

Mexico: Big Headaches For The Monetarists

It is becoming apparent as the second year of his six-year term unfolds that Mexican President Jose Lopez Portillo is an even more formidable adversary of monetarist designs on Mexico than was his predecessor, Luis Echeverria.

MEXICO

As this realization spreads in monetarist circles, particularly in London and London-allied Wall Street firms, it can be expected that the pace of economic and political destabilization projects against the Lopez Portillo regime will pick up rapidly.

At the center of the surprisingly strong consolidation of the Lopez Portillo government is its firm commitment to development of Mexico's energy reserves — oil, gas, and uranium — and a broad political reorganization designed to mobilize popular support behind the government's growth-oriented economic policies. Lopez Portillo and his advisors have indeed learned the lesson of the economic warfare unleashed in 1976 against Echeverria. But instead of deferring to the dictates of the Monterrey Group of businessmen and the international monetarist forces behind them, they have chosen to "judo" the situation against exactly those nihilist forces. With Mexico's oil as the springboard for state-sector-controlled development programs, they expect to progressively reduce the economic clout of the monetarist wing of the business community. With their political mobilization, they are moving to contain political destabilizations from the same quarter.

Cold Shoulder to IMF

As emphasized by Mario Ezcurdia, a columnist in the daily *El Dia* who is known to closely reflect the views of high government officials, the commitment to rapid economic growth is the controlling policy outlook of the Lopez Portillo Administration. Any assumption that Mexico will continue to accommodate itself to International Monetary Fund austerity programs beyond this year, or give serious consideration to World Bank-style "labor-intensive" development criteria, is profoundly in error. In the month since Mexico politely but firmly told U.S. Vice-President Mondale that it "wasn't interested" in his labor-intensive "development" schemes for rural areas (see *Executive Intelligence Review* Vol. 5, No. 5), the Planning and Industry ministries have announced hefty growth targets for the vanguard sectors of capital-intensive industry,

among them steel, petrochemical, capital goods, and fertilizers.

Mexico thus continues to provide a potent model for the rest of the Third World of an approach diametrically opposite to the World Bank's: capital-intensive industrialization, including agroindustries in rural areas, and growth of the cities, under centralized state sector control.

The Queretaro Summit

The scope and goals of the government's policies were most fully expressed at an extraordinary political "summit" in Queretaro Feb. 4 and 5.

The summit, held in the city where Mexico's progressive 1917 constitution was drafted and on the 61st anniversary of its promulgation, brought together all 31 Mexican governors, the full cabinet, and an array of other top officials from the three branches of government. In their keynote presentations Planning Minister Ricardo Garcia Sainz and Interior Minister Reyes Heroles took that Constitution, the product of Mexico's 1910-1917 Revolution, as the point of departure to define a renewed "federalism" which is the opposite of the economic and political dispersion of power advocated as federalism elsewhere. Sainz, after defining the two overriding objectives of the government as economic development and full political sovereignty, pointedly criticized "some governors" who have been collaborating with World Bank efforts to funnel funding to the state and local level, bypassing federal control.

In its spirit and content, the summit struck a strong blow against the forces of Carlos Hank Gonzalez, the mayor of Mexico City known for "local control" and pick-and-shovel work brigade programs.

At the same time a reorganization of the labor sector is moving rapidly. Almost the entirety of the organized labor movement endorsed a call from the Mexican Electrical workers Union (SME) for a unified and aggressive defense of the government's development plans. A labor "summit," the first National Assembly of the Proletariat, is set for the late spring. Most observers agree that although this reinvigoration of the labor movement does not signal the collapse of the power of Fidel Velazques, the labor czar who has ruled the official labor bureaucracy for 30 years, it does significantly reduce his influence.

Similar reorganization and mobilization is now beginning in the peasant sector, in many cases coordinated directly with leading elements of the trade-union movement, most notably the national teachers' union (SNTE).

Lopez Portillo's Self-Confidence

Lopez Portillo, directing this dual process of economic growth and political mobilization, is demonstrating more and more clearly that he has the personal characteristics to rally Mexico behind him. His self-confidence, his sense of identity as a statesman and political thinker as well as administrator, were expressed in a recent interview with one of the strongest critics of the politics of his predecessor, Jose Luis Mejias. Said Portillo: "Although I cannot say 'the sure road is this one,' I am looking for it and I will find it.... I sincerely believe I was prepared to face this crisis, and I have the conviction that I will succeed in bringing the country out of the situation it faces." Upbraiding Mejias for his sniping at Echeverria's commitment to a new world economic order, the President declared sharply: "It should be a matter of pride for us that in a moment of uncertainty and disorder, the voice of Mexico was raised through its President to say: nations cannot solve their internal problems because external disorders prevent them. We will order the world."

