



MEXICO ALERT

Vicente Fox's Unveils First Bloc of Cabinet Selections

Part I

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Overview

Cabinet	Secretary
Treasury (SHCP)	Francisco Gil Diaz
Economic Development (SDE)/(SECOFI)	Luis Ernesto Derbez
Energy	Ernesto Martens
Communication and Transportation (SCT)	Pedro Cerisola y Weber
Agriculture (SAGAR)	Javier Usabiaga Arroyo
Foreign Ministry (SRE)	Jorge G. Castañeda Gutman
Tourism (SECTUR)	Leticia Navarro
FONATUR (<i>Fondo Nacional de Fomento al Turismo</i>)	John McCarthy
Environment (SEMARNAT)	Victor Lichtinger
Border Czar	Ernesto Ruffo Appel
Special Advisers to the President	
Press/Communication	Martha Sahagún Jiménez
Economic Adviser	Eduardo Sojo

Introduction

The world is watching and waiting with anticipation as Mexico's new leader makes his cabinet selections. In addition to breaking new ground by upsetting the 71-year-long PRI presidential reign, Mr. Fox has vowed to recruit "the most qualified men and women for the administration, regardless of their political affiliations." For the first time in Mexican history, a president is making a concerted effort to redefine government and political party, as distinct institutions, going so far as inviting any citizen eager to serve to submit his or her name for consideration. Structurally, Fox has adopted a quasi-U.S. model for his cabinet; comprised of "super-advisers" in the presidential palace who will concentrate on medium and long-term policy, while the appropriate cabinet secretary holds the responsibility for day-to-day decision-making. The announcement of Fox's closest advisers was delayed for some time, as Fox faced the difficult task of choosing those who

could be politically useful to him, as well as people who could work well within the new structural framework he has set out to create. The pursuit was tricky and the final analysis slow, given the breadth of the search and the complexity of some important political considerations. A good working relationship with Congressional leaders is going to be crucial given the legislative power sharing among the three major parties. The role played by a successful interlocutor will be key for Fox to advance his policy agenda, which is a formidable undertaking inasmuch as only 3% of the total budget is available for his use-with the remaining 97% already committed. What factors explain the fact that Fox, who first promised to name his cabinet in September, waited until inauguration eve before naming his top appointees? How did Fox and his transition team choose the ministry head? Who are the men and women who compose the executive cabinet? And how will those selected for key posts influence the new administration and the nation?

In seeking to make good on this pledge to appoint the best and the brightest, the chief executive-elect postponed unveiling his cabinet members and top advisers until late November, just a few days before his December 1 inauguration.

Why the Delay?

Several factors combined, contributed to the delay of the cabinet announcement, originally slated for late August or early September.

1. Fox had to await for recommendations from his transition team, as well as from five firms of head-hunters commissioned to identify worthy candidates.
 2. He quickly realized that unveiling his appointees early would give his foes-as well as the press and other observers-several months in which to beam a spotlight on his selections. Such a period would have also provided ample time for designees to misspeak, as occurred when Luis Ernesto Derbez-proposed extending the value-added tax to food and medicine.
 3. He planned to adopt a quasi-U.S. system of having "super-advisers" or "czars" in the presidential palace who would concentrate on medium- and long-range policy--roughly analogous to the role played by members of the National Security Council and the Domestic Council within the White House--with the appropriate cabinet secretary handling day-to-day decision-making. Finding individuals who could work within this context proved time-consuming.
 4. While rejecting "quotas of power" for his own National Action Party (PAN), he had to take pains to give consideration to highly qualified panistas, especially because "orthodox" or "traditional" party leaders head the PAN factions in the Chamber of Deputies and Senate.
 5. Fox explored the idea of eliminating several ministries and consolidating others. In the final analysis, he focused several realignments like shifting trade promotion from Commerce and Industrial Development to the Foreign Relations Ministry and converting SECOFI to the Ministry of Economics. Such a move required prolonged discussions with the affected parties.
 6. The president-to-be, who pledged to award cabinet portfolios to "three or four women," had difficulty making these selections. His own party, for instance, has a "short bench" when it comes to experienced staff leaders. In addition, many of the PAN's most prominent women hold extremely conservative views on abortion, gay rights, and explicit art, which limits the number of posts in which they could serve without exciting controversy.
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1. After protracted negotiations, in mid-November the PRD rejected his offer to bestow ministries on three of its stalwarts: party president Amalia García Medina (Social Development), outgoing Mexico City mayor Rosario Robles Berlanga (Comptroller), and ex-Mexico City environmental secretary Alejandro Encinas (Environment).

