3. U.S. policy blunders

On the same day that Pemex director Jorge Diaz Serrano made public the first of Mexico's enormous new oil finds, the U.S. State Department announced that President Carter will visit Mexico for three days next February. Unlike news of the oil discovery, the announcement took no one by surprise. Relations between the two countries have plummeted to their lowest point in approximately the past 50 years, as a result of a series of British-inspired U.S. policy blunders which began close to one year ago with the veto by Energy Secretary James Schlesinger of an important deal for the sale of Mexican natural gas to the U.S. These tensions peaked one month ago when the U.S. Immigration and Naturalization Service announced the construction of an impenetrable wire-mesh fence along parts of the border with Mexico.

Now, at a critical moment in U.S.-Mexico relations when oil is in the limelight, President Carter will be visiting Mexico.

Just before Carter announced his trip to Mexico, a conference on "Business with Mexico," sponsored by London's *Financial Times* newspaper, got off the ground in Mexico City. The conference attendees include such notable City of London figures as Leopold de Rothschild, Director of N.M. Rothschild and Sons, and Lord Chalfont, President of Canning House. Rothschild was particularly open about British designs, calling on Mexico to come to its "friends" at the City of London for any foreign credit needs.

PRM-41

Before Carter leaves for Mexico he will have to choose from a number of policy guidelines which are being prepared for him under the supervision of Zbigniew Brzezinski's National Security Council in the form of "Presidential Review Memorandum 41," (known as PRM-41). From all indications to date, President Carter won't be given much of a choice.

A recent article in this magazine on PRM-41 (see *Executive Intelligence Review* Vol. V, No. 42) clearly established that discussion of the memorandum by circles around Senator Edward Kennedy, the Rand Corporation and the Brzezinski-Kissinger wing of the National Security Council, centers to varying degrees on how the U.S. can make sure that its own "strategic considerations" prevail over Mexico's in the use of the oil and its revenues.

According to reliable sources, National Security Advisor Brzezinski is saying privately that the U.S. "will never permit another Japan south of the border." As he and his factional allies are unhappily aware, Mexico is commited to using its oil revenues for a program of high-technology industrialization; that is, precisely to become "another Japan."

The key weapon at Brzezinski's disposal is sealing off the border to prevent unemployed Mexican workers from entering the U.S. to find jobs. Until Mexico's industrialization program goes into full swing, this seasonal migration is an important measure to reduce unemployment and create a "safety valve" for maintaining social stability within Mexico.

While Brzezinski has not discussed this policy in public, his views have been most clearly reflected in the writings of Professor George Grayson of William and Mary College, who first gained prominence with an article in *Foreign Policy* magazine, the journal Brzezinski had edited prior to entering the Administration. In his article, which appeared in *Foreign Policy* in the winter 1977 issue, Grayson began by asking: "What policies will advance Mexico's eco-

Kennedy aide: 'Investment should be on the labor-intensive side'

An aide to Senator Edward Kennedy, shortly after returning from a fact-finding trip to Mexico on behalf of the Senator, commented on Mexico's development strategy in an interview last month.

Q: Mexico has challenged the approach to development currently upheld by Robert McNamara and the World Bank, that Third World countries should minimize their use of technology and maximize the creation of unskilled jobs in rural areas. Mexico is saying that an industry- and technology-centered approach will create domestic jobs, which will also be socially productive and not consign Mexico to perpetual rural poverty. How do you think the U.S. could back up Mexico's strategy?

A: I know the general drift of what McNamara wants, and it seems laudable to me. What does (Mexican Finance Minister) Ibarra mean when he talks of a strong capital goods sector and capital-intensive industry? It sounds like the age-old argument—big production projects, long-term loans, external reliance. Now that doesn't really help the poor. We need to address basic human needs.

Q: But how can basic human needs be met without the social surplus generated by productive jobs in capital-intensive sectors?

A: My instinct is that that's just another version of trickle-down economics, one in which the oil benefits will only go to the top layer of the society. We need small-scale technology in an agricultural base. Investment should be on the labor-intensive side.