—Tim Rush

'Alliance For Production'

Ricardo Garcia Sainz, Mexican Minister of Planning and Budget, announced the planning mechanisms for Mexico's five-year development plan in a speech given Feb. 4, 1978 on the 61st anniversary of the signing of the Mexican Constitution. Here, Part of the Minister's remarks:

Our Constitution not only indicates where we must go, but is also the means to fulfill the popular aspirations that defined our historic task as a nation. From it we can and should take that which we lack to reach the objectives that we freely choose. President Lopez Portillo takes up again its goals in order to convert them into programmatic commitments, to be met by a government plan which comes from and directs itself to the great national objectives, and which simultaneously seeks to strengthen the federal pact which unites us.

The content of social justice translates into the right of all Mexicans to a dignified life. Thus, the satisfaction of the basic needs of the majority of the population and the obtaining of minimum levels of well-being through the right to and benefits of work becomes the first great national objective.

Marginalization and inequalities are not free from external pressures and limitations. Because of that, the other great national objective — the constitutional precept of national sovereignty — consists of consolidating the economic and cultural independence of the country and maintaining its full right to self-determination, preserving our political independence.

The fundamental strategy for advancing towards the achievement of levels of well-being is the national, popular and democratic alliance for production; the call to all sectors of the country of solidarity..., always towards a higher level of coexistence.

In this way, all national efforts are directed towards the same end, the strengthening of the federal pact...

'Nationalism Imbued With Humanism'

The keynote address at the Queretaro Commemoration of the Mexican Constitution was delivered by Interior Minister Jesus Reyes Heróles. Following are excerpts from his speech

...A living constitution begins by having a structure, structural principles around which are fleshed out rules. Techniques and instruments are introduced. What are these structural principles? To establish a republican, democratic, representative regime...

Our nationalism is not closed. It knows that the ideas of man will be for man, without regard to frontiers. It knows that if the liberty of individuals is not respected and the social rights on which it is based are not recognized, it will degenerate. Ours is a nationalism imbued with social humanism.

Only those bogged down in the superficial think that politics and policies can be carried out without ideas. Politics is in its essence a cultural activity. Man, with his ideas and hopes, his vocation, his word and his hand, seeks to transform realities, model facts, mould ideals...

Thus, in politics there is a strong relation between what the ideal demands and reality permits. Any politics worth its name *demands* of its practitioners, at the very least, a conception of man and society, of the state and of history; in sum, a conception of life...

Federalism and centralism may be innocuous terms from a political point of view, if neither one is tied to a certain ideological conception. This is true in the abstract. In the concrete, however, things are different. Federalism in Mexico is the method of national integration. The country would have disintegrated if it hadn't been adopted.

Federalism integrates and consolidates homogenous governmental action in the midst of the diversity and heterogeneity of the distinctive collectivities which make up the nation. It has allowed us to forge national unity and achieve the aspiration that we be a society of societies. Through federalism we avoided disintegration; and we have not fallen into anarchy...

To forge one Mexico of the many Mexicos, unified in a limited common denominator, is not an easy task. We must effect revolutionary reforms, reforms which in their profundity and extension presuppose qualitative and quantitative changes in society...

It is not a question, *and I want this to be totally clear*, of ridding ourselves of a head of Goliath on the body of a David, only to create 31 little heads of Goliath on 31 little bodies of David. We don't want to break up power concentrated on the federal level only to replace it with a state-level concentration to the detriment of the municipalities, towns, and villages. We want to strengthen the body in *all* its extension, not parts of it to the detriment of others...

'Four Critical Points'

These excerpts were taken from a column by Mario Ezcurdia published in the Mexico City daily El Dia Feb. 12.

In order to gage what is happening — and what the immediate future holds — one could well say...that history will show four critical points in the history of Mexico: the period of independence, the period of the reform, the revolution, and the ongoing period from 1976 to 1980. The present five-year span is that important; and it is a cause for concern...we still do not fully realize what the political moment implies, not what it demands of us.

The first great battle took place in 1976, and the people — we — were the losers....

Following a period of pressures, threats and insults, the private sector — the aggressive part of the private sector — fired the first shot: billions of pesos were taken out of the country; billions more were exchanged for dollars....

At first sight one might say that the Mexico of 1976 — and its prospects for the immediate future — offered no political risks to the business sector...To put it clearly, the government was losing many rounds.

Suddenly there were new elements, oil, gas, uranium: energy sources of great economic import and great monetary value. That changed everything.

