



INNOVATIONS FOR SUCCESSFUL SOCIETIES

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JOYCE: Today is February 6th, 2015. My name is Robert Joyce. I am in Mexico City with Senator Ernesto Cordero (Arroyo). Senator Cordero, thank you very much for speaking with me today. Senator, you were the public policy coordinator under President (Felipe) Calderón's presidential campaign in 2006. Could you lay out to me some of the main policy goals for his administration?

CORDERO: *You are very welcome. As far as I remember, we had five lines, or five fronts. The first one was rule of law. We were absolutely convinced that the reform that Mexico needed was to live under the rule of law. At that point, 2005 and 2006 during the presidential campaign, we also had very clear indicators that the situation in security was going down without control.*

There were some governors at that time who claimed that the previous government, federal government, was not helping them to fight criminals. We were very sensitive to that. So we were completely convinced that we needed to attack the problem of insecurity in Mexico and to understand how the situation of drug trafficking had evolved into a situation of national security. So the policy in security was to create the capabilities in the Mexican government to fight against very powerful criminals who had a lot of money, a lot of resources. So first of all it was—first—and I'm speaking by heart, I don't have documents to be sure about it, but I think these were the lines in terms of security.

It was to build intelligence capabilities—first of all to create a federal police. That was the first thing that we needed. When we arrived in office December 1st, 2006, there were only 8000 elements of the federal police. Of course they were completely insufficient to fight, to face the problem that we had. The context is that the municipal police and the state police corps were corrupt, were very badly equipped, and were not prepared to face or to provide security to people. So we needed to create a federal force that could help them to do that.

The first thing was that there were only 8000, so if you have a problem in Oaxaca and suddenly a problem erupts in Tamaulipas, you have to move these guys from Oaxaca to Tamaulipas and it was not possible to do that. So in terms of policy, the challenge was to create a federal police that could be reliable, that could be well paid, that could have the right incentives to be a reliable force. That includes good salaries, a good track or good possibilities to have a career as a policeman or a policewoman in Mexico, and to invest a lot of money in intelligence for that.

Then the policy platform went to a second stage, probably at the same time, to also create a reliable police corps at the municipal and local level. We were completely convinced that the only way to have a real solution was for each state and each municipality to have a reliable police corps to fight, but that takes a long time. So we began imposing controls on the policemen at each level, municipal, state, and federal so that we could be sure that the people who portray themselves as police were reliable and were good guys. But that takes a long time.

It was at the same time, building a federal police and at the same time advance-creating state and municipal police corps that could be relied on. That was part of it.

The second—another policy guideline—was to improve the conditions of the military forces in Mexico. We knew from the very beginning that if the police corps, state and municipal, are not reliable and if you don't have a federal police, the only thing that you have are the military forces to face the level of criminality

that we found in 2006. There were a lot of well-prepared soldiers who abandoned the good side and went to the dark side, because they had better conditions with the criminals. That is really one of the most powerful groups in Mexico, soldiers who abandoned the good side and went to the other side. So we improved the conditions in the military forces. We paid them definitely better, probably two or three times an increasing salary. We provided them scholarships for their kids at any level at any university in the world. If one member—the most humble soldier in Mexico—has a kid who was accepted to Harvard or Princeton, the government was going to pay for the education of this kid. And of course housing and of course improving conditions for them. I think that worked quite well.

Also a policy of prevention to provide opportunities, to improve social cohesion in every part of Mexico. That was part of the agenda, to do that. On the economic front it was of course to maintain stability, macroeconomic stability, also to create conditions to attract investment and generate jobs. We were one of the engines for this. Of course Mexico has been improving for the last 25 years and now Mexico is very powerful, exporting manufactures, and the kind of manufacturing that we export has been changing dramatically. In 1994 when we opened the frontier with the United States and Canada, basically we produced and exported low-cost manufacturing. Now probably 70% or 75% of our exports are medium- or high-tech manufacturing. Mexico is right now—at least two years ago, it was the main destination of foreign direct investment in the aerospace industry. So it changed completely from manufacturing jeans to manufacturing engines for a plane. It is a huge difference.

JOYCE: Yes.

CORDERO: *So we were convinced that that was a very nice feature of the Mexican economy and we wanted to promote it and to protect them and to keep growing on those lines.*

In the internal part of the economy there was a lack of infrastructure in Mexico and we were convinced that we needed to create and to connect Mexico for two main reasons. First, to really transform Mexico on a logistic platform for exports. So if you come from a national market and arrive at a port in Michoacán you could have the means to move the merchandise to Canada or to the frontier with the United States. So we needed roads, highways, freeways to move all the way. Probably it was not only the most ambitious program in infrastructure, but also the most intelligent. It was not just to build roads. Whatever you think about it, but with a logic and with a plan, in order to be able to connect Mexico with other countries and also to create a good dynamic in the regional markets, to create internal markets in Mexico so people could move products, goods, merchandise from one part of the country to the other and to connect the country.

