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MEXICO-UNITED STATES INTERPARLIAMENTARY GROUP

REPORT OF THE SENATE DELEGATION ON THE FIRST MEETING, HELD AT GUADALAJARA, JALISCO, MEXICO FEBRUARY 6–11, 1961

BY

Senator MIKE MANSFIELD, Chairman

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LETTER OF TRANSMITTAL

MARCH 4, 1961.

Hon. LYNDON B. JOHNSON,
President of the U.S. Senate.

DEAR MR. VICE PRESIDENT: Pursuant to Public Law 86–420, approved April 9, 1960, and as chairman of the Senate delegation, I transmit herewith a report on the first meeting of the Mexico-United States Interparliamentary Group which was held in Guadalajara, Jalisco, February 6 to 9, 1961.

As the report makes clear, the meeting was very successful. This was due in large measure to the thoroughness of the preparations which had been made by our Mexican hosts, and to the frank and friendly atmosphere in which the discussions were conducted. It was due also to the personal interest which had been taken in the meeting and in our relations with Mexico generally by President Kennedy, by Chairman J. W. Fulbright of the Senate Foreign Relations Committee, and by yourself.

I want to take this opportunity to express publicly my deep personal appreciation to all of our Mexican hosts for their generous hospitality and particularly to Gov. Juan Gil Preciado of the State of Jalisco and to Mayor Juan I. Menchaca of the beautiful city of Guadalajara.

Mention should also be made of the able work of the House delegation under the outstanding leadership of Representative D. S. Saund. The House group is submitting its own report to the Speaker of the House.

Sincerely yours,

MIKE MANSFIELD,
U.S. Senator.

MEXICO-UNITED STATES INTERPARLIAMENTARY GROUP

I. Background

U.S. participation in parliamentary conferences with Mexico was authorized by Public Law 86–420, approved April 9, 1960, which originated as House Joint Resolution 283 by Representative D. S. Saund. A companion measure in the Senate was Senate Joint Resolution 102 by Senator Chavez for himself and Senators Kuchel, Engle, Yarborough, Morse, and Gruening. Similar action was taken in 1959 by the Mexican Congress.

The intent was to provide a mechanism for informal discussions of mutual problems by the legislators of the two countries. As a result of preliminary talks during the summer of 1959 between representatives of the Mexican Congress and members of the Senate Foreign Relations and House Foreign Affairs Committees, it was agreed that the first meeting of the Mexico-United States Interparliamentary Group would be held in Guadalajara, Jalisco, Mexico, February 6–11, 1961.

Under the terms of Public Law 86–420, the following Senators were appointed by the Vice President as delegates:

Mike Mansfield of Montana
Dennis Chavez of New Mexico
Bourke B. Hickenlooper of Iowa
Wayne Morse of Oregon
Andrew F. Schoeppel of Kansas
John Marshall Butler of Maryland
Albert Gore of Tennessee
Carl T. Curtis of Nebraska
Clair Engle of California
Ernest Gruening of Alaska
Eugene J. McCarthy of Minnesota
Claiborne Pell of Rhode Island

The Speaker of the House appointed the following delegates from that body:

D. S. Saund of California
Walter Norblad of Oregon
William L. Springer of Illinois
Joel T. Broyhill of Virginia
J. T. Rutherford of Texas
Joseph N. Montoya of New Mexico
Robert N. Nix of Pennsylvania
Harris B. McDowell of Delaware
Edward J. Derwinski of Illinois
Daniel K. Inouye of Hawaii
Ancher Nelsen of Minnesota

Under the law, the delegates from each House who are members of the Foreign Relations and Foreign Affairs Committees, respectively, serve for the 2 years of the 87th Congress. These are Senators Mansfield, Hickenlooper, Morse, and Gore, and Representatives Saund, Nix, and McDowell. The other delegates served only for the single meeting.

At a preliminary meeting in Washington on February 4, the group elected Senator Mansfield chairman and Representative Saund vice chairman of the joint delegation.

With the exception of Senator Morse, who was unavoidably detained at the last minute, the group left Washington February 5 and participated in the meetings with its Mexican colleagues in Guadalajara February 6 through 9. On February 10 the group proceeded to Mexico City to pay its respects to President Adolfo Lopez Mateos and Foreign Minister Manuel Tello, and returned to Washington February 12.