Whether these resources are put to good use domestically, or whether they are exported, they represent a formidable wealth which will decisively strengthen the public sector....

Without an effective democracy, that “wild Mexico” which has yet to die...will most probably awaken from its slumber....

In order to stop this from happening...we must block the way of the above mentioned group. It is useful to remember that Mexico has a tried and true recipe against such ills: a combative alliance between the government and the popular sectors. It has demonstrated historically that no oligarchy can surmount such a coalition.

It seems quite clear that the government is following — since its beginning 14 months ago — a double strategy. On the one hand it has adjusted its tactics to the present conjuncture — even at the expense of some concessions — in order to pull us out as soon as possible from the critical economic situation. On the other hand, it is laying the groundwork which will allow it to stop administering the crisis, as it is now doing, and administer the bonanza to guarantee the sound and independent development of the country and consolidate the political and economic democracy we need. Foreseeably, the first policy will prevail for the remainder of this year; the second one, which is being put together at great speed (political reform, administrative reform, and energy policy) will prevail for the rest of the presidential term.

This last prediction hinges...on the coming together of the forces which are necessary to make it a reality.

Fortunately these forces are already in motion...That is, in essence, the profound meaning of the labor mobilization (now in progress —ed.).

Portillo: Either Subjugation or Sovereignty

Below are highlights of an interview with President Lopez Portillo conducted by the Mexican daily Universal reporter Jose Luis Mejias and published Feb. 16:

Q: Who are the heroes of your youth?

President Lopez Portillo: The person who meant most to me when I was a boy was Goethe... Goethe was for me an intellectual giant whom I admired tremendously...

In the history of Mexico, the person I admired most was Jose Maria Morelos (hero of the Mexican independence period of the early 19th century).

And in music, since I was 17 years old, the genius I not only admired but loved was Beethoven, whom I sketched, painted, and listened to until I sometimes cried...

A: What are the goals in life of the common man?

JLP: I have always said that all political conceptions correspond to a conception of man, and that behind all action, if it is going to be coherent, must be a philosophy; that is, an ordering toward the universal...Consequently, I believe that it is fundamental to premise any political structure, and any set of decisions, on a philosophical system and on a principle that orients and illuminates them.

Simply, the two great eras of man are premised on two distinct notions of man: man as an equal and dignified person and man as a...slave...

Q: Don't you think it advisable to put a ceiling on the wages and benefits of the privileged state sector so as to provide for an expanding market with the integration of millions of marginalized people...?

JLP: What is desirable is that the entire economy reach a point at which all workers enjoy the conditions of those who work for the state, which are by no means optimal...

On “supranational solutions” to problems: There is either hegemonic political subjugation, or hegemonic economic subjugation, or there is the equitable and decent solution, through integration of national sovereignties...the sovereign participation in forums which guarantee the values which must be internationally established.

On developing skilled labor: (Our society) must insure that each human being is guaranteed his human necessities...that to open opportunities for his capabilities, the first condition of social justice is to improve his capacities, to educate him.

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THURSDAY, JANUARY 11, 1978

LEADING U.S. BUSINESS DAILY CALLS FOR CUTOFF OF NUCLEAR COOPERATION WITH INDIA

JAN. 11 - THE WALL STREET JOURNAL, A LEADING U.S. BUSINESS DAILY, RAN A MAJOR EDITORIAL TODAY CALLING ON THE CARTER ADMINISTRATION TO CUTOFF NUCLEAR COOPERATION WITH INDIA. IN A SCATHING INCIDENT AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD THE JOURNAL STATES, "SO WHILE THERE ARE AT LEAST SOME ARGUMENTS FOR ENDING NUCLEAR COOPERATION COLDLY AND BLUNTLY AS THE CANADIANS DID AFTER THE INDIAN COOPERATION. THE JOURNAL CONCLUDES: 'IT IS IS IN ADDITION TO BELIEVE THAT MR. CARTER DOESN'T NOTICE MIXES AND POLICY IMPACT DESPITE THE HEAVY WATER SHIPMENT. BUT ON THE OTHER HAND, PERHAPS IT WAS NOT THE INDIANS WHO WERE INTENDED TO OVERHEAR THE OPEN MINE. PERHAPS THE CANDIDATE CARTER WHO PROMISED NEVER TO TELL US A LIE WAS USING THE PLOY TO MISLEAD THE AMERICAN PEOPLE.'

WHAT IS REALLY GOING ON?

