustrations."

The problems are great and the tasks, for this and any Mexican president, herculean. Lopez Portillo, who is not known for being modest among his friends, says publicly that he cannot guide Mexico alone despite his enormous power as president.

"My job is to point the way, but everyone will have to help," he has said. "Let us never forget that our parents live here, we are here and our children will live here. A few of the rich who export capital, and a few of the poor who export labor, may leave, but the rest of us are staying and we can make our country a hell or a land where life is good."

By Lee Dye

What Mexicans think— The Times Poll: their trust is in themselves

THE residents of Mexico City are acutely aware of the growing respect their country commands in the international arena, but their street-wise cynicism about Mexican politics and corruption leaves them uncertain over whether that will lead to a better life, according to the Times Poll.

There are no illusions among Mexicans about why their country's international stature is on the rise. The poll indicates that if there is one thing that nearly all Mexicans understand today it is that their country has oil—probably huge quantities of it.

But the people are convinced the oil will bring more money to the rich and little to the poor. And, perhaps reflecting the profound national problems and the extreme emotionalism that cloud almost any discussion of petroleum in Mexico today, they are deeply divided over whether they want to sell their oil to foreign countries.

The Times Poll interviewed 1,002 adults face to face during the month of May. The sample represents a balanced spectrum of life, based on age, sex, socioeconomic level and education. Theoretically, it can be said with 95% certainty that the results differ by no more than plus or minus three percentage points in either direction from what would have been obtained by interviewing every adult in the area.

Among the poll's chief findings:

—About 88% said they believe "other countries think that Mexico is more important as a country these days than it was three or four years ago."

—When shown a list of natural resources—oil, coal, copper, uranium, gold and tin—99% picked oil as the resource of which Mexico has "ample reserves."

—Reflecting widespread recognition of Mexico's notoriety as a land of corrupt public officials, 90% said, "If you really want something from the government you can almost always get it with a bribe."

—About 67% said they believe Mexico will achieve "the prosperity it deserves" if the country continues with "the systems and programs of the present government."

—Questions about the United States brought out some of the most ambivalent feelings. While 75% of the people gave the United States a "very" or "somewhat" favorable rating, an equal percentage said the United States wants to "dominate and exploit" Mexico rather than "be a good neighbor." A whopping 81% said they believe the United States has more influence over Mexico than it should, but the United States led the list of most trusted countries, outranking second-placed Cuba by more than 3 to 1.

—When asked to list those who will have the greatest influence over the future of Mexico, the people picked themselves—the Mexican people—more often than they did any other group, institution, organization or individual.

It is probably no accident that among the unemployed people interviewed for the poll, every one of them knew about the oil.

Oil is more than a natural resource in Mexico. When the country's oil fields were nationalized in 1938 and a bold president booted out the foreign oil companies, *petroleo* became the focal point of intense nationalistic pride.

A government-owned oil monopoly—Pemex—replaced the foreign oil companies, and today Mexicans see the company looming very large on their horizon. Pemex ranked second on the poll's list of institutions that will influence Mexico's future the most. It lost top billing by a

one percentage point—23% to 22%—to "the Mexican people."

But that venerated institution has a dent in its armor. About 55% said they believe Pemex "is more interested in politics than in efficient operations," contrasted with 41% who believe Pemex "is an honest and efficient oil company."

Regardless of the people's concern over Pemex's integrity, oil has given them the worldwide attention that few Mexicans ever thought would come their way.

But for Mexico's workers, a full-time job would mean more than international prestige. Oil sales could finance new projects that would provide new jobs, but that would mean selling a national resource to foreign countries, and that runs counter to nationalistic concerns over depletion of the reserves. That dilemma has led to a significant difference of opinion among Mexicans over what to do with their oil.

When asked, "Do you think Mexico should sell its oil to foreign countries?" 56% of those interviewed said yes and 43% said no. The percentage of yes votes rose with income and education to a high of 73% among those with a high school education or better.

Later in the interviews, when asked to pick between two statements, only 12% agreed that Mexico "should export now all the oil we can, to take advantage of the present prices and to have maximum income for the country." About 88% agreed instead with the statement: "We should be careful not to sell too much oil at this moment so that we won't use up the reserves."

While the two paragraphs above seem contradictory, the first is concerned only with the export of oil, the second with the pace of development of the oil fields. Officials in Mexico have emphasized that development must be held down to minimize inflation, and they seem to be getting their message through to the people.

The extent of Mexico's oil reserves is still debatable because there has been little exploration in some of the areas that look geologically promising. The poll leaves little doubt, however, that the people of Mexico believe that their reserves are quite extensive. About 74% of those interviewed believe that Mexico has more oil than Venezuela, and 83% believe that Mexico has more than the United States—possibly reflecting more of an awareness of U.S. interest in Mexican oil than actual knowledge of U.S. resources.

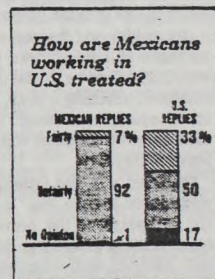
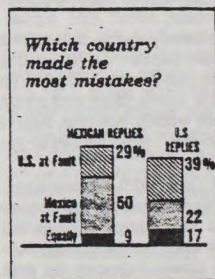
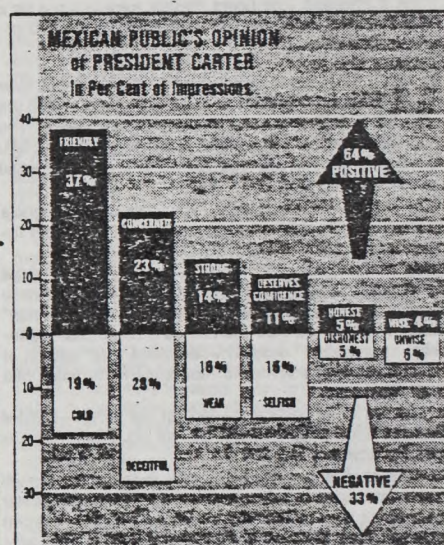
MEXICAN officials have said their hydrocarbon reserves could total 200 billion barrels, and that could rival those of Saudi Arabia, but most Mexicans don't believe that. Only 29% said Mexico has more oil than Saudi Arabia—the current world leader—while 44% said Mexico has less oil than Saudi Arabia.

All of this would seem to indicate some justification for soaring expectations on the part of the Mexican people, but the poll shows that most are skeptical at best.

About 82% said the money from the oil will "stay in the hands of the rich" contrasted with only 13% who believe that the "money will be used to help the poor people of Mexico."

The cynicism dropped only slightly with with education. Among those with a high school education or better, 74% believe the money will go to the rich. That figure rose to 86%—the highest for any group—among all women.

One reason for the skepticism is revealed in attitudes to-



Charts by Bob Allen

ward corruption. *Mordida*—bribery—is so common in the country that almost anyone who has done business in Mexico can spin off a few yarns about whom he had to bribe to get the permits to do whatever he wanted to do.

The poll shows that few Mexicans would argue with that. About 90% agreed with the statement: "If you really want something from the government you can almost always get it with a bribe." Only 9% said, "It's hard to get someone in the government to accept money from you."

Mexicans also perceive a general pattern of lawbreaking among their government officials that goes beyond bribery. Participants were asked to pick between two statements: "Government officials generally try to obey the laws," and "Government officials do whatever they want to do without having to worry about the laws."

Only 21% said they believe that officials "generally try to obey the laws." An overwhelming majority of 77% believed that they do not.

Most of those interviewed see a personal impact from that level of corruption, although only 7% identified corruption as their nation's most important problem.

About 60% agreed with the statement: "It doesn't mat-

ter how much effort you make, the people of Mexico who don't have pull can never get ahead very far." That attitude dropped only five percentage points among the better educated.

Only 38% said, "The success of a man in life is limited only by his ability and his enthusiasm for work."

This kind of consensus would seem to undercut confidence in government; to the point of paralysis, but the poll reveals some interesting divisions.

Most of those interviewed (71%) said, "Our elections here don't matter, because the politicians decide who wins." That rose to 79% among the better educated.

Only 27% said, "Our elections are free and any candidate can win."

If the people believe that "the politicians decide who wins," it would not be unreasonable to expect enormous resentment against elected officials, including the president.

Yet if President Jose Lopez Portillo were to stand for a "free" election today, the poll indicated that he could expect considerable support.

WHEN Lopez Portillo was sworn in, he took over a country that many scholars believe was on the brink of disaster, perhaps even rebellion. The peso had devalued, and inflation was eating what was left. Conditions were so bad that the job of president seemed too great for any mortal.

In The Times Poll, however, 58% gave Lopez Portillo a "somewhat favorable" rating and 22% found him "very favorable" and only 6% found him "very unfavorable."

By contrast, his predecessor, Luis Echeverria, whose policies many Mexicans believe nearly brought Mexico to its knees, received a resounding 45% "very unfavorable" rating in the poll. Another 23% found him "somewhat unfavorable." Only 25% described their opinion of him as "somewhat favorable" and a mere 4% found him "very favorable."

So even if the politicians—and not the people—decided Lopez Portillo was the man for the job, most Mexicans seem to agree.

Their confidence in Lopez Portillo is reflected—though not too strongly—in other ways as well. About 42% of the people said their situation is worse today than it was two or three years ago, contrasted with 32% who said it is better, but those figures were reversed when the people were asked to look into the future.

About 43% said they expect their "personal situation" to be better in two or three years contrasted with 38% who think it will be worse. Optimism rose enormously with education, reaching a peak, 61% among those with a high school education or better. More women, however, believe their personal situation will worsen (44%) instead of improve (35%).

Optimism was also reflected among 67% of those interviewed who believe that "if we continue with the systems and programs of the present government, Mexico will achieve the prosperity it deserves." But that bright outlook declined with education, almost balancing out with 51% yes and 47% no among the better educated.

Later in the interview, participants were asked whether Mexico would achieve progress "only with a total change and perhaps with violence." A majority of 77% chose an alternative statement and said Mexico could "achieve progress the way we're going now, maybe just pushing a little harder," but 22% said progress would come only with "total change and perhaps with violence."

The percentage of those opting for total change rose significantly in the lowest age group, 18-29. About 30%—roughly a third—in that age group said progress would come only "with total change and perhaps with violence."

This is significant in view of Mexico's high growth rate which is constantly raising the percentage of people in the lower age group.

Analysts contend that the attitudes the young reveal future trends, so the poll offers some evidence that Mexico will move more toward "total change and perhaps with violence" in the years ahead.

Furthermore, the people are evenly split over whether the present government will be able to do any better than its predecessors. About 49% said, "This government will be better than others in helping the people;" 50% said,

"This government will be the same as all others. It will talk a lot and achieve little."

There is no confusion among most Mexicans over which of their problems are the most important. Unemployment and inflation topped the list of "most important" problems. About 34% of the people named unemployment as their first choice; half as many picked inflation and a third as many picked "population explosion."

(Although the population explosion ranked no higher than third on the list, in another part of the poll, 87% said they believed that "Mexico should have fewer children so that there will be enough for all.")

About five out of every hundred picked "hunger," "too much dependence on the United States" or "public health" as the nation's most important problem. And 1%—undoubtedly those who have tried to drive in Mexico City—picked "traffic congestion."



Who do the people think is "most to blame" for Mexico's failure to achieve "the progress it deserves?"

Even though they gave high marks to Lopez Portillo, the people's choice for the most blame is "bad government."

About 35% put "bad government" at the top of their list, nearly doubling second-ranked "foreign exploitation" at 19%. "Corruption in the bureaucracy" was a close third at 17%.

Although they blame officialdom for most of their problems, Mexicans are surprisingly paternalistic in what they want out of their government.

Participants were asked to choose between two statements: "What I want most of all is to be left alone so that I can handle my life my own way," or, "I want those who

are in responsible positions to watch out for me, and to tell me what I must do so that there will be no upsets in life."

A majority of 55% said they want authorities to "watch out for me." Only 43% said they want to be left alone.

Perhaps one reason nearly half of the people want to be left alone is that the Mexican people see themselves as their country's greatest hope.

More participants (23%) put "the Mexican people" at the top of their list than anything else, but that was closely followed by Pemex (22%), Lopez Portillo (15%), PRI, the overwhelmingly dominant political party (11%) and government officials (9%). The United States, business leaders, political dissidents and the church all tied at 4% to 5%. Only 1% picked union leaders and only three out of 1,002 persons picked judges and the courts.

The people also trust themselves more than anyone else, with 29% of the participants picking "the Mexican people" to head their list of "institutions inspiring greatest trust." Runners-up were Lopez Portillo (19%), the church (14%) and Pemex (11%). The United States was near the bottom with 2%.

Nowhere, perhaps, is Mexican ambivalence more common than in opinions of the United States.

When asked to pick the foreign government they trusted the most, 39% picked the United States, eclipsing second-ranked Cuba with 12%. U.S. businessmen led a list of most trusted businessmen at 38%. Japan was second at 24% and West Germany third at 8%. And again, when asked which country's "people" they trusted the most, more participants (26%) picked the United States than any other country. Spain was second at 17%.

That trust is a little hard to reconcile with the fact that 75% of the participants said they believe that "the United States wants to dominate and exploit Mexico." Only 23% picked another option: "The United States wants to be a good neighbor."

THERE was a lopsided response to this question: "From what you know or have heard, do you think that Mexicans who work in the United States without official permission are treated fairly?"

A whopping 92% said they believe that the Mexicans are "not treated fairly."

Even more significant: 90% of the 270 poll participants who had traveled to the United States, and 92% of the 379 participants who have relatives in the United States said Mexicans are "not treated fairly."

A Times poll conducted in the United States at about the same time as the Mexico City poll reveals that many Americans also feel illegal aliens are treated unfairly in the States. Half of the 1,304 persons interviewed nationally said they think "Mexicans who work in the United States without official permission" are not treated fairly. About 33% said they thought the treatment was fair.

The illegal migration out of Mexico and into the United States is a considerable embarrassment to many Mexicans. A majority of 64% said they disapprove of "Mexicans working abroad in this fashion." About 35% said they approve.

Even among the unemployed—while the percentages were much closer—a majority of 53% said they disapprove.

Residents of Mexico City see the influx of Mexicans into the U.S. labor market as having little impact on unemployment north of the border. Three-fourths said it "does not cause unemployment" in the United States. About 22% said it causes unemployment, but of that percentage, only 6% believe it throws "many" Americans out of work; 7% said "some," 6% said a "few" and 2% said "almost none."

One question was asked in both the United States and the Mexico City polls—"In their dealings with each other, which country has made the most mistakes, Mexico or the United States?"

No matter which side of the border they lived on, far more participants blamed their own government than that of the other country.

In the U.S. poll, 39% blamed the U.S. government and only 22% blamed the Mexican government; 17% charged each country with equal blame, and 22% were either unsure or did not answer.

In the Mexico City poll, an even half—50%—blamed the government of Mexico, 29% blamed the United States, 9% blamed both equally, 12% either did not know or had no answer:

By Linda Grant

'Miracle' boom: millions are left behind

MEXICO'S ambitions for economic development would give pause to the most advanced countries and the most skillful economic strategists. Few countries have advanced at such a sturdy pace; on the other hand, few have left so many millions of people behind.

Which is the real Mexico? Is it a land of boundless opportunity that may, in a few decades, leap the wide chasm that separates the less-developed nations from the developed?

Or is it a land where millions will remain consigned to stupefying poverty, working subsistence farms by century-old methods or rotting in urban barrios?

Perhaps it is both. On one hand, Mexico—called a "shining star" by one of its young Harvard-trained economists—has set records for economic growth and political stability in the last 25 years that have created admiration around the world.

"Mexico's potential for growth is rivaled only by Brazil," declared one resident British economist. Observes Stanford University economist Clark W. Reynolds, "The dynamism and potential of Mexico are simply fantastic. You just move the rudder a little, and a lot happens."

Some facts tell part of the story:

—Mexico is the 19th-largest economy in the world, according to the World Bank, with a 1978 gross domestic product (GDP) of \$91 billion.

—The rate of real economic growth averaged 6% to 7% from the mid-1950s to the mid-1970s without fueling the ruinous inflation that has also plagued other Latin American countries. When that growth turned to deep recession with a 33% rate of inflation in 1977, some questioned whether the "Mexican miracle" might not be over. But last year the economy rebounded with a robust 6.6% rate whose buoyancy took even government planners aback. This year Mexico should grow more than 7%—though inflation is running at a worrisome 20% annual rate.

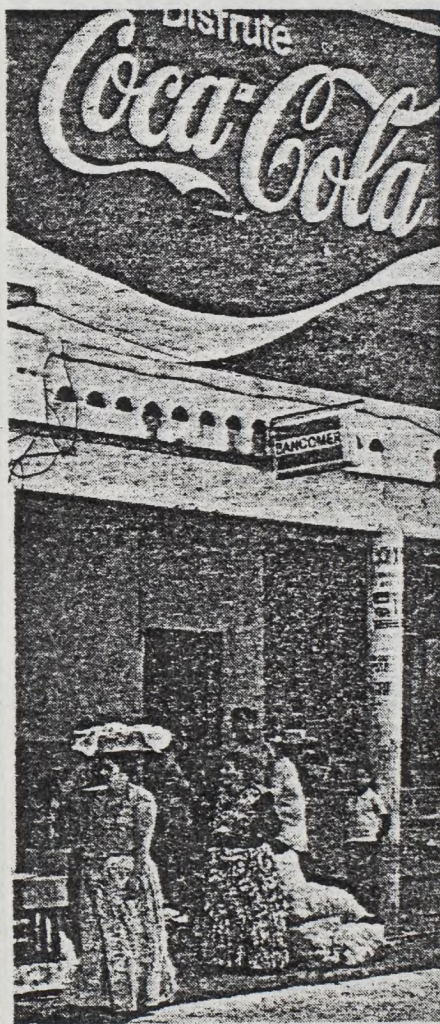
—The peso—after a sudden and traumatic devaluation in late 1976—has stabilized. This year the floating rate has varied only slightly, though there is concern that it could come under new pressure if inflation is not checked. Since the devaluation, Mexico's important tourist trade—driven away when prices climbed too high—has recovered.

—Mexico's private and public sectors currently owe \$30 billion to \$35 billion to international banks—one of the largest foreign debts of any country. The loans essentially reflect confidence in the country's long-term stability and past performance. "Mexico's track record for debt repayment is unparalleled," one U.S. banker says, beaming. Whether servicing that debt will eventually become an onerous burden depends mostly on how wisely Mexico manages the next round of growth based on oil riches.

—The economy, though still developing, is reasonably well balanced among the four major sectors: agriculture, manufacturing, mining and services. In addition, Mexico is rich in largely untapped natural resources such as copper and uranium, forests and fish. It will soon be self-sufficient in basics like steel, iron, fertilizer and petrochemicals.

—As the world is acutely aware, Mexico sits atop major reserves of oil and natural gas. While Mexicans are still debating just how fast to exploit those resources, oil clearly provides a tremendous asset for continued growth. No only does it protect Mexico from the assault of oil-import bills that have brought so many developing economies to a halt, but it also provides a predictable income base from which to plan.

These achievements, though impressive, have not been translated into a better life for most Mexicans. Income distribution is dismal: Surveys show that the top 10% of in-



come earners skim off a hefty 45% of Mexico's total income, while the lower 40% must scramble for a measly 10% slice of the pie. (In the United States the top 10% take about 28% of income, the lower 40% receive about 14%. Because the pie is so much larger, however, income at the bottom is significantly greater than the subsistence level in Mexico.)

That inequity is compounded by a prodigious birthrate that ensures that today's 67 million Mexicans will grow to at least 100 million by the year 2000—imposing a strain that would be nearly intolerable for any country; much less one in which close to a third of the people are undernourished, nearly half are unemployed or underemployed, in which millions of adults are still functional illiterates, and in which the majority are jammed cheek by jowl in a few major cities.

Observers question whether these two Mexicos—which over the last quarter of a century have emerged side by side—will succeed in becoming one. To do so, the country will have to keep up its solid advance.

Mexico is expected to do just that for the next few years. The Wharton Econometric Forecasting-DIEMEX group—which has an econometric model of the Mexican economy at the University of Pennsylvania's prestigious Wharton School of Finance—recently forecast that the GDP for the 1979-82 period should increase a vigorous 7.5% per year on average.

This growth, however, will be uneven. Most will come from the manufacturing sector, led by petroleum, autos, and construction. For the present, Mexico's abysmal performance in agriculture—where output lags behind the increase in population—is not expected to increase significantly.

Even with that potent economic performance, about 200,000 to 300,000 new entrants to the labor force will be unable to find work for many years to come, leaving emigration to the United States an essential safety valve. According to the Wharton-DIEMEX group, Mexico will increase employment only 3.6% during this 1979 boom year—barely enough to keep pace with the birthrate. The reason: The economy's strength comes primarily from the capital-intensive industrial sector.

Both the lowest and the highest levels of Mexican society recognize that keeping pace is not good enough, that unemployment is the nation's most explosive economic failure. The Times' public opinion poll in Mexico City shows that 34% of the people queried list unemployment as the country's No. 1 problem—before inflation, the population explosion, poverty and hunger. An overwhelming 71% list it as one of the three major dilemmas confronting Mexico (before inflation and pollution).

The government, recognizing that perception, is launching a massive campaign to create jobs. "Employment must not be a passive result of economic policies but a guiding objective in our development strategy," Mexico's secretary of finance, David Ibarra Munoz, recently told a gathering of bankers in Acapulco.

"The Mexican economy is recovering its dynamism and is in a position to deal with its most crucial social problem: the lack of permanent, productive and adequately remunerated employment."

Added Ibarra, "Providing employment to the unemployed and the underemployed is today the best means of resolving the great inequalities in distribution of income."

The private sector echoes the government. In an interview, Agustin F. Legorreta, president of Mexico's largest bank, Banco Nacional de Mexico, told The Times, "What a man needs is a job and a salary. You can only give him so many aspirins for a headache if the headache comes from hunger."

To that end, the Lopez Portillo administration is re-directing Mexico's economic development to utilize the country's vast human resources more fully.

The new approach is called "basic needs." Said Ibarra: "The present administration . . . has channeled the economy in the direction of far-reaching structural change, which signifies the beginning of a complete overhaul of our development plans and strategy. The country must concentrate on producing basic products for mass consumption."

"Basic needs" is a rejection of older development models that emphasize the building of capital-intensive heavy industries such as steel and petrochemicals rather than smaller, labor-intensive businesses such as textiles and shoemaking.

Los Angeles Times

It is also, in part, a rejection of the "import substitution" model that calls for high import barriers to protect fledgling industries from competition. Mexico's import substitution strategy has resulted in the establishment of businesses that manufacture consumer goods for a narrow, elite, urban market.

BECAUSE demand is limited, industries use their people, plants and equipment inefficiently. This has resulted in the manufacture of high-cost goods, few new jobs, and some ridiculous distortions.

"Mexico City has six TV channels in color, advertising goods that few people can afford to buy!" exclaimed Manuel Uribe, the Harvard-educated economist who heads the Labor Ministry's Minimum Wage Commission. "We created an industrial model that makes a lot of products not demanded by the majority."