Also we assigned very high importance to the housing sector, to constructing houses. That was a very good idea. That was part of the platform. We have a very good program. It consists of subsidizing housing for low-income families. That was very revolutionary in Mexico. The way we did it was to offer a subsidy as high as probably half the cost of a small house to a low-income family so this family could pay the down payment for the house, obtain a mortgage, and then this family would be able to afford the mortgage because the subsidy was enough to pay an initial payment and then the rest could be accommodated easily in twenty years. This alone allowed a lot of families with very low incomes to afford having a new house. I'm talking about families who have a monthly income of around tres mil pesos, cuatro mil pesos (three thousand or four thousand pesos) [Indecipherable Spanish 00:12:45] poca. That is around

US\$300, probably US\$400 per month; they could afford a new home. In this way we created probably 800,000 new homes per year. That generates a lot of economic activity. I think it was a very good program to do that.

On the social front we had very good programs in social policy. First of all was to continue and to strengthen the program of Oportunidades. Oportunidades is probably the most important program in social policy in the world. This program is a Mexican contribution in terms of policy. In English, it is a conditional transfer program. So you give a low-income family money, but the family has to prove that they send the kids to the school, that they visit a medical unit every six months at least, and that they attend some kind of gatherings in the small towns so they get orientation about nutritional aspects, about medical aspects and that is the way the family could keep having the support.

The government gives the money to the mother, not to the father, so it is very different when the mother is empowered with some source of income. I don't want to fall into the stereotype but certainly they handle the money with more responsibility than the fathers could do. This program began in Mexico in 1997, but it was like a pilot. Then in 2000 it was expanded. I think it reached probably 3 million families and our objective was to grow the program to 6 million families, which we did.

Then we had another program that was also very successful, to provide childcare for mothers who have to work. It is a model based on the experience I think in Canada, in Finland, in Scandinavia, Australia. The childcare facilities are not institutions, but your neighbors. So there is a woman, who of course fulfills certain characteristics, who opens her home and receives the kids from the neighborhood. The mother pays a part of the cost and the government pays the other part of the cost. It also works quite well. We have on the social front—I think that probably these were the main guidelines.

On the green front, President Calderón was, or is, convinced of ecological, sustainable policy and the main program here was—is that people in Mexico were cutting down the forest to sell the wood illegally, but also to begin growing corn in the forest. So first of all for those who were exterminating the forest illegally was to fight them strongly but those who were eroding the forest to grow corn, what we did was to pay them what they should get from growing corn, but they have to preserve the forest. So we pay them to take care of the forest. We pay them the opportunity cost of growing corn. It is a very well known program in policy, I just cannot remember the name. We promoted that policy. It was very successful also.

In terms of international affairs, I think that was also a very good change. Before President Calderón, in the international affairs of the Mexican government, we never took a position on anything, because the Mexican government at that time didn't like the rest of the world having a position on what they were doing in Mexico, (a culture of) "Okay, I don't say nothing, but you don't say nothing about what is going on here." We changed that. We take positions, we open and we accept that it could be even valuable to have the opinion of the rest of the world of what we were doing. I'm talking about human rights, I'm talking about democracy, I'm talking about a lot of freedom. That was part of the intention.

Also every single action in the international arena should have a benefit for the Mexicans, not only the Mexicans that live in Mexico but also the Mexicans that live in some other country. So it has an intention there, the international policy,

and I think that was also a change. So I think these were the goals that we had in the platform.

I would think that probably as part of the interview, just to make a brief venture here, is that President Calderón was very strongly disciplined. He was very consistent—you could listen to one of his first speeches when he was campaigning and you could listen to his last address to the Congress or his last report as the President, and maintain exactly the same line, exactly the same language, exactly the same objective, exactly the same goals. I think that is a very amazing characteristic of Calderón's government. He was always consistent, consistent, consistent, candidate, President.

JOYCE: Thank you Senator. Now in 2006 President Calderón is elected; it is a very close election. How does the process work to select his cabinet, his original cabinet? Usually in cabinet selection you have to strike a balance between assembling a team with technical skills in the various fields they will lead and assembling a team that will help the President politically either with the legislative agenda or almost rewarding them for having helped him get to the office. How did this balance work in Calderón's case?

CORDERO: *President Calderón never delegated this responsibility, but what he did was a first stage in which he requested three of his closest aides, including myself, to create a brief list for every position. It was three or four names for every position. That that list should have people or candidates with very strong technical skills and also candidates that had this political intention as you mention; people that you need to create governability and stability inside the party and Congress in order to maintain a balance. He also requested a gender balance, women and men.*

We presented the brief list and then he made the decision. In that decision I didn't participate, probably with one of our fellow closest aides, probably with him he made the decision. But as far as I remember he personally began ordering all the [indecipherable], that means organizing the cabinet.

JOYCE: Can I ask who the other two aides were?

CORDERO: *Juan Camilo Mouriño who was the Minister of the Interior, also was his first head of the presidency. He passed away a few years ago. Juan Camilo Mouriño, myself and there was Alejandra Sota.*

JOYCE: Now speaking of the Office of the Presidency, each President of Mexico has wide flexibility in terms of how to set up the office.

CORDERO: Yes.

JOYCE: How does Calderón go about making this decision? He changes it pretty drastically from what he inherits from President (Vicente) Fox. How does he go about structuring the office, selecting who he is going to hire, picking the size of the office. It can be as big as he wants almost, so what sort of—how does this process work with President Calderón making this decision?

CORDERO: *I think Juan Camilo felt he was going to have that responsibility from the very beginning. I don't think that President Calderón told him, because he is very reserved on that. But I think that he felt it and he, as part of his—he was his head of campaign and definitely his closest aide and a very dear friend of his. He also began not only organizing the possibilities of the cabinet but also the design of*

the office. He talked with all who had had that responsibility in Mexico in the past. From the very—well not very old times—but the cabinet of President Miguel de la Madrid, President (Carlos) Salinas (de Gortan) had a design of his with a very, very strong head in the Office of the President, very influential.

