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P.R.I. Appoints Appoints Ernesto Zedillo To Replace Assassinated Presidential Candidate Luis Donaldo Colosio

by Carlos Navarro

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On March 29, the ruling Institutional Revolutionary Party (PRI) named Ernesto Zedillo Ponce de Leon to replace Luis Donaldo Colosio as the party's candidate for the Aug. 21 presidential elections. Zedillo's appointment to replace Colosio who was assassinated in Tijuana on March 23 had been widely anticipated in Mexican political circles, since the new PRI candidate belongs to the same faction of neoliberal reformers as Colosio, former president Miguel de la Madrid, and President Carlos Salinas de Gortari.

Zedillo received a doctorate in economics from Yale University. Still, the timing of the announcement came as somewhat of a surprise, since the PRI had been expected to wait until after Holy Week to formally present a new candidate, both as a sign of respect for Colosio and in order to iron out growing divisions within the party. Those divisions continued to grow in the wake of the assassination, fueled by widespread speculation that the confessed killer, Mario Aburto Martinez, carried out the murder as part of a broader conspiracy.

Zedillo Colosio's presidential campaign manager became the certain choice when the only other candidate seen as viable, PRI president and federal deputy Fernando Ortiz Arana, held a press conference early on March 29 to quell speculation he was actively seeking to become the party's presidential candidate. "I do not aspire to be put forward as candidate for the presidency of the republic," Ortiz told a news conference at party headquarters in Mexico City.

Ortiz Arana later told reporters Zedillo's appointment was made on the basis of a unanimous decision by the party's national executive committee. The committee, in turn, was acting on a decision which had been reached earlier by President Salinas.

Another imposition by party 'mafiosos'

But the appointment of Zedillo was not well-received in all quarters of the ruling party. Ramiro de la Rosa, a leader of the Democracia 2000 faction of PRI dissidents, characterized the Zedillo appointment as "another imposition from the few mafiosos who run the party."

Democracia 2000, which has been supportive of former Mexico City Mayor and Chiapas Peace Commissioner Manuel Camacho Solis, had called for convoking a convention of PRI members to nominate the presidential candidate.

Results from a public opinion poll released by the Mexican Public Opinion Institute (Instituto Mexicano de la Opinion Publica, IMOP) just one day before Zedillo's appointment showed 38% of the respondents said they would prefer to see Camacho as the party's candidate, compared with 16% for Finance Secretary Pedro Aspe, 9% for Zedillo, 8% for Colosio's widow, Diana Riojas, and 5% for Ortiz Arana. The poll was based on survey of 600 respondents. Nonetheless, within 24 hours of the Colosio assassination, most political observers had virtually ruled out Camacho as a potential

candidate. Camacho had earned the animosity of many within the PRI leadership during January and February due to his refusal to endorse Colosio's bid for the presidency.

On March 22, just one day before the Colosio assassination, Camacho definitively dispelled rumors that he was considering entering the presidential race as an independent candidate, declaring that he instead wanted to continue in his role as the Salinas administration's chief negotiator in Chiapas. Still, Camacho stopped short of endorsing Camacho. Then, on March 24, amid rampant speculation he would be the one to replace the slain Colosio, Camacho again denied he had presidential aspirations. "Two days ago I said that I did not wish to run for president of Mexico," he said. "I reiterate that today: I do not intend to run for president."

In a gesture of party unity, Camacho offered his endorsement of Zedillo almost immediately after the official announcement regarding the nomination was made. Camacho said he would support Zedillo because Mexico "cannot move forward with development, justice, economic stability and democracy, unless there is a climate of certainty and stability." For his part, in an acceptance speech delivered at PRI headquarters, Zedillo promised to carry on with Colosio's commitment to fraud-free elections in August and to continue the economic reforms launched by Salinas. "We will reach the end of the century with a strengthened economy in which stability and growth are sustained in sound finances, competitiveness and modernization," said Zedillo.

Questions about Zedillo's commitment to fight poverty

While Zedillo's economic credentials are unquestioned, there is concern that he will not bring the same vigor to the fight against poverty as Colosio. There are also some doubts within the party hierarchy regarding Zedillo's lack of political experience, having never held elected office and, except for his brief tenure as Colosio's campaign manager, having never worked within the party structures. He has also been criticized for failing to inject more dynamism into Colosio's lackluster campaign. Zedillo is one of the architects of President Salinas's anti-poverty National Solidarity Program (PRONASOL). As head of the Budget and Planning Secretariat (Secretaria de Programacion y Presupuesto, SPP) under Salinas, Zedillo was also instrumental in overseeing implementation of the current government's economic program. I

In 1992, in a move widely seen as grooming his image for a future role as presidential candidate, Zedillo was transferred to head up the Education Secretariat. Finally, Zedillo is known to be a close associate of President Salinas's chief of staff, Jose Cordoba Montoya, described by the opposition and even some members of the PRI as the "power behind the throne" in the Salinas administration. If Zedillo in fact brushes aside the issue of fighting poverty in Mexico during his campaign, observers suggest that the campaign of Democratic Revolution Party (PRD) candidate Cuauhtemoc Cardenas will benefit the most. There was no immediate reaction to Zedillo's nomination from Cardenas, a harsh critic of Salinas's economic policies and the North American Free Trade Agreement (NAFTA). According to some political analysts, the rapid nomination of Zedillo as the next PRI candidate was designed to appease foreign investors, reportedly anxious for signs that the Mexican economy will remain stable.