Because the domestic market is so narrow, companies cannot grow into their full capacity. They also cannot export because their high costs make prices noncompetitive.

Today Mexico is turning to "export promotion" as a strategy to combat these economic inefficiencies. To stimulate competition, the government is slowly dismantling a system of import licenses and has initiated talks with the General Agreement on Tariffs and Trade, the international organization that regulates world trade. GATT membership will require a gradual lowering and eventual elimination of many high tariffs.

The basic-needs approach rejects the inefficiently manufactured, expensive domestic products, and stresses the importance of investing in medium-sized, labor-intensive businesses that make simple goods most people need, such as inexpensive clothing, shoes and processed food.

"Should we produce 1,000 shirts at \$20 each or several thousand \$5 and \$10 shirts in three factory shifts that employ a lot of people?" Uribe asks rhetorically. "The jobs will give people income to buy shirts, which will lead to development through goods the wage earner buys."

"Basic needs will be implemented by offering investment tax credits to businessmen willing to establish a medium-size business, and tax credits for each new employee hired or new shift added.

While "basic needs" is the philosophical underpinning of the government's drive to pull the two Mexicos together, oil revenues will pay for the effort of transforming the dream into reality. "What oil means to Mexico, one observer said, "is that a steady, reliable source of income will finally be available to invest in development."

However, great nationalistic fervor surrounds Mexican oil, and much of the population objects to its export. The Times Poll shows that a slim 56% majority of respondents favor exporting oil, and a sizable 43% are opposed.

The government—under pressure, therefore, to use oil-export revenue to make a lasting and real contribution to the country once the petroleum reserves are depleted—has developed a metaphor: It will "sow the petroleum."

As the image suggests, the government plans to use foreign exchange "to develop the economy, in President Jose Lopez Portillo's words," not distort it.

With oil money to underwrite its goals, the government must now draw up a blueprint for action that establishes priorities and specifics. To that end, the administration is currently attempting to pull together a "global plan"—a series of documents to be unveiled before the end of this year that will outline the major directions in which the government will point the economy.

Elements of the plan include a scheme to encourage growth of industrial cities along Mexico's two coastlines in an attempt to relieve the congestion in overcrowded cities; a national industrial development plan; an agriculture plan, and an employment plan.

"Central planning does not come easily to Mexico," one U.S. economist in Mexico City said. "This is a market economy, not a socialist state." For this reason, the government jawbones and uses its leverage as an investor and as the owner of big public companies such as utilities and the national oil company to pursue high-priority goals.

To implement its wishes, the government uses tax incentives, subsidy, and investment as the carrot and stick to prod the private sector in desired directions. For example, Mexico is currently pushing development of tourism to capitalize on its scenic countryside and coastline. By building roads, subsidizing utilities and energy, making low-cost loans and offering tax credits on new investment, it has made tourism an attractive proposition for private companies.

Only one section of the global plan has appeared to date, a National Industrial Development Plan published last

March, which outlines government objectives for industry. Simultaneously, the Treasury Department issued "decrees" that put into effect a number of tax credits to lure investment. The decrees are the first of a flood to come, as various plans unfold. Normally such incentives are prohibitively expensive, since they result in a significant decline in tax revenue. But oil-export earnings permit Mexico to forgo tax income in order to plan the seeds for development.

"Through the new tax credits for offsetting industrial plant investment, new job creation and machinery-equipment acquisitions, the Mexican government is trying to promote more balanced national growth rather than an economy too heavily dependent on oil," wrote the American Chamber of Commerce in Mexico in an analysis of the plan.

To win companies away from big cities already groaning under the burden of servicing millions of migrants from the countryside, the government is offering a five-year investment tax credit. The amount is equal to 20% of the costs of construction and fixed assets on a new investment made in one of the port cities the government has designated as an "industrial priority area."

To encourage more jobs, the government is dangling a "new employment creation" tax credit before employers equal to 20% of the annual minimum wage of each new employee.

"You'll find skeptics about the plan, and it certainly has some limitations," an economist said. "But it is an important attempt to see what is happening to industry and to get a grip on it. There's no doubt that this is the most complete and well based plan the Mexicans have ever done."

The incentives that accompany the National Industrial Development Plan are tilted toward increasing employment, promoting small industry, developing capital goods (as opposed to consumer goods), increasing plant utilization and luring business to four smaller cities located along Mexico's coastlines. (They are Tampico, Coatzacoacoas, Salina Cruz and Lázaro Cardenas).

Will the incentives work? Felipe Ortiz Monasterio, manager of investment banking for Mexico's fourth-largest bank, Multibanco Comeremex, said. "I see severe structural problems with implementing the plan, such as bottlenecks in the ports, a shortage of skilled labor, and the lack of infrastructure in the new areas."

Nonetheless Ortiz's customers are lining up to ask the bank's view on whether opportunities are available to them, and whether their companies could benefit from taking advantage of the incentives.

Most businessmen share Ortiz's concern about the lack of infrastructure, especially in the port cities tagged for growth. "The cities must have utilities, transportation, housing, schools, hospitals, recreation facilities," one banker said, "or people won't move there."

Yet these bottlenecks do not represent impossible hurdles to development. Andres Marcelo Sada, chairman of the big Monterrey petrochemical company Cydsa points out, "Investment will take care of the problem."

Indeed, Mexico needs to spend millions to upgrade its heavily burdened railway system; enlarge congested ports, build more and bigger highways; create services for city dwellers; and boost training for unskilled workers. But that solution is not beyond the country's grasp.

Most businessmen and independent analysts say it will be years before a judgment of the industrial plan's effectiveness can be made. But nearly all applaud its thoroughness and point out that it is the first ever to lay out goals beyond the current presidential term. By outlining objectives to 1990, the plan is notable for its attempt to bring continuity to economic planning beyond politics.

IN contrast to the well-thought-out industrial blueprint is the agriculture plan. While it has not yet been published, observers in Mexico are already expressing cynicism about its adequacy.

Because strong emotion and nationalistic fervor surround the issue of land reform—the driving force behind the revolution—successive governments have proved incapable of coming to grips with Mexico's dismal agricultural performance.

Though the country initially benefited from turning over parcels of land to *campesinos*—after all, idle land was suddenly put to use—these gains gradually diminished as a rapidly growing population outstripped productivity increases. Over the last 10 years, growth has ground to a halt, because small, inefficient plots are no longer adequate to feed Mexico. Still, politicians are nervous about challenging so basic a tenet of the revolution.

"Mexico's agriculture is the messiest situation I know," declared British economist Paul LaMartine Yates, former

head of the U.N. Food and Agriculture Organization, now a consultant to the central bank, Banco de Mexico.

"Agricultural reform was one of the main achievements of the revolution, and the revolution is sacred," Yates said. "But what was suitable 60 years ago is not good today. Land reform is a myth, but the Mexicans don't know how to modify it without scrapping it."

Basically Mexico has too many people on too little arable land. Where the soil is fertile and water plentiful, it is too often tilled ineffectively. The result: According to government statistics, Mexico is importing more and more food—5 million tons during 1979.

Some agricultural economists do not find that a particularly nettlesome problem. "Mexico should export costlier products such as winter tomatoes and frozen strawberries," said Kenneth Shwedel, an agricultural economist with Banco Nacional de Mexico, "and import cheap wheat and corn from the United States."

Shwedel argues such a policy would lead to both a well-fed population and a sound balance-of-payments position. But Mexicans balk at the notion that they may not be self-sufficient in food, and Shwedel's theories have created a lot of opposition in Mexico City.

Another important element in the global plan will be the National Employment Plan, aimed at vastly increasing the number of jobs. At present the Labor Ministry is involved in a comprehensive analysis of the direction and design of all government economic policies to see whether they discourage or encourage employment.

"This is important," said Manuel Uribe, the economist who heads the project, "in the sense that employment has to date been the end result of all economic policies. It is usually something that just happens. But you can promote action to develop employment."

Though the details are still being hammered out, the government is projecting a 5% to 6% annual growth in employment over the next decade. Most of the new jobs are targeted for the government and service sectors; virtually none will be created in agriculture. Industry is expected to grow at roughly the overall 5% to 6% rate.

THESE percentages are not high enough to stem a continuing wave of immigration to the United States. Not only do Mexicans leave in order to find jobs, they are also in search of higher salaries.

Minimum-wage rates vary by region throughout Mexico. Near the California border, urban workers theoretically can earn \$7.36 a day or \$51.52 a week (they are paid for seven days, though they work for six). Rural workers collect roughly \$43. In the poor, southern state of Oaxaca, those rates plunge to \$22.25 and \$20.65 respectively.

The government admits, however, that most employers don't honor minimum-wage laws. Because it is an employers' market, they get away with paying less. Thus the U.S. minimum wage of \$23.20 a day, or \$116 a week, is even higher than it appears—and is a great enough differential to continue luring a lot of migrants.

To remedy the problem Mexico is launched on a vigorous effort to transform petroleum revenue into a more hopeful life for its many millions. For the overall objective, there is really no precedent; Mexico is the "laboratory" of economic development. Few countries are blessed with so many opportunities, and few have achieved so much so far; few also face such awesome challenges, for Mexico's exploding population will place extraordinary burdens on the country in the next few decades.

If history is a guide, even skeptics must grant Mexico fair odds, for it has come a long way in a short time. The country's gross domestic product has increased sevenfold in the last 12 years, from about \$14 billion in 1967 to \$91 billion in 1978.

But not even massive oil income can eradicate the poverty, inequality and lack of social justice that are Mexico's heritage in 10 or 20 years. By the nature of things, economic problems simply are not solved that quickly.

Even so, Mexico will have to demonstrate some ability to close the gap between its haves and have-nots. "I believe the next 10 to 15 years are our last chance," said Victor Urquidí, president of Colegio de Mexico. "We must finally produce a significant change in income distribution."

If Mexico does not, Urquidí predicted, "social tensions will grow difficult. There will be invasions of property, insecurity in the cities, new political leaders."

Yet he is not without hope. "I have the optimistic feeling that the Mexican system is flexible enough to respond, that the ruling groups are sensitive to this need," he said. "They know it should and must be handled. As a result I am not pessimistic. I am not pessimistic that this can be achieved in Mexico."

By Patt Morrison
and Linda Grant

Tycoons and squatters share industrial city: a standoff that works



IN the high, hot city of Monterrey, ringed by serrated mountains, the best of Mexico's capitalists and the most successful of its communists are thriving within a few kilometers of each other.

For all their political differences, they have a lot in common.

The rich—a few families whose factories produce 25% of all the country's goods—have no respect for what they view as the lackadaisical playboys and government wastrels in distant Mexico City.

The communists—a student-led group that squatted on public land six years ago and set up a now-thriving community—disdain what they see as the dilettantism of urban coat-and-tie Communist Party members in the nation's capital. They consider themselves pure, theoretical communists, unhampered by party politics.

Both the communists and the rich strive to provide for their people.

For the wealthy Harvard and MIT-educated magnates, this means lavishing on loyal workers benefits unimaginable in most countries: subsidized housing, free clinics, discount groceries, even piano lessons.

For the squatters, whose student leaders mix Marxist dogma and populism, it means a grimy colony of cinder-block homes, supplied with water and electricity swiped from city utility lines, maintained by its own schools, small factories, transit system, clinic, jail and police, and buoyed by "freedom," one resident said, "and the desire not to be oppressed by a government—or by a boss."

The dualism of most Mexican cities—wealth and poverty—is all the more striking here. The 2 million residents of this city in the dusty highlands of northeast Mexico include the rich, industrial clans, and an estimated 300,000 *poseionarios*—squatters who have taken possession of vacant urban land after leaving their unproductive fields in the countryside.

Some of these *poseionarios* live in more than 50 government-organized settlements that cover the hillsides. A few live in the handful of communes, the communist-inspired doctrines of which are in sharp contrast to the prosperity of the industrialists.

They are starkly different success stories, these two—tales of power and tales of poverty. But successes they are, in spite and perhaps even a little because of each other.

In the morning—and it is fairly early in the morning, for this is a punctually efficient city—the people are leaving for work.

Those who work in the breweries, the glass factory or the steel mill leave their company-subsidized apartments, luxurious by working-class standards, and head for modern, briskly run factories.

These factories are owned by Mexico's Monterrey Group, a collection of corporations, many of them run by the descendants of Isaac and Francisco Garza Sada, Sephardic Jews who emigrated to Monterrey from Spain before 1900 and established the Cuauhtemoc Brewery.

Last year Monterrey's 14 largest companies churned out roughly \$4 billion worth of manufactured products such as steel, pipe, cigarettes, cement, beer, copper wire, crystal, trucks, buses, paperboard, containers, and a variety of foodstuffs. Aggressive, efficient, internationally minded, the companies accounted for more than half of all Mexico's

manufactured exports and about a third of total exports.

Monterrey industrialists wield power in Mexico quietly but effectively. Because they contribute a disproportionate amount of the nation's goods and are among the largest and most profitable private businesses in the country—the companies are essential to Mexico's economic strength. Since political stability rests in large part on Mexico's ability to keep the economy growing faster than the booming population, the Monterrey Group simply cannot be ignored by the government.

Shortly after President Jose Lopez Portillo took office two years ago in the midst of a deep recession, he journeyed to Monterrey to ask the industrialists for their help in restoring economic growth. He proposed an Alliance for Production between government and private industry. Today modern sculpture at the center of a traffic circle celebrates, not some distant political hero but this government-industry pact.

As the monument suggests, the valley of Monterrey is the center of the Mexican entrepreneurial spirit. "Monterrey is the heartbeat of our nation," one impassioned Mexican says. "The people are stingy, hardworking, and save their money," says another observer. "They are the Scots of Latin America."

Altogether the group, made up mostly of conglomerates, has invested about \$5 billion in plant and equipment.

Several of the largest corporations—Grupo Industrial Alfa, Fomento de Industria y Comercio (FIC), Valores Industriales (VISA), Cydsa, and Grupo Protexa—would rank on Fortune magazine's list of the 500 largest industrial corporations abroad if they were publicly owned. (Alfa was No. 403 last year.) Sales ranged last year from Alfa's \$866 million to Protexa's \$300 million. In total the 14 companies employ about 120,000 workers in Monterrey, and perhaps four to six times more with suppliers throughout Mexico.

Those who leave for work from the hillside communes are fewer, for many commune residents are unskilled laborers for whom work in this high-technology factory town is scarce. Some find jobs in lesser industries. Others sell ice cream on the streets. Some women work as maids, or prostitutes. Many do not find work at all.

The men from the communes are neither so well-dressed nor so well fed as the Alfa or VISA employees, but their 1-peso fare gets them to work aboard the red and black buses maintained by the communistic colony, the renegade colony, Tierra y Libertad (TyL), the "flagship" of several communist colonies here.

The men on the red and black buses know the difference; some colonists say they disdain the life styles of Alfa and VISA employees as a form of luxurious slavery to a "patron," or boss, and they resent the industrial wealth flourishing so close to urban poverty.

"Look," a barrio resident says, driving past a factory set next to a poor colony. "All that money in there, and these people don't even have drinking water."

Tierra y Libertad, "land and liberty." It was the rallying cry of agrarian revolutionary Emiliano Zapata 70 years ago. And it was the rallying cry in March, 1973, when several hundred leftist university students protested what they perceived as Monterrey's disregard for the plight of *poseionarios*.

Today Tierra y Libertad is the largest and most successful of the Marxist-based communes. With nearly 15,000

residents, it operates on the principles of "family, socialism, the work ethic and no free lunch—a very stern philosophy," says a capitalistic observer who admits a grudging admiration for the achievements of TyL.

Though the residents of the communist barrio and the residents of beautiful homes in the hills share a stern work ethic, they regard each other suspiciously.

Andrés Marcelo Sada, chairman of Monterrey's largest petrochemical company, Cydsa, and a member of the Garza Sada clan, says, "Tierra y Libertad is there, it's a problem, and the problem should be solved."

Sada adds, "I don't think communism is a solution, but ignoring the barrios isn't either. The only solution is development. People don't realize that for our own peace of mind and values, we businessmen want that development to come about. In the most pragmatic sense, we'd at least like to have the residents as consumers."

Sada's words do not suggest what some Monterrey observers say is true: that the two groups live uncomfortably, in a state of undeclared warfare. The Monterrey Group blacklists anyone affiliated with TyL from employment because the barrio is believed to have connections with a troublesome labor organization that has tried—so far unsuccessfully—to gain a foothold in the companies.

A private security force thoroughly checks the background of any potential employe and his family. If the man ever lived in TyL or its colonies, he must be "clean"—that is, he must have lived many months out of the barrio before he is eligible.

That security force also monitors current employes. Says one insider, "Jokes circulate in Monterrey that company spies check to make sure workers go to Mass on Sunday and do not drink a rival company's beer. There are those who say these are not really jokes."

The main reason for the security is that the industrialist leader, Eugenio Garza Sada, was kidnapped and murdered by leftist guerrillas in 1973, at the age of 81. Stunned, outraged, fearful, the group blamed weak law enforcement and moved promptly to protect their own. Today men with machine guns keep watch on the steps of the school at which the scions of the Garza Sada dynasty are educated.

The guards at Tierra y Libertad are less obvious.

FROM the moment one enters—no easy task, since invisible philosophical barriers and a more tangible mistrust of outsiders set it apart from the city—and is greeted by little old ladies who give the "power" handshake of comradeship, it is evident that this barrio is different from thousands of others.

"Now it's not pretty, the colony," warns a student and former resident. "Some people expect it to be, somehow."

The low cinder-block houses, most of them little larger than two parking spaces, are not pretty. But the more established colonists have grown gardens, put up fences, curtains, TV antennas and street numbers and painted the dull bricks white or bright pink or chalky blue.

The streets, grandly named for heroes or martyrs of "the struggle," are of rutted dirt, and there are scattered public rest-rooms. But there is plenty of electricity, all of it tapped without payment from city lines. "It belongs to the nation," one student nationalizes, "and we're the nation." The theft is officially ignored. It is generally believed that it would be "politically inexpedient" for the government to demand payment for the utilities.

What used to be the church is now the meeting hall, where the governing assembly meets weekly with residents and representatives of each of the colony's six "sectors" to chart its course.

Most leaders are former students—now professionals many of them—who formed the colony six years ago. Many still live here.

The colony they run, with mandatory participation from the residents, is an odd mixture of puritan and socialist values.

Alcohol and prostitution are prohibited within TyL. For violators, there is the colony's small jail.

Minor crimes—from fistfights to petty thefts—may be called to the attention of the colony's own 18-member "patrol" force, and punishment may be meted out by the assembly.

That may involve washing the schoolhouse windows, having one's hair shorn or, for bigger violations like public drunkenness or missing a meeting, having the electricity in one's home switched off for a week or so.

Only major crimes, like murder or drug possession, are referred by colonists to Monterrey city authorities.

To live here, the rules are strict. To get in, the rules are even stricter. A prospective resident must pass an interview by the assembly and—in a melodramatic bit of pure Maoist dogma—must endure an approximation of the hardships experienced by original settlers by living a fortnight in a gutted-out bus on a TyL street, to prove his mettle.

The bus is near the community's downtown, its industrial, educational and medical district. On a yellow-painted wall of the 15-machine clothing factory is the slogan, "All Power to the People." Inside, the workers sit under slow fans and make polyester leisure suits of rose and pale green. They are sold to middle-class shops in town.



The tortilla factory is nearby, and up the street, workers at the cinder-block factory set freshly made bricks out to dry in the sunny street. They sell to residents for about 12¢ each.

A small public library is open near the office of "Radio Tierra y Libertad," a public address system for announcing meetings.

On a hallowed corner of this main street, sitting high up on blocks, are the gutted remains of a jeep, captured from government forces during the colonists' celebrated 1973 "invasion." It is the colony's heroic statue, and it is named "the Trophy of Tierra y Libertad."

Across from the jeep is the bigger of TyL's two schools, the two-story Emiliano Zapata School, at which 65 teachers—volunteers and paid—instruct about 1,500 primary children during the day and several hundred adults in reading classes at night.

It is free to students, and it is funded by the income from dances given every Saturday night, and by an occasional 1-peso levy on each of the estimated 1,500 lots in TyL.

Teachers here do not limit their subjects to the academic. Recent assemblies discussed the dangers of head lice and offered a psychodrama on the value of good nutrition.

Nutrition is a concern, too, at a clinic that is the colony's pride, built by residents over two years of weekends.

In addition to its medical duties, the clinic sells low-cost chopped and re-formed fish to residents out of an old, wheezing deep freezer. Powdered milk is available, and mothers who bring children in for inoculations are subjected to a subtle birth control campaign (although dispensary supplies of low-cost contraceptives are erratic and, be-

sides, the pharmacist sighs, "when the children are hungry, they of course spend money on food instead, but may end up with more children").

About 70 or 80 residents visit the clinic daily, at a cost of about 20 cents for a consultation in one of the rooms off the pale-green hallway.

That is 20 cents more than the employes of Alfa and VISA are required to pay when they visit the modern, antiseptic clinics established for them.

At an employe center for Alfa, designed by one of Mexico's leading architects, workers and their families patiently await treatment by one of the dozens of nurses and doctors on call around the clock. Free medicines are dispensed from an in-house pharmacy. If hospitalization is required, the clinic makes arrangements and the company picks up most of the cost.

Good health care is but one of many prerequisites showed on workers to insure loyalty and to guard against infiltration by outside labor unions. The technique has succeeded: Unions are all *blancos*, or company unions. The big national labor confederation and local leftists have not penetrated the ranks.

Determination to keep out unions has created perhaps the most coddled labor force anywhere in the world. Salaries are high ("The U.S. government here just can't compete," a consulate official complains).

Benefits are stupendous. In addition to free health care the companies provide even their pretty young secretaries with uniforms—one for each day of the week. Subsidized stores sell clothing, sporting goods, furniture and appliances at a minimum 20% discount. Monthly grocery orders are delivered to doorsteps at about 40% off. Retirees collect pensions adjusted for inflation.

Recreation is not neglected. Alfa and VISA both operate 20-acre employe parks for about 20,000 workers and families each, filled with tennis and volleyball courts, table tennis and pool tables, Olympic-size swimming pools, smaller pools, amusement parks, professional-sized baseball fields and, at VISA, a miniature replica of the Hollywood Bowl for fiestas. If personal growth is the goal, employes can take free courses in cooking, painting, piano, guitar or languages.

So far the system has worked. Neither company has suffered a strike, and employe turnover is low. Though some workers grumble about paternalism, few are prepared to fight it.

In Tierra y Libertad, too, there are residents who are said to complain of the inflexible rules. But it is better than what many of the *posesionarios* have ever had, and the government knows it.

Shortly after the TyL takeover in 1973, state officials feared that the TyL radical success story might repeat itself on the teeming hillsides of Monterrey, in the makeshift homes of thousands of disgruntled *posesionarios*, about 10% of the city's population then, and all of them "have-nots" in one of the most famous "have" cities in Mexico.

