

When (briefly) I lived in Mexico, the departing president took with him, when he left office, not only the furniture in Los Pinos but—it was reported in the streets—also the light bulbs. What you will not believe is that the story went the rounds in Mexico with a kind of exuberant joy. There was a total machismo in the gesture, as if you had left the church not only with the collection plate, but with the votive candles as well. You see, it is commonly accepted in Mexico that the principal purpose of engaging in politics is the accumulation of wealth.

A report from the capital city is to the effect that the day before leaving Mexico to visit Mr. Reagan, Jose Lopez Portillo, Mexico's president, suddenly fired his old friend, Jorge Diaz Serrano, a petroleum engineer who served as head of Pemex, the oil monopoly company in Mexico, which is, to Mexico's economy, roughly what Aramco is to Saudi Arabia's. And this is the case largely as the result of the exertions of Diaz Serrano, an entrepreneur of singular ability.

The story given out as the reason for his firing is that he had lowered the price of Mexican crude by \$4 without permission. Now, a decision of such prodigious consequence (Mexico produces approximately 750 million barrels of oil per year) is as likely to have been made in Mexico without the approval of the president as, say, a declaration of war by the United States without consulting the Oval Office.

The news had instant impact. The first was near economic panic. Peso future quotations sagged on the Chicago Board of Trade. Inflation, fueled by a 41 percent rise in paper money as of May 1981, compared to the first five months of 1980, rises. What only a few years ago was widely thought to be the salvation of the average Mexican—the huge petroliferous dowry some estimate at 300 billion barrels—has apparently done nothing save polarize the wealth. The rich—the political rich, primarily—get richer:

# William F. Buckley, Jr.'s "ON THE RIGHT"



(William F. Buckley is editor of the conservative *National Review*, host of the television show "Firing Line," and, in general, is a burr under the seat of liberalism. The Editor)

the campesinos, notwithstanding heavy subsidies, fight more and more desperately against prices. President Lopez Portillo has sworn he will soon annul the price reduction, and word has gone out that Mexico's customers had better go along. But oil is different from gas, which must flow through stipulated pipelines. The oil companies are going to buy their own oil at the cheapest price they can get it for and for a while, anyway, that's going to be cheaper than the Mexican price if it goes back up.

The second minor speculation was: Why did he do it? A consolidating line of

speculation is that Serrano's popularity was rising so swiftly that he appeared the likely successor to Lopez Portillo. For those whose memory of Mexican political habits has slipped, the incumbent president decides who shall be his successor, and that decision is made in pectore. Cabinet members who aspire to the position necessarily profit from the reduction in candidates. It is suggested that their ambition to contend more conspicuously fused with Lopez Portillo's ambition to eliminate any heir presumptive, wherefore Serrano's sudden ouster.

A correspondent writes that in recent conversation with knowledgeable students of Mexican affairs the question was raised, What would a Mexican president, and his immediate family, likely make out of a six-year term? One participant suggested a billion dollars was about right. He was indignantly raised. Two and one-half billion was thought closer to the mark; but the congregation ended amicably with the common figure of \$2 billion. Three hundred and fifty million dollars per year is a decorous sum for a Mexican president who travels to Cuba to trade in the restoration of dignity, by Castor, for the working man.

A book came out recently in Mexico called "Ultima Llamada" (Last Call), the author one Muricio Gonzalez de la Garza. Its thesis is that the dictatorship of the Partido Revolucionario Institucional (the party that has ruled Mexico since the 1920s) is no less a dictatorship than that of Porfirio Diaz, the significant difference being that he continued to rule for 30 years, whereas now the change is every six years. In fact there is another difference; Porfirio left office without any money. Like Portugal's Salazar, he liked power, but disdained graft. The book was enjoying a brisk sale—when suddenly it disappeared from the newsstands, and its author from Mexico. He was given 24 hours to leave the country, offered to leave in two, and is said to be somewhere north of the border. It would be a delicate question for poor Al Haig if Garza should ask for political asylum.

## Washington Report

A column by Rep. James T. Broyhill

New agricultural legislation is currently being considered by the 97th Congress. The decisions reached on this legislation will govern our food and agriculture policies for the next four years, and will provide the basis for soil and water conservation programs; agriculture research; domestic and foreign food assistance; and commodity, price and farm income support.