Then what President (Ernesto) Zedillo did and what President Fox did and he designed the office. Then of course President Calderón certainly did make changes, not a few changes, probably a lot of changes because he is very picky. Sometimes he is a little bit of a micromanager. He wants to go into every detail. So I am sure the design was presented to him and he made a lot of changes. But I think it was Juan Camilo and President Calderón who at the end decided the design of the office.

I think they wanted a design that makes things happen. There was a feeling that in the cabinet of President Fox everybody did whatever they wanted. It was like the Montessori cabinet, as it was mentioned in the press. So President Calderón didn't want that. But also he didn't want to be responsible for every office in the public administration. His office had to have a design that could be strong enough so the rest of the members of the cabinet would pay attention to the guidelines that came from the President, but at the same time assume the responsibility of their own job. That was part of the design.

How they decided—well it was head of the Office of the Presidency. Then they had the media relations, press relations. Then another area was his secretario particular (private secretary), his agenda (calendar), schedules, visits around the country. They have that area. They have media. They have the part of the secretario particular. Then they have the part of policy. Basically it was his chief of staff and below this chief of staff they had one guy who was in charge of following the job of the cabinet.

The cabinet was organized basically in three big cabinets, economic, social and security. In these cabinets the secretaries that have something to do with the topics that were discussed there congregate. In charge of each cabinet was a secretary of state. In charge of the social cabinet was the Secretary of Social Development, in charge of the economic cabinet was the Secretary of Hacienda, Secretary of the Treasury, and in charge of the security cabinet was the Secretary of the Interior, Secretaria de Gobernación. And the President attends the meetings with the cabinet, with his secretaries.

But each cabinet has someone who keeps following up on what was agreed there. He was the guy who was calling the secretary, "Oh, Mr. Secretary, in the last meeting everybody agreed that you will be doing this and this; how are you doing?" He would keep advance of it. This guy was part of the Office of the Presidency.

JOYCE: Okay.

CORDERO: *We had this design that helped. Also there was, as I told you President Calderón is a little bit like a maniac of having control of his responsibilities. So for each cabinet there was like a huge Excel spreadsheet, full of programs with yellow, green, red, degree of advancement, who was committed to do that, responsibilities, etcetera. That is the way that he followed up all the work of all of his cabinets. Of course another part [of the office] was in charge of the administrative issues, paying rent and bills. I think as far as I remember that was the design that was promoted for it.*

There was another thing that also helped at some point but [Indecipherable] the result of this. While the secretaries were selected by the President using technical and political consideration, the under-secretaries, President Calderón gave the freedom to each secretary to select their team. Except one, basically one. There was one under-secretary who was appointed—not appointed directly, suggested by the President and the Office of the President. That works quite well with some secretaries. Actually I was appointed under-secretary in that way at the beginning of the administration. When the secretary and the under-secretary that was appointed by the Office of the Presidency get along quite well and understood that they were a team, that was my case always, things worked perfectly because the Secretary understands that they have a very strong under-secretary who was sort of like a deputy with very good lines of communication with the Office of the Presidency and could get along quite well.

But there were some other cases where they never got along quite well and the Secretary felt that this guy was shadowing him or her. So at the beginning of the administration we had this design, but it was adjusted sometimes. The President was smart enough to realize this. In those cases where the Secretary and the under-secretary got along well, keep in that fashion, but in the cases where he detected that there was tension there he removed the under-secretary. He was smart enough to provide the confidence to the secretary and to let him appoint whoever he wanted there. I think that was very smart, it was a very intelligent thing to do.

JOYCE: You mentioned this Excel spreadsheet that each cabinet would use to keep track of priorities. You mentioned the goals of the administration during the campaign at the beginning. After coming into office the President releases Vision 2030 for Mexico and then releases the National Development Plan.

CORDERO: Yes.

JOYCE: How was this list of priorities, the list of priorities that goes up on the Excel spreadsheet, how was that list created out of the National Development Plan of Vision 2030?

CORDERO: *There was huge consistency between one thing and the other. The National Development Plan was part of all these policy platforms that we had been creating for a long time. Not only that, he was very passionate that every single line, every single objective that was in the national program should have a quantitative goal to be able to measure if we were advancing or not. So there was complete consistency with one thing and the other.*

JOYCE: So Vision 2030 I would agree it is very clear what the goal is. There is where Mexico is now and where it should be in 2030. In that document there is not the same number for where Mexico should be in 2012.

CORDERO: *What do you mean?*

JOYCE: By the end of the administration. So were these same—were there sort of clear goals released for where Mexico should be in 2012?

CORDERO: *Refresh my memory. The 2030 document has an intermediate goal for 2012?*

JOYCE: No, it doesn't. That is my question, why not if you remember? It has been suggested to me that a couple of ministers had political concerns over releasing

clear goal, a clear indicator and a suspicion that if you give opponents where your goal line is that that could create barriers.

CORDERO: *I think that probably it was the latter. I don't remember the discussion but probably it was the latter you mentioned. Why give your opponents rocks and bullets if you were not able to reach the goals.*

JOYCE: Now that you have some national goals and you know where the country is heading, how do the ministries come back and say, "Okay, here are my targets as minister to meet the national goals we laid out." What was that process like?

