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Confidential
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México, D.F., April 28, 1944.

Dear Larry:

I have your letter of April 17, in reply to my secret letter of April 13, concerning the Joint Mexican-United States Commission for Economic Cooperation.

I am sending you herewith a copy of a letter which I have written to Nelson Rockefeller, which is self-explanatory, and which is in reply to one which I have just received from him in reply to a letter dated April 13, of which I sent you a copy with my letter to you of that date.

I have been rather astounded to learn from my conversations with Philip since he is here that some thought is even being given in the Department to the possibility of our discontinuing our membership in the Joint Mexican-United States Commission for Economic Cooperation. I gather from Philip that there has been some discussion within the Department as to the possibility of the Commission having served its purpose and that if it continues, it should continue as a Mexican body and that we should withdraw therefrom. That such an idea should be considered within the Department is simply incredible to me for it shows a complete lack of understanding of what is behind this Commission and what it can do and what our withdrawal at this moment would mean. I am sure that President Roosevelt would never consent to any such action in the first place for after all this Commission was one of the concrete outgrowths of a memorable visit between him and the President of Mexico a year ago and such ideas as the two Presidents discussed cannot be thrown out of the window just because someone or a few people have some fears as to where the Commission will lead us.

There is no danger whatever in the work of the Commission leading our Government into any strange or difficult paths. To be fearful of the Commission because it commits

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our Government of a program of building up industry in Mexico is the fear of little people who do not have any conception of what our relationships have to be and the form they have to take. What really lies behind the fears of some of the people in the Department is that they think that some of these new industries may require a minimum degree of tariff protection and they think that that will lead us into trouble if in some direct or indirect way our Government may have facilitated the creation of such an industry. Such a thought only shows how much sound advanced thinking is among responsible people outside of the Department, than it is among some of our people in the Department, with regard to economic matters. So far as industrialization is concerned in these other countries, it is going ahead whether our Government or our industry or our finance give it any help or not. If we do not help, others will. The thought of a few people in the Department therefore that they can stop a program of industrial development in Mexico because it may bring about eventually a few tariff increases is just about as futile as my endeavoring to swallow the moon.

So far as tariff increases are concerned, there is no danger of Mexico doing anything unreasonable and this is just why the Commission is helpful because for the present through it we can see that there is nothing unreasonable either in the way of uneconomic industries or in the way of industries which will require too much tariff protection. For our Government, however, to take the attitude that no other country can exercise the sovereign right, which we have consistently exercised over many years and which we still exercise, of giving certain reasonable tariff protection to certain industries would be about as absurd and unreasonable and as dangerous an attitude as we can take.

The answer to those who have these fears concerning our participation through the American Section in the Joint Mexican-United States Commission for Economic Cooperation is very simple. At the end of the war even though certain controls over materials may continue and they probably will, we will have vast quantities of materials turned out by our industry for which we will have to have a market and there will be vast quantities of surplus equipment of all kinds which can be turned to useful purposes in other countries. The markets will simply be flooded and Mexico is one of the most natural outlets being so near. In spite of the controls over materials which may continue for some period after the

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war, we will be simply pressing exports on all parts of the world and we have to keep the big industrial machine going at home, which is bigger than ever as a result of the war, and we shall have to give employment to the men who are being demobilized and who will have to be absorbed into industry. Very shortly after the end of the war it is the Mexicans who may no longer be interested in the participation of the American Section in an Economic Commission such as the one which we now have for we might serve as a brake on industrialization here. I think, therefore, we can leave this matter of our participation in the Commission to developing events.

The point is that for the present it is absolutely essential in our Mexican-United States picture and in our whole American picture to keep this Commission alive and to help it function to the best of our ability. For us to show a lack of interest in the Commission now would be just about the surest way of taking the bottom out of our relationships with Mexico and that would mean more in the American picture than merely a bad turn in Mexican American relationships. My own feeling is that in due course and before we need have any fears with regard to this Commission it will be possible for the work of the Commission to wind up without any initiative on our part. In other words, I think the Commission will die eventually a natural death after having served a very useful purpose but for us to take any step at this time which would bring an end to our participation in the Commission would be simply disastrous.

There is one point which I would like to bring to your attention and which should be brought to the attention of some of our friends in the Department and that is this, Mexico is much closer to the United States than some of our people in the Department think. Mexico is much better informed about what passes in our country and in Washington than some people think. There are much more intelligent people here than some of our people think. What I am afraid of is, and I am very much afraid of it, ~~is~~ that some of this talk which is going on within the Department about the desirability of our getting out of the Commission will get to the Mexicans and that would be just too bad. I think you should talk with the Secretary about this and see to it that there is no further talk about our withdrawing from the Commission, etc. and the Department

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should see to it that during the life of the Commission we will give it the adequate support which it should have.

The fact that the Senate Committee has decided to put over the consideration of the water treaty is going to come like a douche of cold water here and with all the understanding of our problems during election year it will be difficult for the Mexicans to take this. I have tried to make clear in my despatches and letters that all is not rosy here in the internal picture and that Mexico has internal problems which for her are just as important and serious and as difficult to handle as some of our internal problems are. On top of this we have staring in our face here all the time the increasing difficulty of getting wheat and corn in adequate quantities to feed the Mexican population. This is becoming a really crucial matter and may yet take me to Washington for if the bottom falls out of the situation here, I want as little responsibility for it as possible. Some of our people are thinking in terms of feeding practically every part of the world except some of our closest neighbors and here is a neighbor which needs food and is willing to pay for it and pay full market prices instead of taking our bounty. I think it is well for some of us to realize, who do not so realize now, that it is just as important for us to have political stability in Mexico as it is in some other more distant parts of the world.

You will note that I have said in my letter to Nelson Rockefeller, of which I enclose a copy, that my present plan is to go to San Jose de Purua on May 4 for about two weeks. I am sorry to take time out but it is better to take a little time out than to pass out completely. I have been putting a great strain on myself and I feel the need of a rest. It is possible that I will consider going home for a very brief stay immediately after I return from this rest at San Jose de Purua in order to discuss some of these matters with the President and the Secretary and with you all.

Believe me, with all good wishes,

Cordially and faithfully yours,

GSM:NA

G. S. Messersmith

Enclosure:

Copy of letter to Mr. Nelson Rockefeller.