

# Mexico chooses its next president

by Timothy Rush

The Mexican presidential succession process came to a sudden conclusion on Sept. 25 when the three sectors of the governing Revolutionary Institutional Party (PRI) jointly announced that Miguel de la Madrid Hurtado will be the party's candidate for the 1982-88 presidential term. In the Mexican system, the president has extraordinary powers for six years—but cannot succeed himself. This means that in the fifth year of each term all political energy becomes focused on who will be tapped as the next PRI candidate; whoever is chosen becomes virtually certain of election because of the PRI party's overwhelming electoral dominance. The PRI has not come close to losing a presidential race in its 52 years of existence.

Like the current president, De la Madrid taught constitutional law at the National University before assuming a series of positions in the government economic and financial ministries. He served under López Portillo when the current president was head of the Finance Ministry in the early 1970s. De la Madrid joined the cabinet as secretary of planning and the budget in May, 1979.

The planning and budget ministry had been created three years earlier by López Portillo as the centerpiece of an ambitious development-planning effort. Two ministers before De la Madrid failed to come up with the Global Development Plan López Portillo wanted. De la Madrid succeeded.

In the course of his administration, López Portillo has been able to stay on good terms with the international banking and business community, which backed him as the successor to Luis Echeverría in 1976. Mexico's oil boom has in fact made the country one of the great bonanzas for international lending in the past three years. At the same time López Portillo has oriented domestic policy toward extraordinarily high rates of industrial and general economic growth.

Miguel de la Madrid shares this backing from the international financial community. However, unlike 1976, the present international climate is poisoned by

U.S. Federal Reserve chairman Paul Volcker's high interest-rate policies. López Portillo and other top Mexican officials have given repeated warnings that the persistence of the Volcker policy in the United States and erosion of North-South economic cooperation for development is leading to world economic catastrophe.

In such a climate, Mexico may not be able to satisfy both worlds much longer; the demands of IMF-run international finance will increasingly clash with Mexico's domestic industrial development orientation.

The signals of this impending conflict can be clearly traced in U.S. Treasury Secretary Donald Regan's statements the last week in September, sharply questioning Mexico's right to receive "soft" lending conditions on loans from the World Bank.

It remains to be seen how López Portillo deals with such pressures in the remaining 14 months of his term. And the issue is certain to dominate when De la Madrid assumes power.

It is believed the accelerating international collapse, bringing economic decision-making to center stage, may have been one of the elements tipping the nomination in the final weeks to De la Madrid and away from his strongest competitor, Labor Secretary Pedro Ojeda Paullada.

## 'Políticos' or 'technocrats'

As each of the six "pre-candidates" jockeyed for position in the months preceding the Sept. 25 *destape*—unveiling—partisans of each rallied around the code-words "politico" and "technocrat." The "politico" label signified those candidates in the cabinet with direct experience in the PRI party structure or direct work with the PRI constituencies within the country. The leading "politico": Ojeda Paullada. In the other camp were the "technocrats": those who rose to the top in the administrative bureaucracy. Leading light: De la Madrid.

López Portillo, in comments the evening of the *destape*, dismissed the distinction as meaningless in the Mexican system where the same man can play both roles. There is some truth to this; López Portillo's own history is that of a "technocrat" who did not flounder when handed the country's supreme political power.

But there is some reality to the distinction as well. While it can be assumed De la Madrid will stay personally on top of the evolution of foreign and domestic economic policy, he will have to draw on others to forge a working political machine. This means that the post of Interior Minister (*Gobernación*), always powerful, will be especially key as his cabinet is announced in late November 1982.

The formation of this political apparatus will be a matter of jockeying and negotiation for most of the intervening 14 months. It's too early to trace that

direction now, but signposts to watch will be the campaign appointments over the next weeks, including the staffing of the PRI party think tank, IEPES, and possibly including the PRI hierarchy itself.

### **Whose candidate?**

The final and most decisive say in choosing the presidential successor is that of the incumbent president. First and foremost, De la Madrid is López Portillo's choice. And more than in previous years—though such predictions are notoriously risky—the similarities of background point to more than rhetorical continuity.