CORDERO: *It's a mess. I think it works, but I think that we—you know the presidential priorities was a huge matter of indicators. Then each secretary has another bunch of priorities. So you have twenty priorities and you cannot have twenty priorities, you have two or three at most.*

JOYCE: Right.

CORDERO: *I think part of the success of the administration of Calderón was to understand this, that the Secretary could have other priorities that for some reason the President couldn't care less about, but the Secretary has the genuine conviction that they were important and he needs money, resources, whatever. So it was part of this design that was very flexible. So those priorities of members of the cabinet that had them were a little bit like introducing a sort of presidential priorities. Most important from the Office of the Presidency, they never let us as members of the cabinet forget about the presidential priorities, because that's the incentive starter. If the President is far away, nobody cares about what you are doing, nobody talks to you, you begin forgetting about what is important for the President and begin doing what is important for you as a member of the cabinet.*

I think that the coordination worked quite well. With Juan Camilo it worked very, very well. With Gerardo Ruiz (Mateos) it also worked very well. It was like, okay, I accept your priorities, that's good, how can I help you from the presidency, but you don't forget about these three things that you have to do.

JOYCE: Could you walk me through—from your perspective in the cabinet—how did the Office of the Presidency keep the coordination strong? What steps did they take to keep the coordination strong?

CORDERO: *I think it is in them, it is in the way—I think that President Calderón by his own personality made that position very strong. The head of the Office of the President made it very strong.*

JOYCE: Sorry, was that Juan Camilo Mouriño's personality made the office very strong or the President?

CORDERO: *No, President Calderón's personality made that office very strong. He always made everybody feel that this guy was the one who talked with him first in the morning and the last one that talked to him very late at night and traveled with him. He was very close. You realized immediately that it was a very strong position, that you were not going to neglect or underpass a suggestion that came from that office.*

In the case of Juan Camilo he had a very—I think he was one of the most brilliant politicians that I had ever met. He was very soft in the conduct but he was very powerful in convictions and also in the chain of command. He was very good.

In the case after Juan Camilo who was there, Patricia Flores (Elizondo) she has a different type of conduct. I think that she felt that she has to prove that she was in charge. I think it was not necessary because the office was powerful enough. But it was different. Then in the case of Gerardo Ruiz he was also very good, he was easygoing, because he realized that the office by itself was power.

JOYCE: He also had the perspective of serving in the cabinet.

CORDERO: *Yes, that is also very important. It is like when you are in Los Pinos (the presidential compound) you believe that everything works like in Los Pinos. You say this and this and when you go to the periphery, to the rest of the empire, then it is not so easy. So that is very good with Gerardo.*

JOYCE: How often did these cabinets meet with the President? Walk me through the meetings. Did the frequency of these meetings change as the administration went on? You held multiple cabinet positions.

CORDERO: *Yes, I attended the three cabinets; I was coordinator. I was head of the social cabinet when I was the minister of social development. I had the economic cabinet when I was Secretary of Hacienda and I attended the—I was not head, thank God, I just attended the cabinet of security.*

JOYCE: Right.

CORDERO: *The cabinet of security met probably once—for sure once a week.*

JOYCE: Security.

CORDERO: *Yes, security, and sometimes twice a week.*

JOYCE: Throughout the administration, all six years?

CORDERO: *Yes, and then the economic cabinet sessions probably once per week and the social cabinet it was like probably two times per month.*

JOYCE: Were there times when the meetings, periods during the administration where the meetings grew less frequent?

CORDERO: *No, at least the security cabinet. No, I think the session was every week at least. The social cabinet, it could be, probably it was more space between the sessions. And the economic cabinet also had sessions every week, probably every two weeks. When I was Secretary of Hacienda I met with the President in sessions of this cabinet or one-on-one at least two times per week.*

JOYCE: Right.

CORDERO: *Then at the middle of the administration technology appeared, so we had—it was Cisco. I don't know if you know them but it is amazing. It is not only to have teleconferences. No, this is the real thing. You have screens, and it's not like you just installed this thing here, it is like a television studio. So each secretary has this small meeting room, the same furniture, the same table, the same cameras. So you sit down with the screens and it was like you were there. If you speak you are on the screen and suddenly somebody speaks and it is moving, and that allows you to have sessions of the cabinet even if we are not there. We were probably in—.*

JOYCE: In your office.

CORDERO: *Yes, and we had it; that was very good. The fact was like you were there and allowed us to be more efficient and more productive. That was like in the middle of the administration up to the end. I think it was a very good thing.*

JOYCE: Now, what would happen—you mentioned the strong follow up from the technical secretaries and from Mr. Ruiz and the heads of the office. What would happen from your point of view in the cabinet if you weren't meeting your deadlines?