The Food and Agriculture Act of 1977 will expire on September 30, 1981. Failure to enact legislation or to extend the 1977 Act will cause several programs to revert to permanent statutes first enacted in the 1930's and 1940's, while others would expire.

The most serious problem facing American farmers and ranchers today is inflation. Inflation has sent production costs to an all-time high, brought on higher energy costs and interest rates, and has resulted in a reduction in net farm income. Unless our economy and inflation are brought under control, the decision reached on the 1980 Farm Bill could prove to be ineffective. In this regard, the President's Economic Recovery Program must be enacted in order to provide the necessary groundwork to improve the financial condition of our agriculture economy.

Our nation's agriculture system is the most efficient and productive in the world. Today's farmer produces enough food and fiber for 68 people. Ten years ago a farmer produced enough food for 45 people. Farmers today produce 67 percent more crop output on the same number of acres than the farmers a generation ago. Agriculture output has increased nearly 70 percent since 1950, and one hour of farm labor produces 14 times as much as products than it did in 1921. Output per man hour on farms is increasing almost twice as fast as in industry and is an unmatched record in efficiency.

Additionally, agriculture is our nation's biggest industry. Twenty percent of the country's labor force in private enterprise is employed in work related to agriculture. This labor force consists of over 23 million people who grow agriculture products, provide storage, processing and transportation of those products, and supply farmers with the necessary seeds, equipment, fertilizers, etc., to plant and harvest crops. All in all, agriculture accounts for 20 percent of the nation's gross national product.

The fundamental goals of the 1981 Farm Bill are likely to remain the same as those of previous acts—that is, to provide food and fiber at reasonable costs to consumers while at the same time assuring farmers a fair return on their financial investments.

Consumers are taking an ever increasing interest in farm legislation, especially, over concerns of the cost of food. Over the last fifty years, food prices have been susceptible to wider fluctuations than the prices of other goods. Last year consumers spent \$239 billion in U.S. farm-produced foods. The price the farmer receives for his products, however, plays a small part in the price that the consumer pays. Since 1973, marketing costs have accounted for 87 percent of the increase in the costs of food. Food prices are also influenced by factors that affect commodity supplies, such as weather, production costs, the length of production cycles, etc. Prices consumers spend towards food are forecast to average 10-15 percent higher this year than last—mainly due to increases in marketing costs.

Final action on the bill is not expected until mid-September due to the consideration of the President's tax bill and the Budget reconciliation legislation. I will be looking at this legislation closely in the next several weeks in light of its importance to our economy.

### SOVIET INTELLIGENCE

FBI intelligence has reported that out of the 2,600 official representatives of the Soviet Union and bloc countries in the United States, at least 700 are known or suspected intelligence officers and that Soviet bloc scientific and commercial delegations travelling in America are also used for intelligence purposes. The thousands of immigrants pouring into the US (not only from Cuba, but also from Soviet-bloc nations), are also being used by hostile intelligence services in America.

#### Soviet seamen

The 35,000 Soviet-bloc seamen who enter American ports every year were also being used by the Soviet KGB and other communist intelligence services. Hostile intelligence services (Soviet-bloc) are involved in a massive effort to collect American scientific information overtly as well as covertly. Information

secured by the Russians by overt methods is then used to orchestrate in a more professional manner what they need covertly. The top priority of Soviet covert intelligence collection effort is US classified information.

#### Naval intelligence

The Soviet GRU naval intelligence section has stationed an AGI intelligence-gathering ship off Groton, Connecticut, in the Atlantic to maintain surveillance on the sea trials of the Ohio, the lead ship of the new US Trident-class submarines. The Russian spy ship has orders to follow the Ohio, the biggest US submarine ever built, anywhere the sea trials will take it along the American East Coast.

—Intelligence Digest, 17 Rodney Rd., Cheltenham, Glos. GL50 1HX, U.K.

## Liberty and Justice for All—Including Business

President Reagan well knows that the free enterprise system deserves much of the credit for making the U.S.A. the greatest industrial colossus the world has ever known. Yet from Franklin Roosevelt to Ronald Reagan our government has been largely anti-business. Business has been relentlessly regimented, harassed, penalized, controlled and over-taxed by demagogic politicians, opportunists, and socialists.

And now that President Reagan is trying to unshackle and deregulate business he is accused by "liberals" and other phonies as robbing the poor to aid the rich.

