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RELATIONS BETWEEN THE UNITED STATES AND MEXICO

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ECONOMIC COOPERATION AND PLANNING FOR THE FUTURE

REPORT

BY

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TO THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ON A

STUDY MISSION TO MEXICO

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Relations Between the United States and Mexico
Economic Cooperation and Planning for the Future

As a member of the Senate Foreign Relations Committee, I traveled to Mexico during the Memorial Day recess (May 28–June 1) to meet with Mexico's President Echeverria and government officials and business leaders representing both the United States and Mexico.

The preoccupation of the United States with affairs in Southeast Asia during the past decade—and our preoccupation with the domestic crisis of Watergate—has had an adverse effect on our relationship with Mexico and other Latin American nations. While relations between the United States and Mexico remain strong and friendly, my conversations showed that we should have been devoting more policy-making time there than we have.

Fortunately, the United States is no longer involved militarily in Southeast Asia and the Administration is now involved in a thorough reassessment of foreign policy. While the emphasis of this reassessment appears to be focused on the Mideast and the role of the United States in Asia, I have urged repeatedly that any such reassessment of United States foreign policy must be approached from a global view and should include the Americas.

It would be less than a candid appraisal if this report—based on discussions with the highest ranking members of the government of Mexico—did not convey the concern of those government officials regarding the role of the United States with its neighbors of Latin America. Mexico today is close to or has crossed the developed nation threshold and is an economic partner of the United States. Other Latin American nations will achieve economic equality soon for various reasons—not the least of which is the great reserves of natural resources in Latin America. Therefore, American foreign policy must be formulated with the realization that those nations are moving toward greater economic equality. The desire to cooperate to solve current problems is strong among the high public officials of Mexico. It is to our mutual advantage to begin working now on those problems.

DISCUSSIONS WITH PRESIDENT ECHEVERRIA

My discussions focused on three basic issues: first, the Echeverria economic charter properly known as the Charter of Economic Rights and Duties of States; secondly, relations between the United States and Cuba; and third, joint ventures between the United States and Mexico involving private enterprise and government partnership in major industrial and agricultural projects in Mexico.

The United Nations adopted the Charter of Economic Rights and Duties of States by a lopsided margin with the United States voting against it. Dispute over this issue is a source of some concern between our two governments. Fortunately, for the benefit of both the United

States and Mexico, President Echeverria does not let any ideological differences stand between our two countries or jeopardize economic opportunities for our nations.

I suggested that United States corporations are unlikely to invest abroad unless they are permitted to make a fair return on their investments. In addition, I stressed that foreign investment is not likely to be attracted to Mexico in an atmosphere of uncertainty created in part by the Charter of Rights and Duties. However, it is clear that the practices of the past in which a few foreign firms invested had profited to the detriment of the host nation—not just Mexico but nations throughout the Western Hemisphere—can no longer be tolerated.

There can be no question the times demand that private business operate under conditions that are mutually beneficial to the private investor and the Mexican people. It is in this atmosphere of frank understanding that the business community here in the United States should be willing to participate with the Mexican Government. Foreign investment is essential to the long-term growth of that nation. It should not be forgotten that despite abuses by multinational corporations—and there have been abuses—private enterprise provides a unique service in capital and technology transfers and management skills to promote industrialization and modernization of the economic and social structure of many nations.

RELATIONS WITH CUBA

Mexico and numerous other Latin American nations have diplomatic relations with Cuba. Senator Pell and I traveled to Cuba in September, 1974. I have had a long and deep interest in exploring methods of normalizing relations with that country. Mexico is deeply interested in the recent diplomatic discussions in the Organization of American States and in the United States to resume some better ties with that island nation. And Mexico and others apparently wish to see Cuba brought back into the family of Western Hemisphere nations of the Organization of American States.

I said the position of the United States remains clear. The Castro government must deal positively with issues of major concern to many Americans if there is to be any change in diplomatic status. The process of improvement of relations must be reciprocal. I emphasized the concern of the U.S. over the security implications of the Soviet military presence in Cuba; the alleged Cuban policy of "export of revolution" to other nations of Latin America; humanitarian issues, including the plight of political prisoners in Cuba, the separation of Cuban families and political repression in general; and compensation for seized American property.

My discussions with President Echeverria provided the impetus and direction for discussions with Senator Olivares Santana, President of the Senate, Foreign Minister Rabasa, Mexico's Governor Carlos Hank and other government officials.

VIEWS OF OTHER HIGH OFFICIALS

I found Secretary Rabasa an enthusiastic supporter of future economic initiatives between the U.S. and Mexico. He expressed great interest in joint ventures in agri-business. He, along with Senator Olivares Santana, also expressed serious concern over the number of Mexicans illegally crossing the U.S.-Mexico border to work in farms in the U.S. It was felt that some form of arrangement between our two governments must be reached in order for Mexico's citizens to come into the United States to provide needed farm labor during the various harvest seasons.

Senator Olivares was affirmative in his belief that foreign investment from the United States could be important to the immediate and future economic growth of Mexico. It was in this context that we discussed the role of the multinational corporation in Mexico and the development of energy resources.

He is deeply interested in the development of solar and atomic energy. Mexico has sufficient oil for its entire domestic needs and is presently exporting small quantities of refined petroleum products. Also, Mexico has recently discovered sizable amounts of oil reserves in the southern areas. Despite the optimism regarding the immediate future in the field of energy, Mexico's public officials are now developing plans for Mexico's long-term energy needs. This is a healthy situation, for these officials realize that oil is not an infinite resource.

Mexico is not planning to be an exporter of crude oil, but rather an exporter of refined oil-based products which will bring a higher return on the international market to the benefit of its balance of trade. Thus its plans call first for the development and construction of at least one and perhaps two refineries prior to the development of the newly discovered oil fields.

The area of manpower training is a new concept to Mexico but a concept in which multinational corporations—especially those based in the United States—could play a great role. The development of skilled and professional workers in any society is essential to the industrial development of a nation. For this reason, Mexican officials are interested in semiprofessional, skilled and professional training for Mexican citizens employed by foreign firms.

SUMMARY

It is my belief that Mexico has evolved from a developing nation to a middle level nation with a strong industrial base. Its future is very promising. The planning being conducted by the state in such areas as energy and industrial and agricultural development is a basis for viable optimism.

Foreign investment and economic expansion are essential to Mexico's economic growth and the creation of new employment opportunities. I foresee a splendid opportunity for the United States and Mexico to benefit mutually during the next decades. Since we are part of the Western Hemisphere, the foreign policy of the United States must be devoted on a much greater scale to our Hemisphere neighbors. Based on conversations with officials of the State Department since my return, I am optimistic that a positive position will be forthcoming.

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