The Mexican delegates were:

SENATORS

Eliseo Aragon Rebolledo of Morelos
Rodolfo Brena Torres of Oaxaca
Abelardo de la Torre Grajales of Chiapas
Guillermo Ibarra of Sonora
Fernando Lanz Duret Sierra of Campeche
Emilio Martinez Manautou of Tamaulipas
Antonio Mena Brito of Yucatan
Manuel Moreno Sanchez of Aguascalientes
Guillermo Ramirez Valadez of Jalisco
Carlos Roman Celis of Guerrero
Maximiliano Ruiz Castaneda of Mexico
Angel Santos Cervantes of Nuevo Leon
Juan Manuel Teran Mata of Tamaulipas
Francisco Velasco Curiel of Colima

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DEPUTIES

Florencio Barrera Fuentes of Coahuila
Antonio Castro Leal of the Federal District
Carlos Hank Gonzalez of Mexico
Arturo Llorente Gonzalez of Veracruz
Enrique Olivares Santana of Aguascalientes
Jose Ortiz Avila of Campeche
Jose Perez Moreno of Jalisco
Juan Sabines Gutierrez of Chiapas
Enrique Sada Baigts of Oaxaca
Guillermo Salas Armendariz of Durango
Emilio Sanchez Piedras of Tlaxcala
Jose Vallego Novelo of Yucatan
Manuel Yanez Ruiz of Hidalgo

Before discussing the substantive work of the conference, the Senate delegation desires to express publicly, albeit inadequately, its deepest appreciation for the overwhelming cordiality and hospitality of its

Mexican hosts. Nothing was too much for them to do; no detail was too small for them to overlook. The work of the conference was well organized and well arranged in the beautiful Casa de la Cultura where an efficient staff of simultaneous interpreters, translators, and administrators had been assembled.

II. Work of the Conference

At the formal opening of the conference in the Experimental Theater, Senator Guillermo Ramirez Valadez of Jalisco gave the address of welcome and Senator Mansfield responded on behalf of the U.S. delegation. The Mexican delegation then placed a wreath before a statue of Abraham Lincoln, and the American delegation was honored to pay a similar tribute to the great Benito Juarez. Subsequently, the American delegation also voted to present a plaque to be placed in the Casa de la Cultura to mark the site of this first meeting of the Mexico-United States Interparliamentary Group. This decision was announced in a plenary session by Senator Hickenlooper. At the closing session, Deputy Jose Perez Moreno, chairman of the Mexican Deputies, and Representative D. S. Saund, chairman of the U.S. Representatives, made the principal speeches, expressing their satisfaction with the work of the conference. After the end of the conference itself, delegates were paid the signal honor of being received by the Congress of the State of Jalisco in solemn session. On this occasion, remarks were made by Jalisco Deputy Guillermo Cosio Vidaurri and Senator Gore.

The work of the conference was organized around four committees dealing with foreign investment, foreign trade, border matters, and cultural interchange. Each committee held two meetings. It was agreed that there would be no voting. It was recognized that neither delegation was authorized to speak for its Government, and no attempt was made to reach agreements. The object was a full and frank discussion of common problems and exposition of individual points of view.

At subsequent plenary sessions, rapporteurs read summarized minutes of the various committee discussions. All of the plenary sessions, as well as the committee meetings, were tape recorded, and the complete documents of the conference will be published in due course. When the full transcript of the meetings is received, it will be discussed with appropriate officials of the executive branch. This report is merely a preliminary and abbreviated summary which also contains the impressions of the U.S. Senate delegates.

A. COMMITTEE I—FOREIGN INVESTMENT

The delegates assigned to this committee were:

From the United States: Senators Gruening, Pell, and Schoeppel; Representatives Rutherford, Broyhill, Norblad, McDowell, and Springer.

From Mexico: Senators Santos Cervantes (chairman), Brena Torres, Mena Brito, Moreno Sanchez, and Velasco Curiel; Deputies Sada Baigts (rapporteur), Castaneda Zaragoza, Hank Gonzalez, Ortiz Avila, Sanchez Piedras, Vallejo Novelo, and Yanez Ruiz.

Various members of the Mexican delegation made the following points:

1. Although the rate of capital accumulation in Mexico is increasing, the country requires even more capital than can be supplied locally and foreign investment is therefore needed and welcomed, provided that it does not seek special privileges and that it supplements, rather than competes with, local investment.

2. Mexico prefers what the Mexican delegates called "indirect foreign investment"—that is, either loans to public agencies for use as seems most desirable to Mexico, or private participation on a minority basis in Mexican enterprises.

3. Particular criticisms were heard of private foreign investment in businesses which compete with Mexican private business (e.g., retail trade, soft drinks, detergents), in automobile assembly operations (it was said that despite local assembly, automobiles cost more in Mexico than in the United States), and in mining (it was said that Mexico's mineral resources are not being used for the benefit of Mexico, but for export).