2. Finally, when Derbez encountered difficulties with legislators over his proposal to extend the sales tax to food and medicine, Fox had to cast about for another finance secretary--an individual with impeccable credentials, who would inspire instant confidence at home and abroad. Former Treasury Undersecretary Santiago Levy had taken a job with the Inter-American Development Bank, and Francisco Gil Díaz, while eminently qualified, headed a telecommunications firm that competed with TELMEX, owned by Carlos Slim, Mexico's wealthiest man.

The Process

Fox and his transition team enlisted the help of four headhunting firms to prepare short lists of candidates for top government posts. Korn/Ferry International, Amrop, Egon Center and Heidrick & Struggles provided a list of 400 potential secretaries for 20 ministries. Then Fox's confidants undertook the following process:

1. They crafted a "profile" of each candidate, based on his or her public record, recommendations from colleagues, comments about him by key leaders, and recommendations from head-hunters. They wanted to make certain that the candidate met the legal qualifications for the job, exhibited no conflicts of interest, and that neither he or she nor his or her family might embarrass the incoming administration.
1. They interviewed eight to ten candidates for each position to determine their physical fitness, life style, work ethic, self-awareness, flexibility, and familiarity with the goals and functioning of the secretariat they might head. An officer informed one author that at least one candidate for secretary of Defense was rejected because he may have been living above and beyond his means. According to Fox personnel expert Ramón Muñoz Gutiérrez, there are "three types of personalities: creators, capitalizers, and consolidators... we are going to be a creative administration. They then provided a short-list to Fox.
2. Once invited to join the government, the individual prepared a "declaration of wealth" and Fox named his team.

Major Players

TREASURY (SHCP):

Francisco Gil Díaz; born Sept. 2, 1943, D.F.; economics degree (UTAM); Ph.D. in economics (U. of Chicago); professor at ITAM (1970-76) and at Colegio de México (1970-84). He has held numerous posts in the financial bureaucracy, including director general for tax policy in which he was the architect of the value added tax (IVA). If the Fox Administration is to reform the IVA, Gil is the most appropriate person to take it on, for he knows the system inside and out. In 1988 he served as the Deputy Secretary for Taxation where he implemented a fiscal reform, but more importantly, strengthened the Finance Ministry's enforcement capability to the extent of developing a reputation as the "Fiscal de Hierro" or "Enforcer of Steel". In 1989, Gil Díaz carried out the reform of Mexico's Customs System. He cleaned house getting rid of the union backed *Resguardo Aduanal Mexicano*, the strongly unionized customs police force and created a Federal Tax Police, which entailed clashing with very powerful interests. His experience in the Finance Ministry and the Central Bank, and in Avantel (MCI's joint venture in Mexico) gave him a truly unique perspective. He has also served as director of economic research (Bank of Mexico) and undersecretary for income (SHCP); private sector since 1994. Observation: World-class economist with an impeccable reputation for honesty. He is highly regarded in Mexico by technocratic as well as business circles, and in international financial markets.

ECONOMIC DEVELOPMENT/COMMERCE (SECOFI):

Luis Ernesto Derbez; born April 1, 1947, D.F.; economics degree (Universidad Autónoma de

San Luis Potosí); M.A. in industrial organizations (U. of Oregon); Ph.D. in economics (U. of Iowa); professor at Monterrey Tech (1976-80); academic dean at U. de las Américas in Cholula, Puebla (1981-83); World Bank (1983-97), focusing on Central America, Africa, and the Indian subcontinent; taught at Johns Hopkins (SAIS); adviser to the World Bank in Mexico (1997-99).

