

Dateline Mexico by Josefina Menendez

Brawl between the economics chiefs

The Industry Minister and Finance Minister have fought openly over the pace of steel development.

Rumor mills have been working overtime in Mexico City this week, in preparation for the Sept. 1 State of the Union speech by President José López Portillo. This will be the last such speech before the Mexican president chooses his successor; so jockeying for position now is of paramount importance for those who have their sights set on Los Pinos, the Mexican White House, for 1982.

One recent report had Labor Minister Pedro Ojeda Paullada moving to the Interior Ministry—Mexico's strongest cabinet post—from which he would be an odds-on favorite to be named as the PRI party's next presidential candidate. There is also talk in this capital that López Portillo will shortly announce the formation of two new ministries—one of supplies, which would absorb the crucial federal food distribution monopoly, Conasupo, and one of energy, which would finally give cabinet status to Mexico's all-important oil industry, and to its powerful architect, PEMEX head Jorge Díaz Serrano. The likelihood that an Energy Ministry will be formed shortly was virtually guaranteed with the statement by Industry Minister José Andrés de Oteyza—who now technically oversees PEMEX—that such a move was “a possibility.”

Even more significant, in terms of shaping the *economic policy* of the next administration, was a recent meeting of the Mexican eco-

nomc cabinet with President López Portillo. Reliable Finance Ministry sources told *EIR* that Industry Minister de Oteyza presented to the meeting an ambitious program for the massive expansion of steel production. De Oteyza called for a 10-year program that would invest an average of \$2 billion per year in steel—for a total of \$20 billion between now and 1990.

De Oteyza proposed that the financing requirements be met from three sources: the Mexican government, foreign financial institutions, and domestic borrowing, primarily through the issuance of \$500 million a year in “Steel Bonds.”

Our sources inform us that Finance Minister David Ibarra jumped to his feet to contradict his colleague. Ibarra argued that such a massive financial operation was uncalled for, especially the steel bond part, and suggested instead that de Oteyza submit a more modest proposed budget to the Finance Ministry “for approval.”

President López Portillo is reported to have hit the ceiling at this point in the discussion, angrily reminding the entire cabinet that he had requested of them a comprehensive agreed-on steel development proposal over nine months earlier. He announced that he looked favorably on de Oteyza's plan and went on to give Ibarra and de Oteyza a one-month deadline, by which time they will have to

agree on a steel proposal which they will jointly present to the president.

Seasoned observers of the political scene here concur that one—or possibly both—of the disputing ministers may be forced to resign. López Portillo, they note, has always governed by consensus, and since it is unlikely that Ibarra and de Oteyza can come to see eye-to-eye on steel and general economic policy, then heads will have to roll.

De Oteyza has no presidential ambitions of his own, since his father's Spanish origins constitutionally prohibit him from ever becoming president. Ibarra is also not considered to be presidential material. But many well-informed political insiders view Ibarra as little more than a stalking horse for his factional ally who does have real presidential potential—Planning and Budget Minister Miguel de la Madrid. De la Madrid is known to be quietly building up an impressive base of support in the private sector, in banking circles, and among the international financial community. His support for Chicago School monetarism has helped him in this regard.

“But anyone putting his money on de la Madrid and the Ibarra go-slow economic policy,” our Finance Ministry source advised us, “should prepare himself for some surprises.” He reminded us of Ibarra's recent speech to the World Economics Congress, where he endorsed the World Bank's low-technology approach. “Recall,” he concluded, “that a recent editorial in the semi-official daily *El Nacional* roasted the World Bank for adopting ‘colonial remedies.’ As you know, signals like that are not to be treated lightly at this point in the presidential succession fight.”