TO defuse the potentially revolutionary time bomb, and to provide for the needs of thousands who knew how to plow but not how to run a lathe, the government established an agency called Fomerrey.

It was a preemptive strike. "It was very expedient, very calculating—and it worked," remarked a political observer.

Fomerrey does much of what TyL does, in a more capitalistic fashion. Besides organizing colonies, building model homes, making loans, organizing sporting leagues and children's parties, and encouraging small satellite plants and cottage industries, it does something TyL cannot do: It allows the squatters to buy a plot of land at about \$6 a month for five years, plus utility costs.

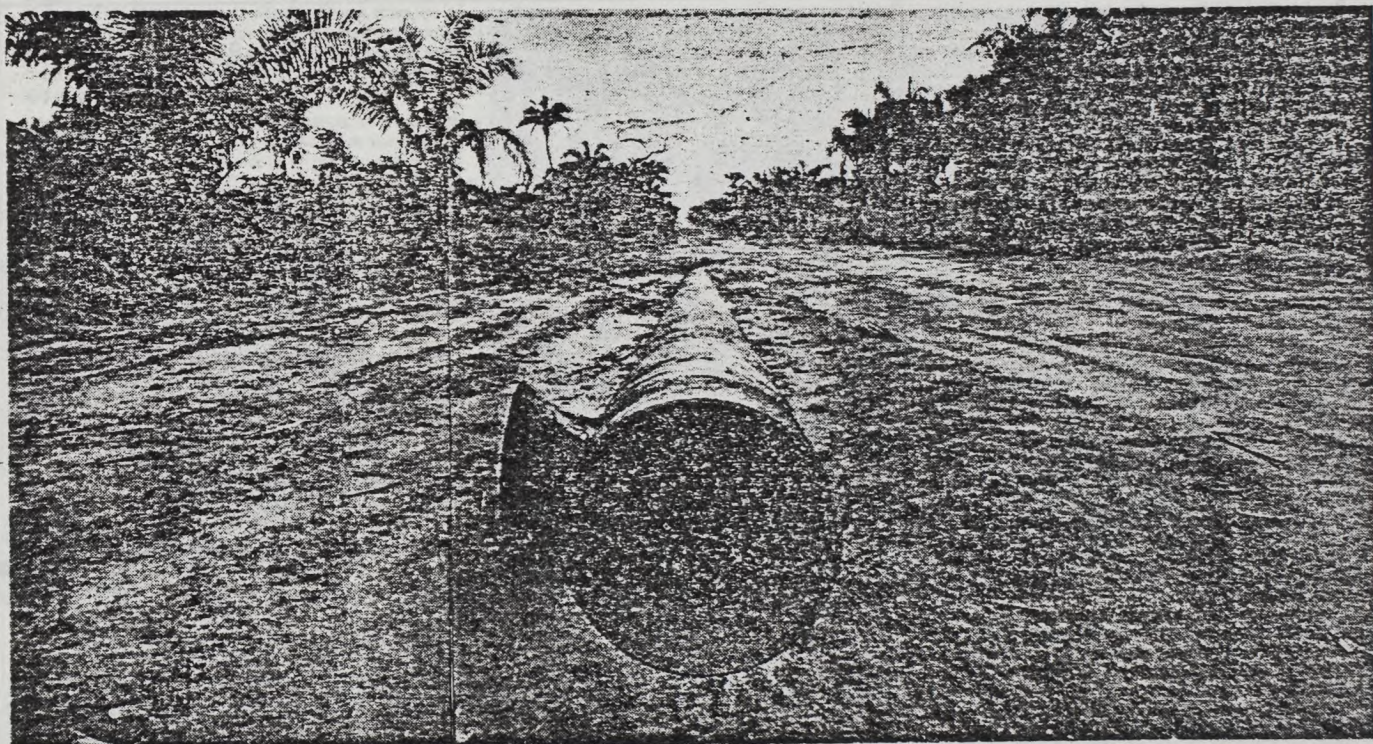
Fomerrey's success in organizing more than 50 colonies has, according to a high-ranking government official, dissipated social tension, defused some of the potential appeal of the TyL philosophy, and left the residents of Fomerrey colonies grateful to the government for its help—a gratitude that shows at the polls.

But they see things a little differently at TyL, where one of the original students snorted her contempt for Fomerrey.

"Of course it works. They created it with millions of pesos. But we created this," she said of the colony, "by the idealism of the people."

By Mike Goodman
and George Reasons

Oil—the rush to development



MEXICO'S barely tapped and uncharted oil wealth is in the hands of two men whose personal lives have long been entwined with the turbulent history of Mexican oil.

The men:

—President Jose Lopez Portillo, who was raised in an oilman's family. His father was one of Mexico's foremost oil authorities and the author of four books on the subject.

—Jorge Diaz Serrano, one of Lopez Portillo's old friends, a self-made millionaire, a former oil-field driller, dredger, equipment supplier, entrepreneur and salesman in Mexico for U.S. based multinational corporations who is now running Mexico's national oil company, Petroleos Mexicanos (Pemex).

Lopez Portillo was the No. 2 man in the agency responsible for natural resources when Mexico's first modern oil discoveries were made in 1972.

Former Pemex geologist Francisco Viniestra, then a manager of exploration, was told "to go out and find oil, and I found it."

He found it in the steamy marshes and lagoons of southeast Mexico in an area called Reforma, the center of the current boom.

Diaz Serrano also knew the Reforma area well. His oil-field business ventures were based there, and his main customer was Pemex.

In power then was Luis Echeverria, but his administration made little of those early finds.

Today, however, the story is quite different.

When Lopez Portillo became president, he picked Diaz Serrano to head Pemex. Under their leadership, and aided by American oilmen, Pemex is feverishly punching holes across southeast Mexico and in the offshore waters.

Their goal is to chart Mexico's oil potential by 1982 when their six-year tour will end and a new regime will take over—possibly with quite different views of exploiting oil and gas reserves.

Many Mexicans are already opposed to exporting their country's natural resources, according to The Times Poll.

Pemex officials know the moods of the people—Diaz Serrano has his own private polling firm—and Pemex's oil exploration pace is frenetic.

"We're trying to hold them back, but it's not easy," an American adviser to Pemex said.

He and another American oilman recalled a recent visit with one of Pemex's top officials in his Mexico City office.

The Pemex official announced he was sending 15 drilling rigs—all very expensive and in very short supply—into an area where just one test well had been drilled.

"Charging in with 15 rigs," based only on encouraging tests from the single well, the American adviser said, was the hasty approach—he called it "bananas"—that has permeated Pemex philosophy, spreading its cadre of well-qualified personnel dangerously thin.

Mexico may have had little choice.

Its massive oil development program was announced in the midst of a major economic crisis as the new president took over.

Lopez Portillo and Diaz Serrano said it could be a way to save the nation from possible economic ruin.

But at the same time there are fears that rapid exploitation will add to the galloping rate of inflation.

Further, a steady pace of development is beset by nagging political and technological problems:

—Strong feelings against using foreign technical help, particularly American, for fear of being exploited.

—The Pemex workers' union traffics heavily in jobs.

—Difficulty in producing the oil, which often lies several miles underground and is costly to extract.

Pemex plans to drill 409 onshore and offshore wells this year. But to do so Pemex must lean heavily on the American firms whose technicians are packed into the air-conditioned hotels of Villahermosa, the jumping-off spot for the oil fields.

At dawn, hours before the oppressive heat sets in, the American technicians pile into waiting cars and pickups for their daily trek to the various job sites scattered among the palm-dotted ranch and farm country.

They roar along new dirt roads, past tiny farm plots of melons and beans, or through plantations of sugar cane, bananas and copra.

Los Angeles Times

Along the roads, *campesinos* and Indians, barefoot with their ever-present machetes, nimbly step off into the tall grass as the trucks approach in a cloud of gravel and dust.

From the air, drilling rigs dot the shimmering marshlands, often accessible only by swamp boat or helicopter.

At night, when the torches of flaming surplus natural gas light the sky, the sunburned technicians crowd into the hotel lounges and restaurants to talk with their Mexican counterparts, often with a translator in between.

As in many other parts of the world, Mexicans have had to call upon the money and know-how of these experts from the oil fields of Texas, Oklahoma and Louisiana, the "good ole boys" who know the business from top to bottom.

Because of Mexican sensitivity to the gringo presence, however, Diaz Serrano plays it down.

Time and again he has stated publicly that development of Mexico's oil is being done with Mexican labor.

In his 1979 report to the nation, Diaz Serrano added that Mexico has the trained technicians and the expertise to do the job without help from foreign corporations.

But Americans are everywhere: on offshore and onshore rigs, running supply and tug boats, doing the deep-sea diving offshore, supervising construction of pipelines, turbines and petrochemical plants, pressure-testing oil and gas fields and supplying most of the material and equipment needed to feed the oil boom.

Last year alone, Pemex bought \$205 million in oil equipment from U.S. firms, contrasted with \$17 million in 1972 when Mexico's oil program was moving at a snail's pace.

In the next four years, Pemex plans to spend even more—\$12 billion for equipment and supplies.

U.S. firms working in Mexico often try to keep a low profile because of anti-American sentiments.

Brown & Root, Inc., a Houston construction firm and prime contractor in developing Mexico's offshore oil, has even ordered its employees not to discuss their work with anyone.

Diaz Serrano and other top Pemex executives, however, have no problem dealing with Americans. Many of Pemex's top engineers and geologists were educated in America. Diaz Serrano himself is considered by many associates to be as much American as Mexican.

"I swear, Diaz Serrano is practically a Texan," said Richard Fagen, a Latin America expert at Stanford University.

Diaz Serrano speaks fluent English, attended the University of Maryland under a U.S. Department of Commerce grant, worked in a Pennsylvania tool factory and was a partner in several American businesses, including a Texas bank and fishing fleet.

In Mexico, he was a sales agent for several U.S.-based multinational corporations dating back to the mid-1950s. Among them were Fairbanks Morse, General Motors and Dresser Industries. He represented Dresser for about 15 years selling mainly to Pemex.

When Diaz Serrano took over Pemex, one of his first acts was to award a contract to a Dresser venture to manufacture drilling rigs in Mexico.

"Diaz Serrano gave us the contract that made it possible," said Jack Murphy, Dresser's vice president of international operations. "Nobody else manufactures rigs in Mexico but us," he said.

During the 1960s, Diaz Serrano also founded several oil field service companies which were based in the Reforma area and worked for Pemex.

SHORTLY after Diaz Serrano became head of Pemex in 1976, Heberto Castillo, leader of the opposition Mexican Workers Party, accused him of profiting from contracts with the government agency he headed.

Diaz Serrano announced that he had sold out his interests in the companies but Castillo responded that the Pemex director refused to prove it.

In August of 1978, Castillo said he took his charges directly to Lopez Portillo.

"I told Jose Lopez Portillo face to face that I had reason to doubt the integrity of his government," Castillo said.

When he asked Lopez Portillo to investigate his charges, Castillo said the president replied: "Jorge Diaz Serrano has been my friend since we were children, and as friends I know he wouldn't deceive me."

Just last month, those questions were raised again, this time in the Mexican press, after an offshore well blew out and caught fire in the Bay of Campeche in southeast Mexico. The blazing well was drilled by Permargo, one of the companies Diaz Serrano founded.

Diaz Serrano's partners in the main company—Perforaciones Marinas del Golfo (Permargo)—were Jorge A. Escalante, a longtime Mexican friend, and Tiltman J. Falgout,

a Galveston, Tex., businessman, close friend and partner in several other ventures.

Falgout, who died in 1968, was replaced by his son, Tiltman Jr., who is running the company today with Escalante. Falgout's widow, Mae, inherited her husband's stock in Permargo, but said she sold it in June, 1978.

Permargo's dredging company, Dragados, S.A., also founded by Diaz Serrano, has emerged as a major contractor for Pemex.

And recently, a helicopter contract to transport workers to offshore rigs was awarded by Pemex to a new company—Helio Servicios—founded by Escalante, operated by his son and funded by Americans.

Times reporters made repeated but unsuccessful attempts to interview Diaz Serrano.

Accusations of inside dealing and corruption have been a part of Pemex's history since it was established March 18,

more than half the agency's new employees were relatives of other Pemex employees.

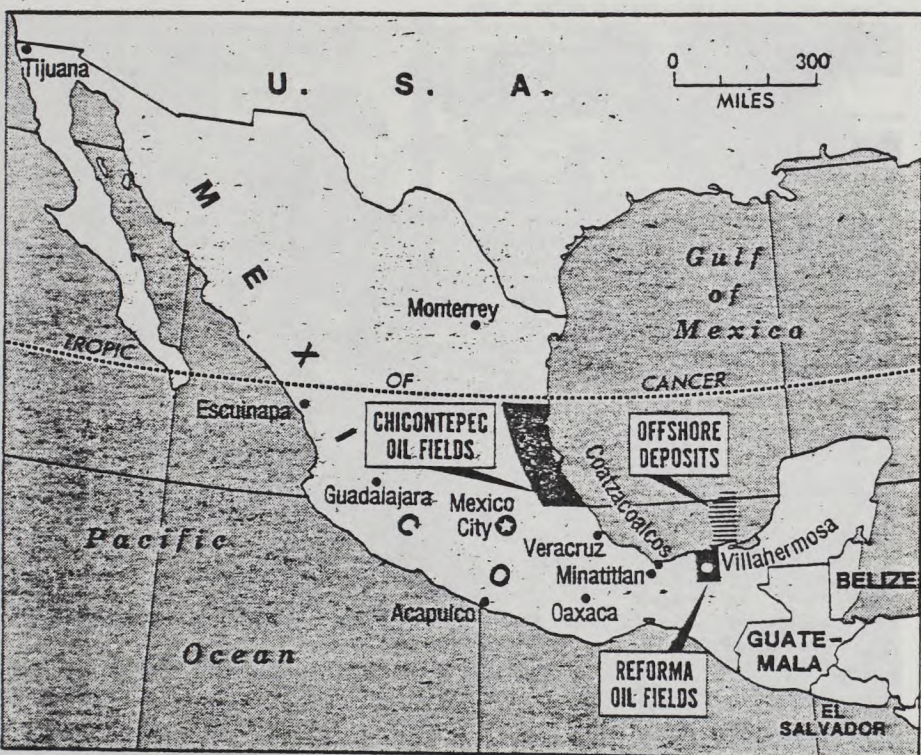
Pemex featherbedding wears on the patience of Americans working with the agency.

"They've got so many bodies jampacked in the halls . . . standing around drinking coffee," recalled the head of one of America's top field service firms, who returned from Mexico early this year.

"It takes three to five days to get rigged up," he said. "Then they change crews, and we have to start training them all over again. It's a fiasco."

Union workers pretty much do what they please. One American adviser said it is common for drilling rigs to be shut down because workers don't feel like showing up.

But Pemex is more than an oil company and has concerns other than efficiency. Sometime called the "second social security," Pemex sees itself as having a social obli-



1938, after Mexican expropriation of foreign oil companies.

That day is now revered as a national holiday.

"Oil is like motherhood down there," said George Mitchell, head of a Houston oil firm.

A strike of Mexico's 17,000 oil workers, who claimed they were being exploited by foreign companies, led to the expropriation. The workers complained of low wages, deplorable housing and lack of sanitation and welfare benefits.

Today the opposite is the case for the 130,000 employees of Pemex.

The workers are represented by a powerful union—Syndicato Trabajadores Petroleos de la Republica de Mexico (STPRM)—often accused of extensive corruption. Four of the nine members of the Pemex board of directors are union officials.

Job trafficking takes place at every level. Just last March, one of the union's top officials, Oscar Torres Pancardo, admitted to the press that Pemex has 40% more workers than needed because local union leaders have sold permanent jobs for \$2,300 to \$3,600 in kickbacks.

Local union leaders were also using Pemex employees to work their own farms and private businesses, he said. The union leader added that he was trying to put a stop to it.

Once employed, Pemex workers are among the highest paid and best cared for in the nation—and they keep it in the family." In 1976, according to one Mexican authority,

gation to produce jobs in a country with 40% unemployment.

In the Chicontepec field near Tampico in northeastern Mexico, the push to produce jobs outweighs the economic realities of extracting the oil.

While Pemex claims it can recover 17 billion barrels of oil and gas from the 1,275-square-mile Chicontepec field, the oil will be extremely difficult to tap because of unfavorable geological formations, according to Mexican and American experts.

Pemex plans to drill 16,000 wells in 13 years creating jobs for 23,000 workers.

With that massive input, however, Pemex expects to get only 50 or 60 barrels a day from each well, while one well in the Reforma area can easily produce 6,000 barrels daily, or the equivalent of about 100 Chicontepec wells.

Even in the Reforma area, however, the going is tough. Some of the oil is so deep that it takes six months to drill one well. Eighty rigs are drilling there now, each with a goal of completing two 13,000-to-16,000-foot wells a year.

Another potential major field lies offshore in the Bay of Campeche. A handful of test wells in the 4,300-square-mile area indicate, according to Pemex, that Campeche will be much larger than the Reforma fields.

According to the best estimates of Pemex, Mexico now has proven reserves totaling 26 billion barrels of oil.

But it will be years before Mexican production will have any significant impact on the world market.

"It's just the absolute beginning of the oil industry down there," said one American expert.

By Harry Nelson

Chronic malnutrition: 100,000 children die yearly

EVERY Sunday Senora Salustia Teloes rides one of Marciano Torre's horses 15 miles from Aguacatillo to Masapa to buy 24 bottles of Pepsi-Cola and some crackers, oranges and cigarettes for her fellow villagers to buy if they can afford them.

It would be nice if her packed bags contained meat, eggs, milk and other protein-rich foods that are in short supply here (as in much of rural Mexico) . . . maybe someday.

About 350 persons live in Aguacatillo, a settlement about 200 miles south of Mexico City, high in the Sierra Madre to the west of the highway leading to Acapulco. Aguacatillo has no electricity, no roads, no piped water supplies or sewers, no medical facility and no business district. Once a year a priest rides in on horseback to sanctify the marriages and births which have taken place since his last visit.

Like 40% of Mexico's population, the people are farmers. But the corn, beans and squash they raise on the rocky mountainsides barely meet their own needs. Pigs, a few chickens and a rare cow wander listlessly among the thatched adobe houses that make up the village.

Although most of the men in Aguacatillo have been at least once to the city of Iguala—about 80 miles northeast by foot or horseback and truck—few of the women have ever seen it.

Only one man in the village has ever visited a doctor, and that was 10 years ago. He says he would like to go again sometime. None of the women have ever been treated by a doctor.

The closest medical care is at Balsas, 2½ hours by horseback down the mountain. Perhaps 10% of Aguacatillo's children have been to Balsas for vaccinations against polio, measles, whooping cough and the other infectious diseases that take a heavy toll in rural areas.

The villagers say that no government medics have ever visited them to give vaccinations, treat the sick or offer family planning advice.

"Is it true there is a way to avoid having children?" a group of women asked a female visitor to the village.

Eulalio Avilez, a resident of San Miguel Vista Hermosa, a village of 275 three hours by foot north of Aguacatillo, recalled a visit by government health workers who talked about a pill that a woman could take before going to bed to prevent having children.

"I still hear mention of it on my battery radio, but no one has been back since then to bring us pills," Avilez says. But, he adds, "many of the women would be afraid to use the pill anyhow. It has its good points, but it's sad also because those who are to be born have a right to be born."

Aguacatillo is not an exceptional example of Mexican rural life. According to government records, the nation has 83,000 communities with a population of 500 or less, for a total of 9 million persons. Nearly all the residents of these communities are poor, very often malnourished, undereducated, and isolated from the mainstream of national affairs. Twenty-nine million, or 44% of the total population, live in communities of less than 5,000 persons.

The average family size in Mexico is seven. About 14.5 million out of 65 million persons are preschool-age children. More than half of the population is under 18. In 1974 when the nation launched an intensive family planning program, Mexico was doubling its population about every 20 years.



To go beyond the sixth grade in many Mexican rural areas, it is necessary to travel long distances. The children of Aguacatillo, for example, must go to Iguala, which means leaving their parents and home and staying with friends and relatives for much of the year—a major undertaking that is not feasible for most of the inhabitants.

Few of the children who attend the village school go beyond the third grade, although the young teacher is prepared to offer six years of learning.

Life is not strenuous in Aguacatillo except during corn-planting time in June and harvest time about six months later. In April and May, just before the rainy season begins, the mountain air for hundreds of miles in every direction is filled with the smoke of burning grass and brush as the *campesinos* clear the fields for planting.

Most of the year there is relatively little work to be done. Some of the men spend their time digging in the ruins of a nearby pre-Columbian settlement that shows signs of having been large and well built of cut stone.

Ariano Torres, who is perhaps the wealthiest man in town because he owns three horses, bought them with money earned selling artifacts to traders who occasionally pass through the area.

The average cash income in villages like Aguacatillo and San Miguel Vista Hermosa, residents say, is about 5,000 pesos a year—roughly \$250 per family. This comes chiefly from selling chickens and rabbits and the little bit of corn that is left over after their own needs have been met.

The government has plans to build a dam on the Rio Balsas, about three hours by foot down the mountain, but the villagers say it will be of no use to them for water because it will be lower than their land. In fact, they say, the lake that will be formed will only act as a barrier to isolate them still more from the outside.

But would not the dam provide work and extra income?

No one has suggested that they go there to work, they say. And besides the round trip to the damsite and back would require more than six hours' travel each day.

Surveys conducted over the last 16 years by Mexico's National Institute of Nutrition indicate that perhaps 40% of the babies born in rural areas are of low weight at birth. Even in urban areas among the poor the rate is 20%.

The risks of low birth weight are compounded by the malnutrition that is widespread among children of preschool age in Guerrero, the state in which Aguacatillo is located, as well as in nearby Oaxaca, the Yucatan Peninsula, Chiapas and several other areas.

AN institute report states that the initial breastfeeding that the typical rural infant receives "perhaps will be the most complete meal that it will receive in its whole life."

In a poll conducted by The Times in Mexico City, people in the lower-economic strata were asked: "Would you say that the children of your friends and neighbors here generally get enough to eat, or are they hungry from time to time?" Of the 597 people who were asked that question, 479 said their friends' children "sometimes go hungry." Only 34 said their friends' children "have enough to eat."

Domenick L. Miretti, a Los Angeles schoolteacher who has spent nine years gathering nutritional data on Mexico for a Ph.D. thesis at UCLA, contends that to achieve all nine of the essential amino acids necessary to build and maintain a healthy body is nearly impossible in Mexico—as it is in much of Latin America—because of the heavy reliance on plant protein (corn and beans) without supplementation with other protein-rich foods from plants or animals.

In Aguacatillo and San Miguel Vista Hermosa, for exam-

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ple, a child may receive a small portion of meat every two weeks and perhaps an egg every three days. There is some milk to drink.

The average preschool child in an urban area eats better than the average child living in the country, according to nutrition reports. The city child receives about 83% of the amount of protein recommended by the World Health Organization (WHO) while the average country child gets only about 65% of the recommended amount.

