Dateline Mexico by Josephina Menendez

More oil, no GATT, fewer candidates

Lopez Portillo defied many kinds of pressures to reject an international tariff agreement, and to order the nation's oil company to "produce, produce, produce."

March 18, the forty second anniversary of the oil nationalization and the birthday of Petroleos Mexicanos, was a day of political surprises on the Mexican political scene.

Insiders see it as a day that went a long way in defining the battle for who will take the '82 Presidential election. And that will define a lot about what kind of Mexico will welcome in the twenty first century.

President Jose Lopez Portillo announced at the celebration that Mexico will not join the GATT, the General Agreement on Trades and Tariffs, a question which had been under intense study for well over a year.

Many foreign investors who were totally dumbfounded by the unexpected "no" on the GATT question, were encouraged by the announcement at the same rally of a decision to increase oil production from 2.25 million barrels per day up to 2.5 for starters. This 10 percent hike lifts the ceiling determined at the beginning of the President's term, and makes further decisions for increases more a matter of bureaucratic adjustment than transcendental political action. After months of debate on the subject, this decision carried the weight of a major policy shift.

Against the increase were a highly mobilized crowd of antidevelopment environmentalists, leftists and intellectuals, and a group of patriotic "go slow" economists and officials.

Though rumor had it for weeks that the President had decided to join the GATT, and brutal pressure by the "Iranization" environmentalist crew against increasing the oil output looked threatening, the underlying coherence between the two decisions is clear.

In the last State of the Nation address, Lopez Portillo defined his economic policy as a continuation of his "alliance for production". "Produce, produce, produce," he said, is the only way to beat inflation.

This philosophy, or shall I say this sound economic theory, so opposite from the monetarist depression tactics coming out of President Carter's anti-inflation program, is what underlies Lopez Portillo's new definitions. He has decided to protect the nascent domestic industries which agree to "produce" and up the oil output to expand the country's development potential.

Lopez Portillo explained that joining the GATT "is not in our interest, and not in agreement with our global development plan."

Mexico will expand its trade through bilateral deals instead of under the treaty. The President's May trip to France and West Germany, and a possible visit by Japan's prime minister late in the year, will define future bilateral relations, word has it.

But the major fallout from the historic decisions will be felt internally, since the decision on who the PRI candidate and sure next President will be is taking shape. In the Cabinet there were winners and losers in both the oil and the GATT debates. And in Mexico, losers don't become President.

In the Cabinet the GATT battleground is bloody. Secretary of Commerce, Jorge de la Vega Dominguez was the key promoter of entering the GATT. Finance Minister David Ibarra Munoz was strongly against.

De la Vega, once considered one of the frontrunners in the race, has been given a strong jolt, at best. Counting the Cabinet Ministers (from which the President historically picks his successor) who won on both counts, however, seriously narrows the field.

Jorge Diaz Serrano, head of PEMEX, and the target of the most brutal campaign by a broad spectrum of environmentalist leaning opposition, seems to be coming out strong.

While no President has ever come from PEMEX, PEMEX has never been the center of all economic and political planning before this term. Diaz Serrano is considered a member of the Cabinet, and as hundreds of thousands cheered the President's speech at the anniversary celebration, and chanted the Presidents' name, the oil workers led up another chant— for Jorge Diaz Serrano.