4. Export of minerals and repatriation of profits from other private investment in Mexico are resulting in a net loss of capital to Mexico.

5. Although Mexico will not give special treatment to foreign investment, it does offer many attractions to acceptable foreign investment—e.g., good profit prospects, free convertibility of capital and profits, moderate tax rates, subsidies for new and necessary industries, cheap fuel, low transportation rates, easily trainable labor, a stable currency, and political and social stability.

6. The Mexican Constitution considers private property as an element to serve social needs, and Mexico reserves its sovereign right to put social restrictions on property. The Mexican Constitution, however, also provides for compensation for property which may be expropriated for social purposes.

The American delegation made the following points:

1. U.S. private business does not seek special status, but it does seek not to be discriminated against.

2. The right of Mexico, or any other country, to accept or reject private investment on its own terms is recognized, but it must also be recognized that private investment will go where its treatment and profit prospects are best.

3. Foreign investment in Mexico contributes substantially to Mexico's economic growth. In 1955, for example, foreign investment accounted for $240 million in the Mexican national product. Many foreign companies reinvest a large part of their earnings. Even among those companies which are directly competitive with Mexican business, some of them build up Mexican industry through a policy of local procurement and give Mexican consumers good quality merchandise at low prices.

4. It was suggested that some American businessmen are uncertain of the meaning of Mexican laws relating to foreign investment and that, if this were true, the laws should be clarified.

5. It was recognized that Mexico, like any other country, has the right of expropriation with compensation, and no objection was seen

in the proposal for American participation with Mexican capital on a minority basis.

6. Mexico has an excellent international credit rating, and the hope was expressed that its borrowings would be for long terms at low interest rates.

It may also be noted that, through June 30, 1960, the Export-Import Bank had authorized credits for Mexico totaling $468.7 million and the International Bank for Reconstruction and Development had made loans of $205.8 million. The Export-Import Bank loans included $133 million for railroads and $68.6 million for steel mills. The IBRD loans included $61 million for railroads and $144.8 million for power.

B. COMMITTEE II—FOREIGN TRADE

The delegates assigned to this committee were:

From the United States: Senators Gore, Hickenlooper, and McCarthy; Representatives Springer, Nix, Nelsen, Derwinski, and Inouye.

From Mexico: Deputies Vallejo Novelo (chairman), Hank Gonzalez (rapporteur), Castaneda Zaragoza, Ortiz Avila, Sabines Gutierrez, Sada Baigts, Sanchez Piedras, and Yanez Ruiz; Senators Mena Brito, Moreno Sanchez, Teran Mata, and Velasco Curiel.

Members of the Mexican delegation strongly emphasized their desire for "trade, not aid," and pointed to several impediments in the way of developing trade between the two countries. Among these were price fluctuations in basic commodities, U.S. quotas and tariffs on imports, and U.S. subsidies on cotton exports. Among the commodities discussed, besides cotton, were lead, zinc, coffee, shrimp, fruits and vegetables, hard fibers, and sugar. The Mexican delegation was particularly apprehensive about the prospects for Mexico's exports of lead and zinc.

Members of the American delegation were sympathetic with the problems raised by their Mexican colleagues, but pointed out some of the problems which they, as American legislators, faced at home in the form of unemployment, depressed areas, and the demands of their constituents. Suggestions were made that perhaps greater efforts should be made to arrive at workable international commodity agreements. With respect to cotton, it was pointed out that the export subsidy had been reduced from 8 to 6 cents and that prices had continued firm. The question was raised as to what would happen if the United States removed all support prices and production restrictions on cotton. An American delegate thought that this would result in an increase in U.S. production. A Mexican delegate thought that it would result in a decrease, with land now in cotton being diverted to more profitable uses.

The Mexican delegation took special note of a report that President Kennedy had decided not to establish tariffs or quotas on henequen baling twine and cordage, and expressed its satisfaction with this decision.

The American delegation expressed its confidence that trade between the United States and Mexico would continue to increase.

C. COMMITTEE III—BORDER MATTERS

The delegates assigned to this committee were:

From the United States: Senators Chavez, Curtis, and Engle; Representatives Saund, Montoya, Rutherford, Nix, McDowell, and Norblad.

From Mexico: Deputies Olivares Santana (chairman), Barrera Fuentes, Gandarilla, Sabines Gutierrez, and Rivero Azearraga; Senators de la Torre Grajales (rapporteur), Mena Brito, Aragon Rebolledo, and Moreno Sanchez.