But, according to statistics gathered by Moretti, the amount of protein available to Mexicans is decreasing every year. A major reason for this is the increased exportation of high-protein foods such as beef and seafood to the United States and elsewhere, coupled with Mexico's own rising population.

This has serious implications for the health of millions of malnourished people, especially the preschoolers whose nutritional needs are greater because of the rapid physical and mental development that takes place at that age.

WHILE it has not been firmly documented with humans, there is good animal evidence that malnourished pregnant mothers produce offspring that have underdeveloped brains.

If the mother is malnourished during pregnancy and the baby is fed less than optimally after birth, the risk of an undeveloped brain increases, nutrition authorities say.

There is also a high risk to the physical health of the child. The mortality rate for Mexican preschool children is about 12 times higher than for the same age group in the United States. The main reason for this is the large number of deaths from diarrhea and infections in the 1-to-5-year-olds who are highly susceptible to infections due to their poor nutritional status plus the poor sanitary conditions in many rural areas. The infections are chiefly gastrointestinal and respiratory.

In Central America and Mexico, according to WHO, 48% of all deaths are children under 5 years of age. In the United States that category accounts for only 3% of all deaths.

According to Dr. Carlo Perez Hidalgo, chief of epidemiology at the National Institute of Nutrition, about 100,000 Mexican children die each year of infection and nutritional illnesses.

"The Mexican," he wrote in recent report, "is a survivor of many crises that have left their traces on his individual and collective level of development and which have made him chronically malnourished.

"He has not been able to achieve the maximum of his physical, social nor mental capacity, much less . . . to achieve the sociological goals dictated by the aspirations of his culture. He will be a bad athlete, a bad worker and perhaps a bad professional as well."

The women of Aguacatillo breast-feed their babies for 18 months despite the fact that authorities say that mothers' milk, while ideal for the first four to six months of life, is often inadequate after that if the mother is malnourished.

One reason they prolong breast-feeding is because they know they are fairly safe from another pregnancy as long as they continue nursing. Another reason is the diarrhea that commonly strikes the infant as soon as his diet is supplemented with adult foods. The diarrhea is largely the consequence of infections resulting from unsanitary food preparation.

Babies who become sick in Aguacatillo are treated with local teas and medicine but almost never with antibiotics, which are unavailable except in Balsas or Iguala.

Unlike a growing number of communities in Mexico, Aguacatillo has no *promotoras*. *Promotora* is the title given to a villager who has received some training in immunization practices, nutrition and family planning and fundamental health care including sanitation. The *promotora*—almost always a woman—is selected for the job by a nurse or health worker. She is usually the person to whom people have always gone when they needed advice.

Amanda Mora Gomez is such a woman. She is a *promotora* in the town of Santa Catarina, population 1,200, about eight miles from the city of Cuernavaca in the state of Morelos. Her house has a floor, a stereo and a television set. The bottles of Coca-Cola she serves to guests are not lukewarm and dust-covered like the Pepsi-Colas in Aguacatillo.

Senora Gomez, who has four children, is especially in-

terested in the family planning aspect of her job.

Very often, she says, women don't want their husbands to know they are taking the pill, so she advises them to pack the pills in vitamin bottles so that their husbands do not become suspicious.

Nevertheless, only about 60 of the 200 women of child-bearing age in the town are using contraceptives. There are about 400 preschool-age children there.

Dr. Maria Leticia Loya de Sanchez, the chief of infants and maternal health for Morelos, says 115 *promotoras* have been trained since November, 1977, and 80 more will be turned out this year.

But most of them are in the larger communities served by roads, and there still remains the major problem of staffing and supplying the hundreds of localities in the more isolated rural areas.

For the first time, Dr. Loya's health budget this year has



money for drugs to be used by the *promotoras* to treat diarrhea, parasites and allergies in the villages.

Dr. Loya says her staff plans to deliver family planning services to 190,997 persons in the "middle rural" areas before December of this year—almost all of them to women. In the last six months in the entire state of Morelos only one male in the rural area has volunteered for a vasectomy, she said.

Dr. Jorge Martinez Manautou, the Mexico City-based physician who coordinates the government's family planning program, says it has now reached almost 80% of the people who live in central urban areas or about 20% of the population of child-bearing age.

"Now comes the hard part," said Dr. Arias Huerta, Manautou's assistant, referring to the upcoming effort to extend services to the 83,000 rural communities such as

Aguacatillo of less than 500 population.

This will be accomplished, Huerta, by training more *promotoras* and providing them with Jeeps, motorcycles or horses to get in and out of their isolated communities.

While the official plan calls for covering the entire nation with family planning services by 1982, Huerta admits this is probably "very optimistic." But he does expect that services will be available in all localities of more than 500 persons by that date.

"I can say that by 1982 our growth rate will be 2.5% (population-doubling every 28 years) and that does not count abortions (illegal in Mexico) which are estimated at 500,000 a year," he said.

Mexico's growth rate was 3.5% (doubling every 20 years) in 1970 and today is quoted by government officials as being 2.9% (doubling every 24 years). By comparison, the growth rate for the United States is 0.7% (100 years), India is 2.1% (33 years) and China is 1.7% (41 years).

How will the malnourished of Mexico be fed?

For 12 years the World Food Program, an agency of the United Nations, has been helping the Mexican Health Department by distributing high-protein foods to the malnourished.

But the effort, while immensely valuable to the beneficiaries, helps only a fraction of the needy. One of the main programs—providing food and nutritional instructions to nursing mothers—served only 75,000 nursing mothers and 150,000 children daily, according to Raul Gonzales Vigil, director of the project.

(Too often, critics say, the food is divided among all the family members, thus diluting the nutritional benefits for those who need them most).

In addition, nearly 100 hospitals receive WFP rations to supplement the diets of their patients.

Still another effort is the "food for work" program, which offers dried milk, meat and fish to communities in exchange for labor to build water systems, schools or other public projects.

But most health-oriented professionals in Mexico believe that the nutritional and health problems of the nation can be solved only by solving its socioeconomic problem.

HOW can people eat properly and otherwise maintain good health, they ask, when millions live in communities without safe water and sanitation, when millions live in poverty, when the average family size is seven, when the education level is low and when communication and transportation are poor?

Deeply ingrained taboos and faulty health concepts further complicate the efforts to overcome the obstacles in the way of improved health.

It is obvious to any visitor who has been in Mexico before that striking improvements are being made. The new clinics and medical centers in the urban areas, the sharp rise in the number of communities with piped water, the increase in literacy, the efforts to stem the birthrate—all these indicate progress.

Will money derived from new oil discoveries hasten the process?

Many Mexican health professionals doubt that the oil money—if it is forthcoming—will provide a quick solution to the health problems that beset the country.

"We need a social change, and that is different from an economic change," said Dr. Fidel Mascareno Saucedo, a government physician who coordinates health services in the various states.

"We think social change is possible, but social change takes much longer to do than economic change. It requires the efforts of everybody. I repeat. Everybody.

"Some people say with petroleum the welfare of Mexico is assured. I have my doubts. I think we will wait and wait."

In Aguacatillo a group of residents is asked whether they like living there.

They all break into smiles and answer, "Yes. Of course." They like the fresh air and the mountain scenery. They are free to raise their own corn and beans and little animals.

"It is peaceful here," one says.

By Mike Goodman
and Robert Montemayor

Pollution: the necessary sacrifice?

AT night, when the winds die and boat traffic fades, large, dark pools of chemicals collect in front of the thatch huts on the banks of the Coatzacoalcos River.

Before dawn, a ritual of survival begins for the hundreds of river people who live along the sluggish muddy waterway that winds through Minatitlan, one of the world's most polluted industrial regions, now the home of about 300,000 people.

At first light the women climb down from their raised huts and pick their way through the sticky black *chapo* (oil tar) which coats the bank. They splash openings in the oily surface of the river to dip water buckets for drinking and cooking.

Naked boys with homemade goggles slip carefully into the water and clear trails in the chemicals, dropping crab traps and fish lines.

Then, when the sun rises, the *pescadores* (fishermen) paddle out in tiny dugouts to make an important decision:

Should they set fire to the chemical patches in front of their huts, or should they wait a few more days?

Torching the river is dangerous, but it must be done in spots at least every few weeks to burn off the chemicals.

"They (other fishermen) never warn you when they are going to burn it," said Senora Cesar Clemente Soto, the wife of a fisherman.

"We get word from our neighbors downstream, or we'll see the smoke. One time our neighbor's house burned to the ground" when flames jumped the bank.

The Clementes and their nine children live just downstream from the giant government Petroleos Mexicanos (Pemex) refinery in Minatitlan which dumps, from at least 10 sites, thousands of gallons of chemicals and heavy metals into the river daily.

By the time the Coatzacoalcos River empties in the Gulf of Mexico about 15 miles downstream and 200 miles south of Veracruz, half a dozen other government petrochemical plants have added their poisons to the river through natural drainage.

On the horizon, the refinery in Minatitlan can be seen 10 miles away; a great oily smudge pot burning 24 hours a day, lighting the town square at night with fire pits used to burn waste chemicals.

In late afternoon, when sea breezes sometimes shift and swirl, the black refinery smoke mixes with the gold, gray, white and blue smoke of nearby petrochemical plants. Then the sun disappears behind a dull, smoky red ring, and visibility can drop to a quarter of a mile.

The air, the rivers, the lagoons, the creeks and the marshes are contaminated, according to test reports, with all or some of the following chemicals:

Mercury, lead, ammonia, sulfuric acid, hydrochloric acid, phosphoric acid, chlorine, gasoline, oil lubricants, nitro acrylics, nitrates of ammonia, fertilizers, chemical soaps, gases, super phosphates, sodium chloride and many others.

"We're told not to eat the fish, but that's like telling us to quit living," explained Senora Clemente, the fisherman's wife.

Out on the river, Doroteo Cruz, 52, a lifelong *pescador*, plucks crabs from his traps. What crabs he and his family don't eat will be sold for 1½ pesos each (6 cents) in town for restaurants and homes.

Asked about the chemical taste, Cruz holds up a freshly



caught crab and shruvs. "A little soap and water, some lime and it's not so bad."

Cruz and other river people think the *haida* (crabs) are safer to eat because they scuttle across the bottom while "the *petroleo* floats on top."

These fishermen and their families know nothing of mercury and lead buildup on the river bottom, or of Japan's infamous Minamata Bay incident of the early 1950s when about 50 people died of mercury poisoning and many others suffered serious nerve disorders.

But officials of the regional college, the Instituto Tecnológico Regional de Minatitlan, are trying to warn the more educated townspeople against relying on the river and other local waters as a main food supply.

"They continue eating it anyway," one institute official said. "No one has died so they think it can't be that bad."

"Before long, instead of referring to the Minamata disease of Japan, people will be referring to the Minatitlan disease of Mexico," added Mario Perdomo, a heavy metals specialist at the institute who has been studying local pollution for nine months.

Perdomo and two local government officials said the government is suppressing a lengthy report that details the exact nature and seriousness of the contamination.

One of the few persons locally with an official copy is the institute director, Sergio Andres Cancino Martinez.

Cancino said he was forbidden to release the document but agreed to discuss it briefly with The Times.

"In so many words, the report says that an area, about 50 kilometers long, from here to the port of Coatzacoalcos, is dangerously contaminated and that it is getting worse," Cancino said.

But the institute director would not talk about the extent of mercury or lead contamination.

Completed in 1976 by scientists from the University of Mexico in Mexico City, the report was shown to President Jose Lopez Portillo but has been kept under wraps since, Cancino said.

"It is best that it be kept confidential," he added.

"If people knew what was in the report, panic would overcome everybody in the area," he said. "People are not ready to absorb the information . . . They are not educated enough . . . no need upsetting people to the point of panicking . . ."

Cancino said the report reveals that people in the area suffer, among other ailments, severe bronchitis, lung and nerve damage, and severe body and headaches from the sulfuric and ammonia vapors in the air.

Some of these very symptoms have been reported by the 2,000 students at Cancino's institute, many of them the sons and daughters of Pemex employees who operate the plants.

About 1,000 yards west of the school is a fertilizer-plastics complex covering several square miles. Just east of the school the plant dumps its waste into lagoons, once teeming with life, but now putrid sludge-pits.

The campus is caught between the gagging stench of the sludge pits to the east, and the gases and vapors from the towering smokestacks to the west. The effect on the students, according to school official Rafael Guierrez Novero, "is a terrible thing . . . severe headaches, coughing, eye irritation and difficulties to breathe."

Plant wastes are carried to the sludge dump via a small creek behind the college which zigzags through Colonia Diaz Ordaz, a suburb of Minatitlan and the home of about 1,000 people, mostly laborers and their families.

The creek, residents say, was once their primary water supply. Small fish, turtles and edible plants thrived.

Now the creek is a lifeless chemical sewer. Living along its banks has become a nightmare.

The heaviest dumping comes at night.

"About 7 to 7:30 p.m. they start . . . the s.o.b.'s" said Ignacio de la Llave, member of a citizens group.

"You can't sleep, people start vomiting, the headaches get worse and the noise from the plants is constantly keeping us awake," he said.

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"They've killed off all the fish . . . Now I suppose they'll start with us," he added.

As reporters walked along the creek the people of the suburb clustered around asking for help.

"We've tried talking to plant officials," Pedro Santiago Rodriguez said, "but all they tell us is that the work must continue. No company should have the right to pollute an entire town."

Residents said tests were taken a few months ago, but the people were told that nothing was wrong with them.

"Our children wake up feeling sick. They don't eat . . . always look drowsy and weak . . . Fever is not uncommon," said Mrs. Martinez Cruz.

"I guess if we start dying off one by one they may get an idea how bad it is."

Dr. Jose Lopez Munoz, an internist who examines about 3,000 workers yearly, said workers inside the plant complex don't fare much better, although he hasn't seen any pollution-caused deaths.

Plant workers are exposed to ammonia vapors and plastics gases that are causing severe bronchitis, skin diseases and pharynx damage, Lopez said.

Long-term exposure can cause blood diseases, muscle spasms, paralysis and even death, he said.

Their families also suffer because the workers bring home the chemical residue and particles clinging to their clothes.

"Almost every area is contaminated, so there is no escaping it really," the doctor said.

One safety measure by plant officials is to rotate workers out of the worst areas of the plants once they become dangerously exposed.

A plant in nearby Coatzacoalcos which adds lead to gasoline even keeps a "scorecard" on each worker because of constant exposure to lead vapors and lead poisoning.

A former health supervisor at the plant for 18-months, Cesar Cordoba, told how the "scorecard" worked.

Beside each plant worker's name is a row of squares beginning with a white square and ending with a red square.

The first white square means "Not Contaminated," and the final red square means "Full Count Contamination," he said.

"A lot of men are Red Square," Cordoba said.

All 200 men at the plant, including himself, have been affected by lead vapors, he said.

Cordoba said he quit recently because plant executives refused to tell even him, the health inspector, how sick he was after an accident.

During an inspection, Cordoba said his mask slipped and "I took a full gust of the lead in the area. I went into convulsions and then passed out." He was pulled to safety and examined.

"They never informed me as to how bad the accident had been." But Cordoba said he had access to the records room and checked his own "scorecard."

"I was Red. They were not even going to tell me I was Contidion Red," Cordoba said.

Dr. Mario Velasquez, director of the local Social Security office and head of the area hospital and clinics, was asked about the future.

"I really don't think you're going to see any catastrophic results in the next few years," he said.

"We're getting sick right now, but thank God we're not dying. But at the rate this area is developing, in 10 years we're going to see some pretty horrible things," the doctor said.

ALREADY a national magnet for job seekers, the Minatitlan-Coatzacoalcos region could reach 1 million people in 10 years because of the mushrooming petrochemical industry. A new refinery that will dwarf the existing refinery is being completed at the mouth of the river. Another petrochemical plant is under construction upriver from Minatitlan.

Mexico has environmental laws but they are largely ignored, as in many Third World countries where economic concerns are given greater weight.

Pemex officials have said consistently that sacrifices must be made to develop Mexico's mineral wealth.

In Mexico City, an official of the U.S. Embassy pointed to Minatitlan on the map and said, "They've got to poison a

few people down here to feed a few people up there," his finger trailing across the northern mountain ranges.

"When they've poisoned too many people down there, they may go back and try to clean it up."

"Down there" in Minatitlan, Pemex engineer Jesin de Santor told The Times. "I'm not saying we should pollute and contaminate without regard for people's lives. Mistakes have been made, but those will be corrected.

"Right now the country needs badly the money that is being made from the petroleum industry. Right now the natural resources are what count for this country's overall development.

"Sacrifices will have to be made."

Asked whether it is possible to stop the pollution, Manuel Rodriguez, 32-year-old editor of Minatitlan's daily newspaper, La Opinion, replied:

"I tell you there is no contamination or pollution for us



because we have become so accustomed to it. It is a part of our everyday routine. There is nothing we can do about it."

Hundreds of miles south of Minatitlan, however, in the states of Chiapas, Campeche and Tabasco, current center of the new oil boom, the early stages of petroleum pollution are being met with bitter resistance by citizen groups.

Concerned citizens said they are well aware of what has happened in Minatitlan, Coatzacoalcos and other polluted oil towns further north, such as Poza Rica and Tamaulipas.

"We must never let it happen here," said Benjamin Zenteno, an opposition leader in Villahermosa, capital of Tabasco and jumping-off point for the oil fields.

"Already there have been large areas affected where plants, fish, not to mention people, have been killed by the petroleum industry. Whole villages and ranchitos have been uprooted," he said.

Oil and gas pipelines and freshly bulldozed roads crisscross the ranches and farmlands. Several huge refineries and oil storage areas are going up, and the landscape is dotted with drilling rigs and huge flares burning off the natural gas that comes up with the oil.

Tabasco is a tropical land of lakes, lagoons, streams, rivers and marshes, sometimes 60% under water during the rainy season.

The new construction, particularly the roads and the pipelines, has ruined the natural drainage.

Plots of bananas, beans, corn and sugar cane are under water, much of it contaminated by the saltwater and chemicals from the drill rigs.

"They (the Pemex people) have changed the course of the streams that used to run through here . . . and they've created stink pools of oil and chemicals," said Genaro Almaeda, a farmer in a small suburb north of Villahermosa.

"The children complain how their legs itch from the (chemical) powder they are pulling up from the oil wells."

He pointed to a young colt standing in the water near its mother. Large patches of hair were eaten away along the colt's legs and hindquarters.

"It's plain to see the colt is dying," the farmer said.

Almaeda and other farmers said either their complaints are ignored by Pemex, or they are offered cut-rate compensation for their ruined crops and animals.

Almaeda's sister, Nicola, 30, said she and her husband bought a small farm last year for 12,000 pesos, about \$500.

Then Pemex laid a gas pipe through her property and ruined the tiny farm. "Now only is everything destroyed, the smell is horrible."

Then, a few months ago, she said, her husband ran off.

Pemex, she said, offered to buy her out for about 10,000 pesos. "It just makes me bitter how cold they (Pemex) can be. You work the land and they offer you much less than what you have put into it."

"Whenever they can cheat you they do it. And without a husband they are even more forceful with me," she said.

She said she and her six children hadn't eaten in about four days. The children, their stomachs bloated from malnutrition, held up empty bowls to visitors.

Pushed to desperation earlier this year the *campesinos* (peasants and farmers) of this same area barricaded the roads to the Pemex drill rigs with pipe and logs. There were even reports that oil-field workers were fired upon.

Pemex officials rushed into the area with money to pay the *campesinos*, and the army cleared the roads.

But the hostility has continued.

American and British technicians working the oil fields said that a new approach has been tried in the last few months to keep the *campesinos* in line.

A squad of men dressed in unmarked fatigues and armed with machine guns and grenades has been sent to the villages at night to terrorize the farmers, according to six American and British technicians.

During the day the terrorists play tennis and swim at the Hotel Viva in Villahermosa, then at dusk they meet in the parking lot dressed in combat gear and pile into vehicles, the technicians said. They also stay at the hotel.

"They (the government) don't want the peasants acting up. Especially if some big shot like the president or the head of Pemex is coming to town," said a technician for Solar International, an American turbine company working for Pemex.

The technician, like the others interviewed, has been working in the Villahermosa area for about one year, usually on a 30-day rotation basis.

"You can't believe the misery and poverty I've seen out in the boondocks, and I'm out there every day," he said.

"It'll take more than some 'heavies' to keep the lid on in this place," he added.

By Laurie Becklund
and Robert Montemayor

Land reform: the revolution that failed

CRAMMED into a 10-story office building in the middle of Mexico City is a federal agency at which civil servants sometimes lock themselves into their offices to avoid assault by citizens.

The agency head, a cabinet minister, is whisked to the garage below in a private, locked elevator to a car that reportedly has windows of bulletproof glass.

The agency, the Secretariat of Agrarian Reform, is the most staggering of Mexico's bureaucracies, a system so mired in red tape and corruption and contradictory laws that frustrated citizens have, on occasion, taken civil servants hostage.

The top officials of the department are brokers of Mexico's most highly praised constitutional guarantee: the right of rural families to farmland. Ever since 2 million peasants died fighting for land in the Mexican Revolution of 1918, it has been law that all farms that exceed specific legal limits on acreage are to be broken up by the government and redistributed to land-poor peasants.

Today, land reform is widely recognized as perhaps the greatest failure of 20th-century Mexico. Most of the estimated 3 million peasants who have gotten land still live in stick-and-mud-hut poverty. Millions more have no land at all.

Yet, because agrarian reform is sacred in Mexico, rarely a day goes by that some politician doesn't vow to hunt down illegal landholders and dole out their property to deserving peasants.

Consequently, hundreds of thousands—if not millions—of peasants continue to live in a limbo somewhere between rhetoric and reality. The Times found in a six-week study.

The failure of land reform has had immense international consequences. It forces thousands of peasants into the United States to seek work illegally. And, because the government devotes most of its agricultural budget to such programs as irrigation projects for big growers who produce lucrative export crops sold in the United States, resentment against Americans is growing in the countryside.

In the southern state of Oaxaca, a 70-year-old woman fixing a dinner of wild purslane weed, tortillas and beans greeted reporters with a "power" handshake. She said she joined in a land invasion organized by leftist activists because she had grown disenchanted with government officials.

up and promised to fight *latifundistas* (large landholders) when the men sitting next to them on the stage were *latifundistas*, she said.

In central states such as Irapuato, miles of fertile flatlands are devoted to highly profitable cocktail onions and strawberries while the rockiest slopes are planted with corn. Americans later eat the onions (mixed with miniature peas) and the strawberries out of frozen packages. Mexican peasants live on the corn.

Gustavo Esteve, a noted economist who is an adviser to two Cabinet ministers, said that Mexico's capitalist economy has come to a standoff with its socialist-oriented land reform programs.

"The basic problem is a conflict between two economic systems," he said, noting that peasants' claims discourage growers from fully developing their lands while growers use their influence and records of high crop yields to convince government officials to brake land redistribution.

More than 20 million people—a third of Mexico's population—live in the countryside.

About 1.5 million peasants were believed eligible for land at the time of the revolution but, due to Mexico's dramatic population growth, it is estimated that 3 million are waiting for land today.

