

# What awaits Carter in Mexico

"This is a country with a surging population which provides an extraordinary market for U.S. technology and capital goods. It has big oil and gas reserves and is developing them rapidly. It has a nuclear program ready to absorb U.S. technology. All signals are 'go' for a vastly upgraded relationship of mutual benefit."

Is this a State Department briefing on Carter's visit to Mexico next week? No. It's a stripped down summary of the Carter Administration's hype for China, drummed into the ears of U.S. businessmen and the population in general unremittingly since the Administration came up with the "China Card" in December.

A capsule briefing on Mexico from the Schlesinger-Brzezinski-Kennedy crew arranging Carter's trip would sound like this:

"We face delicate negotiations on a series of thorny problems with our southern neighbor. We want Mexican oil and gas, especially to break OPEC, but the lesson of Iran is that a country which tries to develop too fast will run a high risk of social unrest and chaos. Don't get your hopes up over any bonanza for either the U.S. or Mexico flowing from Mexico's new oil wealth."

These contrary briefings convey in a nutshell the shortsightedness of Carter Administration policy toward Mexico.

Mexican President José López Portillo will greet Jimmy Carter in Mexico next week with what he calls the "Gran Planteo," the Great Design for long-term U.S.-Mexico partnership in Mex-

ico's gigantic nation-building tasks. He is talking of "building the cities of the 21st century." "Think Big" is his slogan.

A country of almost 70 million people with Saudi-sized oil reserves saying "think big" should be enticement enough for an export-hungry U.S. This publication estimates capital goods demand in Mexico over the next ten years will total a minimum of \$80 billion; total imports over the same period a minimum of \$200 billion.

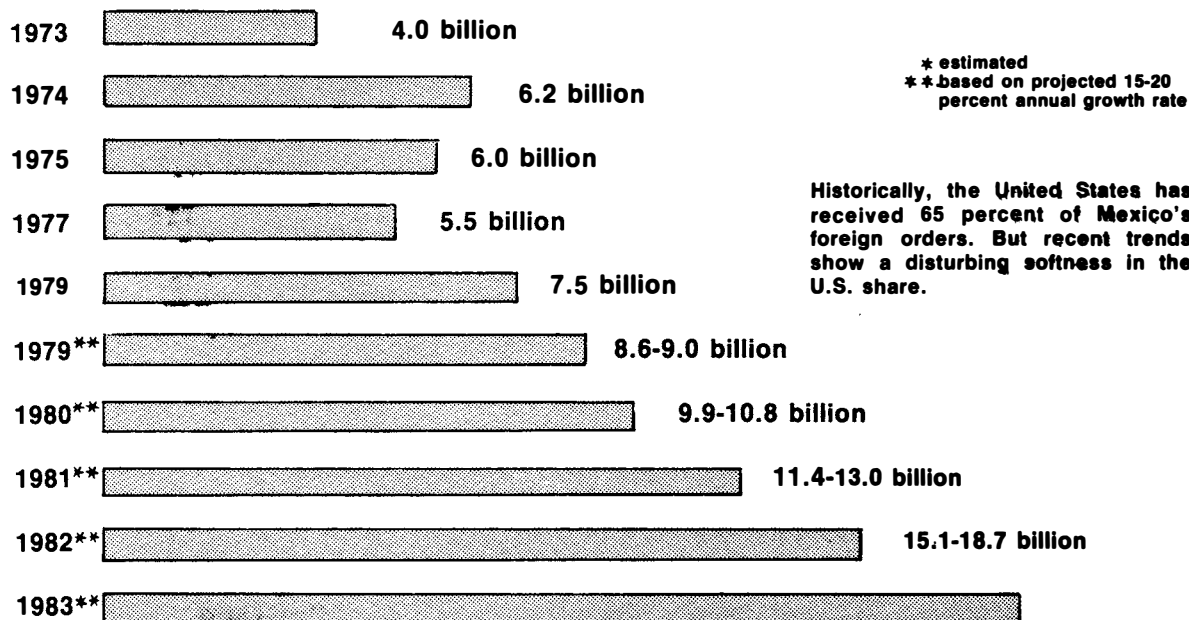
But a U.S.-Mexico relationship based on "oil for technology" becomes merely the model example of a new North-South relationship generally which will multiply these hefty market figures many times over.

Against this, what is the China Card? A joker. Despite public relations efforts to conjure visions of "hundreds of billions" of U.S. exports, the market is going to be nothing like the guaranteed opportunities waiting for U.S. business and industry south of the border.

