

Dateline Mexico by Josefina Menéndez

The Díaz Serrano affair

Former Pemex czar Jorge Díaz Serrano may be going to jail; will Carlos Hank González be next?

The government announced in the last week of June that it was beginning prosecution of the former director of Pemex, Jorge Díaz Serrano, for corruption. It was the first corruption case under the de la Madrid administration which indisputably involved landing what is known here as a *pez gordo* (big fish).

The question of moving on the powerful ex-Pemex boss had been in the air since U.S. grand jury investigations last summer brought indictments against three American firms for paying kickbacks to high-level Pemex officials. The question was always: Díaz Serrano knew or should have known. But was he personally corrupt?

The evidence assembled by Mexico's top anti-corruption official (and intimate of President de la Madrid), Controller Francisco Rojas, says yes. The charges presented by the Controller to the Attorney General's office implicate Díaz Serrano directly in a scheme to skim off a share of a tanker project worth \$34 million.

The former Pemex head, dumped from his post by President López Portillo in June 1981, but rehabilitated and given a senator's seat from the state of Sonora in December 1982, would have to be stripped of his congressional immunity before he could be tried. The Mexican congress took the first steps in this direction July 4. It is unlikely that the Controller's office began a move of this kind without a commitment to carry it through to full prosecution.

Díaz Serrano took his case to the public June 30. He stated that he had

attempted to halt any corruption of which he had personal knowledge, but the forced-march pace of Mexico's oil bonanza during his years in the post had made close monitoring impossible. It was an environment of "many green lights and few red ones." There are many "who believe that I should have converted myself into a kind of moralizing guardian of Pemex," he declared. "But that would have meant putting aside my central function, which was that of increasing production, and thus increasing the wealth of the country."

It would have been an astute defense—if Díaz Serrano's own enthusiastic endorsement of the Club of Rome and its zero growth doctrines at the beginning of this year hadn't given the lie to his "nation-builder" image. It was also at the beginning of this year that he declared his readiness to examine schemes to hock Mexican oil directly for debt payment, raising eyebrows over his real motives for promoting the oil development in the first place.

One of the most interesting things about the Díaz Serrano prosecution is that it disrupts the "Bush connection" into the United States. Díaz Serrano is a former business partner of George Bush's, and they remain close. "Bush" is in fact shorthand for a much broader Díaz Serrano link to Texas and California oil interests, including the shady side of the Schlumberger interests and of Armand Hammer.

Within Mexico, Díaz Serrano does not walk the plank alone. The real question right now is who will go down with him, and the dilemma is an acute

one for de la Madrid and his inner circle.

One direction the inquiry can move is toward former Mexico City mayor Carlos Hank González. Hank was such a craftsman of corruption that under his regime, the dividing line between doing business and governing disappeared entirely; he is one of the two or three wealthiest men in Mexico.

Two facts should not be forgotten: 1) de la Madrid and Hank fought bitterly throughout de la Madrid's presidential campaign last year, and the animosity persists; 2) the key factor when Díaz Serrano was fired as chief of Pemex in June, 1981, was not oil price squabbles but the fact that Díaz Serrano was a stalking horse for Hank in the presidential sweepstakes then shaping up. López Portillo was determined to block Hank's access to further power.

De la Madrid almost certainly wants to see Hank burned. But the president is under intense pressure from forces both inside and outside the country—groups interested in emasculating the powers of the Mexican presidency—to turn the issue on former president López Portillo. *The News*, Mexico City's English-language daily and a vehicle for joint pronouncements of the U.S. embassy and the Alemán speculative interests, defended Díaz Serrano in a June 30 editorial as a man who was "right all along," but "has remained a mark of the politicians, casting blame [on him] for our current plight rather than on such real authors of it as López Portillo."

Hank González's strategy for survival is to hang on as tightly as possible to López Portillo's coattails, and present de la Madrid with the choice of going after both—or neither. De la Madrid has only begun to pick his way through this minefield.