Even if all the land now held illegally were to be broken up and redistributed to peasants, according to agrarian sources, there might be enough land for only 300,000 to 500,000 families—not 3 million.

"I have beaten a trail deep to Mexico City—I've gone to the Secretariat of Agrarian Reform hundreds of times," said Alfredo Figueroa, who leads a group of 556 families asking for lands in Oaxaca. "Always the offices are crowded with people like me who have a lot of documents and a little shred of hope."

"Sometimes you have to wait a month just to get in and when you do, they tell you there is just one more study to do, one more survey. When will the studies be done? Never. I realize now, never as long as the rich landowners keep sending in their centavos."

By the Agrarian Secretariat's own reckoning, there is a backlog of about 173,000 cases (many of them involving whole towns) to be settled. One group of peasant unions calculates there are another 1,702 "settled" cases in which Mexican presidents have signed decrees turning over land to peasants who never received it, because of the landholders' political pull.

One department spokesman blamed the admittedly "impressive residue" of cases on insufficient manpower, false claims by peasants and changing agrarian law. Others point to political corruption as the real reason.

"You could solve 60% of the problems yourself on the spot if you were allowed to," remarked one agrarian official who was once kidnaped and held briefly by frustrated peasants to call attention to their petitions. "But if you try to do any more than type up complaints and file them, the big landholders talk to your boss and tell him you're causing problems."

"Because the landholders get votes for local politicians and send them money, they have enough power to get you transferred."

Yet blaming the failure of agrarian reform solely on corruption is misleading and simplistic.

"Agrarian reform was a good idea at the time it was written but it's a Model T today," said Paul LaMartine Yates, a British agricultural expert who is an adviser to the National Bank of Mexico and is considered one of Mexico's top agricultural experts.

"Unfortunately, it came on the eve of Mexico's population boom and on the eve of modern technology. In those days, people thought all their troubles would be solved if they just had three acres and a cow."

"The trouble now is that every good government official still has to preach the rhetoric of land reform so people still think a little plot of land would cure everything. And no sensible legislation can be passed because corruption is such an institution that you know someone will take advantage of it."

"The whole thing's a lousy mess."

About 3 million peasant families have been given land in the six-decade history of agrarian reform. But, according to economist Esteve, only about 400,000 have been able to substantially improve their standards of living.

"Governments come and governments go and the law is ignored," said Leopoldo Gutierrez Sagardi, secretary gen-

eral of the large Union General de Obreros y Campesinos (UGOCM) that represents peasants. "Agrarian reform has been a tragic, tragic fraud. It has kept millions of people in misery."

Poor land, lack of water, inefficient government credit banks and internal political corruption in small collective farming groups are most often blamed for the failure.

To make matters worse, food production has barely increased at all for the last 15 years. Many big growers have simply refused to develop their lands because they are afraid they could be taken away and doled out to peasants.

Agrarian reform is beginning to look more and more like a sacred cow standing in the middle of Mexico's road to progress.

"For years agrarian reform was the price we paid for peace in the countryside," said Jorge Urquiza James, general planning director of the Secretariat of Agrarian Reform. "Now we've reached a point where that price is too high."

"Agrarian reform has been technically feasible all along but politically unfeasible. We've failed to make it all work. We have treated the countryside like a machine and given out parts of it to the peasants. But the machine isn't working. We've got to put it back together again."

THE need for a change was driven home in 1973, when Mexico, the land of maize and tortillas, had to start importing corn.

The land is not elastic, government officials said when President Jose Lopez Portillo came into office in 1976, and there is not enough land to go around.

Recently Agrarian Reform Secretary Antonio Toledo Corro announced, more convincingly than his predecessors, that all agrarian cases would be settled by the end of this administration in 1982. "The old lady," *la vieja senora*—as the department is known because of its Spanish acronym, SRA—might even disappear altogether, he said.

The announcement was greeted with criticism by peasant leaders who see the plan as an excuse to get rid of land reform.

Industrialization is the new key to developing the countryside, officials said in public. This business of chopping up the land into little pieces and doling it out to unprepared peasants has got to come to an end, they said in private.

It never really began, the peasants answered.

"It does not bother us that reform could modify the power of public officials," Secretary Toledo Corro declared at a meeting of agrarian officials in May in Mexico City. "To us, public power is a tool to serve the citizens, not to serve ourselves."

He then pledged not to take "one step backward" in his drive to carry out the distribution of the land.

The day after Toledo Corro's speech, a 60-year-old man walked out into the middle of a dusty road in the town of Escuinapas, Sinaloa, and pointed out a large ranch in a fertile valley to a reporter.

"It is no secret which family controls the lands of the Palmito de Verde Valley," he said. "The Toledo family has been in control for more than 25 years. It is common knowledge."

"But what I wonder is how the man in charge of distributing land to the peasants and breaking up *latifundios* deal

Los Angeles Times

with his own case here?"

Asked whether Toledo Corro owned land nearby, villager after villager pointed to the boundaries of a ranch called Las Cabras.

"It would be easier to tell you what doesn't belong to the Toledos," one woman said.

"To see it all, you would have to start at the mountains (six to eight miles in the distance) and go a few more kilometers west to the sea. Most of the land to the north is also theirs and to the south."

Vast acreage of the semitropical ranchland has recently been planted with lush, young oil-producing coconut palms. Other parts of the ranch are devoted to cattle. Local residents said they recognize the family's cattle by its brand: a scorpion.

Almost every weekend, residents said, a Secretariat of Agrarian Reform airplane lands on a private airstrip on a beach at Las Cabras to drop off Toledo Corro.

On March 19, five men with stockings over their heads were arrested in Mazatlan after they commandeered Toledo Corro's automobile in nearby Escuinapas and beat up his chauffeur.

Officials termed the incident an attempted kidnaping. It failed, investigators told reporters, because Toledo Corro had not yet arrived from Mexico City to spend the weekend at his ranch near Escuinapas.

Las Cabras was named in newspaper accounts of the kidnaping and was identified as belonging to Toledo Corro.

Five hundred peasant families in southern Sinaloa state have been fighting with Toledo Corro over portions of the 45,000-acre ranch they say is held illegally by Toledo Corro under the name of his relatives. In Mexico, as in other countries, placing property in the names of friends and relatives is a common form of concealing large land holdings.

Toledo Corro has personally participated in past negotiations with peasants over the disputed ranch, but his name does not appear on property rolls.

The Mexican constitution limits most irrigated farmland holdings to 250 acres, but Toledo Corro's father originally was granted a cattle concession to the 45,000-acre Las Cabras ranch by the government in 1951, Secretariat of Agrarian Reform archives show.

But the government concession, granted under laws designed to spur development of unused land, was withdrawn in 1968 after peasants protested much of it lay fallow and other parts had been illegally subdivided.

On Sept. 29, 1970, President Gustavo Diaz Ordaz signed a decree that turned nearly 9,000 acres of land over to 167 peasants.

But the peasants never got the land.

"We were never informed of the decree; we were never notified at all," said one young peasant whose family is in line for the land. "We didn't even find out about it until last year."

All of the peasants interviewed in the valley asked that they not be named for fear of retribution.

Without knowing the land had been awarded them already, about 80 families invaded a portion of the ranch in 1976 and lived there in small houses for four months.

They left after renewed promises of land from government officials.

When asked about Las Cabras, Toledo Corro's press secretary, Carlos Martinez Aristizabal, said the ranch was turned over to the Secretariat of Agriculture and Hydraulic Resources a year ago for experimental projects in the cultivation of coconut palms and cattle breeding.

Toledo Corro's family members still have "some small properties" on the ranch that are within legal limits, Martinez Aristizabal said.

"Charges that the secretary himself has land there are absolutely untrue," the press secretary said. "He visits there only as an official to oversee the government operation."

As for the peasants, he said, their petitions for land are being processed and they will eventually be given parcels "in other areas."

In the long years since the villagers of Escuinapas and other communities first solicited parts of the ranch, petitioners have died and their heirs have multiplied. Most continue to think of themselves as *campesinos* a word that can only roughly be translated as peasant.

But most work as peons, earning the state minimum

wage of about \$5 a day on other people's land when they can find a job.

THE hills above Huixtla, state of Chiapas. Four men were sitting on a long wooden bench outside the coffee workers' barracks that are called "chicken coops" in Chiapas. Standing behind each man in the hot tropical afternoon was a fellow worker, searching through his scalp, picking out lice.

The men, dressed in the frayed polyester pants that are cheaper now in these parts than the traditional cotton, are Chamula Indians who work here six months a year about 200 miles from their homes.

Their patron in this particular coffee plantation, or *fincas*, is Antonio Nisch, a middle-aged German whose father established it in 1916.

Nisch's father was one of dozens of wealthy German

where they come from," Nisch explained. "You have to treat them well, though, or they don't come back."

Of the estimated 55,000 Chamulas in existence, it is believed that up to 75% of the men work primarily on these *fincas*.

They are among dozens of indigenous groups who could conceivably qualify for land under complicated provisions of the constitution aimed at restoring to Indian groups communal lands that were taken over by large agricultural concerns in the 19th century. Most of the groups have no legal proof of title, however.

Together with many more non-indigenous workers, they form 2 to 4 million *trabajadores golondrinas* or "swallow workers" who migrate like birds around Mexico (and the United States) looking for work.

The men are paid minimum agricultural wages, which in this area amounts to about \$3.80 for a seven-hour day, Nisch said. During harvest season, he said, they often



merchants who acquired land here and in Guatemala about the turn of the century.

The Germans, shipped loads of European imports to America and struck upon the idea of planting coffee in their search for merchandise to fill their empty boats on their way back home, Nisch said.

Today, although most of Mexico's coffee is grown on small plots of land, it is the Germans' coffee that many exporters prize. Coffee is Mexico's top agricultural export, and 80% of all exported raw beans are bought by U.S. companies.

"Lazy men!" Nisch scolded with a paternal laugh as he showed a reporter the windowless workers' barracks. "This place is dirty! How can you live like this?"

Inside the dank rooms, sitting on wooden shelves built to match body length, sat huarache-clad men ranging in age from 12 to 75. In harvest season men and their families sleep three tiers high on the plank beds.

The Chamulas, most of whom speak only Tzotzil, seemed not to understand their patron's thick German accent in Spanish.

The chicken coop barracks, called *galleras* in Spanish, vary from *fincas* to *fincas*. Nisch's *galleras* had no doors and only slats over an opening in one wall for a window. Workers said there were no bathrooms. All bathing is done in a nearby river.

The quarters were neat, after a fashion. Clumps of fruit and laundry hung from the rafters. Firewood for cooking was stacked under the wooden beds. A makeshift stove sat in a corner. Some workers had hung pieces of cloth over their cubicles for privacy.

"It isn't much, but they are not accustomed to much

bring their wives and children and are able to earn considerably more.

When picking, he said, they are given free food. The rest of the year they pay about 60 cents (U.S.) a day for 10 tortillas, 150 grams of beans and 100 grams of sugar. On Saturday, each worker is given about a pound of meat.

"They call it meat!" scoffed one Spanish-speaking worker to a reporter. But this indignation did not seem to be shared by the men around him, many of whom had never been to school and could not easily compute either their wages or the price they paid for food.

"We have to come here," Domingo Diaz Tocu said. "There is no work in San Juan Chamula where we're from. Everything is expensive. But if I come here for three months, I can save (\$130 U.S.) to take home to my family." The money lasts for about three months, when they return to the plantation for another three-month cycle.

Several years back, coffee plantation owners began hiring illegal Guatemalan workers during harvest when they said they could not find enough Chamulas to do the work.

Nisch said he and other plantation owners pay immigration officials about \$5 a head every year to allow thousands of illegal Guatemalan workers into the country. Chamula workers said the Guatemalans earn less than they do—about \$2.40 a day.

"We're as dependent on illegal Guatemalan workers for our coffee workers as you (Americans) are on illegal Mexican workers for your cotton and vegetable harvest," said Ernesto Moreno, a Chiapas coffee wholesaler.

"The difference is that we admit it."

To millions of Mexicans, "progress" is an American word.

Progress delivers irrigation canals and tractors and hybrid "green revolution" seed to Americans or rich Mexicans with contracts to sell their crops in the United States.

Meanwhile, 3 to 4 million peasant families depend on horse, mule or oxen yokes to plow their corn and bean fields. No one knows how many landless peasants, poorer still, look upon a yoke or oxen as an expensive daydream.

One heavy-jowled blacksmith leaned over his workbench during one interview one day to laugh outright at a reporter's question.

"Replace oxen yokes? Never!" he said. "Don't know much about farming, do you? Tractors turn over on these hills. The blades break in the rocks."

So it was that when a Mexico City investigative reporter named Manuel Buendia published details of a government program to import 60,000 tractors from U.S. companies last fall, he provoked one of the biggest controversies of Lopez

"As soon as anyone gets in office, he begins building his house," one *ejidatario* said. "He sends his kids to school in Mexico City. He stops working in the field and he buys a car. The officers don't use all the money they take, though. They have to spend some of it on mariachi music for government officials when they visit."

Most of the lucrative export crops are produced by a few hundred growers in the rich agricultural valleys of Sonora and Sinaloa.

In the two northwestern states that some Mexicans call the "backyard of the United States" acre after irrigated acre is devoted to the cultivation of tomatoes, cucumbers, green peppers and other truck crops that find their way into the kitchens of Southern California every winter.

While most Mexican farmers must depend on poor soil and unpredictable rainfall to grow low-yield corn for their own food, the northwestern growers have been the beneficiaries of the bulk of the government's expenditures for irrigation projects, soil improvement and subsidies.

controlled by foreign—mostly U.S.—corporations. Other experts say his figures are exaggerated.

"It is easy to attack any imperialist country like the United States when a system such as this one with agrarian reform, the cornerstone of this country's revolution, has not worked," said an economist for the American Chamber of Commerce in Mexico City.

"I guess in the long run Mexico could probably do without our multinational corporations. But it would be like saying people ought to go without shoes. It would be very uncomfortable."

Forty-three peasant families will be boarding a bus from their tiny town in northern Chiapas state for a full day's trip to the broad Usumacinta River soon. There they will pack their households into boats for another day's trip far south into a jungle they have never seen.

They are part of a new government program that is one partial solution to Mexico's scarcity of arable land: the clearing of as much as 1 million acres of farmland in the tropical and semitropical southeastern regions of the country.

Many of the families, members of the *Ejido Xoc*, have never been outside the hilly rural region where they were born. But they opted to leave their homeland one day after a 20-minute bargaining session with a state official.

They had solicited 6,000 acres of land in 1977 that included a coffee plantation where they and their parents and grandparents had worked as peons. In the snarled series of disputes that followed, their employer accused them of stealing coffee and invading land and they accused him of unfair labor practices and of burning about \$700 in their own family crops.

Finally, one day recently, the whole matter wound up on the desk of Horacio Acuna, agrarian adviser to the governor of Chiapas.

In a 20-minute negotiation session that resembled a market bartering scene, Acuna heard both sides and came up with an answer.

"Look," he said to the straw-hatted peasants. "We'll give you new land in the jungle and transport you down there. We will do this as a sign of the charity of the state and its governor.

"As for your crop losses, you say you deserve \$700 for the burned crops, and the owner says you deserve nothing. How about half and half?"

The peasants nodded. "Fine, that's fine," the owner of the plantation, an elderly man in a suit, answered, pulling out his wallet. Happy to hear the *ejidatarios* were planning to leave, he stopped accusing them of stealing his coffee.

"Who knows how it will go with us there?" one of the peasants said. "But there is nothing for us at home any more."

How will it go for the peasants there? Similar programs in the past had not had much success because peasants have traditionally resisted such uprootings. Many also perceive the jungle as unhealthy.

Critics of the program say lands in parts of the project area will be unproductive because of thin topsoil. Some agriscientists claim the lands may be appropriate only for growing coconuts or for cattle ranching, which produces few jobs.

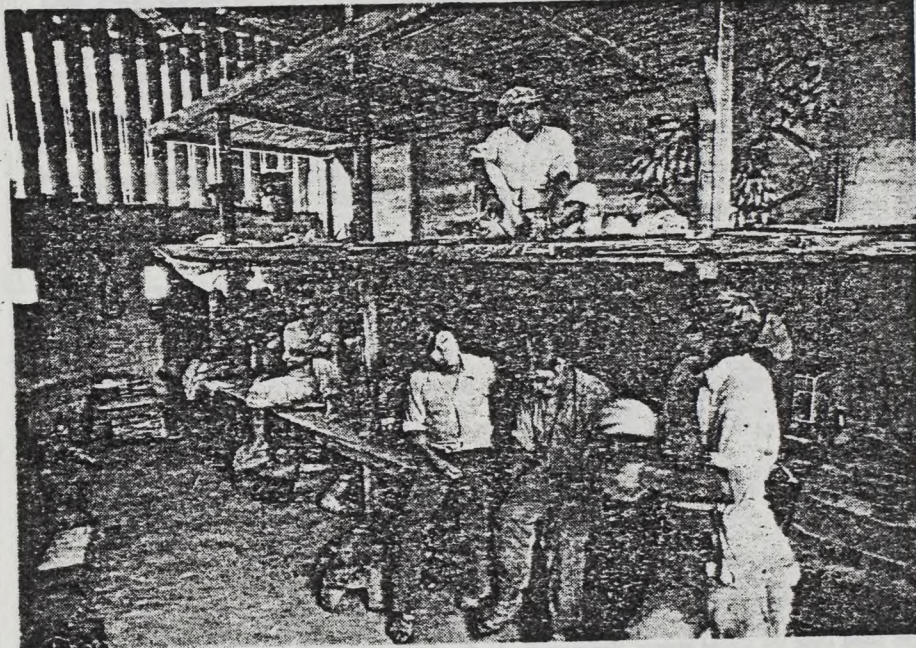
ONE U.S. official who studies Mexican agriculture and agrarian reform said the program could be the government's means of ending reform.

"The clearing programs could be the government's way out of agrarian reform," said the official, who asked not to be named. "They're going to say to the peasant, 'Look, we have land for you and if you don't want it, that's tough. We offered, and you chose not to take it.'"

However, government spokesmen deny that there is any plan to do away with the peasants' constitutional right to land.

"There is no plan to do away with agrarian reform," said Casio Luiselli, one of Lopez Portillo's top agriculture advisers. "We are very proud of that provision in the constitution."

Luiselli, young, educated, idealistic, holds out a modest hope for rural Mexicans by the year 2000.



Portillo's administration.

Several economists predicted the projected "tractorization of Mexico" would create vast unemployment. Others charged the huge sums involved would be better spent on building Mexican tractor factories that would create new jobs for unemployed Mexican workers.

Due to the uproar, the program has since been reduced to the purchase of only 5,000 tractors by early next year.

But critics are still skeptical. "There is a plan to train peasants in tractor use but it is insufficient," said economist Esteva, who sees a need for both more oxen yokes and the phasing in of tractors. "But there is a lack of machine parts and mechanics in rural areas. The tractors will break down and remain unused for years."

More than 40% of the farms in Mexico are semicomunal operations called *ejidos* that provide each member *ejidatario* a private plot of land as well as communal acreage.

But most *ejidos* have failed to improve the standards of living of their members. The government has poured billions of pesos into credit for the *ejidos* to help them buy seed, fertilizer and improve farming techniques. But, because of poor land, the notorious inefficiency of the rural government credit banks and frequent discoveries of corruption—including the creation of "ghost *ejidos*" by officials trying to siphon out funds—*ejidos* are generally little more than colonies of mud-and-stuck homes.

In *Ejido Escape de la Lagunilla* in the state of Puebla all the homes are dirt-floored—except those owned by government-backed *ejido* leaders. There are only four or five two-story, tiled houses in the *ejido*. All have garages. All are owned by *ejido* officers that a growing group of dissident *ejidatarios* is charging with corruption. The officers deny the charge.

"The irrigated lands produce almost half the value of agricultural products in Mexico but they get 70% of all public and private funding," Esteva said. "They accuse peasant groups of being inefficient—but they produced half the value of the crops with only 30% of the funding."

The gap continues to widen between subsistence farmers and large growers who export vegetables. Technical studies devoted to export crops have helped quadruple their yield per acre over the last 15 years. At the same time, export farmers who grow products like garbanzos or cherry tomatoes can make profits of up to four times that of corn-growers.

So resentment grows in the countryside. The way many experts and peasant leaders see it—and this is precisely what they tell their thousands of followers—the Americans, or their economy, are responsible in the end for peasant poverty.

The same Mexican government officials who deny peasants land through agrarian reform laws subsidize rich farmers in the north, the peasant leaders say. These rich farmers, using American-made tractors (built by American wage earners) and American-made pesticides and often American seed, use Mexican land to grow vegetable crops to sell to Americans.

More than 95% of all Mexico's strawberries, for example, are exported, most of them frozen in processing plants owned by U.S. multinational corporations.

Victor Bernal Sahagun, an economist with the Institute of Economic Investigations of the National Autonomous University of Mexico, estimates that 75% of all industrial food production plants and 25% of all crops in Mexico are

"I hope by then the peasants will be able to at least own old cars, wear nice clothes, go to the movies. I can't realistically say that by that time they would be to the point of owning credit cards and traveling to Europe by then though."

He says point-blank that Mexico simply does not know how to generate the millions of jobs it needs to employ people in rural areas.

Meanwhile, he said, the administration is concentrating on accomplishing what it does know how to do: generate middle-sized, employment-intensive food-processing plants in the countryside and organize peasant farming groups into more productive units.

"This must be very hard for Americans to understand," he said, shaking his head. "Your economy is so standardized. Here every group, every place represents a different problem. How do you administer vast programs in a country like ours?"

Also up in the air is the future of about 25,000 *ejidos*—the communal farm groups set up by the constitution. *Ejidatarios*, according to agriculture expert Yates, are a combination of the old European feudal system and the communal farms set up by pre-Columbian Indians in Latin America.

The *ejidos* often are accused of being inefficient because large, mechanized private farms make bigger profits.

"We could solve two problems with one stone if we were to give greater credit and attention to the *ejidos*," said Ivan Restrepo, a prominent Mexican author, ecologist and land expert.

"The answer is not to increase production on a few lands by tenfold, but to bring up production on the vast number of small plots of land maybe from 1 ton per acre to 1.5 tons per acre. That would solve the food shortage problem as well as help alleviate unemployment."

Mexican farmers now average only about one-fifth the yield of corn per acre of U.S. farmers.

THE hottest agricultural debate in Mexico today is whether the country should try to grow all its own food (at a great cost to the country) or should buy basic grains from abroad (increasing its dependency on the United States).

After reading U.S. news reports of Middle Western farmers pushing bumper stickers that read, "Cheaper Crude or No More Food," many economists say it is dangerous for oil-laden Mexico to depend on anyone but its own farmers for basic foodstuffs. Furthermore, they add, Mexico does not have sufficient transportation systems to distribute such imports to rural areas on a large scale.

On the other side are U.S.-trained economists and some government officials who point to computerized projections that Mexico will be spending all its oil profits on food by the year 2000 if it does not beef up its lucrative export crops.