Traditionally, attacking business gets votes. Attacking unions gets political oblivion, in many areas. A large hunk of Congress is owned by the unions. These statesmen — enough to pass or defeat almost any bill — have benefited from union contributions, free campaign help, radio-TV time, printed advertising, doorbell ringers, and telephone brigades. While the great unorganized majority in America does nothing and talks to itself, unions get men elected who agree and cooperate with them. AFL-CIO members are paid by the unions for time away from their job devoted to politicking. They are organized, disciplined, and trained as well as the Hague machine ever was. The government is awfully "worried" about business monopolies. For instance, a shoe company producing less than 5% of the nation's shoes has been harassed by the government and threatened with anti-trust action for buying smaller shoe companies. The most dangerous monopoly is government. Next greatest menace is the union monopoly.

#### Unions Can Paralyze Nations

Union thug Hoffa tried to extend his control to all forms of transportation. If he had been successful, he could have paralyzed the nation at any moment, by telephone. Does not the "national interest" which politicians so piously proclaim demand that labor unions be put under the same anti-trust and monopoly laws as is business?

One of the main reasons for our well-advertised recession, for our inflation, and for our inability to compete with many foreign imports, is union monopoly. We can no longer compete with the world because our government has long been engaged in a "cold war" — not against foreign enemies but against American business.

American business can once again out-produce and out-sell the world if we can get government off of business' back.

—Tom Anderson

#### LEFT-WING CAMPAIGN

What Britain is witnessing is politically motivated violence against the police. It is part of the overall left-wing campaign to discredit the forces of law and order and exploit class and race divisions to create a 'revolutionary situation.' The Marxist drive is not just through the Labour and Trade Union Movement, it is also on the streets, which is where, Mr. Harry Pollitt, the then secretary of the British Communist Party, promised it would be over 30 years ago.

## MONEY TALK\$

James Cowan, the man behind one of Australia's longest running and most widely professionally-read financial letters *Midas*, says: "Far too many people, including many in Australia, do not understand the extent to which world events affect their country. A disproportionate majority is quite happy to blame all economic troubles on the presiding government or perhaps on trade unions (depending on which way their political sympathies lie) and to pay no regard to the fact that scores of economic problems stem from the state of the world economy.

No country is an economic island and those who do not recognize this fact will never be able to look beyond petty internal developments, to foresee major economic storms brewing overseas. They will not see trouble coming, and thus cannot prepare for it; when it does come they will look to find remedies in the wrong place — internally — and, of course, at the end of the day, their financial status will be the worse for wear.

It is our solidly held opinion that every person should be able to perceive precisely how international events affect their country and to learn how to cope with the adverse effects of those events. In short you should internationalise your thinking.

When the world enters its next bout of high inflation Australia may be one of the last nations to suffer. Those who have internationalised their thinking will have seen the problems approaching and will be in a position to plan their investment strategy accordingly. The majority will not.

The way to internationalise yourself intellectually is by broadening your reading. Merely obtaining the viewpoint of the Australian media on what it considers to be important world events is not enough. A much broader coverage is essential. Read as many relevant overseas publications as you can.

While these publications often contain the same news items they will be assessed from different viewpoints. Thus reading a range of publications from different countries will help you to obtain firstly, a well rounded international viewpoint and secondly, an appreciation of how people of various countries see various issues and the importance they attach to them. It is imperative that you bring yourself to see Australia and the rest of the world through the eyes of others. Learn how other nations see themselves and each other."

—Cowan Investment Survey Pty. Ltd., 405 Burke St., Melbourne, Victoria, Aust. 3000 Subs. \$144 Trial 3 mos. 12\$

Earl Brodie: Newsletter For Independent Businessowners, quotes their financial editor, William H. Tehan, as saying we are not going to have hyperinflation. "Rather than the destruction of the dollar, we are witnessing the destruction of the dollar system and its institutions. This is deflationary. We are forecasting a shortage of dollars and a surplus of the things dollars buy," says Tehan. "We believe that any decline in (interest) rates will be small and should be regarded as a false dawn in the money markets before interest rates move up to new highs," he says. Brodie urges the paying down of all debt; borrow only for fast moving inventories; collect receivables. (465 California St., San Francisco, CA 94104, \$85)

The Federal Reserve (privately owned banks) are one of the most corrupt institutions the world has ever seen. —Senator Louis T. McFadden (for 22 years Chairman of the U.S. Banking & Currency Commission)