

Mexico's New President Seeks Impossible Compromise

Dec. 4 — José Lopez Portillo was sworn in as the new President of Mexico in Mexico City Dec. 1 succeeding Luis Echeverria, a prominent Third World leader in the fight for a new world economic order.

Portillo's inauguration took place in a tense environment; 25,000 police patrolling the capital in the aftermath of five bombings set off by the CIA's 23rd of September League, a gang run by the Monterrey group of fascist industrialists linked to the U.S.

In his first address to the nation and in his chosen cabinet, Lopez Portillo has demonstrated that he will try to maintain a centrist position of compromise between the Echeverria fight for a new world economic order and the demands of the New York banks, Jimmy Carter's backers and the International Monetary Fund for the looting of Mexico's natural resources and the murder of half its population through slave labor. In an editorial yesterday, the New York Times noted that the new president will have to "walk a political tightrope."

Lopez Portillo's compromise, however, is totally untenable. The Mexican nation is in the middle of a pitched battle over the question of agrarian reform between the peasantry and working-class Echeverrista forces and the latifundistas led by the Monterrey Group. In the last few days, the Monterrey-supported latifundistas have openly threatened to renew their Chilean-style strike of a few weeks ago unless the lands expropriated by Echeverria's presidential decree Nov. 19 are returned to them. The peasantry has continued its mobilization in the states of Durango and Sinoloa, demanding the continuation of Echeverria's progressive agrarian policies.

Lopez Portillo's cabinet, a graphic display of his political tendency, combines elements of all political shades. Nothing more clearly reveals the position of Lopez Portillo than the naming of Jesus Reyes Heróles, who distinguished himself as president of the ruling PRI party by always remaining neutral between the opposing pro-Aleman and pro-Echeverria factions, to the powerful post of Minister of the Interior. The greatest concession to the right wing was the appointment of Carlos Hank Gonzalez, a henchman of the Monterrey group, as mayor of the Federal District, a powerful post which includes within its jurisdiction Mexico City and its 14 million inhabitants. The Secretary of Finance and other administrative cabinet posts controlling the country's natural resources, such as the state-sector petroleum company, PEMEX, remain in the hands of technocrats or individuals who, for the most part, would not oppose the looting of the country's natural resources to pay the debt. On the other hand, the important political cabinet posts remain in the hands of staunch Echeverristas, as in the case of the Secretary of Agrarian Reform.

The Cuban news service Prensa Latina characterized Lopez Portillo's first address to the nation as a "severe austerity program," while the Mexico City daily Excelsior headlined a front-page article on Dec. 2: "The World Bank and Chase Manhattan agree that there will be more foreign investment with JLP."

The Washington Post and the New York Times highlight Lopez Portillo's call for a "reasonable truce," as well as his veiled attacks against Echeverria: "Let us put an end to hate, rancor, fear and impatience.... Our first task is to put an end to panic-stricken and frantic activity." The financial press meanwhile centered its commentaries on the economic

measures put forth by Lopez Portillo, which constituted the bulk of his speech. Despite the new president's austerity pledges, the Journal of Commerce asks, "Will President Lopez Portillo be able to implement pro-business policies if former president Luis Echeverria chooses to use his considerable influence to oppose them?"

Lopez Portillo Inaugural Speech

Dec. 2 — The following are excerpts from a page two article which appeared in the Journal of Commerce, presenting a synopsis of the inaugural speech by incoming Mexican President José Lopez Portillo. The speech centered on national economic issues and proposed administrative solutions, making no mention of the fight for a new world economic order.

...In a strongly worded inaugural speech that dealt mainly with Mexico's current economic problems, the new President pledged to maintain convertibility of the peso, set up mechanisms to control the public debt, institute a system of progressive taxation and provide enough credit to stimulate investment.

He promised relief for companies with debts in foreign currency and higher interest rates on long-term deposits.... The new President also announced that Mexico would again begin to mint silver coins — what he called "our strong pesos" — in order to "offer Mexicans attractive options for saving and allow us to fight inflation and sudden changes in the rate of exchange."

The tone of the address, which lasted for one hour and 45 minutes, was firm but conciliatory, pledging protection for lower income groups while promising help for Mexico's financially pressed business firms.

Mr. Lopez Portillo promised to concentrate on controlling inflation through an integrated policy on profits, prices, salaries and taxation. Salaries, he said, "should be adjusted to the cost of living and to a code of incentives" and based on "trustworthy elements of judgment for wage negotiations." This may well mean the end of automatic annual wage increases.

Rather than specific price controls, he suggested "a well-balanced agreement on profits and salaries."

On taxation Mr. Lopez Portillo proposed reducing rates at the lower end of the wage scale to promote savings and consumption by lower and middle income workers.

The President addressed himself to the problems of Mexico's foreign debt a number of times during the speech. He said he will propose a new law governing the budget and public expenditures and a law on the public debt.

A single ministry will be placed in charge of programming the budget and public expenditures in order to consolidate the work of a number of different agencies. He said that internal investment would be relied on as much as possible.

"Investment... generates its own financing. And we will only resort to foreign financing to the degree that imported capital goods are required. With discipline, this is possible. That is what I offer," he said.