U.S. farmers can grow corn and wheat more cheaply than can Mexican farmers, they say. The Mexican economy will be better off in the long run if it stimulates its profitable beef and fresh fruit and vegetable exports.

Both peasant leaders and government officials agree on one thing: Because land is short, most rural Mexicans will be wage earners in the future, not private farmers. So, without dropping their cry for land, peasant groups are beginning to organize farmworkers' unions.

"The movement today is away from land distribution and toward unionization," said Roger Bartra, another top agrarian expert who is with the Institute of Sociological Investigations with the National Autonomous University of Mexico.

"The (current) administration has set our economy on a very conservative, business-oriented path. The next few years will be a real test of the (agrarian reform) provisions of our constitution."

Ramon Danzós Palomino, an aging leftist leader long respected by Mexico's liberal intellectuals, a man who has spent half the last 20 years in jail for his organizing activities, recently started a small new union of landless peasants and peons.

"But that doesn't mean we're going to stop demanding the land—because the constitution says it is ours," he said. "We are not going to stop invading lands when necessary, and we're not even going to let even our own unionization stand in the way of land."

By Robert Montemayor
and Laurie Becklund

THE soldiers had come during the early morning hours of April 18, Federico Lopez recalled, running a finger over a battered nose that he said had been broken by a soldier's rifle butt.

About 200 of the infantrymen, armed with automatic rifles, had come to oust dozens of families from lands they had taken over outside Tapachula, Chiapas, near the Guatemalan border.

The families had taken over the land and built small houses there to protest the refusal of large landholders to turn over lands awarded them by presidential decree several months before, Lopez said.

"The soldiers began beating us and wrecking our homes," he said. "They burned everything—our homes, our furniture, even the Mexican flag we had flying."

Lopez spoke from the dusty prison yard of Chiapas State Penitentiary in Tuxtla Gutierrez. Next to him stood a young mother nursing a baby. On her neck was a large blue welt she said she received when a soldier hit her with a piece of firewood.

Thirty-two people were arrested in the incident, and 18 are still in jail, charged with misdemeanors that include minor crop damage, land invasion and, ironically, destruction of their own houses.

"They charged us with burning our own homes," Lopez said, acknowledging that the group was not surprised by the land invasion charges. "But do you believe that they accused us of burning our own homes?"

When asked about the alleged sacking, Mexican army Gen. Jose Hernandez Toledo in Chiapas hung up on a reporter calling to ask for an interview.

Such land disputes have become common in Mexico. Peasants, weary of waiting years—often decades—for the government to turn over lands the Mexican constitution pledges them under agrarian reform guarantees, invade parcels they claim are theirs.

In Lopez's case, his petition for land had been resolved and awarded by the customary presidential decree. Peasant leaders say there are 1,700 similar cases in which peasants have decrees to land they have not been allowed to occupy.

"We're just lucky no one was killed," Lopez said. "I know others who weren't so lucky."

All over Mexico the poorest of Mexico's dirt-poor peasants have been killed by police, soldiers and paid *pistoleros* (gunmen hired by land barons) in land disputes, more than 100 interviews in a two-month study of reported human rights violations in Mexico showed.

Among those interviewed were U.S. college professors, human rights investigators, Mexican economists and officials, newspaper reporters, a key U.S. official, and dozens of Mexican peasants.

What human rights investigators are seeing, they say, is a two-pronged effort to silence dissidents.

One such effort occurs in the countryside where allegedly corrupt bureaucrats serve as the protectors of wealthy landholders and send in police and army troops to quell peasant problems without any attempt to investigate peasants' claims to land. The Times was told repeatedly.

The other, reportedly more organized form of human rights violations, sources said, is a low-profile campaign to do away with political troublemakers from terrorists to

student leaders without bringing them to public trial.

There is no list of the dead, although they are believed to number in the hundreds. Their names and stories, collected in town after isolated town of mud-and-stick homes, are recalled only by their families and those who saw them die.

Seeking a means of quantifying violent confrontations in the countryside, Dr. Sergio Alcantara Ferrer of the prestigious Colegio de Mexico tallied reports of peasant violence in Mexico City newspapers.

Between January, 1977, and April, 1978, there were reports of 302 "assassinations" of peasants by soldiers, police, and *pistoleros*, Alcantara's tally showed. Whereas in 1976, an average of seven peasants were reported killed a month, there were 20 reported killings a month in 1977.

"The information I derived from the newspapers obviously is very limited," Alcantara Ferrer said. "One assumes that not all violence is reported. But the study does point out without doubt the magnitude of the problem."

When asked for an accounting of such incidents in rural towns in the state of Oaxaca, a Communist Party officer, Antonio Gomez, shook his head and said:

"Look, we do not have the time or manpower for such surveys. There are some towns where virtually every peasant leader has been arrested or jailed, and we just don't have anyone left."

LAST year, several major human rights groups began a serious study of reported human rights violations in Mexico for the first time.

After investigating flagrant abuses in dictatorships in Latin America and authoritarian regimes in Africa and Asia, some were surprised to find what they considered serious repression of dissenters by the United States' democratic neighbor to the south.

"The great majority of Mexicans are not affected by human rights violations in Mexico," said Robert Goldman, acting dean of American University's School of Law in Washington. Goldman formed part of a team that investigated alleged abuses in Mexico for the New York-based International League of Human Rights, the Paris-based International Federation for the Rights of Man and the Rome-based Pax Romana, human rights groups that have acted as consultants to the United Nations and other organizations.

"But repression against specific targets, members of political opposition groups, appears to be as severe as in countries where United States has formally condemned governments for their human rights violations," Goldman said.

Human rights groups have compiled lists of about 450 people—many of whom are student, union, and peasant leaders—who have "disappeared."

Nowhere in the Western Hemisphere except in Argentina—not even in Chile under its heavy-handed military dictatorship—have so many dissidents "disappeared" without government explanation, Goldman said.

In such cases, the dissidents simply "disappear"—most often after being kidnaped by a member of a clandestine group called the *Brigada Blanca*, or White Brigade, human rights investigators charge. The *Brigada Blanca* is widely described in the Mexican press as a secret paramilitary group made up of police and soldiers in civilian dress.

The government flatly denies the existence of the *Briga-*

The dead aren't counted or listed—but many remember

da Blanca. When the International League of Human Rights issued its report on Mexico last year, Mexican Atty. Gen. Oscar Flores Sanchez issued a blanket denial of its findings that Goldman termed "disappointing and totally unresponsive."

It has been the position of the federal government that serious human rights violations simply do not exist, and The Times was unable to find an official who would enter into a serious discussion of the reported abuses.

The question of whether those who have disappeared were guilty of any crimes thus remains unresolved.

Officials most commonly respond to reports of violence against peasant squatters by pointing out that they are violating the law by trespassing on private property. In some cases where violence has been widely reported in the Mexican press, federal officials have promised to investigate allegations against the local officials allegedly respon-

it had to be written "so as to allow us to continue to stay in the country."

"This isn't like Argentina where there are 50 cases a day of people disappearing or getting beaten up or getting killed," said Jose Alvarez Icaza, director of the National Center of Social Communication (CENCOS), a once church related group that publishes weekly reports of human rights violations in Latin America. "Here we have maybe two or three cases a day."

The CENCOS reports are filled with stories of peasant killed in battles with *pistoleros* and soldiers, of arbitrary jailings of dissidents and other human rights violations.

Two years ago, CENCOS offices were raided by three busloads of police grenadiers. Thirteen members of the staff were arrested, and 70 file cabinets were confiscated. The raid—carried out without the required search warrant

Despite their violence—or perhaps because of it—the groups gained surprising support from both urban and rural people.

The Times Poll of Mexico City residents indicated that almost half believe the guerrillas have a "just cause." In rural areas, peasants told reporters that the guerrillas had stood up for them when police and district attorneys turned their backs on acts of violence by the *pistoleros*.

Those who knew such famed guerrilla leaders as Lucio Cabanas, Genaro Vasquez and Florencio (El Guero) Medrano, often described them as modern-day Robin Hoods who terrorized large landowners, shot down their *pistoleros* and robbed banks.

"We weren't bothered so much by the army when the groups were still fighting," said Isaura Figueroa, a peasant leader in Rio Grande, Oaxaca, who has been waiting 33 years for the government to process his request for land under agrarian reform laws.

"Even the soldiers were afraid to fight with them. They had the support of many people too, who would supply them with food and guns and ammunition. Those days are gone now."

Cabanas and Vasquez and Medrano are dead now, targets of military search teams charged with obliterating guerrilla groups.

Medrano, who led a small faction of guerrilla members of the much-publicized League of the 23rd of September, was killed in March in the hills of northeastern Oaxaca.

"His death demoralized us tremendously," one of Medrano's lieutenants admitted in an interview. "He was the last of the real guerrillas as we have known them. Now we are going to meet and decide who should take his place. When the new leader—if we find one—is elected, we may be able to continue our work."

One peasant in eastern Oaxaca told a reporter that he had met Medrano in the sierra shortly before his death after the army chased hundreds of longtime squatters out of their village and into the mountains.

The peasant, who demanded anonymity, said "the soldiers came in and demanded high-powered arms from us. But we didn't have any. If we don't have money to buy food, how are we going to afford guns?"

"I never met a guerrilla until we went into the sierra after the army chased us out. I talked to El Guero Medrano for a long time. He is right about the government trampling on our rights.

"But he couldn't fight the whole Mexican army with 200 or 300 men. So, we are going to fight with papers to try to get deeds to the land we live on. The day we learn we can't win that way, well, yes, I would consider joining them."

Guillermo Andrade Gressler, an attorney in Mexico City who has been a spokesman for Mexico's human rights movement for 10 years, scoffs at frequently published reports of arrests of terrorists reported to be members of guerrilla groups such as the 23rd of September.

"The government is creating ghosts for its own purposes," he said. "They say they've captured one of the 23rd of September members for bank robbery or shooting a policeman but they don't give the name.

"It has been five years since any member of the 23rd has been charged with any crime.

"This allows them (the government) to go out on vigilante missions against dissidents in the name of national security and carry out their crimes. Then they blame the fantasy suspects they themselves have created.

"Repressive might be one way to describe what the government is doing. Barbaric might be a better way to define it."

OF the various forms of human rights problems uncovered by the international investigators in Mexico last year, Goldman said, he is most concerned that new disappearances continue to be reported.

"What I fear, as in the case of Argentina and Chile—where bodies turned up in the bottom of wells and former policemen confessed to their priests—is that once the government says it is not responsible for the disappearances, it is almost a death warrant for any prisoners who may be in custody secretly."

Rosario Ibarra de Piedra formed a group called the Mexican Committee to Defend Political Prisoners and the Politically Persecuted, Exiled and Disappeared after her son disappeared four years ago.



visible. Peasants claim such investigations are rarely carried out.

In some respects, President Jose Lopez Portillo has been more careful of human rights than his predecessor, Luis Echeverria, sources said repeatedly. Echeverria is blamed for many of the disappearances and for the much publicized killings in 1968 of hundreds of students demonstrating against the use of federal funds for the Olympic Games.

"At least this president doesn't beat me up," said Heberto Castillo, an engineer who founded the Mexican Workers Party and who was jailed and reportedly tortured under Echeverria's administration.

Lopez Portillo has made political reforms that expand the number of opposition party candidates allowed to run for office and has enacted an amnesty bill that released many political prisoners from jail. After a Mexican mothers' group clamored to know the whereabouts of their "disappeared" sons, his administration responded by naming dozens of young men who it said had been killed in battles with "other leftists," had died fleeing from police, or, in some instances, were alive in jail.

Nevertheless, the U.S. State Department's annual report on human rights in Mexico is twice as long this year as last year's—and considerably more critical of the Mexican government's behavior.

The report notes that the "number of accusations of individual human rights abuses, connected with anti-terrorism or political opposition, is substantial."

Many of the charges of arbitrary arrests, detentions and disappearances of suspected political subversives "appear credible," the report says.

One U.S. Embassy official in Mexico City said in an interview that the report could have been stronger but that

—was photographed by newspapers, and pictures were published.

The files were ultimately returned, and those arrested were released without charges. The city and federal officials blamed by Alvarez Icaza for the incident later denied any knowledge of it.

"They blame us for being subversive," Alvarez Icaza said. "Does this look like a guerrilla operation?" he asked, gesturing at his office. "What we have here is something like your McCarthy era, a Communist and guerrilla man-hunt. Only here they don't find it inconvenient to kill people."

One well-placed U.S. official in Washington echoed Alvarez Icaza's assessment.

"The opposition in Mexico knows just how far it can go," the official said after noting that many dissidents are either co-opted into the system or bought off by the government.

"When someone goes too far, he either has to go underground or leave the country. Otherwise he is labeled a guerrilla or a terrorist and can be snuffed out."

One Mexican economist who asked not to be named repeated an old Mexican saying when asked about the government's attitude toward its opposition.

"Muerto el perro, se acaba la rabia," he said. Roughly translated, the saying means: If you kill the dog, you get rid of the rabies.

Ironically, according to the U.S. official, many of the leftist opposition parties whose leaders have been sought out by police are "among the world's most conservative" leftist parties.

Most of the true guerrilla groups—the bands of armed men and women that openly committed acts of violence in the cities and sierras—have been destroyed, officials and opposition leaders say.

Los Angeles Times

Her son, Jesus Piedra Ibarra, a student leader, reportedly was kidnaped from the University of Nuevo Leon campus in Monterrey in 1975 and is still missing.

"Witnesses told me the police had arrested him and beaten him up," Senora Ibarra said. "But I went to them and they said they knew nothing about it. They later told me my son had been wounded while he was fleeing."

"I am not alone, either. There are hundreds of mothers who are wondering about their children and have not been given any idea where the missing are."

Often, she said, she has accompanied mothers to the city morgue in Mexico City to search for their sons.

"It is a terrible sad thing to look for one of your own among all the others that have died or been killed," she said. "What gets me are the ones who have died in gunfights with police."

"So many of them have a bullet hole between the eyes. And you can also see the powder burns around the wound. They were either shot at close range or else the police must be the best marksmen in the world."

THERE are reports of hundreds of other students, organizers, and opposition party members who have been "kidnaped" by men in civilian clothes, questioned (and often tortured) in secret or public jails, and released later without charges.

"The great majority of illegally detained prisoners who were interviewed affirmed that they were held by an anti-terrorist vigilante group known as the *Brigada Blanca*," the State Department human rights report says, quoting a study carried out by the IHLR.

"About eight young men came in one morning when we were eating breakfast and grabbed my husband," said Graziela Ruiz de Reyes, whose husband, Raymundo Vasquez Reyes, is an activist attorney who has worked with peasants and students. "I kept screaming at them, asking where they were taking him and they wouldn't say. They just took him away."

"For eight days I went to every place I could think of, asking for help. But no one knew anything. There was no arrest order. No one even knew of the case. It was horrible. I didn't even know if he was alive."

Eight days later her husband surfaced in a city jail in Juchitan, Oaxaca—about 200 miles from their home in the state capital.

"He was crazy," Senora Ruiz de Reyes said. "He kept telling me I was trying to kill him. We finally had to take him to a psychiatrist."

During his eight-day absence, Vasquez Reyes said later, he had been blindfolded and taken to a subterranean cell somewhere in the countryside. There, he claimed, he had been interrogated about his political activities and beaten.

In what the psychiatrist later said were drug-induced hallucinations, Vasquez Reyes said he "saw" his mother being tortured by his interrogators, his wife trying to kill him, and some of his friends being executed by soldiers with machine guns.

He was released from the Juchitan jail, and misdemeanor charges that had been lodged against him were dropped after public protests.

"As a lawyer you go to the federal police, the district attorney, the judges, the army and nobody has the person who disappears—it happens every time," said Jorge Zarate Mijangos, a lawyer who forms part of a team of attorneys who represent students, peasants and dissident leaders in Oaxaca. "Later the guy winds up in a public jail. How do you explain that?"

"You can tell, though, when they really think someone is dangerous. They never show up again."

Oaxaca, the poorest state in Mexico with about 40% of the people illiterate peasants who speak only Indian dialects, has a long history of violent confrontations between the army and police and student and peasant groups.

After leftist student leaders joined ranks with peasant groups in bloody demonstrations two years ago, Lopez Portillo replaced the state governor with Gen. Eliseo Jimenez Ruiz.

But both student and peasant groups continue to allege government violence.

In one highly publicized land dispute during Easter

Week, for example, three busloads of police accompanied by 25 *pistoleros* burned 34 houses to the ground, beat up several men, raped one woman, stole about \$2,200 from a communal fund, and destroyed tons of corn crops, peasants told reporters.

The newspaper stories were accompanied by photographs of the smoldering homes. "But I could never get a picture of the soldiers," reporter Carmen Lira of the Mexico City daily, *Uno Mas Uno*, said. "Every time I raised my camera in their direction, they raised their rifles in my direction."

When reporters asked for an interview with Gov. Jimenez Ruiz, the governor's appointments secretary, agreed. However, after reporters outlined their questions regarding the alleged repression to Benito Garcia, the governor's press secretary, Garcia said the governor would not have time for an interview.

Asked about the reported sacking and burning of the



Tuxtepec settlement, Garcia denied any wrongdoing by police or officials.

Why, reporters asked, should people believe the press secretary when hundreds of people witnessed the incident and photographs of the smoldering homes and burned crops had been published?

"Because I am the official spokesman of the government," Garcia responded.

"Repression is low-key in Mexico," said Dr. Steve Sanderson, a Latin American expert who studied Mexican agrarian reform at Stanford University.

"People aren't dying in the streets but offensive peasant leaders in Oaxaca, Sinaloa, Guerrero and Chiapas, for example, have disappeared. It is much more convenient to keep it quiet. It is not always quiet, though. I have pictures of potbellied municipal police and soldiers coming in (to rout peasant groups) with *pistoleros* at their sides."

"All the great agrarian leaders in Mexico either are beaten up, and killed, go to jail, or get worn out and die."

On several occasions, reporters stumbled upon tales of peasants hacked to death by machetes in battles over fiefdoms so small that their deaths seemed cruelly pathetic.

There were few peasants in the southern states of Mexico who did not know of at least one person who had died a violent death—allegedly at the hands of the *pistoleros* whose bosses were well-known landholders with ties to officials. In many instances Americans were the targets of deflected bitterness because land barons have taken the

richest land to grow crops to sell to U.S. multinational companies.

Not all violence was claimed by peasants to stem from government repression.

In the small village of Zimatlan, for example, peasants pointed to the rubble of 16 homes that they said had been burned by the leader of a communal farming group and his family and friends. Four people were injured in the attack, including an infant and one man who suffered deep machete gashes.

"I screamed at them not to kill us," said Maria Reyes. "They began tearing down our fences, stoning us, and taking all our household belongings. They had been drinking. They were jealous because we had been given the land and they thought we had paid for it without passing on a percentage to them as leaders."

The leaders later told reporters the peasants had invaded the parcel.

Ironically, those groups who most claimed they had been persecuted by the government seemed least inclined to believe that Mexico is on the verge of any serious, violent uprising.

"I am a Marxist. I aspire to social revolution," said Huguotulio Melendez, an attorney and adviser to a major peasant union. "But the opportunities open to us are very limited. What happens here doesn't depend just on us. It depends on you in the United States and how open you are to change here."

Others, including U.S. professors and officials, believe there could be an uprising—some don't hesitate to use the word *revolution*—perhaps a decade away.

"The oil discoveries will placate things for a while," said Angel Solana, an economics adviser to the National Bank of Mexico. "Then, maybe in six or eight years, things will change. It isn't possible to avoid revolution. We know it will happen. We just don't know when."

ACCORDING to Richard Fagen, a Stanford University professor, it is not hard to visualize scenarios in which spontaneous uprisings could affect the southern U.S. border.

"Whether the precipitating event is a clash over wages, prices, employment, land, food or services, all scenarios would have in common the rupturing of the Mexican political consensus: the widespread use of force to suppress dissident groups and a much larger presence of the military in public life," Fagen wrote in the quarterly *Foreign Affairs*.

"If the Mexican armed forces and police were turned against their own citizenry at anything like the level of repression existing in Chile and elsewhere, at some point U.S. territory would surely be used as a base for exile attacks. . . Private investment and bank lending would suffer. . . Additionally, the blow to democratic forces and futures in Latin America would be immense."

Calling such scenarios by no means "inevitable," Fagen urged the U.S. government to become more sensitive to the economic consequences of its businesses and officials in Mexico and to support Mexican efforts to more fairly distribute Mexico's wealth.

Repeatedly, both Mexican officials and dissidents claimed it is the United States, largely through its economic power, that will have a great deal to do with whether Mexico's impoverished millions turn against their own government.

Even Lopez Portillo, in negotiations over international loans in Washington, warned officials that to tie too-stringent strings to the loans in a way that would severely hold down wages could run the risk of the "South Americanization" of Mexico.

Although his phrase was never explained, analysts have interpreted his remark to mean that heightened, dictator-style repression would be needed to keep Mexico stable.

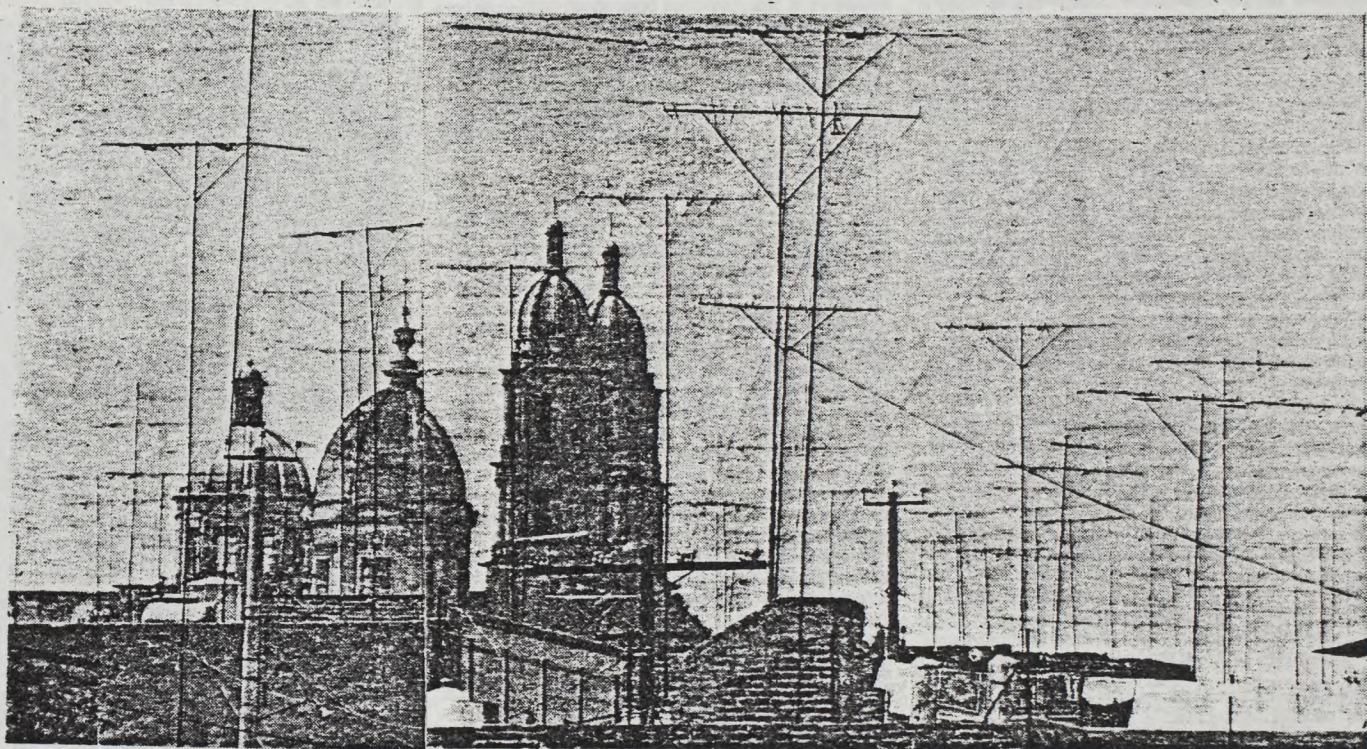
"For a long time, the United States never thought about us," said Rafael Fernandez, co-founder and leader of the Socialist Workers Party.