The personal link to López Portillo (the two are reported to be close friends) is underscored by the presence of José Ramón López Portillo as De la Madrid's Undersecretary of Evaluation in the Planning and Budget ministry. As word spread the morning of Sept. 25 that De la Madrid had gotten the nod, and as well-wishers began to stop by the planning minister's office, De la Madrid was joined by José Ramón and the current industry secretary, José Andrés de Oteyza.

But no PRI candidate emerges on the mere say-so of the incumbent. The final tracks of an involved process of consultation and negotiation with power centers throughout the party converged on the presidential residence, *Los Pinos*, in the final days.

Mexican press columnists report that López Portillo met with former president Luis Echeverría on the Tuesday before the unveiling. On the Friday morning of the announcement, the President met with the only other living former president and, like Echeverría, a major head of a faction in the party—Miguel Alemán. Alemán had met 10 days previously with U.S. Vice President Bush during Bush's trip to Mexico for Independence commemorations. According to informed U.S. sources, Bush conveyed to Alemán US. concern over any Mexican candidate who might swing too far "to the left." It is believed the prime target of the warning was Ojeda Paullada.

In between, on Thursday evening, López Portillo summoned De la Madrid and Ojeda Paullada to *Los Pinos* for final parlay with each. In the same hours, the leaders of the PRI's three branches—the CTM workers confederation, the CNC peasant confederation, and the catch-all category of middle-class groupings, the CNOP—were attempting to reconcile final differences in preparation for a joint statement to be issued the next morning.

The "odd man out" was reportedly the CTM's Fidel Velásquez, who had backed Ojeda Paullada as one of his top candidates. Though Velásquez did put his name on the final statement, the initial coolness of the CTM to De la Madrid was evident as no major labor leaders went to congratulate the nominee for several days after the announcement.

But it would be a mistake to think a serious split is necessarily at hand. Knowledgeable observers believe Velásquez is negotiating to increase the number of posts going to labor representatives as the De la Madrid team comes together. And there are joint political projects which bring Velásquez and De la Madrid together. Most notable is the dismantling of Carlos Hank González' machine in the State of Mexico. The new governor there, Alfredo del Mazo, had been backed by Velásquez against Hank, with back-up from De la Madrid. Del Mazo had been the director of the CTM's Workers Bank. When he ran for the governorship of Mexico's most powerful state, a close friend of De la Madrid's going back to days together as graduate students at Harvard in the mid-1960s, Manuel Uribe Casteñeda, moved in to the Workers Bank post.

In fact, the real "odd man out" in the designation of De la Madrid appears to be Carlos Hank González. Several sources confirm that the strategy of Mexico City's mayor and former Mexico State governor in the last months of the campaign was to knock out both De la Madrid and Ojeda Paullada, and install a candidate of lesser stature who would be subordinate to Hank's control. There are reports that when he went to greet De la Madrid a few days after the *destape*, he was kept waiting while De la Madrid met with Del Mazo and issued an extraordinarily warm statement of praise for the Mexico State governor as an example of the "new breed" of Mexican politicians the country required. After a 10 minute wait, Hank reportedly stalked off in a rage.

Few political professionals had doubts about Hank's motivation in announcing the municipal takeover of Mexico City's previously privately held bus lines on the same day as De la Madrid's selection. The news strongly competed with the PRI unveiling on the front pages of all Mexico City newspapers.

### **Unexpected timing**

López Portillo had been expected to make the final decision on the succession immediately after the Oct. 22-23 North-South summit in Cancún. He had gone so far as to publicly request that the PRI wait until that time, and the PRI had concurred. What changed López Portillo's mind?

One factor could certainly have been the deepened international financial problems with which Mexico must deal. It may also have been that the president was able to come to foreign policy understandings with President Reagan at their meeting in Grand Rapids Sept. 17 which allowed him room to more quickly resolve the pending domestic political question. And finally, as suggested by a prominent Mexico City columnist who accurately forecast when the "unveiling" was at hand, it may have been a desire to "shake the

system” out of a spreading political and administrative paralysis which accompanies the prolonged uncertainty of a succession choice.

