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## Mexico: Economic Independence as a Basis for Ties to the United States

by Hope H. Camp, Jr.\*

It is fitting that this issue of the *Journal of International Law* focuses on Mexico. The United States needs to understand the promises and problems of its booming neighbor. Mexico's significance to the United States is vital. The bulk of Mexico's oil and natural gas exports go to the United States. Mexico's population is exploding and the Mexican government is concerned with creating enough employment for its people. The United States is concerned because thousands of Mexicans come to the United States each year without proper documentation and seek employment.

To the extent that promise becomes reality in Mexico, the United States will benefit in securing another force for political stability. The political system of Mexico has been stable for 60 years. The system is controlled by the Partido Revolucionario Institucional (Institutional Revolutionary Party) which is supported by organized labor, farm worker's organizations and business.

Nevertheless, the citizens of the United States must understand Mexico's continuing struggle for independence. Mexico insists on economic independence and self-determination. Mexico expresses this desire through its policies with respect to petroleum and other natural resources. Although primarily an expression of land reform, Mexico's special system of communal farms also reflects its strong determination to be independent. The search for independence is seen in Mexico's policy of state ownership of rail transportation and tight control of other means of transportation. But nowhere is the thrust toward greater independence more apparent than in Mexico's industrial development policies.

Those policies have been articulated in a number of planning devices. The planning device that constitutes the most comprehensive expression of Mexico's industrial development policies is the National Industrial Development Plan, published in February of 1979. The Plan puts under "one roof" a series of industrial planning devices, almost all of which also

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include fiscal incentives. The plan describes the industrial priority sectors and geographical zones of the country in which investment is encouraged. In order to make the invitation to invest more attractive, a comprehensive scheme of fiscal incentives is offered. In order to encourage the integration of basic petrochemical products in finished products, especially products suitable for export, the Plan offers reduced rates for natural gas and electricity.

In terms of the theme of this issue of the *Journal*, the Plan—more significantly, the basic bias of the Plan—is fundamental. The State will direct the economic development of Mexico. The industrial priorities and preferred geographical zones are designed to require that the oil taken from the ground will not simply be consumed, either at home or abroad, as simply a source of energy. Rather, factories are being built to produce fertilizers, plastics and secondary petrochemical products that will add substantial value to the oil. These higher priced finished products create employment, advance technological development, and in sum, thrust Mexico further and faster toward her goal of greater independence.

Read the articles in this issue of the *Journal* against this background and you may conclude, as I have, that the extensive involvement by Mexico's government in the economic life of the country and the laws regulating foreign investment and technology transfer are an expression of Mexico's individual search for independence. Furthermore, you will appreciate Mexico's search for an appropriate place in an uncertain and interdependent world. Finally, and of greatest importance to all of us in the United States, you may appreciate to a greater extent Mexico's increasing importance in the world.