"Now you're worried about oil. You would do a little better to worry about the whole country or one day you could have a surprise."

"It may not happen for 10 or 20 years. But the day that Mexico catches on fire because people do not have enough food, part of the United States will burn. This will be your last Vietnam."

By Patt Morrison

The church today: a rich ritual, a nominal faith



FOR hundreds of years, the devout have crawled on their knees to the old Basilica of the Virgin of Guadalupe. It is the most sacred spot in Mexico.

They still crawl to it, but not inside—not anymore. The basilica, more than 400 years old, is too delicate to endure the knees of the faithful. It has been closed, pending repairs, and the devout are diverted to a sleek, modern basilica across the plaza.

What has happened to the holiest of Mexico's colonial shrines is a parable for what is happening to the Catholic Church in Mexico.

Influential and powerful here a hundred years before the Pilgrims reached New England, the church is coming to resemble the cathedrals it erected so many centuries ago: still resplendent and impressive on the outside, but aging fragile and liable to break into fragments on the inside.

Monolithic Catholic devotion was once Mexico's most durable national characteristic, but today the church is beset by the difficulties of evangelizing in a nation in which, legally, it has no rights.

It is a church that, in scarcely more than 100 years, has gone from being rich and powerful to being stripped of its wealth and political influence by a series of constitutional prohibitions that even now tell the depths of the nation's determination that the church should never again rival the government.

As in many other nations, it is a church internally riven by liberal and conservative clerics; a church whose flocks

of faithful have become more perfunctory about their faith, as they feel it grows less relevant to the urbanized middle-class life style they lead, or hope to lead.

It is a country in which a Madonna's shrine in a country church is adorned with plastic roses—in a beer can. It is a country in which a Tijuana priest is seen imprinting the traditional Ash Wednesday cross on the foreheads of believers—with a rubber stamp.

IN Mexico, an observer once remarked, a high-ranking government official would be taking less of a chance with his political future if he was seen entering a house of ill repute than if he was spotted entering a house of God.

In the United States many Americans applaud Jimmy Carter's churchgoing habits.

But in Mexico, the constitutional church-state separation can be so strict that when Pope John Paul II recently visited (on a Mexican visa on which the "profession" space was left significantly blank), many government officials left Mexico City rather than risk being seen anywhere near the Pope.

Paradoxically, the No. 1 official, President Jose Lopez Portillo—an agnostic, he says, since he read the philosophy of Hegel at the age of 14—unofficially received the Pope in Los Pinos, his "White House," the chapel of which was redecorated for the papal visit, and where Mass is said daily for the president's devout mother.

Churchmen here smile sagely at the ambivalence.

They like to illustrate it with a story about Benito Juarez, the revered 19th-century patriot, a one-time seminarian who became president and who insisted on eliminating church influence from government.

It seems that Juarez's two daughters were married, according to the new constitution, in civil ceremonies. As they were departing on honeymoons, Juarez stopped them and asked, "Where do you think you're going?"

The women told him.

"No," Juarez said. "No honeymoon until you're married in the church, where it counts."

A hundred years or more later, the scene is still fresh. A 16-year-old farm boy and his father sit in the small rectory of a country church, beside shelves bearing flaking ledgers, the records of parish baptisms, weddings and last rites since 1685. The boy nervously twirls his straw hat in his hands. He is waiting to see the priest, to discuss his marriage to the blushing, fidgety girl on the next bench. "The civil wedding, we had that last week," he says. "But that wasn't the true one. This is the one that counts."

There it is, the paper fiction and the acknowledged fact of the church in Mexico.

The fiction: Constitutionally, no cleric nor church—and especially not the Catholic one, in a country nominally 97% Catholic—has any legal rights. Churches are forbidden to own property, to maintain schools, to operate seminaries, to teach religion or to take part in politics.

Clergymen must be Mexican-born, and they cannot vote, inherit property or wear priestly garb in public.

In fact, seminaries flourish, some priests—foreign and Mexican—walk the streets in their black cassocks without being fined the prescribed 50 pesos, and any cleric willing to list himself as a laborer or businessman on the ballot rather than as a priest may vote.

Religion classes are called "ethics," and not only are about 10% of the nation's schools church-maintained, but the first students to enroll in them are the children of the very government officials who would not dream of risking their political necks by appearing at Mass.

It is a comfortable hypocrisy, and typically Mexican; says a high-ranking church official who believes the arrangement "functions very well. For example, the schools—the government by itself does not have enough for all the students. They need our schools."

It is a "tolerance," he explains—like the "spring vacation" label the government unblushingly applies when it lets its employes off work for Holy Week.

And since the government has had no relations with the Vatican since the late 19th century, it was Lopez Portillo's good friend, banker Jorge Martinez y Gomez del Campo, who arranged the papal visit and other ecclesiastical matters.

Mexican politicians are church-haunted. Since the Spanish conquest, the church had been "one of the country's most powerful economic institutions," at one point owning half of Mexico, recounted Father Francisco Ramirez, who prints a weekly church circular. "The church influenced many things, temporal as well as spiritual, and the liberal leaders did not wish to share that power, especially with an institution beyond their control."

So entwined were church and government interests that Mexico's series of revolutions could not get rid of the oligarchic government without prying off the hands of the church as well.

Of late, the government has been riding the church with a slack rein, noted several observers. But the big restrictions—on church ownership of property, on church dabbling in politics—are still in force, an enduring sword of Damocles. Reminders that all churches are national property can be seen wherever a church has been converted into a library or museum or administrative building. The warning is clear: Property is money, and money is power.

AS recently as May 4, Gustavo Carvaja—head of Mexico's ruling party—excoriated a high-ranking churchman who encouraged voter registration, contending that it violated the ban on church action in politics.

The Catholic Church still rivals the government as the major national organization in Mexican life. Crosses and steeples rise in every hamlet and village from the Pacific to the Gulf of Mexico, linking a network of more than 80 dioceses. The splendid cathedrals recall the era when spiritual bishop and secular official were sometimes the same man.

That power is now greatly diminished, observers believe. If the government is riding the church with slack reins, it may be because it knows that there is probably little need to pull them in.

"The church wants to maintain peace, to be allowed to exist," declared a Mexican journalist who has covered church-state relations. "Any trouble, and they fear the government will enforce the provisions of the constitution, and they will lose the benefits they have."

There is precedent: the bloody Cristero wars of the 1920s, when bishops responded to strict constitutional enforcement by closing their churches and celebrating Mass in hiding. Armed clashes between the government and the "Cristeros," the faithful, cost hundreds of lives.

So confident does the government now appear that it allowed the Pope to visit five of Mexico's major cities.

"See," said one urban priest with pride. "The Pope can come here. The government of El Salvador (where the church is a rallying point for government opposition) would not have allowed that."

When asked which institutions or persons they trusted the most, 33% listed the church, placing it third on the list of most trusted. It was outranked only by the Mexican people, 63%, and Lopez Portillo, 33%.

There may be another reason for the government's generally relaxed attitude about the church: a growing tendency, especially among Mexico's aspiring middle classes, to believe that their Catholicism, like their nationality, is simply something they are born into and the obligations all but end there.

HE will never understand it, no, not if God lets him live to be a hundred. In five years in El Refugio, a tiny town in the dry uplands of Jalisco, Father Vicente Gomez Tabarez has seen it change. The men of El Refugio, most of them, have gone north to the United States. Those who have not sit beneath the sparse trees outside the square white church and snicker at him, even on Sundays.

Yes, adds his sister, the plump and pleasant woman who takes care of him. And those boys, she says, the bad boys—instead of wearing scapular medals around their necks, they wear slingshots, to break the windows of the church.

Things have gone all topsy-turvy since Gomez became a priest almost 35 years ago. What is happening to the world, he wonders, when his most zealous parishioners, who go on all the pilgrimages and observe all the saints' days, are two adulterers?

"We have lost a lot of belief, a lot of faith," he mourns. "Those who go north have changed things here. Even those who don't leave talk about the U.S. They talk about materialism, about buying things, and as for the church, if they do come, for many it is without sincerity. It is contagious. Even in the countryside, among the poor, only the old keep the faith."

He walks through the patio, bright with caged birds, and past his sister's humble home altar in a corner of a store-room smelling coolly of corn and squash. He walks painfully; "diabetes" his sister whispers.

It is a hard time, says Gomez. "The young men nowadays, they tell me, 'No, it is stupid,' or that they don't believe in a church of miracles. They believe in no church at all."

Yes, he will stand for a picture, in his white cassock, in the doorway of the poor church where many peek in during Mass but do not enter.

He poses, small but proprietary, in the arch. The white sunlight glares off the cloth gown, carefully bleached by his sister. Across the street, in the thin midday shade, the men in straw hats are laughing.

It is happening in Mexico, as it has happened elsewhere. The church, which used to be family, school, spiritual and social life all in one, is losing its central role in Mexican life, and losing it to technology, mobility and development.

On its face, Mexico is an intensely Catholic country. A Mexico City elevator operator has a small illuminated shrine in his elevator. A Guadalajara taxi driver has the Virgin of Guadalupe embedded in his gearshift knob. Even street toughs wear crucifixes.

But urbanization has taken many families out of their small villages, and the media have taken them to the global village, exposing them to middle-class Western lifestyles many would like to imitate.

In the rush to the good life, the church is one of the first things to go. "The cities absorb people," an observer says. "There are other things, from 6 in the morning until 10 at night. There is little time for religion."

Of the time they do spend on faith, much is perfunctory and ceremonial, time spent on baptisms, first Communion, weddings, burials and big holy days, like the festival of the Virgin of Guadalupe. Sunday sermons chide them for poor attendance, but they are often not there to hear them.

"Even the poor people are losing it," an observer says. "They find other values, other necessities. The church isn't resolving their problems, and it's taken them almost 500 years to find out."

For example, smaller families—a main ingredient in any trend to middle-class goals—are ardently endorsed by the Mexican government, by 87% of Times Poll respondents and, at last, by a church that calls for "responsible parenthood," explains Father Ramirez, "but not by artificial means, like the Pill."

The papal visit, clerics say, demonstrates the fervor of Catholic feelings, with millions lining the streets to cheer him and to wave streamers of yellow and white, the Vati-

can colors. Little old ladies still try to outdo one another stories of how many hours they stood to see him, and how many blocks they ran to touch his shadow.

The Mexican quality of emotion and faith is undeniable, but some detached observers believe the lure of spectacle accounted for some of the turnout, the prospect of seeing an international "superstar," and not just the Vicar of Christ. "They would have done the same thing," says one "to see the Queen of England."

The church admits that material values have cut into their flocks; a campaign has been launched to combat it, to "evangelize" and re-educate nominal Catholics to what faith means and how to live it.

An official document circulated among the bishops and archbishops at the recent Latin American episcopal conference in Puebla noted the marked decline in church attendance in Latin America.

Each of Mexico's three religious class levels manifests it:



own such problems, according to Father Miguel Concha, instructor at Mexico City's Superior Institute for Ecclesiastical Studies, with 300 seminarians enrolled.

Faith among the poor country folk—a keystone to Catholicism here—has always been "very passive and dramatic," says Concha. Among people economically and politically oppressed for centuries, it has been their sole defense: "I may not be important to anyone else, but I'm important to God."

It is a Catholicism of practices, not theology, where prayers are simple and desperate: for corn crops and rain and healthy cows. Its highlights are feast days, "their Utopias," Concha says, "the way they wish life would always be, where everyone gets enough to eat for once and the poorest little urchin in town may sit next to the mayor at supper."

But even this once-solid base is beginning to crumble as

life becomes more complex, as *campesinos* head for the city or the United States.

It was the priest's birthday in one village recently, and he donned his cassock to watch all the schoolchildren sing and dance in an elaborate little program just for him. Their mothers watched fondly as they cheered, "El padre, el padre, rah rah rah!" There were three adult men there, including the priest. The rest had left home to find work or, if they had not, were mourning their unemployment at the local store.

"Poor people would rather go look for work and food than go to church," an observer says. "They've been to church for decades, and they've asked and asked and asked for help and gotten nothing."

Among middle-class Mexicans, who strictly observe such church-blessed sacraments as baptism, first Communion and marriage, "faith is reduced to the individual and the home," Concha explains.



"This man crosses himself when he wakes and goes to the office. He may cheat or commit fraud all week and give nothing to the beggar woman on the way home, and in confession, admits only to faults like being hard on his children. But you ask him his religion, and he says, 'Catholic, of course.'"

Members of Mexico's upper classes "may be Catholic in name only, with purely consumerist, secular values," Concha believes, or they may be the kind of wealthy, influential, conservatives who held sway before 19th-century reforms, and who are trying even now to amend constitutional restrictions and reestablish Vatican relations—evidently a rather low priority to the church itself.

It is all too much, too incomprehensible for Father Ramon Velasquez.

He has just come from celebrating Thursday Mass, in a small village on the Michoacan side of Lake Chapala. There were 14 people praying on the splintery 2-by-4 kneelers—a dozen Indian women and two old men. The open-air pueo a hundred feet away was crowded with laughing men.

Velasquez's parents were Cristeros. He remembers well when they all hid to hear Mass. He knew priests who were killed fighting for their faith.

But he does not know what to think anymore, when a man—a family man, his wife and children with him—told him belligerently on the street the other day, that he looked "like an old vulture" in his cassock, and added that he smelled like a dead mule, too.

"Had his children not been there," the padre vows, "I would have struck him."

He is more discouraged than indignant. Men today, he sighs. "They think the church is just for old women. This *machismo* of Mexican men today. The young, even women—they're all just creating a materialist environment. Pagan. They don't care for their souls. They are born, they eat, they enjoy themselves, they die. Sex, vice and passing the time. Like animals."

CHURCHMEN say that an empty stomach cannot pray, but on the hows and whens of filling the millions of empty Catholic stomachs in Mexico and Latin America, there is a crescendo of debate that has caused schisms that not even the papal visit could heal.

Since a now-famous episcopal conference 11 years ago in Medellin, Colombia, the church has been officially committed to aiding the cause of the poor and oppressed.

Now, the issue is how to achieve those laudable goals. The furor over the answer was not resolved by recent papal statements about the church opposing poverty, "acting . . . against all dominations, slavery, discrimination, violence . . ." but reminding priests that they "are not social directors, political leaders or functionaries of temporal power."

The "buzz-phrase" that sets tempers flaring is "liberation theology," a basic advocacy of the spiritual and social improvement of the lot of the poor and oppressed. But it has a thousand shades of interpretation, including the middle-of-the-road one: that the church is the spiritual spark, not the secular fire, that it is the church's duty to point out injustice, but to leave its resolution to the people—for example, to urge people to vote but not to tell them for whom.

It is a debated philosophy even in such countries as Brazil, where it has taken hold among clergy and laymen alike.

But in Mexico, with government always on the alert for church action in politics, the interpretations are politically sensitive.

In the conservative-progressive split, the church liberals are greatly outnumbered and outranked, and some accuse the dominant conservative hierarchy of cozying up to government and privilege and of ignoring the problems of the poor.

"It is an alliance made with the ruling classes," says Samuel Trujillo, top religion researcher at CENCOS, a Mexico City human rights agency. "The naming of the new cardinal (Ernesto Corripio Ahumada) shows the Vatican support for the more right-wing policies of the Mexican church."

Conservatives lash out at progressives as priests who substitute action for prayer, and as socialists, even Marxists—about the dirtiest label in the clerical vocabulary.

Lay groups have been caught in the debate too. "Christians for Capitalism" and "Christians for Socialism" surfaced during the Pope's visit, and the country's communist and conservative minority parties have both campaigned for voting rights for the priesthood. A published telegram to the Pope from the "Latin American Anti-Communist Confederation" accused a number of clerics of being Communist collaborators, subversive anti-Christians and handmaidens of Moscow and Havana, and asked their expulsion from the clergy.

The question, "Where does religion end and politics begin?" is not just academic in Mexico—a wrong answer could cost a priest his life.

For two of them, it already has. One priest in central Mexico disappeared under myster-

ious circumstances a few years ago, and in Chihuahua, an activist priest involved with agrarian reform was killed but both had acted politically "imprudently," declares church spokesman Ramirez.

Where the church and individual priests draw that line and where the government draws it may be two different places, and Ramirez says several priests have been threatened, beaten up or run out of parishes when their organizing activities on behalf of the poor, especially in questions of land reform, have displeased local authorities, Ramirez emphasizes.

One such priest is Jesuit Father Arnaldo Zenteno, whose work in the Santa Cecilia barrio in Guadalajara drew officials' displeasure and got him booted out, Ramirez says.

He now works in Netzahualcoyotl, one of the poorest parishes in Mexico City, and although reluctant to discuss the incident, he will talk about the "institutionalized poverty" the church must combat in this country where "the injustice is more economic than political."

In a pamphlet addressed to the visiting Pope—part of it an open letter signed by 1,500 residents of poor *colonias*—Zenteno points out to the Pontiff that the furor over the church's lack of legal rights is a red herring, a minor obstacle compared to "the fight for justice and liberation."

"Why fear-and denounce communism," he writes, "as a possible menace to the future . . . and not denounce and fight against the capitalism that is oppressing and exploiting our people so? . . . John Paul, don't let them deceive you: The principal enemy is not Marxism. The principal enemy is the misery of the people, the hunger and oppression they suffer."

This is powerful stuff, and it raises the possibility that the same church which was squelched in the 19th century for being too conservative faces the specter of future government opposition for being too liberal, as has already happened in some Latin American countries.

So far, much of the liberation theology movement is centered in Christian *comunidades de base*, small parish prayer groups which also take on civic matters like drinking water, transportation and property rights.

The local priests who lead them are far down the church hierarchy's ladder. "But," an observer says, "the government doesn't like to have stones in its shoes, especially stones that might turn into rocks."

Among Mexico's bishops, there are at least two well-known "rocks": the controversial Sergio Mendez Arceo of Cuernavaca, whom his detractors call the "Red bishop," and Samuel Ruiz, whose diocese in the southern state of Chiapas includes some of the poorest Indian tribes and some of the wealthiest agricultural barons in Mexico.

"Injustice and insensitivity are great enemies of the reign of God," Ruiz believes. "The poor are the necessary point of reference for the church. Christ preferred them himself, in his messages. There is a purpose to our being sent into a world where there is no justice or equality, and that is the work of evangelization—to help."

MEXICO'S Catholicism is not, churchmen agree, equal to the church in some countries such as Chile, where its strength has made it the rallying point for government opposition.

But many young priests, and a few more exalted churchmen like Ruiz and Mendez Arceo, are uncomfortable with the idea of a Mexican church existing in a detente with the government if it is at the cost of being able to aid the poor and oppressed.

No one will predict that the two—a liberal-minded clergy and a power-jealous government—are on a certain collision course, and the question remains whether the church's influence is still strong enough to issue a call to social action when it cannot even fill its churches on Sundays.

"The church doesn't try to become a social force," said an American official in Mexico, "because of potential government repression. The government could suppress its under-the-table privileges if there were political action."

Adds a Mexican-born political observer, "The people have lost faith in the church's ability to effect social change. The established church would like to help the poor, but not at the risk of the repression that occurred during the Cristero period."

By Evan Maxwell

Illegal immigration: the Mexican perspective

THE flow of Mexican workers into the United States is so crucial to relations between the two countries that any serious attempt to halt it by either nation is out of the question.

Without the safety valve provided by millions of U.S. jobs, Mexico would be in serious trouble, even in the most optimistic view. This means that Mexico will do nearly anything in its power to keep the border open, and Mexico's power has been substantially boosted by recent discoveries of oil.

The closing of the border, according to an official of the Mexican government, would be "an act of economic aggression."

"There is anywhere up to 50% unemployment or underemployment in Mexico right now," a U.S. Embassy official in Mexico City said. "But in addition we are looking at population growth that blows your mind."

"They (Mexican economists) figure that in the next 10 years, there will be 700,000 persons entering their job market every year. And the best they say they can hope for would be the creation of 300,000 to 400,000 new jobs each year. What are they going to do with those workers?"

Some will join the ranks of Mexico's unemployed, but tens of thousands will head north.

If the escape valve was closed, widespread turmoil would be unavoidable, many Latin American experts believe.

That means Mexico could be expected to use any leverage—including oil—to keep the border open.

The language with which nations address one another is seldom so blunt, however. That is why when a top-level State Department official was recently asked "Is there a *quid pro quo*—oil for illegal aliens?" he raised his hands in uneasy denial.

"There is agreement between the two nations that the issues are entirely separate, that neither nation will use immigration as a chip in the negotiations for oil."

Then that same official drew a deep breath, smiled faintly and shrugged.

"But let's be realistic. The Mexicans see pictures of long gasoline lines in Los Angeles, and we see the headlines about them shipping hundreds of thousands of barrels of oil to Canada."

"In the back of everyone's mind, the issues are directly linked but no one wants to make that connection publicly."

That connection did come out privately during meetings last spring between President Carter and President Jose Lopez Portillo, sources said.

U.S. Ambassador to Mexico Patrick J. Lucey, in a recent speech, outlined the major accomplishments of that meeting.

On immigration, he said the most important achievement was the agreement that a U.S. commission headed by former Florida Gov. Reubin Askew would study the problem. That commission, he said, will "solicit substantial Mexican input" on illegal immigration, which has been traditionally considered a solely American problem.

The Askew Commission is just beginning its work; only one formal meeting has been held, and no more are scheduled until late summer.

The Mexican input on these questions may have considerable impact because there seems to be little official investigation being conducted on the U.S. side of the border.

Studies, such as ones on the potential impact on this country of massive unrest in Mexico on the relocation of large numbers of immigrants, have been scarce.

Said one Justice Department immigration expert: "We have enough trouble just trying to get good numbers on the level of illegal immigration. I doubt that anyone would even dare propose such a project."

Interviews with Mexican scholars and policy-makers indicate several areas in which they feel the U.S. conception of the immigration situation is wrong.