CORDERO: *Ooh, that was not a good idea. I think that the whole thing was very quantitative. I mean if I, as a Minister of Social Development came to the President and said "President, it is a very good idea to begin pouring money into the local parks, the municipalities do not have money and it is important for social cohesion and it is abandoned. If we don't intervene there, it is going to be a place for criminality." "That's good, okay, how many parks are you going to renovate in the next three months?" "Oh, well, okay, let me see, probably..." "When you have a number come to me and we'll speak." "Okay President, I think that I could intervene probably in 45 spaces all around the country." "Okay, send the Secretary of the Cabinet the list of which parks are going to be intervened in, prepare the rules of operation, prepare the documents, everybody has protocols and rules of operation, whatever, and begin working on that." And he has a very good memory. "What happened with the parks where you were going to intervene, it was going to be 45 right? How many are working right now?" "Forty." Ah that's fine. "Actually I couldn't because—the President, the mayor, I don't know where." No. You commit, you do it. So he has very strong leadership on that, he has very good memory, and he is a very quantitative guy. So it was not a good idea to not reach your objective.*

With some of these objectives, there was a lot of peer pressure. These meetings to review the degree of advancement that you have on your spreadsheet were with the rest of your peers. Okay, education, how many computers were installed in elementary—? No? Health? How is—so it was very, very picky on that.

JOYCE: From you, you can speak personally or you can speak from what you saw of other cabinet members—when you have this technical secretary for the cabinet from the President's office calling you and saying Secretary, what is the status of this program? Where are you in meeting the new deadlines? Was there ever a time that you were a little frustrated and said, "Listen, I'll talk to the President about it? I'm a Secretary, I don't want to speak to a staffer in the President's office."

CORDERO: *Let me speak personally and then fill in that I have from my colleagues in the cabinet. It is a very good question, very good. First of all, for me it was like I was part of both worlds. I was very close to the President, but I was in the periphery, in a strong position but in the periphery. I always felt part of both teams. So when I was in Los Pinos it was like my office, not the office of the President but the rest of the staff. I knew everyone. It was like—I was at home. So I always had a very good relationship and I had very good, friendly ties with all of them. So for me it was a little bit different.*

Also I don't like people asking by phone how I am doing my job and my duties, I don't like it. So I had a system, I sent a report every week to this guy so he could be updated of what I was doing. So I avoid the phone call, and for me that works quite well. These guys knew exactly what I was doing and he was informed and

he always obtained my information in the system. And also as I mentioned, when these guys certainly called me, they were not so junior; these guys had some seniority but they were not secretaries, you are right on that.

When this guy had to call me it was always very friendly, with a lot of respect, so for me I didn't have any problems. But for some of my colleagues that was an issue. There were some cases of I'm not going to talk to you; I talk with the President. Okay Mr. Secretary, I don't want to bother you, thank you very much. And then the next call was from the head of the Office of the Presidency and okay, you have an appointment with the President in two days, that's fine, but in the meantime you have to report to me what is going on with these objectives. Not a good idea.

In my case it always worked quite well for this part.

JOYCE: So when it came down to those tensions with Secretaries who didn't like to speak to the technical secretary and pushed them off, how would the Office of the Presidency react?

CORDERO: *Very supportive of the technical secretary, and that was good.*

JOYCE: Would the President eventually find out about that?

CORDERO: *I don't think so. It depends. For example, Juan Camilo probably never mentioned such an incident to the President. It is a little bit of an incident. Patricia probably did, yes, she would tell the President and by the way Secretary whoever doesn't want to be called.*

JOYCE: But Juan Camilo was stronger. If he got on the phone with the Secretary the Secretary would probably answer.

CORDERO: Yes.

JOYCE: How afraid were cabinet members of being fired for not meeting deadlines?

CORDERO: *I don't think so. I mean that was a credible threat, always, but I don't think that any of—maybe just one or two—were worried, concerned, about keeping their job. It was a credible threat and it was clear that we were there in a democracy, that is probably quite similar to the United States. We are not ministers. We are not part of the parliament and not ministers. We are in charge of an office and the guy responsible for that is the President. So it is quite clear. You are there as part of the team of the president. So of course there was always a credible threat that you could be removed from office but I don't think that we were concerned about keeping our job. It was a strong commitment. We believed in the project and we were there. We liked politics and we liked policy and we were working for that.*

JOYCE: So what incentive was there for a Secretary who maybe had stronger political ambitions than they did policy ambitions to meet these deadlines?

CORDERO: *Probably to remain in the cabinet, to remain in good will with the President and his closest staff, and to be part of the cabinet.*

JOYCE: Jumping ahead sort of around 2009, late 2008 through 2009, Mexico is hit with a number of problems. There is a growing security challenge. There are a couple of high-profile violent issues in the country. There is the financial crisis. There is

the influenza outbreak. How do you think these crises impacted the goals the administration set out for themselves at the beginning?

CORDERO: *There is no way that it couldn't. First of all in the case of security—even though we had indications that what we had was not a security problem, it was a national security problem, and we had indicators that certainly we were going to—okay here is the bomb and it is ticking. We knew that we were going to face that. We never imagined the size of the bomb, and the ticking was faster than we were expecting. So certainly we had to adjust many things and the relations of the government with society. A lot of things had to be adjusted because of this.*

In terms of the economic crisis—well before that there was something that hit Mexico heavily; it was 2008 when the price of food began increasing internationally. In Mexico even though we had been advancing a lot, this was something that is very sensitive for Mexicans, the price of tortillas. It was probably unbelievable that [indecipherable Spanish] Mexico looks like Japan (Japan) No, no, no, the price of tortillas is real. It was increasing the price of maize and corn everywhere, and so we had to adjust many of the things that the Mexican government had to do.

