

Dateline Mexico by Josefina Menendez

The President in Monterrey

When the leading defender of the "state sector" of Mexico's economy visits the citadel of "free enterprise," it is always a matter of intense interest.

The trips of Mexico's presidents to the city of Monterrey, citadel of the ideologues of private enterprise in Mexico, is always an event of intense interest. Though Lopez Portillo has certainly maintained better relations with Monterrey than his predecessor, Luis Echeverría, there remains profound antagonism between the defenders of the "state sector" and the "private sector," in Mexico's mixed economy.

The added attraction in President Lopez Portillo's March 14-15 visit to the northern industrial center was the presence of Texas Governor William Clements to discuss U.S.-Mexico border affairs.

In an opening meeting with Clements and Clements' great buddy, the Governor of Nuevo León (of which Monterrey is the capital), Lopez Portillo gave his stamp of approval to a conclave of the four U.S. border governors and their four Mexican counterparts. This is due to take place in the end of June. One session will be held in Mexican territory, at Ciudad Juarez, and other across the border in El Paso, Texas. This has been a pet project of Clements' since his inauguration.

But Lopez Portillo has his differences with the vision of border development pushed by Clements and Gov. Alfonso Martinez Dominguez. He registered this with the

carefully calculated demurrer that he couldn't attend the El Paso side of the activities because he "would need the permission of Congress." In Mexico such permission is a mere formality, and no real impediment to travel outside the country.

The two governors are part of a border faction—which actually extends to the board rooms of New York investment house Lazard Freres, and includes Baja California Governor Roberto de la Madrid as its leading proponent—lobbying for a 50-mile "free zone" on each side of the border. This is Hong Kong East emporium thinking, involving cheap labor and energy from the Mexican side, and easy access to U.S. markets.

Lopez Portillo and nationalist planners around him think this kind of development could jeopardize Mexican sovereignty and undermine effective industrial planning on a nationwide basis. There is a famous story of a helicopter inspection tour of the border that Lopez Portillo took a year ago with Tamaulipas Governor Enrique Cárdenas Gonzalez. "Don't make such proposals even in jest" he reportedly told a stunned governor, when Cárdenas mentioned a free zone plan. Cárdenas hastily called a press conference upon landing to disavow any interest in such a border approach.

In addition to the Clements meeting, the talk of Lopez Portillo's visit centered on a private dinner at the home of the president of Monterrey's big steel company, HYLSA. Little is still known of what transpired; but insiders report one item on the agenda was Monterrey's request to expand its Planta Electrica Grupo Industrial (PEGI), the only remaining privately held power facility in the country.

The issue touches directly on one of the fundamental divisions of the private sector from the state sector in Mexico: the state has total responsibility in the energy and power fields.

Though Lopez Portillo has kept his relations with Monterrey on an even keel, Monterrey's concerted campaign to portray itself as the only serious industrializing agent in the country has certainly galled the President. As he is almost certainly aware, it was Gov. Martinez Dominguez who personally arranged with *Forbes* Magazine in the U.S. last fall for 9 pages of free—though unidentified—advertising which termed Monterrey the "cutting edge" of Mexico's industrial surge and omitted the state role entirely.

Also perhaps going through Lopez Portillo's mind as he watched the elaborate congressional reception arranged by Martinez Dominguez for him was the widespread talk that the governor probably best known for his complicity in the student massacres at the beginning of the 1970's, has his eye on succeeding Lopez Portillo to the presidency in 1982. But experienced political observers see virtually no chance of this—short of a U.S. invasion to back him up.