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DRAFTED BY INR/CIS: J CRODDY
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~~EXITS IN FOREIGN DISSEMINATION~~
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E.O.11652: XGDS-2

TAGS: PFOR, OVIP (KISSINGER, HENRY A.)

SUBJECT: ECHEVERRIA'S PROBABLE SUCCESSOR: INR SPECIAL
ANALYSIS.

S/S PASS TO DEPUTY SECRETARY

SPECIAL ANALYSIS: ECHEVERRIA'S PROBABLE SUCCESSOR

JOSE LOPEZ PORTILLO, SECRETARY OF FINANCE AND PUBLIC
CREDIT, HAS BEEN CHOSEN THE PRESIDENTIAL CANDIDATE OF THE
RULING PRI PARTY. UNDER MEXICO'S VIRTUAL ONE-PARTY
SYSTEM, HIS SELECTION IS TANTAMOUNT TO ELECTION IN 1976.

A SURPRISE CHOICE, LOPEZ HAD BEEN DISCOUNTED EARLIER AS
A SERIOUS POSSIBILITY FOLLOWING A PUBLIC DEBATE WITH THE
INFLUENTIAL NEWSPAPER EXCELSIOR OVER A PROPOSED CAPITAL
TAX LEVY UNDER STUDY IN THE SECRETARIAT. THE RESULT OF
THE EXCHANGE WAS TO MAKE LOPEZ APPEAR BOTH UNTRUTHFUL AND
LACKING IN POLITICAL "COOLNESS."

DESPITE THIS INCIDENT, LOPEZ POSSESSES A UNIQUE COMBINA-
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TION OF CHARACTERISTICS. CRITICAL FACTORS IN HIS
SELECTION INCLUDED:

--HIS LONG-STANDING PERSONAL FRIENDSHIP WITH INCUMBENT
PRESIDENT ECHEVERRIA, DATING FROM THEIR COLLEGE DAYS;

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: SAM A. MOSKOWITZ

DATE/CASE ID: 22 MAR 1999 199801961

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--HIS PERSONAL COMMITMENT TO ECHEVERRIA'S SOCIAL AND ECONOMIC POLICIES;

--HIS CONSIDERABLE MANAGERIAL ABILITY AND REPUTATION AS A SKILLED TECHNOCRAT;

--HIS GENERAL ACCEPTABILITY TO THE PARTY AND BUSINESS SECTORS, DESPITE A RELATIVE LACK OF POLITICAL EXPERIENCE.

LOPEZ CAN BE EXPECTED TO CONTINUE ECHEVERRIA'S SOCIAL AND ECONOMIC PROGRAMS, USING MONETARY AND FISCAL POLICIES TO ACHIEVE LONG-RANGE GOALS OF SOCIAL BETTERMENT AND ECONOMIC DEVELOPMENT. SIMILARLY, HE CAN BE EXPECTED TO ARTICULATE THIRD WORLD VIEWS IN INTERNATIONAL FORUMS.

LOPEZ IS BELIEVED TO BE FRIENDLY TOWARD THE UNITED STATES. HE HAS ESCHEWED CRITICISM OF THE US, BUT IS SENSITIVE ABOUT POSSIBLE US INFRINGEMENT ON MEXICAN SOVEREIGNTY. HE WELCOMES FOREIGN INVESTMENT IN ACCORDANCE WITH MEXICAN GOALS AND GUIDELINES.
ROBINSON

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