WHILE THE DUST HAS NOT YET SETTLED ON THE CARTER TRIP, BRITISH PRIME MINISTER JAMES CALLAGHAN HAS ARRIVED IN INDIA TO SUPPOSEDLY EVOLVE THE COMPROMISE FORMULA TO BRING INDIA INTO AN ACCEPTABLE STATUS ON THE NON-PROLIFERATION QUESTION. WHILE THE U.S. STATE DEPARTMENT TODAY ADAMANTLY DENIED ANY TRUTH TO THE STORY THAT CALLAGHAN 'HAS SUCCEEDED WHERE CARTER HAS FAILED' AS PRESENTED BY THE LONDON TIMES, THE CALLAGHAN TRIP HAS OBTAINABLE WITHOUT TOTALLY DIS- ONCE IS TO ARRIVE AT A COMPROMISE AGREEMENT WITHOUT TOTALLY DIS- CLOSING DETAILS AT THIS TIME. TODAY'S SECRET 'PROMISES AND PLEDGES' TO PAKISTAN WHERE HE WOULD USE THESE ASSURANCES TO PRESS THAT COUNTRY TO AGREE TO NEW RESTRICTIONS AND SAFEGUARDS ON ITS CONTRACTED FRENCH NUCLEAR REPROCESSING PLANT. CALLAGHAN ARRIVED IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTANIS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.

MIDWEST COLD FREEZES OHIO COAL STOCKPILES

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINER AND COAL-HANDLING MACHINERY, A SPOKESMAN FOR THE ELECTRIC UTILITY TOLD THIS NEWS SERVICE THAT THE CUSTOMERS HAVE BEEN ASKED TO VOLUNTARILY CUT BY THAT THEY REBAND THE SITUATION AS 'CRITICAL'. THE UTILITY IN SHIPPINGPORT, PA. HAS BEEN SHUT. BY A DAY, HOWEVER A SECOND COLD FREEZE IS PRE- WEEKEND. THE ONGOING MINEMEN'S STRIKE ALTERNATIVE USED TO REPLACE FROZEN COAL. IN FRESH COAL TO REPLACE FROZEN COAL. THE OHIO STATE ENERGY OFFICE DURING TV COAL DELIVERIES TO RESIDENTIAL USERS

A SPOKESMAN FOR THE U.S. DEPARTMENT WILL DO NOTHING IN THE PRESENT SITUATION. HE ADDED THAT PRODUCED BY THE ONGOING STRIKE AND UNTIL THEN THE GOVERNMENT CONSERVATIVE BRITISH FIRING OPPOSITION TOM KING, BRITISH GOVERNMENT, HIS D OF

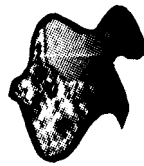
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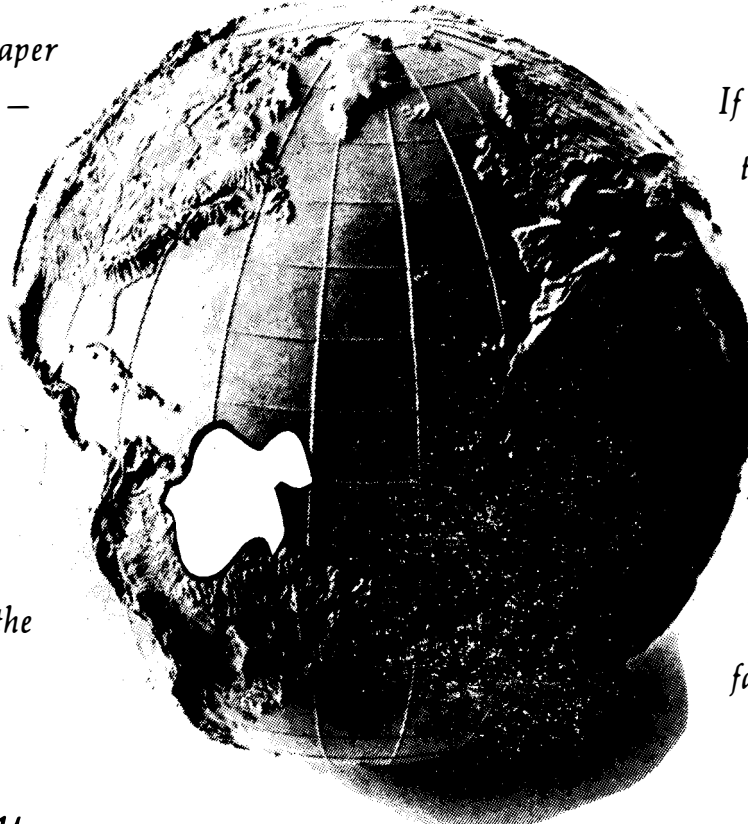
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