China has no domestic statistics of any reliability. There are no elaborated development projects even on the drawing boards, let alone in the first implementation stages of many of Mexico's. And most important, two decades of Maoist "backyard furnace" idiocy, reinforcement of the most backward elements of peasant ideology, and dismantling of the university education system, have left the nation without the human resources capable of absorbing large amounts of advanced technology and carrying out rapid industrialization.

## Mexico—total merchandise imports

(primarily heavy machinery, capital goods, and related raw materials)



This is not to say the U.S. should overlook the market which will exist in China; it is only to point out the blatant deception tactics of China Card players who say Chinese trade is the only game in town.

Though there may well be increasing sales to China, and eventually a substantial market, it will be a slow process of many years. The Administration has somehow failed to inform businessmen of this fact; as it has failed to inform the U.S. population that a large proportion of Chinese imports will be paid for with the proceeds of international dope dealing — the destruction of the minds of America's youth.

### Sister Republic

There is no Third World country in a better position than Mexico to take the rapid strides in material progress and social development which are properly associated with the achievements of the United States. Mexico, like the pre-environmentalist era in the U.S., is a republic committed to industrial progress, and that is a fact of profound significance.

Alone of Latin American republics, Mexico fought a revolution 70 years ago to become a modern industrial state. Its 1917 Constitution embodies this commitment. In some regard, it is more advanced than the U.S. Constitution it is modeled on. Article 3 states explicitly that the republican and democratic form of government must be premised on the **constant advance in living conditions and education of the population.**

Mexico spends a larger percent of its federal budget than any other country in the world on education. It spends one of the smallest on military expenditures.

Mexico has a leadership not merely upholding this tradition but deepening and extending it. It can count on channels for instilling nation-builder conceptions into mobilized, politicized peasant and worker sectors unmatched elsewhere in the Third World where the "peasant problem" remains culturally almost impenetrable. The López Portillo leadership has launched a far-reaching political reform program — opening greater political opportunities for parties outside the ruling Institutional Revolutionary Party (PRI) — in order to revivify these channels.

Speaking to an assembly of education ministry workers recently, the city-builder President of Mexico stated emphatically: "the rural areas are no longer a solution. We must prepare ourselves to absorb (the rural population) in the activities that are only offered by the city... We are committed to solving the problems" involved in city-building and providing services to a rapidly-growing population, "and will succeed." The basis of the effort? "The human, technical and economic resources of the country," and "Article 3 of the Constitution."

## U.S. role in Mexico's industrial boom

On Jan. 4, Mexican President Lopez Portillo told reporters that his nation will only increase oil revenues as it has the capacity to "digest" them in development projects. The New York Times and the Financial Times of London interpreted the remark to mean that Mexico will put a freeze on oil development after it reaches its 1980 goal of 2.25 million barrels per day (bpd).

In fact, the President's remark was an invitation for foreign partners to help Mexico speed up the design and execution of its development projects — and thus speed up the rate of oil production.

The Executive Intelligence Review presents here a prospectus of what the U.S. stands to gain if it pitches in to help — and not hinder — the creation of a "Japan south of the border."

### Parameters of trade

**U.S. exports.** At a time when the U.S. balance-of-trade continues deep in the red due primarily to a decline in exports of manufactured goods, the coming Mexican import boom to fuel its development looks good indeed.

To start with current trade figures: in 1977 Mexico imported a total of approximately \$5.5 billion, overwhelmingly heavy machinery, raw materials, and capital goods. It exported some

### The rundown on Mexico's economy

The following figures on the positive rate of growth of almost every aspect of the Mexican economy during 1978 explain why the government of President Lopez Portillo asserts that in order to solve its longstanding social problems, Mexico will double its industrial plant by 1982. The government's full industrialization plan, to be released shortly, will detail more precisely how this goal will be achieved. The Mexican economy grew in 1978 as follows:

#### Population growth

The rate of population growth maintained a steady 3.5 percent, bringing total population to 65 million. Unemployment for the 17 million-member workforce varied between 10 and 20 percent, and 30 to 40 percent of the labor force was underemployed. The Gross Domestic Product, moving toward the \$100 billion mark, grew at a 5.7 percent rate last year, double the previous year's. The inflation rate was controlled at 15 percent and the floating exchange rate was maintained at a rate of 22.6 pesos to the dollar.