Ratification of De la Madrid’s nomination in the PRI’s full congress is now set for Oct. 9-11. On the 12th he will begin a grueling nine-month campaign throughout each of Mexico’s 30 states with a one-week hiatus late in October to be sure to steal no thunder from López Portillo’s direction of the Cancún summit. Though De la Madrid does not face a serious challenge in the polls the first Sunday of July, 1982, the campaign serves as a vital vehicle for renewing constituency support for the PRI in Mexico.

One feature of the Mexican system—the “renegotiation” of constituencies—is highlighted this year, since 46-year-old De la Madrid is one of the youngest candidates ever to be nominated. He brings with him a new generation of contemporaries known in Mexico as “los juniors.” López Portillo warmly noted in his first comments after the selection that De la Madrid had been his own student in the early 1950s, and that it gives the teacher special pride to recognize a student who “is better than he is.”

## Wall Street’s scenario for Mexican austerity

No sooner had de la Madrid been named as López Portillo’s successor as Mexican president than Wall Street began to issue orders that, if implemented, would set up de La Madrid to be politically destroyed.

On Sept. 28 the *Wall Street Journal* played up de la Madrid’s history of good relations with the international business and banking community, and insisted be serve as Wall Street’s tool in administering economic shock treatment to Mexico. The *Journal* quoted a political-risk analyst: “The selection of de la Madrid gives confidence to U.S. bankers at a time when some are worried about Mexico’s ability to borrow as much money as it will have to. Some very tough decisions will have to be made about the economy, and I think de la Madrid is the man to make them.”

Not missing a beat, *Time* magazine wrote the same day that because de la Madrid had worked intimately with Mexico’s economic planning, he’s “in a good position to ponder austerity measures.”

Wall Street knows that such a scenario would immediately pit de la Madrid against the powerful Mexican labor movement, led by Fidel Velásquez, and would threaten the very fabric of the PRI party. And it would strengthen anti-Velásquez labor radicals, “Poland style.” Top Anglo-American “establishment” strategists have long targeted the PRI and the PRI-connected labor

confederation (CTM) for liquidation.

The *Wall Street Journal* disingenuously added that “the extreme age of Mexico’s labor union boss, Fidel Velásquez [he’s in his eighties] portends changes in union leadership that could require the president to help smooth the transition and mediate between union and business.”

An additional element in the scenario is to build the credibility of a new “unity of the left” movement grouped around the Communist Party in Mexico. George Grayson, a Virginia professor regularly accorded space in the *Washington Post*, *Christian Science Monitor* and *Foreign Policy* magazine to level diatribes against the PRI and Mexican industrialization, was reported by associates last week to be delighted with the de la Madrid selection—because he thought it would be easy to paint de la Madrid as the candidate “of the right” and correspondingly feed the propaganda mill of the Communist Party coalition.

Inside Mexico, Grayson’s thinking was echoed in the words of Martínez Náteras, the liaison between the Communist Party and the new Social Democratic Party. Náteras told the press Sept. 25 that De la Madrid was “Mr. Rightwing” and that he presented an ideal target for left propaganda.

## From De la Madrid’s acceptance speech

*A few hours after the ruling Mexican Institutional Revolutionary Party (PRI), announced the nomination of Miguel de la Madrid Hurtado as presidential candidate for 1982, the almost certain next president of Mexico delivered an acceptance speech to thousands of followers in Mexico City’s central plaza. Excerpts follow:*

*To be the candidate of my party means to continue in my profession of servant to a nation. . . .*

*We will continue advancing on the path of democracy. We will strengthen popular participation in policy decision making, in order to strengthen our movement . . . in order to strengthen our nation.*

*We will continue to respect liberties in order to broaden their benefits and in order to match individual liberties with group liberties within a just democracy and freedom.*

*We will continue strengthening our nationalism in order to protect and to develop with passion all the social activities which our political, economic, and cultural independence allow us.*