Then in 2009 there was the crisis. Imagine for example, that the second quarter of 2009 the GDP in Mexico decreased by 11%, huge. After that, three days after that we went to the polls and we had an election, intermediate elections. Of course things had to be adjusted. Of course we had to have new policy to deal with this. For the first time in the history of Mexico—well, not for the first time, but—we were facing a crisis that was not created at home. It was not the tequila crisis; it was not the crisis in the '80s. We were in good shape and suddenly, no. That was good first of all. The economic crisis, I think we were able to face it in very strong terms and very strong positions, first because the contagio (contagion) was not structural, it was just for a few months, and this was because in the crisis of '94, the tequila crisis, we learned lessons. It was created in Mexico and the financial system had a lot to do with that crisis in '94. So from '94 until 2008 (we had) probably one of the best regulatory bodies and regulatory empowerment for the financial system in the world. It was very strong, very good. Now that the rest of the world is imposing more severe regulatory controls, Mexico is not so foreign at all because we had those kinds of controls probably eight, ten years ago. So that was very good because the financial system in Mexico was in very good shape. So there was no contagion, no translation of what was going on in the United States to the Mexican financial system, so that was very good.

Also our accounts were in good shape and in good standing. So for the first time we had resources and money to have counter-cyclical policy. So it was—you have a piggy bank and when the clouds turn black in the sky here is the piggy bank, try to compensate. Mexico was never in that situation because since the crises were domestic, the government was bankrupt so there was no money to face the crisis. It was the first time that we had resources to do it. So we had several programs that basically protected employment in Mexico.

For example, in terms of impact on the economic growth it was very comparable with what happened in '94. It was overall a decrease of 6% of GDP in '95 and 2009. But, for example, we only lost probably ¼ of the jobs that we lost in 1994. So we were able to save a lot of jobs with this counter-cyclical policy that we had, that was temporary employment programs. We talked with people who employ a lot of people in sectors that clearly were having problems and said okay, the workers agree to earn half of what they were earning. We are going to pay the

workers for part of the jobs that they decided to retain, in order to keep the job, but you have to keep the business running and you have to maintain the jobs for these people, and this is going to be only temporary. And that helped a lot. A lot of factories and a lot of people were still in business because of this and some other programs. So I think that was a very good thing that we could do, and adjust all the social policy.

In terms of the influenza, that certainly hit Mexico severely. Now when you look in retrospective probably you could claim that we overreacted a little bit to that, but that is not the case if—I remember quite well when I was in this office, if you are called to an urgent meeting with the President as soon as you can get there you are right there and what you find is the Secretary of Health telling you that as you know there is always the possibility of pandemia, that it is a mutation of a flu virus that could appear in this part of the world. There is no vaccine, it could be lethal and it could be a highly transmissible disease and if that is the case a lot, millions of people could be dead.

Then he told you that they have detected several cases of a new virus and they have detected that the last twenty persons that died of flu in Mexico have this new virus. You have called Atlanta, Canada, San Diego, all these important centers and said that they should be paying attention to this because we probably have a problem in Mexico that could be a disaster. If that is the case you have to react and you have to act soon, faster. I think that one of the most important things that this administration did was that. We handled that. Clearly if you suspend classes, of course the economic activity is going to slow down a lot, but I think we took the correct decisions with the information that we had at that moment. We did what was best for the country and I think that it worked quite well.

We had another problem that you didn't mention that was important. The production of oil in Mexico in 2009 began declining structurally. So not only did we have the economic crisis but also our production of oil was decreasing, and it is an important source of revenue for the Mexican government. Then also President Calderón took a very bold decision. In the worst part of the crisis—well not the worst part, the economy was recovering—it was October, November 2009, he decided to increase taxes. This was not a temporary effect; this was forever. The oil was not there anymore, so you have to compensate with a permanent source of income. So we increased taxes the last two months of 2009.

We were severely criticized, (economist and former World Bank official) Joe Stiglitz came here and said what we were doing, we have to learn the lesson from Spain, that they were expanding the government expenditure, etcetera. I think that now it is clear. Mexico is in very good shape because of that and look what happened to Europe and to Spain that overspent what they don't have. That was a very difficult decision that was taken by the administration but right now it is clear that it was a very good decision.

JOYCE: With these crises, the administration facing one after another after another it seems, what happens to that Excel spreadsheet you mentioned earlier?

CORDERO: *It remains.*

JOYCE: How? How do you keep that going while you handle everything else?

CORDERO: *I think for example in terms of the social spreadsheet, it was for example providing the schools to youngsters and spaces in universities. So even if you don't have all the money in the world, because of security, because building the university creates jobs and it is infrastructure, probably you don't spend on some other things but you keep investing in that. For example indicators, mortality indicators in newborns and mothers, you have a problem of arborización (reforestation) or there is no more oil in Mexico or whatever but you have a lot of public hospitals and clinics and you have to keep advancing and providing good quality attention to newborns and to mothers. So most of these targets keep advancing. Probably it is slower because we don't have as much money but they keep advancing and we keep having an eye on them all the time.*

JOYCE: Was there a time when you needed to adjust the goals, as in improve healthcare for mothers, yes, but by how much? The indicator, did you have to adjust those to compensate for the crises?

