

Dateline Mexico by Josefina Menendez

Price freeze ends cabinet fight

To PEMEX's chagrin, López Portillo has stopped a price hike on gas and diesel fuel—for now.

President José López Portillo has poured cold water on a brawl between his potential successors in the cabinet over whether to increase domestic prices of gasoline and diesel fuel. Regular gas has been pumped at 46 cents per gallon since 1976.

The president found himself forced to get on top of the cabinet debate, since it had become the subject of almost daily headlines in the Mexico City press. López Portillo chose Nov. 20, the national holiday commemorating the Mexican revolution, to announce that regular gasoline and diesel prices would not increase.

The decision had been taken, he said, because "the most important thing in the near term is to fight inflation, which we must stop in the interests of the nation that . . . has to pay the price of the inflationary pressure."

The president's strategy is apparently to prevent inflation (which increased 24.5 percent during the first 10 months of 1980) from going over 28 percent during the entire year.

This strategy, openly voiced in Banco de México and other official circles, does not rule out more realistic fuel prices after Dec. 31, when the inflationary impact of the hikes would be more easily neutralized.

Most of the economic cabinet, however, had placed their bets on increased prices for all fuels. The Mexican press had leaked that the

economic cabinet had gone so far as to reach a consensus "to walk the painful inflationary road."

Days before the presidential announcement, PEMEX chief Jorge Díaz Serrano had publicly argued that price hikes were needed so that Mexico's petroleum effort would not have to be so dependent on foreign financing. He confidently assured the press that the price hikes would be announced within two weeks.

Finance Minister David Ibarra, Commerce Minister Jorge de la Vega, and Planning Minister Miguel de la Madrid agreed with the PEMEX position—albeit for different reasons.

In addition, the press leaked that this grouping in the cabinet had already fully prepared the announcement of the "painful decision." Commerce Minister De la Vega had been selected for the thankless task.

However, signs of an about-face began to emerge on Nov. 18. Industry Minister José Andrés de Oteyza, who had fought in the cabinet from the word go against the increase, held a press conference that afternoon to reveal the new National Energy Plan.

Exuding the kind of confidence which flows in Mexico only with secure knowledge of presidential backing, Oteyza proclaimed that regular gas and diesel prices would not rise, since that would be inflationary. Luxury high-test, however,

would rise.

For those politicians who still believed in Díaz Serrano's presidential possibilities, López Portillo's subsequent support for the de Oteyza line dunked their heads in a cool bucket of reality.

In an unmistakable criticism of the head of *Petróleos Mexicanos*, and the first of the entire presidential term, the president chided: "Although there are good reasons for those who produce it [oil] to justify the measure, the society, the nation . . . is now bearing the burden of inflation."

López Portillo went on to elaborate that he wished to dispel "information and disinformation" that existed regarding the sensitive gas price question.

Díaz Serrano lost some further ground with the issuance this week of the new National Energy Plan by de Oteyza's industry ministry, an act which apparently relegates until the next administration the creation of a cabinet-level energy ministry proper, which Díaz Serrano was hoping to head. Without a cabinet post, Díaz Serrano's chances for the presidency in 1982 are virtually nil.

Planning Minister Miguel de la Madrid is also having rough going lately.

He gave the featured speech on the anniversary of the Mexican revolution, which some thought was filled with political punch befitting a potential future president.

However, the presidential decision putting an end to the cabinet battle was splashed all over the news and editorial pages of the press, while de la Madrid's brilliant oratory got buried.

In the world of Mexican politics, such events are very significant.