*We will continue following the popular and nationalist path of our movement, whose brilliant current phase is being led with exemplary patriotism, with total dedication, rationality, and social commitment by the current leader of the Mexican Revolution: José López Portillo.*

*This administration [López Portillo's—ed], with its progressive work will continue to work until its last minute for the benefit of the people. The party will continue to support López Portillo.*

*Now, as always, the party will continue to follow the inexorable principles of our foreign policy: self-determination of the people, non-intervention, peaceful solution of conflicts, international cooperation for development and world peace and the construction of a more just and balanced new world economic order. In this context, Mexico's participation with José Portillo in Cancún, demands full solidarity and strong support from our party.*

*Together we will create, but especially with the support of our youth . . . a new image of politics, anchored on the ideological conviction of our authenticity, loyal commitment, and moral integrity.*

## A biographical sketch: Miguel de la Madrid

Miguel de la Madrid Hurtado was born in 1934 in the western state of Colima. From 1952 to 1957, he attended the National School of Law at Mexico's National Autonomous University (UNAM). López Portillo was one of his professors. He later taught constitutional law part-time at the same school in the 1960's. His 1957 thesis: "Economic Thought of the 1857 Constitution."

Since his college days, de la Madrid started working in financial-related institutions. He first worked at the National Bank of Foreign Trade. Immediately after he collaborated with José Campillo Saínz, professor of law who later became minister of industry and commerce, in studies regarding the nationalization of Mexico's mining.

He then joined the Bank of Mexico, Mexico's central bank. In 1964, the bank gave him a grant to study public administration at Harvard University, where he earned a masters degree in 1965. Back from Harvard, he was named subdirector general of credit of the Finance Ministry, 1965-70. From 1970 to 1972 he was subdirector of finances of Mexico's state oil monopoly, Petroleos Mexicanos (Pemex), which allowed him to become well acquainted with what is today Mexico's most crucial industry "from the inside."

López Portillo, then minister of finance, promoted him to the post of director general of credit in the Finance Ministry. In 1975, when López Portillo became the PRI presidential candidate, De la Madrid was named under-secretary of finance where he remained until 1979 when he was named minister of planning and budget.

De la Madrid joined the PRI in 1963 and worked with the PRI's think tank, IEPES, during the presidential campaigns of Luís Echeverría and López Portillo.

## Germans, Soviets, Japan pursue growth

by Rachel Douglas, Soviet Sector Editor

Keystone NATO member West Germany is about to secure a huge economic deal with the Soviet Union, and maybe not just one. West German officials right up to Chancellor Helmut Schmidt say frankly that the arrangements for Soviet fossil fuel deliveries to repay West Germany for investments, far from making Germany economic hostage to the U.S.S.R., are in the German national interest.

The export-oriented West German economy stands to benefit from exploiting the huge East European market. And East-West relations' grounded in industrial development efforts, the West Germans believe, are conducive to detente in the military/strategic realm as well. In May 1978, Schmidt and Soviet President Leonid Brezhnev signed a 25-year economic cooperation agreement based on that principle.

For Schmidt, East-West trade was an essential element of war avoidance diplomaey with Brezhnev, when the unstable psyches of the Carter administration ruled Washington. So far, the Reagan administration has given Schmidt no reason to alter West Germany's posture.

Japan and Italy, too, advanced toward participation in the largest of the West German Siberian development deals during the month of September.

That project is the Urengoi natural gas pipeline, to transport gas from deposits in the Yamal Peninsula, on the Arctic Ocean at approximately the longitude of the Ural Mountains, to Western Europe. The Urengoi natural gas investment package will ultimately be worth between \$10 and \$15 billion.

German industry and banking sources say that all the technical problems of this deal, including interest rates for its financing, have been solved. The final agreements, to cover the price to be paid for the Soviet natural gas, should be signed in the next few weeks, before Brezhnev's November visit to meet Schmidt in Bonn. An official of Deutsche Bank, one party to financing the Soviet purchases of equipment for the pipeline, described the pricing issue as a relatively minor one.

On Sept. 29, Mannesmann AG and the French company Creusot-Loire announced that they had signed the first big contract for the development of Urengoi, to sell