CORDERO: *I don't remember a single case where we downgraded the target. No, even in those indicators where we were doing a lousy job, that was the goal and we had to pursue that. I don't remember that we downgraded the objective.*

JOYCE: In 2010, looking a little further ahead when it looks like the clouds are starting to part and it looks like the crises are starting to calm with the exception of security—security continues to be a challenge. Is there a time when the administration comes back to its original priorities and says okay, let's reprioritize, what can we really get done, what are the two or three things that we can do in the time we have left?

CORDERO: *I think that probably things can be done in a better way always. For example in organizing the job of the President I think that President Calderón felt like the President of Mexico until the very last second. It was incredible, that he was one week from leaving office and he was still thinking of new programs or new things. So I think that President Calderón should have wrapped up his government probably two years in advance to begin consolidating what he had done and to keep following up on things that were running and should be finished by when he was out of office, in a more relaxed way. He was always thinking of new things. That's good if you are in your first, second, third, fourth year in office. When you begin looking and the exit is approaching I think, in my opinion, the administration should wrap up before we did.*

Your question was probably in another direction, in another sense, if we went back to our original priorities. Those priorities were never forgotten. We kept going. Even though clearly security took part of the relation with society, everybody talks about that. It seems that probably nothing else happened in Mexico but security. No, the rest of the things keep advancing and keep going.

JOYCE: Even if those priorities are never forgotten is there ever a moment where you say okay, we're working on these fifty things over the course of the administration, what are the top—maybe we had a top ten priorities in 2006, now it is 2010, do we have the same top ten or are they different? Is there that sort of moment?

CORDERO: *I don't know, probably it happened. I don't know because I was not part of the cabinet then. I resigned as Secretary of Hacienda in September of 2011 to run for President. So I don't know if in those months when I was not in office, if that adjustment of priorities happened. I don't know. There is reason to believe that they adjusted priorities but I cannot tell you because I was not there.*

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- JOYCE: Were there—this is another thing I've heard about—were there planning sessions throughout the administration where the President would get the entire cabinet together?
- CORDERO: *Yes, they were awful.*
- JOYCE: Tell me about them from your point of view. I've heard about them from the presidency's point of view, I'd like to hear about them from the cabinet's point of view.
- CORDERO: *They were called in the [Indecipherable 1:12:50] the [ind] is periphery, not Disneyland, Los Pinos, these buckets meeting because, I don't know how this happened but the President loved attending, to generate these kinds of dynamics and to set priorities. It was like, if you were able to do only one thing on the social front what would it be. There was a bucket of improving education, build more universities, etcetera. So everybody had a bucket. Eighty percent of you select bucket D, then cross that with the—everybody hated this kind of session. They were awful, horrible, the President loved them. He got together the whole cabinet Saturday mornings. They were not very often, probably once per year.*
- JOYCE: Okay.
- CORDERO: *The whole cabinet was there, filling buckets and you could see the General Secretary of Defense trying to learn how the system works, filling his buckets with the rest. I'm sure that the presidency loved them; I could imagine.*
- JOYCE: Were these meetings moments to reflect, reevaluate things?
- CORDERO: *Probably yes, not because of the bucket system but because you get together and begin discussing the things that matter, so yes, at the end they were helpful.*
- JOYCE: Do you remember anybody in the President's staff that was particularly helpful in managing these events?
- CORDERO: *Many of them. Sofia Frech (López-Barro, Cabinet and Special Projects Coordinator) was the most hated lady in Mexico in those days because she was the one who organized the bucket system. She is charming and she was very nice but she was in charge of that. Who else handled these meetings? Sofia, she was the one who was in charge of that.*
- JOYCE: She has come up in a couple of interviews. Could you talk about her role in the Office of the Presidency a little bit as far as you saw it?
- CORDERO: *She is a very good friend of mine. She was like the one in charge of organizing all these things, these bucket sessions. Some parts of the spreadsheets but she was not in charge of that; I think the technical secretaries were in charge of that. At the end she was involved in, probably what you are saying, to wrap up what had been done for the government. She also followed some strategic projects, which for their importance were handled a little bit aside of the cabinet structure.*
- JOYCE: What do you mean by that?
- CORDERO: *I don't know—for example, the new airport. It should be treated in the economic cabinet but because of the size, because of the complexity, it required special meetings so it was taken a little bit aside. Not independent of the economic cabinet but with particular attention.*

JOYCE: And you need somewhat different people; you have to bring in the environment guy etc.

CORDERO: *Exactly.*

JOYCE: So starting to wrap up and get you to reflect on this process a little bit, looking back, first do you think this is true and then how do you think this is true. Do you think the structure of the office of the presidency improved the quality of cabinet meetings and improved the quality of the President's ability to make decisions?

CORDERO: *I think yes, it helps. Of course nothing is perfect but I think that at the end it was a good thing. I think we had a better administration because of all of this structure. Certainly it helped the President to follow up with his government. I think that the important thing of this is that in these cabinets the important things, urgent matters—the president had particular meetings with the relevant members of the cabinet. It was not like okay, we have an emergency. When is the economic cabinet meeting? Next Tuesday. Okay, wait until next meeting and with all of them discuss what is going on. The President has an emergency or urgency or whatever and he makes a special meeting for that with the people who have something to say about that. That takes a lot of the President's time. This structure of the cabinets and in those particular meetings of huge importance there was for example—it was not necessarily under the structure of the presidential office. I don't know, in economic terms we have something that has to be addressed immediately, I was there, I was the Secretary of the Economy, and the President, probably no one from the Office of the President. We have particular responsibilities and we report to the President directly.*

But the cabinet meeting—also, of course, important issues were addressed in the cabinet meetings. Don't misunderstand me that it was for things that don't matter. They certainly matter; I'm just talking about huge ones. There is a huge problem, I don't know where, but there were particular meetings. The cabinets have the merit and they serve, to their credit, to keep the rest of the government going. It is very easy when you are in a responsibility position in a moment like Mexico in those days to just focus on what is urgent in the next two hours and forget about what is important in the next three months, six months, five years. The cabinet meetings and the structure of the presidency kept the government going on.