Mr. Lopez Portillo has repeatedly said that food production would be his number one priority. In the inaugural address he linked the production of food to the smoldering problem of land distribution, leaving open the possibility for new kinds of farm organizations....

Mr. Portillo also said the government will issue new long-term bonds backed by the production of basic raw materials and linked to the world market price of Mexico's most important resources including silver and oil.

Cabinet Rundown

Exclusive to NSIPS

The following is a brief political profile of some of the key cabinet appointments made by José Lopez Portillo:

Carlos Hank González: Mayor of the Federal District

As governor of the state of México (1969-75), the "professor," as he is called, led a major push for labor-intensive industrialization programs based on Rockefeller's fascism with a democratic face strategy. A darling of the Monterrey group, Hank González has been highly praised as the new right-wing "strongman" within the cabinet by UPI.

Santiago Roel: Foreign Relations

Santiago Roel is a right-wing intellectual born in the city of Monterrey. Although he has no previous experience for the Foreign Relations post, López Portillo has used Roel recently as his representative on trips to Spain, a country with which Mexico has not had formal diplomatic relations since the fascist takeover by Franco. UPI noted that his appointment constitutes "a serious effort to attenuate the atmosphere of confrontation with the Monterrey industrialists, and to distance the country somewhat from the Third Worldist course."

Julio Rodolfo Moctezuma: Finance Minister

As general director of the ruling PRI party's economic and political "brain trust," Moctezuma promoted the thesis that Mexico's main problem is its high rate of population growth. He has been denounced by progressive figures and press in Mexico as a pro-austerity technocrat. Moctezuma is considered a "Lopez Portillista."

Francisco Merino Rábago: Agriculture and Cattle-Raising Minister

Merino Rábago was named director general of the National Agrarian Bank last year, and he is widely recognized as a figure linked to Lázaro Cárdenas, the progressive anti-imperialist President of Mexico who nationalized the Rockefeller-controlled national oil industry during the 1930s.

Pedro Ojeda Paullada: Minister of Labor

A staunch Echeverrista during the previous regime when he filled the post of Attorney General, directing a successful campaign against the smuggling of drugs between Mexico and the U.S.

Jesus Reyes Heróldo: Minister of Interior

His assignment to this powerful post clearly reflects the centrist position of Lopez Portillo. He has always been a resolute liberal, and it is hoped that he will resist the right wing's drive toward "Chileanization." UPI reported the right wing's desire that "his role will be to calm the peasant unrest."

Oscar Flores Sanchez: Attorney General

Latifundist of Chihuahua state. He was undersecretary of cattle-raising during the government of right-wing president Miguel Aleman, a period in which many of President Cardenas' agrarian advances were dismantled.

Echeverria: Agrarian Reform Top Priority

Nov. 29 — *The following are excerpts from Mexican President Luis Echeverria's press conference with newspaper editors today in Mexico City:*

On Agrarian Policy:

Echeverria: I consider it top priority, since peasants are almost half our economically active population... Thus, if we don't want to definitely marginalize half the Mexicans, we have to radically transform our agrarian conditions.

...Agrarian reform is a surgical instrument to destroy a period characterized by extensive latifundias and the impoverishment of the peasant masses. ...The liquidation of the illegal hidden latifundias was a legal imperative. And we accomplished it. ...A durable peace in the countryside is the pillar of social peace in the country. ...One thing is certain: the solution to the peasant problems involves not only land distribution, but also the modernization of the productive apparatus and a series of social and political measures which facilitate the participation of the majorities in production and consumption. If we don't bring the peasants up to relative equality of consumption with that of the urban population, it will be impossible to create an industry capable of transforming itself technologically.'

...In order for there to be economic justice, I've been obliged to begin with social justice.

On New World Order:

Echeverria: ...We import inflation since the world reality is economic recession, unemployment and inflation. ...In sum, the 24 countries of the OECD have had those problems. How then are they not going to unfavorably affect our economy? ...The countries of the Third World have seen their current accounts balance deficits grow from \$9 billion in 1973 to \$44 billion in 1975.

On Third World:

Echeverria: I think the question of whether I feel the same way about relations with Algeria or Uganda as with a monarchy such as Saudi Arabia reflects a fundamental error of analysis. During my government we didn't follow a policy of metaphysical evaluation of the levels of political or social affinity we have with one or another Third World country. On the contrary, what we aimed for was to create adequate conditions for there to be a common, creative, policy on the general problems which affect the peoples which could have general agreements in order to mount a common defense of prices and raw materials. Because of this, all the international positions of Mexico in regard to the Third World have tended to be laid out in terms of general resolutions, like the Charter of the Economic Rights and Duties of Nations.

...We were of course closer to those leaders who share our ideas of history and the present reality, especially those who fought side by side with us to fight power politics and set up a New International Economic Order.

...The foreign debt of Third World countries rose to \$164,000 million, that is, \$31,000 million more than in 1974. This is a tremendously significant phenomenon.

As a consequence, the problems are global and can only be resolved completely from an international standpoint; in monetary terms, this means trade relations, international aid, and the establishment of priorities.