Colosio had been perceived as the ideal candidate for the PRI because he had both pledged to carry on with Salinas's economic policies and to place more emphasis on fighting poverty, which became a more central issue in the campaign after the uprising by the Zapatista National Liberation Army (Ejercito Zapatista de Liberacion Nacional, EZLN) in Chiapas in January. During a campaign stop in Baja California Sur state the morning before his assassination, Colosio urged those "who see a need

to maintain economic stability as well as to deepen the government's social responsibilities" to join his campaign. He told the audience he was seeking the support of those who "feel an indignation against poverty and who have the firm purpose to work on behalf of those in greatest need."

According to the government news agency Notimex, public opinion polls conducted by the polling organizations Indermec- Louis Harris, Mori de Mexico, the Public Opinion Research Center at Universidad de Guadalajara, and the Mexico City Public Opinion Research Center (Laboratorio de Opinion Publica del Distrito Federal) showed Colosio with sizable leads in different sections of the country. Notimex did not mention specific percentages, although the Indermec-Louis Harris poll reported Colosio's margin of lead as fluctuating between 2-to-1 and 3-to-1 in the cities of Tijuana, Leon, Acapulco and Mexico City. An Associated Press report mentioned other public opinion surveys, which placed support for Colosio at 60%.

The fourth crisis in less than a year

News of Colosio's death created widespread concerns in the global financial markets, given the prospect of long-term political instability in Mexico.

In fact, political analysts described Colosio's assassination as the fourth "crisis" in Mexico in less than one year, coming on the heels of the assassination of Cardinal Juan Jesus Posadas Ocampo in Guadalajara in May of 1993, the EZLN uprising in Chiapas, and the Mexico City kidnapping of banker Alfredo Harp Helu one of the wealthiest individuals in the country in March. In the immediate term, there was concern that Colosio's death would cause widespread speculative selling of Mexican pesos, creating instability in the foreign currency markets on March 24, the day after Colosio was shot. However, the US Treasury and the US Federal Reserve moved quickly to prevent widespread speculative selling by providing the Mexican government with a US\$6 billion line of credit. According to market analysts, the US loans together with the announcement on March 24 that Mexico had informally been admitted to the Organization for Economic Cooperation and Development (see article in this issue of SourceMex) indeed helped create a stable environment in Mexican financial markets when they opened on March 25. That day, both the peso and the Mexican Stock Exchange (BMV) closed little changed from the last trading day on March 23. The BMV, banks, government agencies and other financial institutions were closed on March 24, a national day mourning for Colosio.

US confident in Mexican economy

The announcement of the line of credit by President Bill Clinton's administration was also intended as a sign that the US government continued to have strong confidence in the Mexican economy. Leaders of key financial institutions, such as Michel Camdessus of the International Monetary Fund (IMF) and Enrique Iglesias of the Inter-American Development Bank (IDB), also issued special statements expressing support for Mexico. "Given the fundamentally sound economic policies being pursued by the Mexican authorities, I am convinced that such [market] pressures, if they are not already over, should be short lived," Camdessus told reporters.

At the New York Stock Exchange (NYSE), Colosio's assassination was one of several factors cited by analysts that caused heavy losses during the March 24 trading session. Selling grew so intense at one point that NYSE authorities implemented measures aimed at coping with excessive volatility adopted after the October 1987 market crash. As expected, shares of Mexican companies traded in the US fell sharply. For example, American depository receipts (ADR's) of Telefonos de Mexico, a

stock that many investors use as a proxy for the Mexican market, fell by about US\$3.62. However, the stability that prevailed in the BMV when it reopened on March 25 also helped boost the New York market that day.

While the rapid nomination of Zedillo to replace Colosio was perceived as a good first step, analysts still indicate that there is widespread caution about Mexico among foreign investors. "The government has been minimizing the seriousness of the need for political reform, especially since the outbreak of the uprising in Chiapas at the beginning of the year," said Mexico City analyst Rogelio Ramirez. "It is not a situation that can be remedied simply with the selection of a new PRI candidate," he said. US financial services companies such as Salomon Brothers have been advising clients to exercise caution when dealing with investments tied to Mexico, at least for the time being. On the other hand, a random survey conducted by the Associated Press found that mutual fund companies were generally retaining shares of funds with exposure to Mexico or other developing markets.

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