JOYCE: Could you think of any particular success of the administration that you would attribute partially at least to how this office was structured and how the cabinets were structured?

CORDERO: *A lot of them, there were a lot of them. I think for example how we handled the influenza epidemic. It was—of course a special cabinet was created for that but there was the Ministry of Health, I was the Secretary for Social Development, I was there, Education was there. Different groups were created to address the problem.*

For example, this is a good case, basically we were able to have on the last day of the administration—most of the huge spreadsheet was in green, most of it. That should be credited in good part to what these guys did.

JOYCE: Now on the other side, there are advantages to having a centralized presidential office with a strong Office of the Presidency and strong follow up and there are certain flaws and drawbacks. Could you identify any major flaws or mistakes that could have arisen due to this structure?

CORDERO: *Probably, I mean it is part of the design that it is going to create tension between the Office of the Presidency and the rest of the cabinet. Certainly that is part of the design. We shouldn't be surprised that that is going to arise. The question is not if it is going to raise tension but how you are going to handle that tension and direct it in a positive way. I think that that is clearly drawback.*

JOYCE: What advice would you give another country looking to set up an Office of the Presidency and looking for ways to manage an administration? What advice would you give them with the lessons that come out of the Calderón administration's experience?

CORDERO: *To have very clear objectives, very clear, quantitative objectives, to be consistent. To create in the secretaries and in the Office of the Presidency, to design the links of communications institutionally that could make this work and happen. This is not only in good will and if they are friends or not. This is institutional design. One thing that I think Mexico could improve that I didn't mention, but created some tension with the Office of the Presidency was like, the secretaries have their own schedules, their own times. What you have to do is important. Suddenly the President wants to have a meeting with you but I have a meeting with the bankers in Monterrey. I was in Monterrey, it was impossible to just go back in a couple of hours to meet with the President. And you say, well, it is impossible. Okay, thank you, I am going to tell the President that you were not able to do it. That creates a lot of tension.*

You say, well the under-secretary could go there and attend to the problem or whatever. No, no, the only one who meets with the President is the secretary. I think that was a mistake. For example, if you allow that in some cases, the relationship could be not only with the secretary but the under-secretary directly with the President; that could help a lot.

In the case of the Mexican administration we don't have the figure of the deputy, it is very helpful if you have a deputy secretary. It is clear that he can be in charge or he can handle some things in the absence of the original. We don't have it. So for example, one of my suggestions is just to be flexible enough that some things could be handled by the under-secretary or deputy in the absence of the secretary, directly to the President.

These offices—the other problem that they have—they tend to over-protect the President. That's good, but at some point you have to be sure that the people who are in charge of this are handling the relationship with the cabinet, are self-assured in emotional terms. Let me put it in this way. It is very easy that from the Office of the President they begin requesting things, claiming things in the name of the President. You have to be very careful that the people who are there—that is why Gerardo Ruiz was so important, he was also a member of the cabinet before that. He understands quite well. When this is not the case and somebody raises the phone and begins yelling to you that it is important because the President needs it in twenty minutes. You say, come on, I know the guy—actually I know he is in a meeting and he couldn't care less about having this information in twenty minutes. So it was the Office of the Presidency just showing muscle and showing power. That happens a lot.

So you have to be sure that the people who are in the Office of the Presidency are humble enough, have experience, have the seniority to be very serious doing the work.

JOYCE: So that flows nicely into the next and last question. With what you know now with your experience having served through the administration and the campaign and the entire Calderón administration experience, if you could set up your own Office of the Presidency how would you do it differently?

CORDERO: *As I mentioned I would try to select people with seniority, who have held positions in the cabinet in the past. Also creating the figure of the deputy in each cabinet, in each secretariat. Of course a lot of things could work better. I think more order in the agenda and in the schedule and to know precisely when the President is going to be—or I should let my people know when it is possible that I could call them for something. Probably Friday afternoon the President is going to be in the office and you know, he suddenly has some question on an issue and it would be nice if you were around too. That's fine. You know that Friday afternoon you are also in your office paying attention. Or you know that the official meetings of the cabinet are Monday morning, etcetera. So providing some order to the agenda and the calendar of the presidency also provides order to the agenda and the calendar of the rest of the team.*

JOYCE: Would you want a strong chief of staff?

CORDERO: *Yes. Otherwise there is always someone who is going to assume that role. It could be the chief of staff, it could be your private secretary, it could be your policy adviser. There is always someone doing that, otherwise you end up being your chief of staff. There is always someone who appears there, so it is better if it is in a position that is well designed for that purpose, that you select the profile of this guy knowing that he is going to be strong, knowing that he is going to be powerful and you select someone as your man knowing that he is going to have so much power and so much responsibility.*

JOYCE: Okay Senator, thank you. I appreciate it.