Observation: SECOFI is going to be enveloped in a newly created Ministry of Economy. In U.S. terms, this new Ministry of Economy would be comparable to the merging of Commerce and USTR to form a single ministry. The newly created Ministry of the Economy is likely to be much stronger than its predecessor SECOFI. Derbez is a sharp economist with vast international experience from his years at the World Bank. Derbez will, however, have to fine-tune his political skills, as evidenced by his misstep of proposing to extend the IVA to food and medicine and thus infuriating politicians across the spectrum.

ENERGY (SE):

Ernesto Martens Rebolledo: born Jan. 28, 1933, Veracruz; degree in chemical engineering (ITESM); degree in business administration (Harvard); advanced degree in chemical engineering (Technological University of Karlsruhe/Germany); at VITRO from 1977 to 1993, an industrial glass manufacturer and one of Mexico's largest multinationals, rising to CEO; director general of CINTRA, Mexico's airline holding company; board member of TMM, Transportes Mexicanos Maritimos.

Observation: former colleagues praise his keen intelligence, strong work ethic, and--above all--ability to motivate managers and workers alike. In addition, someone from a highly energy-intensive firm like VITRO understands the need to spur efficiency at Pemex and CFE.

COMMUNICATIONS AND TRANSPORTATION (SCyT):

Pedro Cerisola y Weber: born March 13, 1949; degree in architecture (UNAM); director of planning and evaluation (1973-75) and director of projects (1977), Fondo de Vivienda Popular; director general, Mexico City airport (1975-80); planning director for TELMEX; and various executive posts with Aeroméxico, including commercial director (1980-1999). Starting in 1999, he served as Campaign Manager for Fox.

Observation: Cerisola proved a highly organized and effective campaign manager. He did not have any previous relationship with Fox, he was brought on board by head hunters and has earned his standing with Fox on his own merits.

AGRICULTURE (SAGAR):

Javier Usabiaga Arroyo; age 61; CPA degree; affluent grower of garlic, broccoli, and other specialty vegetables; Federal Deputy (2000-). Observation: In early Oct., Usabiaga, who is known as "Garlic King" because of his huge production of this spice, angered peasant organizations when he said that small farmers on ejidos were "lazy." He is the only representative from the PAN of the first eight secretaries named.

FOREIGN MINISTRY (SRE):

Jorge G. Castañeda Gutman: born in 1953, Castañeda is 47 years old; received his undergraduate degree in political science from Princeton University and his doctorate in economic history from the University of Paris-1 (Panthéon-Sorbonne) in 1978. Since 1979, he has been a full time professor at the National Autonomous University of Mexico (UNAM), and since 1997 a part time professor at the New York University (NYU). Castañeda has some Washington experience from his time as a resident fellow at the Carnegie Endowment in the mid 80s.

Observation: He is the step-brother of Andrés Rozental, who will figure prominently in U.S.-Mexico relations in a "Special Envoy to Washington" type of a role. In September, Dr. Castañeda, who spent the fall teaching at NYU, angered Mexican journalists by berating them for not being

able to read the New York Times in English. Although his star fell temporarily, he was able to keep himself in the race. The Monterrey crowd objected to his appointment to SRE, however fierce (and public) objections from certain sectors in Washington, labeling Castañeda as a "leftist", may have inadvertently strengthened him as opposed to weaken him. Fox was left with no room to maneuver-even if he had wanted to-since it would have appeared as if he had taken his marching orders from Washington. Although Castañeda has a reputation for being anti-American, he is shrewd enough to realize that alienating Washington may prove counterproductive for Fox's overall agenda. Many in Washington are willing to hold off on issuing a verdict. If Castañeda is unable to establish a constructive relationship with Washington, the appointment of Mexico's Ambassador to the United States may assume greater importance.

TOURISM (SECTUR):

Leticia Navarro: born, 1953 in the state of Colima; Undergraduate degree in business administration from the UNAM, additional studies from Simon College in Boston, MA. The only woman to be named this round, she is a newcomer to Fox's team. Ms. Navarro was chosen on the strength of her talents in the private sector. She has held executive positions with such multinationals as Texaco, Palmolive, and Jafra-a subsidiary of Gillette Mexico. Navarro's professional experience has been in marketing, business administration, strategic planning, and customer service. She is obviously a self-made woman with a series of professional accomplishments. Fox may have offered her the cabinet position, in response to pressure to have more women represented in the cabinet-a pressure that was heightened when Mexico City Mayor Andres Manuel Lopez Obrador unveiled his own cabinet and over half of it was comprised of women.