Primarily, they say, the U.S. view has been emotional. As Mexican Secretary of Labor Pedro Ojeda Paullada put it, "This (immigration) process should not be seen in catastrophic terms. It should not be seen as a silent or virulent invasion of the United States by non-Anglo-Saxons."

Other Mexican governmental leaders express similar national resentment. Guido Beisasso, head of the National Institute of Labor Studies, draws a parallel with the touchy narcotics issues that have troubled the two countries over the years.

"As with narcotics, the U.S. has tended to make immigration a scapegoat issue," he said. "Everything is Mexico's fault because we produced the drugs and now we are producing the workers you call illegal."

"What that attitude has missed is that there must be a demand in order for there to be a supply. It takes two to tango," Beisasso said.

Jorge Bustamante, a U.S.-trained sociologist who has conducted some of the Mexican government-sponsored studies of migration, put the matter in what the Mexican government thinks is the proper perspective.

"It is a pattern that begins after World War I and continues to the present," he said. "Unemployment occurs in the U.S., and this situation is associated by the government with the presence of undocumented workers from Mexico. Then it is made into a causal relationship."

"That provokes a reaction against the undocumented; there is pressure to remove them."

"At some point later, when the U.S. economy recovers, the pressure fades and the gates are opened again."

In this view, the U.S.-Mexican border is really a valve that is opened and closed solely for the benefit of the receiving country, the United States. And from the Mexican view, that is one of several manifestations of the historical relationship between the two countries.

"We need to remove the emotion from the issue and to take a completely new look at the truth about immigration," Beisasso argued.

And the Mexicans have several specific areas in mind.

FIRST, there is the matter of numbers, long one of the muddiest aspects of the immigration picture.

Recent Mexican government studies, some of them only partially completed, lead to the conclusion that "the problem is not nearly as large as it has been suggested by the U.S. that it is," Beisasso said.

Specifically, Mexican officials say, U.S. estimates of up to 8 to 12 million Mexican aliens in the United States are vastly overstated. "I am much more comfortable with the figure 4 million," Beisasso said.

Secondly, there is the question of intent among the immigrant Mexicans. Citing tentative but still incomplete results of its own study and the more complete results of selected American researchers, Mexico argues that the overwhelming majority of illegal aliens are really temporary migrants, that they intend to return to Mexico after short periods of employment.

One high-level Mexican official who is close to President Lopez Portillo summed it up this way:

"I think it is very arrogant of gringos to think all our population wants to live up there. It shows incredible myopia. They come from a lovely country with a great future."

Beisasso echoes the point. "The people who tend to migrate do not necessarily tend to stay there," he said.

"There is a more seasonal flow of workers, rather than a group which goes to the States and stays there."

This view disputes the popular conception that illegal Mexican aliens become permanent residents.

Both of these conclusions—fewer numbers than were thought to be involved and temporary rather than permanent tenure—are described by Mexican officials as the key discoveries of a million-dollar study of the phenomenon of migration conducted last year by the Secretariat of Labor in Mexico City.

"We feel that the survey will stand up to examination by anyone," said one of the researchers who helped design it. "And because of its importance, we are eager to have it examined thoroughly by all involved."

ONE aspect of the immigration situation not thoroughly covered by the Mexican study is crucial to the "new view" being propounded by the Mexican government. As explained by Bustamante, who helped design the Mexican study, Mexico is "subsidizing" the U.S. economy through illegal immigration.

"It is economically positive to have a worker who is not produced at the cost of the U.S. economy," Bustamante said. "The cost of reproduction of the unskilled U.S. work force is borne not by the U.S. but by the country of origin, Mexico."

Bustamante, a professor at Colegio de Mexico, the think tank of the Mexican government, contends that "there is a real demand not merely for Mexican immigrants but for undocumented Mexican immigrants whose hiring represents higher profits in terms of the cost of labor."

He argues that the United States has a real incentive to permit illegal migration because workers who exist outside the law are cheaper and easier for employers to control.

Other Mexican officials also say the United States has dwelt unfairly on the "push" factors in Mexico—overpopulation and unemployment—and has not devoted enough attention to the "pull" factors in the U.S. economy that work to exacerbate the immigration problem.

"The intermingling of our two economies is a crucial factor," Beisasso said. "If you look only at the push factors of the Mexican economy, you are missing one whole side of the coin."

Some U.S. officials concede the essential points of the Mexican argument. For instance, Leonel Castillo, commissioner of the U.S. Immigration and Naturalization Service, and other key immigration officials recently said in interviews that they believe the number of illegal aliens in the United States is only in the "the range of 3 to 5 million," a figure that many Mexican officials say they can accept.

Castillo also said he believes that immigration from Mexico tends to be "largely temporary."

"What we have right now is the world's largest temporary worker program, only we won't acknowledge it as such," he said.

And many U.S. authorities, particularly the academic community, agree that immigration of unskilled labor from Mexico and elsewhere is an economic and social boon to the United States.

Economist Clark W. Reynolds of the Food Research Institute at Stanford University said in a recent interview:

"Increasing the number of workers we have at the low end of the job spectrum is going to become very important to us as we approach year 2000."

"With an inverted population pyramid—more older workers at the top and fewer younger workers below them—our problems are going to get worse and worse."

Reynolds compares the present situation to the "beginning of World War II, when the United States has a slack economy and lots of unemployment in the West and the Southwest."

"But when we mounted the emergency expansion during the war and labor became scarce, leaders like Henry

Kaiser opened up the labor market to blacks and Hispanics."

Without that mass of cheap labor, the "entire Sun Belt economy" would never have developed, Reynolds argues.

Reynolds and others also believe that the cultural diversification implicit in massive immigration is a benefit to U.S. society.

"I like to look at what we can do with the great human potential in these two very different cultures," he said. "That mixing offers immense possibilities, even though the mix may result in different forms than have been usual in the U.S."

But Mexican view is not without opponents among U.S. experts and officials attempting to deal with immigration.

The dominant view of organized labor is opposed to the idea that expanded immigration from Mexico is good for the U.S. economic growth.

For instance, the United Farm Workers, now engaged in a bitter strike against lettuce growers in the Southwest, has been strongly critical of the immigration service for failing to block use of illegal aliens as strikebreakers.

And the length of stay is not a question that will be answered easily.

"First of all, the migration is increasingly urban and there are reasons to believe that the urban migrants stay in the U.S. more than did the old-time seasonal field hand," said a Justice Department expert.

"And anyway, what does temporary really mean? If it means 10 months out of every year, I'm not sure it can be called 'temporary migration' in terms of our labor market and in terms of a drain on social services."

The Askew Commission will have to deal with the questions of numbers, tenure and impact over the next two years. Those questions differ little from the ones that have characterized immigration debate in the United States in the last few years.

That debate has raged and waned but has reached no real conclusion. Politicians in the United States have declined to deal directly with the question, arguing that no national consensus exists.

Public opinion surveys commissioned by The Times in both the United States and Mexico support that contention and portray a kind of national ambivalence that must be relieved before clear public policy is made.

For instance, The Times Poll of more than 1,000 persons throughout the United States showed that 49% of those polled were opposed to opening U.S. borders to more Mexican workers in return for "the inside track" on Mexican oil. About 41% were in favor of opening the border and 8% were unsure.

In Mexico, several questions showed surprising results.

The survey, which included responses from 1,002 persons in the Mexico City area, showed that 64% of those polled did not approve of Mexicans who enter the United States illegally, and a similar number thought that some sort of permit should be required.

There was more consensus, in both countries, on the question of treatment of Mexicans who go north. In the Mexican poll, 92% of the respondents believed such workers are not treated fairly. U.S. responses to a similar question were not as sharp, but half those polled believe Mexican workers are not treated fairly while 33% believe they are.

THE Times Poll and others show that the people of both countries may not be comfortable with illegal immigration but there is no clear consensus about possible policies. The Askew Commission is being asked, in effect, to find that consensus.

What differentiates the present process from past efforts, however, is the kind of input that will be provided, not only by domestic American factions—organized labor, population control groups, Chicano activists and others—but by another sovereign state, Mexico.

That nation, through its possession of oil if for no other reason, has won a position at the debating table.

According to officials on both sides of the issue, the Mexicans have already had to pay a certain price of admission—acknowledgment of immigration as an issue.

Said sociologist Bustamante, "In the past, there has not really been an issue here in Mexico. You didn't see Mexican unions or pressure groups making demands on this matter. To the United States, it has been a problem, but to Mexico it has been a solution."

For that reason, he said, past discussions between the two countries have been almost useless. "The two sides have been talking about entirely different things for entirely different reasons."

"Now, at least, we are beginning to talk about some of the same things. That may be the most hopeful sign of all for both countries."

By Laurie Becklund

Get out if you can: Mexico's Catch-22

SALSIPUEDES, says an old Mexican dare. *Get out if you can.*

Salsipuedes, the United States says to Mexico. Salsipuedes, the Mexican government says to its people. Salsipuedes, fathers say to sons.

The dare is Mexico's own personalized version of Catch-22. Save yourself, get out if you can, it mocks, but remember: There is no way out, no way.

Hidden in recesses of the wrinkled Mexican countryside are settlements that have been christened *Salsipuedes*.

Most are outposts too small to be named in atlases, villages that hang by their nails on the edge of rock precipices, lonely ranches that have settled like sediment in the very bottom of canyons formed by unscalable walls.

There is usually only one narrow trail out of such places.

Throughout Mexico, you can see people struggling to get out of such impossible places, out of poverty and into the world of wallets and hard-heeled shoes and square meals.

Progress—that magical conveyor belt that Americans complain about every time it goes on the blink—is not taken for granted here.

In Mexico progress is a terrible discriminator that works for the richest fifth of this country, flirts with perhaps another fifth and thumbs its nose at the rest.

It delivers shiny enamel toilets to poor rural homes but fails to install the plumbing. It gets streets paved in middle-class neighborhoods but leaves gaping potholes unrepaired after the next rains. It renders oxcarts obsolete but prices automobiles out of reach.

This country of about 67 million people has piled up such impressive industrial growth statistics in the last 40 years that experts refer to that growth as the "Mexican miracle."

But Mexico, the sleekest of the modern models assembled by the Third World, is leaving millions of its own people behind, trying to fight their way out of bumper-to-bumper life in the slow lane.

Often, these days, you can see young boys 9 or 10 standing in front of long lines of moviegoers at dusk, taking a mouthful of gasoline and blowing it out in bursts of flame.

Tomorrow they will be able to eat with the coins they earn but they will have lost their ability to taste their food.

Salsipuedes.

Jesus Hernandez Marin has driven a cab for 21 years. He has always rented his car from a lawyer who owns a small fleet because he cannot afford a taxi license.

"It's impossible," he said. "The government officials want \$6,000 (U.S.) in bribes for the license. There is a big black market in taxi licenses here—they advertise every day in the paper."

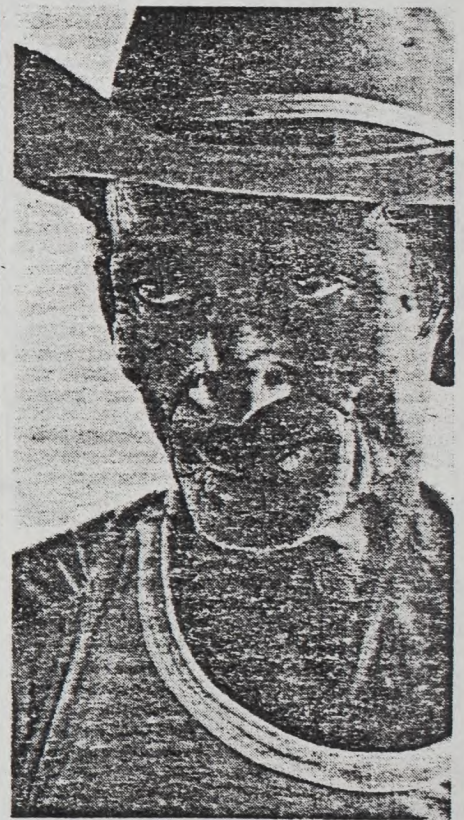
"I don't know what the answer is. You're not supposed to be able to get a license unless you're a taxi driver but if you really are a taxi driver you can't afford it."

Salsipuedes.

Ten years ago peasants in southern Mexico used to add to their income by digging up a wild root called barbasco, an old Indian fish poison. A Pennsylvania chemist began using the plant in his research in the 1940s, and it was used as a basic ingredient in birth control pills for years.

But pharmaceutical firms have found cheaper, artificial substitutes for the root now. The barbasco industry, such as it was, has flagged.

Today peasants have gone back to using the substance to help feed their large families.



"We still use barbasco," said one 28-year-old man with five children. "It's good for fishing. You just grind it up on a rock and throw it in a stream. A couple hours later all the fish jump out dead."

Salsipuedes.

Government statistics say Mexico will grow about 11 million tons of corn this year. However, numerous agriculture experts both in and out of government claim the official figure has been exaggerated by about a third.

It is politically untenable for the government to admit that some of the billions of tortillas to be consumed by Mexicans next year will be made of Iowa corn, they say.

Earlier this year, ships lined up for days at Mexico's Gulf ports, unable to unload their cargoes of grain. The government official in charge of importing food blamed the railroads for not having enough boxcars to haul the grain away. The government official in charge of railroads blamed the official in charge of imports for bringing in too much grain.

"National prestige is at stake in these matters," said David Barkin, a Mexico City economist. "Reality gets mixed up because policy conforms to match ideology."

Los Angeles Times

"I can see it now. Several years down the line, we will need flying boxcars to bring in grain. They will land at the airport and there will be no one there to take it off the runway."

Salsipuedes.

THERE is a law in Mexico, passed in 1938 for the good of unemployed peasants and a vulnerable young sugar industry, that requires peasants within a certain radius of sugar refineries to grow sugar and requires the refineries to buy that sugar.

"We have to grow sugar cane because the law says so," said Cirenio Dominguez Herrera, a peasant who led a group of protesters in the state of Puebla to plant beans this year in violation of the law.

"But the refinery is so old it cannot take all the sugar we produce. Some of us wind up at the end of the year in debt for fertilizer and water and seed because we don't get paid."

The refineries claim they are unable to modernize because they cannot make profits under government-set sugar ceilings for consumers.

Mexicans have come to number among the world's top three peoples in per capita consumption of sugar, according to agriculture statistician Paul LaMartine Yates.

American know-how has figured out ways to deliver Pepsi and Coke and other *refrescos* to the remotest parts of the Mexican jungles and deserts, giving Mexicans the top ranking in the world per capita in soft drink consumption. On an average, each Mexican drinks nearly one soft drink a day.

Because of low sugar prices and rising grain prices, the manufacturers of Mexico's popular *pan dulce* (sweet rolls) are increasing the amount of sugar in their recipes and decreasing the amount of the more nutritious grain.

The result: Poor farmers like Dominguez Herrera wind up with poorer diets than they had before the government adopted consumer price ceilings and sugar laws to help them.

"When I first came to Mexico 40 years ago, people had beautiful teeth," Yates said. "Now, depending on their station in life, they have larger dental bills or worse teeth."

Salsipuedes.

Two years ago, Jorge Perez Rodriguez, 32, watched his 3-month-old baby die. He was barely able to feed his other two children on the corn he grew outside his stick-and-mud home in the isolated Sinaloa sierra. He held no cash whatsoever in his hand that year.

"I didn't know what to do," he told an interviewer. "So when the men came and told me they would pay me money for growing the weed, the marijuana, I said yes."

The stubble-bearded Perez Rodriguez seemed puzzled at a foreigner's questions and concern over his future. He listened with a furrowed brow, scratching unabashedly at the crotch of his frayed pants, and noted that lice were particularly bad at that time of year.

Then, in a single sentence that might have thrown Descartes, he tried to explain something the foreign interviewer obviously did not understand, something basic.

"I cannot think," he said. "Only people who went to school have the right to think. I have time only to worry about food."

Jorge Perez Rodriguez was interviewed in a jail cell, where he has been sentenced to spend five years and six months for narcotics violations. He does not know whether his family ever learned why he disappeared.

Salsipuedes.

The rich have learned to protect themselves from the poor in Mexico, building high walls around their homes and topping them with pretty shards of colored glass.

They are gracious, organized, friendly people who drive cars and eat out often and can afford to fly to Los Angeles or El Paso with empty suitcases they will fill with American goods.

With the exception of a few ostentatious super-rich who carpet their limousines with mink and bathe in 14-karat bathtubs, the families most Mexicans call rich are very much like middle- or upper-middle-class Americans.

Attuned to American trends and fads, they buy Gucci and LaCoste. They join gyms that are building racquetball courts and country clubs that are building homes on fairways. They give their children Gerber's when they're little and college when they're grown.

Few Americans realize how much the United States has created Mexico in its own image—even if that creation was largely the result of economic accident.

Few American tourists—who can always hop a champagne flight home—spend long enough in Mexico to fully understand how their image of Mexico has been distorted.

On Halloween you can see ragged little kids standing in front of Denny's and other *chiaoquile* and *hamburguesa* joints in Mexico City, begging. "Tricky-traca," they say in imitation of trick-or-treaters.

The magic nonsense words do not bring them candy here but coins.

Good old American capitalism takes on another aspect in Mexico too.

"There are two kinds of capitalism," said Clark Reynolds, a Mexico expert and economist at Stanford University. "There is modern capitalism in which the forces of the free market eventually make products available to all.

"And then there is phony capitalism, the kind Mexico has. It's called capitalism all over the world but it's really a latter-day feudalism in modern dress."

Among the characteristics of Mexico's brand of capitalism is the fact that businessmen normally expect to make profits three times greater than they would in the United States—even though raw materials are often government-subsidized and taxes are among the lowest in the world.

"U.S. businessmen at least understand that it is to the benefit of the country as a whole to have happy, well-paid workers," acknowledged Ramon Danzos Palomino, a noted leftist union and peasant leader who otherwise has harsh words for U.S. multinational corporations in Mexico. "Here, workers are the enemies of the employers."

The 1970 census indicated that the top 20% of Mexico's people took home 64% of the income. Since then, it is believed, they have been getting richer and the bottom 20% poorer.

In a land where the rich have secured their belongings, the poor often wind up fighting each other for what is left over in ugly, sometimes tragic, battles.

Long accustomed to living in a country in which the most fertile expanses of land are owned by people with political pull and their families, unknown numbers of peasants have killed each other in machete battles over virtually worthless pieces of land in the last few years. Others die fighting gunmen (*pistoleros*) hired by large landholders to keep away intruders.

"Even the *pistoleros* are poorly paid," one Oaxaca peasant leader noted wryly. "They don't earn much more than the peons but they have a certain kind of prestige."

WATER is scarce in most parts of Mexico. In the arid northern states, poor farmers sometimes fight over the best wells and rich ones curry the favor of officials who can build irrigation systems.

In the south, where water is more plentiful, sewage drains into rivers in noxious-black streams where pigs sit, half-submerged, to cool off in the heat.

Women settle into the muddy ooze of the broad, ankle-deep rivers to wash their laundry, their dishes and their babies.

Perhaps it is in Mexico City that the daily battles for housing and jobs and money and simply a little room to breathe are the worst.

The metropolis is jammed with more than 14 million people these days. By the year 2000 it is projected to be the biggest city in the world.

At times, it seems as if the capital is on the verge of collapsing of arteriosclerosis. Traffic builds, fumes rise, horns honk, cars nudge ahead into a traffic lane that is really no lane at all, only to wait while cross traffic blocks the road.

When the light turns green (and there is, quite by coincidence, a narrow path through the maze ahead), the cars lurch forward en masse. But here and there throughout the city, as if in planned insurrection, they sometimes refuse to stop when the light blinks red, green, and back to red again. The system is rendered useless by its users.

Every year Mexico City grows by about 800,000—adding suburbs annually that are as big as San Diego.

Some of its urban immigrants find a little slice of earth on the perimeter of the city and move their families onto it. Others, those with any cash at all, move into one of the

capital's 3,600 immigrant slums, or "lost cities," and are often deceived by corrupt developers into believing that streets will be paved and electricity installed.

Here, in subdivisions with names like Light and Hope and Future and Miracle, the unemployed live off the underemployed.

Giving new meaning to the no-longer-quaint term, "cottage industries," the newcomers snatch parts of jobs away from union workers.

Families spend days sewing linings for coat pockets at minuscule piece rates in their backyards. Children leave school at the age of 10 or 12 to paste together the bottoms of candy boxes that will later be returned to a factory to be filled with chocolates they cannot afford.

Those less fortunate spend their days sorting through trash heaps, collecting bits of cotton as it blows off freight cars, or begging.

In the better neighborhoods families live in plaster homes that front on streets of rock and mud. TV antennas sprout from the rooftops and children play out front in plaid school uniforms.

These are the homes of the factory workers, the men who make \$35 to \$60 (U.S.) a week making and selling machine parts, and their wives who add \$4 to the food budget by selling tamales on Sunday. These are the families who have caught hold of the hem of the middle class and are trying as hard as they can to hold on.

"Food costs more every day, but I am going to try to make some extra money by making these corsages out of marshmallows," said Luz Maria Razo de Mejia, bringing out a sweet-smelling bouquet. "I just hope I can afford the materials to get started."

WHEN The Times polled 1,002 Mexico City residents recently, about 60% said they were either worse off than or about the same as they were three years ago.

When asked about the future, the answers were more optimistic. The majority of the men said they thought they would be better off two or three years from now. The women, the old and the less educated said they thought they would probably be worse off or about the same.

What is the way out for a heavily indebted country that faces a dazzling wall of wealth to the north and an abyss of poverty to the south?

After arm-wrestling through history with muscular U.S. industrialists, trade unions, fishermen and diplomats over everything from tariffs to illegal aliens to the declaration of a 200-mile limit, it finally seems that Mexico has the upper hand—in oil negotiations.

Oil is the answer, the government has said. With carefully developed oil sold at high world market rates, Mexico should at least have jobs for all by the year 2000, the government says.

"May future generations remember the 'era of oil' as a page full of pride and dignity, where Mexicans rediscovered confidence in themselves," Jorge Diaz Serrano, director of the government oil company Pemex, said in a speech to Congress.

But people have little confidence left. Eighty-two percent of those polled by The Times think oil profits will stay in the hands of the rich.

"I'd be stupid to think the government would give its money to me!" said one Chiapas woman selling mangoes at a marketplace on the street in Tuxtla Gutierrez, Chiapas.

"The only thing I ask of the government is that the police don't come in here and throw my mangoes up in the air and tell me I can't sell them on the street the way they did last week."

Until the *petropesos* start helping—if they ever do—there is escape in an intellectual's humor, in an artist's sketch.

"Any day now we're all going to be rich and don't flowered shirts to go to Los Angeles and complain about how much the local artisans are charging for their crafts nowadays," quips Ruy Castaneda, a Tijuana psychiatrist.

"What shall I do?" wonders a whimsical cartoon character painted into a deep black hole by a Mexico City art student.

Then the little man draws a circle on the wall of his painted paper prison and steps through it to freedom.

Salsipuedes.