

## Dateline Mexico by Josefina Menéndez

### What is the 'Monterrey Group'?—Part I

*How Monterrey businessmen's relationship to the Mexican government continues to improve.*

**A** leading businessman here in Monterrey expounded to me last week that the four institutional pillars on which the Mexican System—and therefore the presidential succession fight—rests, are 1) labor; 2) the army; 3) the Church; and 4) the Monterrey Group.

Other pundits prefer variations on this theme—sometimes including the PRI party, the presidency as such, or even Washington's felt influence—but none excludes the role of the powerful Monterrey Group.

What is the famous Monterrey Group, and what is its political orientation?

The Monterrey Group today is an informal association of about 10 large industrial groups based in the northern city of Monterrey, Nuevo León, which together control over 60 percent of that economically powerful state's total assets. This strong concentration of capital is based around a nexus of families (the Garzas, the Sadas, the Lagüeras, etc.), who have intermarried over the course of the past three to four generations, leading to a highly integrated business empire.

Up until 1973, that empire was unified under the personal command of the respected pater familias of the clan, Don Eugenio Garza Sada. In February 1973, Don Eugenio was gunned down on a Monterrey street in broad daylight by a commando of the 23rd of September Communist League, Mexico's version of the Red Brigades.

The story of who ordered the assassination—and why—is a tale in itself. But the net result was that Don Eugenio's tightly run business empire was divided up among his various sons, nephews, cousins, and other family members.

Extensive, consultations among the heads of the industrial groups, of course, continue, but significant business and political policy distinctions unquestionably exist, and have emerged increasingly strongly over the past few years.

The main reason for this is the rapid growth of the state sector of the Mexican economy, in defining areas of petrochemical and other heavy industries, under the governments of López Portillo and his predecessor Luis Echeverría. Although a violent hatred developed between Echeverría and the Monterrey Group, especially in the 1975-1976 period over the question of *political* control over the Mexican economy, the relationship has improved dramatically under López Portillo. From the moment he entered office, López Portillo called for an "Alliance for Production" with the Monterrey Group, and after four years of government, Monterrey's powerful industrialists, to a man, now reiterate their "confidence" in the president.

In fact, Bernardo Garza Sada, the head of the powerful ALFA group of Monterrey, recently told the press that if the next president

follows in López Portillo's footsteps, "then we have it made."

Despite certain ideological preferences for British-style "free enterprise" and a reduced economic role for the state, prevalent in Monterrey for decades, the tremendous growth now occurring under state direction has introduced a kind of reality principle into Monterrey's thinking. Those among the group who would kill the goose that lays the golden eggs, as some called for in 1976, are now definitely in the minority.

Critical to firming up the government-Monterrey alliance was the March 1980 decision of the López Portillo government to use the direct reduction method for Phase II of the giant Las Truchas steel project, and to grant the prized contract to HYLSA, part of Monterrey's ALFA group.

Monterrey's improving relationship with the government can be seen in their visible calm over the presidential succession fight. Although many businessmen here have told me that the general preference is for Budget Minister Miguel de la Madrid, since he is viewed as being partial toward banking and business interests, they also recognize that his chances of winning are slim. The Monterrey Group will settle for almost any of the other leading contenders: Labor Minister Ojeda Paullada, Interior Minister Olivares Santana, Commerce Minister De la Vega Domínguez, so long as a strident Echeverrista is not chosen as the new president.

*This week's column was contributed by EIR's bureau chief in Monterrey, Mexico, María Luisa Gómez del Campo.*