FONATUR:

John McCarthy: President of the hotel conglomerate Raintree Resorts International. He also holds the position of President of the National Business and Tourism Council. In this capacity his first priority with regard to Fox's administration is to revise his policy toward casinos.

ENVIRONMENT (SEMARNAT):

Victor Lichtinger: masters degree in economics from Stanford University; was General Director of ICF Kaiser in Mexico, a consulting firm specializing in environmental studies before becoming executive director of the North American Commission for Environmental Cooperation (CEC), which he was from its inception in 1994 until June 1998. He left under pressure during a debate among the three Parties on the role that the secretariat should play in handling citizen complaints. He also served as general coordinator of the Mexican delegation to the United Nations Conference on Environment and Development in Rio de Janeiro. In this role and others, he has helped to reshape Mexico's environmental policies with regard to NAFTA. Mr. Lichtinger currently operates a consulting firm in Mexico City called Especialistas Ambientales S.A. de C.V. and he has served as a senior advisor to President-elect Vicente Fox's transition team.

Observation: Although Mr. Lichtinger "resigned" from his post with the CEC, he effectively was asked to leave because of arguments regarding the role of the Secretariat in handling complaints by citizens that their respective country was not enforcing its own environmental laws. Mr. Lichtinger recently said that one of the top environmental priorities of the Fox Administration will be to deal with water supply and water quality issues in Mexico. He has expressed concern about the method of allocating transboundary waters between Mexico and the United States.

BORDER CZAR:

Ernesto Ruffo Appel: Baja California, B.A. Business Administration, 1974,ITESM, Adjunct Professor, University of Ensenada; after being elected as mayor of Ensenada in 1986, he became the first opposition governor in modern Mexican history for the PAN in 1989-1994. He is currently President of Ruffo & Associates, an organization promoting investments in Baja California. He has a background in the fishing industry, serving as Operations Manager for Pesquera Zapata and serves as Board Member for CANACINTRA (National Chamber of Industry) in Ensenada. He

was a strong Fox supporter at the state level.

IN HOUSE ADVISERS

PRESS (Comunicación Social):

Martha Sahagún Jiménez: born April 10, 1953, Zamora, Michoacán; M.A. in English (Cambridge U.); English instructor at U of Lasalle Benavente); business venture with ex-husband (selling medicine to veterinarians); coordinator of the Citizens Committee for Environmental Protection (Guanajuato); secretary of advancement of women (Guanajuato); candidate for mayor of Celaya (1994); Guanajuato Social Development Committee (1995-99); Fox's campaign press secretary.

ECONOMIC ADVISER:

Eduardo Sojo Garza-Aldape; age 44, Ph.D. in economics (U. of PA); adviser on Mexico at UN; director general of statistics at INEGI; a former student of Derbez at Monterrey Tech. Observation: Sojo is one of Fox's closest and most trusted advisers. His title is "comisionado" or the coordinator of the economic policy of the executive branch. He is being tapped to serve in the Office of the President (Los Pinos) as Coordinator for Policy, a position that is comparable to the position that he held in Fox's State Government in Guanajuato-where he served as the Coordinator for Economic Planning.

About the Authors

George W. Grayson, the Class of 1938 Professor of Government at the College of William & Mary, has made fifty research trips to Mexico since 1976, and lectures regularly at the National Defense University and the Foreign Service Institute of the U.S. Department of State. He is an adjunct fellow at the Center for Strategic and International Studies and an associate scholar of the Foreign Policy Research Institute. He is also Senior Adviser on Mexican Affairs for the Washington D.C.-based Capital Insight Group. Professor Grayson earned his Ph.D. at the Paul H. Nitze School of Advanced International Studies of The Johns Hopkins University and his J.D. at the College of William & Mary. He has served as a member of the Virginia state legislature for twenty-five years.

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