

## Dateline Mexico by Josefina Menéndez

### Behind the Díaz Serrano ouster

*Politics, more than economics, caused the fall of the powerful Pemex director.*

**A**s I told you in my May 26 column, Pemex director Jorge Díaz Serrano's star has been on the wane. On June 7, in an announcement that shook political and economic circles inside the country and far beyond, the powerful oil boss resigned, 24 hours before President López Portillo left for Washington to meet with Ronald Reagan.

In his resignation message, Díaz Serrano stated that his decision a few days earlier to cut crude oil prices by \$4 per barrel failed to get the unanimous support of the economic cabinet. In order "not to be a source of discord," Díaz Serrano explained, he would resign the post he had held for almost five years.

Few politically knowledgeable people here believe this was the full story. During virtually the entirety of his tenure as head of Pemex, Díaz Serrano has come under strong fire from one quarter or another.

For a while it was leftist critics; then clashes with Industry Minister De Oteyza; cabinet policy clashes over whether to increase oil output; and heavy environmentalist fire.

Yet as striking as the density of attacks has been the firmness of López Portillo's defense of his old friend throughout. If a question of oil pricing were solely involved, Díaz Serrano then would not have fallen.

The "extra dimension" on everyone's mind is the current presidential succession fight. Díaz Ser-

rano was on everyone's list as a possible candidate. He's now unequivocally out of the running.

As I reported in the May 26 column, Díaz Serrano was aggressively moving to set up political combinations with other political forces that he thought could give him the muscle to take the top prize.

Probably the most significant such alliance caught insiders' attention when it was learned that Díaz Serrano was involved with a hack journalist who had scribbled a book insulting the president and his family. The journalist was an intimate friend of the ambitious mayor of Mexico City, Carlos Hank González.

By unblinkingly removing Díaz Serrano—despite close ties of friendship—López Portillo showed that he was in total command as he left for Washington, and that he is not going to permit any combinations to come together that may overrule or seriously compromise his own ability to steer the succession toward the candidate he believes is best for the country. His resolution was surely strengthened by the link to his prime political adversary, Hank González.

The immediate appointment of Julio Rodolfo Moctezuma Cid as Díaz Serrano's successor bears out this view. Moctezuma, like Díaz Serrano, is a longtime close associate of the president, serving first as his 1975 campaign platform director, then as his finance minister,

and, for the past three years, as chief of the Special Development Projects Office of the presidency. Note, however, that coming into Pemex at this late point, he will not be able to wield that giant monopoly as an independent power base during the next crucial "home-stretch" of political infighting.

The energy policy question, of course, cannot be dismissed as a contributory factor in the sudden shuffle. Rumors persist that Díaz Serrano was not keeping other officials duly informed about Pemex action in various areas of sensitive foreign negotiations. And the issue of how to respond to the world oil glut is a real and difficult one. The \$4 per barrel price cut was decreed by Díaz Serrano for a 30-day period after Mexico was bluntly informed by numerous oil importers that Mexican offers would go begging without a price cut. It is not known what action Moctezuma Cid will take when the 30 days run out to redefine third-quarter contracts.

The oil price problem in fact touches the crucial questions of the entire presidential succession fight:

*Will Mexico continue with its plans for high growth rates?*

*If so, how will Mexico finance rapid development? Will Mexico keep prices up, increase export volumes, or increase its indebtedness?*

The shake-up in Pemex only underscores these questions.

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*EIR has prepared a detailed analysis of the Díaz Serrano ouster, the implications for the presidential race, and the consequences for oil policy. This 20-page EIR Special Report is available now at \$200.00 per copy. Call Peter Ennis at (212) 247-8820 or send orders to 304 West 58th Street, New York, N.Y. 10019.*