Discussions centered on two main points—tourists and braceros. The Mexican delegation was particularly disturbed by President Kennedy's recommendation that Congress reduce from $500 to $100 the value of goods which tourists could bring into the United States duty free. In regard to braceros, the Mexican delegation pointed out that the minimum wage of 50 cents an hour had not been increased since the original agreement of 1942; that insurance coverage of braceros was inadequate; that arrangements for feeding the workers were unsatisfactory; and that sometimes, in the interests of harvesting crops rapidly, so many braceros were recruited that their work did not last long enough to justify the trip.

The American delegation agreed that all of these matters were worthy of careful study by executive officials of the two countries. The hope was expressed that simpler and better procedures for handling tourists crossing the border in both directions could be worked out by the authorities of both countries. In regard to braceros, it was pointed out that, although the minimum wage had not been increased, the average wage in fact amounted to 90 cents an hour. The bracero program was called the best point 4 program of the American Government in that through it Mexican workers learned about methods of cultivation—what ought to be planted, and when, and how to use fertilizer.

Finally, the American delegation raised the problem of border crossings by juveniles, particularly in the California area. The Mexican delegation agreed to make this concern known to the Mexican Government so that possible legal steps could be considered.

D. COMMITTEE IV—CULTURAL INTERCHANGE

The delegates assigned to this committee were:

From the United States: Senators Butler and Mansfield; Representatives Inouye, Saund, Montoya, Derwinski, Broyhill, and Nelsen.

From Mexico: Deputies Barrera Fuentes (raporteur), Castro Leal, Olivares Santana, and Salas Armendariz; Senators Ibarra Fuentes (chairman), Aragon Rebolledo, Martinez Manatau, Moreno Sanchez, Ruiz Castaneda, and Teran Mata.

There was general agreement that cultural exchanges should be increased. Among the specific points which were raised were:

1. Such media as publications, library services, radio, and television should be diffused more widely in a reciprocal manner.

2. More should be done to give Mexican students a chance to live with American families and to give American students a chance to live with Mexican families.

3. It would be desirable to establish a training program for Mexican students in U.S. industries.

4. Scholarships should be for longer periods.

5. It would be desirable to establish university-to-university relationships to encourage the exchange of students and professors.

The Mexican delegation emphasized the desirability of systematizing cultural interchange through an Inter-American Institute of Cultural Action, and especially of international credits for educational and cultural institutions carrying on this work. There was discussion of the possible establishment, either in the Caribbean or in continental Latin America, of a center for scientific research and cultural interchange.

III. Conclusions and Recommendations

The first meeting of the Mexico-United States Interparliamentary Group proved to be worthwhile beyond the expectations even of its sponsors.

The U.S. delegation was received by its Mexican hosts, and by the people of Guadalajara generally, with great hospitality.

Each member of the Senate delegation came away with a better understanding of the Mexican point of view toward the problems of Mexican-United States relations covered by the agenda. This was due in large measure to the friendly candor and frankness of the Mexican delegates and to the thoroughness with which they had prepared their presentations. The Senate delegation went to Guadalajara prepared to listen more than to talk, and to learn more than to teach. The delegation did, however, take advantage of the opportunity to explain some of the problems which confront the United States, both in its domestic affairs and its foreign relations. We think that, as a consequence, the Mexican delegates likewise gained a better insight into our point of view.

This increase in mutual understanding was the outstanding accomplishment of the conference. What is referred to here is not simply the nebulous concept of international goodwill, but solid knowledge of concrete problems—Mexico's attitudes, and the reasons for them, toward different types of foreign investment, toward trade problems, tourism, treatment of braceros in the United States, and exchanges of students and teachers.

Similarly, we were able to tell the Mexican delegates first hand about our problems of unemployment of depressed areas, and of the gold outflow.

Obviously, none of these problems—either of a domestic or an international nature—was settled at the conference. That was not the intention, nor was it in the province of the legislators to arrive at solutions.

But we think the conference did serve the purpose, at least so far as the Congresses of Mexico and the United States are concerned, of clearing the air and making at least some of the problems discussed more easily susceptible to solution by the appropriate executive officials of the two countries. Each of the problems raised at the conference is deserving of the sympathetic attention of officials at a high level in the governments of both countries; and so far as the United States is concerned, we recommend that these problems be given an appropriate priority by the President, the Secretary of State, and other Cabinet officers.

APPENDIX

Financial Statement

At the time of the filing of this report, the estimated total of the Senate delegation's official expenses for the First Mexico-United States Interparliamentary Conference came to approximately $4,000.00. A consolidated report showing all expenditures of the delegation at the conference will be filed later with the Senate in accordance with law.

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