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Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

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McNamara Papers

THE WOODS BORN GROUP
Archives



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Folder 2 of 2

DECLASSIFIED

WBG Archives

MEXICO

MEXICO

- 12/5/69 Jesus Rodriguez y Rodriguez, Under-Secretary, Finance Ministry
(Mex. City)
- 12/6/69 Economists:
(Mex. City) Mario Ramon Beteta, Director of Credit, Ministry of Finance
Rafael Izquierdo, Advisor to the Minister of Finance
Alfredo Navarrete, Assistant Director of Nacional Financiera
Leopoldo Solis, Director of Economic Research, Bank of Mexico
Jesus Silva-Herzog, Technical Director, Bank of Mexico
Eliseo Mendoza, Director of Economic and Demographic Studies,
College of Mexico
- " Bernardo Quintana, President, Associated Civil Engineers (visit
to Anthropological Museum
Dr. Arturo Romano, Director of the Museum
- " Housing visit:
Dr. Pio Alcantara, Director of Housing Services, Social Security
Institute
Marcelo Javelly, Director, FOVI (Housing Trust Fund of the Bank
of Mexico
- " Jose Hernandez Delgado, Director General, Nacional Financiera
- " Cocktails - Mexican Bankers Association:
Rolando Vega, President of Mexican Bankers Association; General
Director, Banco de Industria y Comercio
Jose Luis Pastrana, Vice President, Mexican Bankers Association;
Director, Financiera del Norte
Antonio Armendariz, Director, National Bank for Foreign Trade
Jesus Robles Martinez, General Director, National Bank for Public
Works and Services
Emilio Alanis Patino, Deputy Director, National Agricultural Bank
Miguel Mancera, Foreign Manager, Bank of Mexico
Antonio Enriquez Savignac, Advisor, Bank of Mexico
Agustin Legorreta, General Director, Banco Nacional de Mexico
Manuel Espinosa Iglesias, General Director, Banco de Comercio
Jose Antonio Cesar, General Director, Banco de Londres y Mexico
- 12/7/69 Emilio Riva Palacio, Governor, Cuernavaca, Morelos
(Cuernavaca)
- 12/8/69 President Gustavo Diaz Ordaz
(Mex. City) Antonio Ortiz Mena, Minister of Finance
- " Don Rodrigo Gomez, Director General of the Bank of Mexico

VISIT TO MEXICO

BRIEFING PAPERS

- 1 ITINERARY
- 2 MAP
- 3 BRIEFING PAPER
- 4 LENDING PROGRAM
- 5 BANK LOANS
- 6 MEXICO'S SUBSCRIPTIONS TO THE BANK
- 7 CABINET LIST
- 8 PERSONALITIES

1

<u>DATE</u>	<u>TIME</u>	<u>GMT.</u>	<u>DETAILS</u>
Sunday December 7	0800 1400 1630 1700 2130 2500		Leave for Cuernavaca by car. Visits to farmers. Private luncheon in Cuernavaca by Minister of Finance. Return to Mexico City by car. <i>M. DORTIZ MENA</i> Ballet Folklorico de Mexico.
Monday December 8	<i>0900</i> <i>MTG with Roberto Gomez at Pk Mexico</i> 1000 <i>1100</i> <i>MTG with P. DIAZ</i> <i>1415</i> <i>leave for air</i> 1550 2150 2235 0335		<i>1000</i> Meetings with President, Minister of Finance, followed by meetings at the Ministry of Finance, Central Bank and National Financiera <i>Mr. Hernandez Delgado</i> Depart Mexico City AA50 via Dallas. <i>1700</i> Arrive Washington Dulles.

accom. by Mr. Ortiz Mena

1100 MTG with P. DIAZ

L.E. Christoffersen
November 24, 1969

Tentative Program for Visit of
Mr. and Mrs. McNamara to Mexico
December 5-8, 1969

Friday December 5	2140	Arrive at Mexico City international airport by flight PA502. Proceed to Hotel Maria Isabel.
Saturday December 6	0800- 1000	Tour of Mexico City by car, visiting workers' housing, the University City and the new metro.
	1030- 1230	Archaeological Museum.
	1330- 1530	Small lunch to be arranged by Bank of Mexico at Los Murales Restaurant.
	1630	Meeting at Hotel with small group of Mexican economists.
	1930	Reception at Bankers' Club. Government officials and private sector representatives.
		Evening free.
Sunday December 7	0800	Leave for Cuernavaca by car accompanied by agricultural officials of Bank of Mexico. Visit ejidos and small farmers in Cuernavaca area.
	1400	Lunch by Minister of Finance at his home in Cuernavaca.
	1630	Return to Mexico City by car.
	2130	Ballet Folklorico de Mexico.
Monday December 8	1000	Official calls on President, Finance Minister, Central Bank and National Financiera.
	1415	Leave hotel for airport.
	1550	Depart airport for Washington AA50.
	2235	Arrive Washington--Dulles.

November 24, 1969

VISIT OF MR. ROBERT S. McNAMARA, PRESIDENT OF THE INTERNATIONAL BANK OF RECONSTRUCTION AND DEVELOPMENT, AND ACCOMPANYING GROUP, TO MEXICO CITY.

(December 5th to 8th, 1969)

Mr. Robert S. McNamara, and wife.
Mr. Leif Christoffersen - Assistant.
Mr. Luis Machado - Executive Director.
Mr. William Clark - Director, Banking Information Department.
Mr. Peter Wright - Deputy Director, Western Hemisphere Department.

Total: six persons.

Special attending hosts in Mexico: Lic. Jesús Silva-Herzog, and wife.

Arrival in Mexico City: Friday, December 5th, 21:40 P.M.
Flight PA 502.

SATURDAY, DEC. 6th

8:30 A.M.

Visit to Housing Developments:

- 1) "Unidad Legaria" (IMSS, The Mexican Social Security Institute)
In charge of visit:
Dr. Pío Alcántara, Head, Housing Dept.
- 2) "Loma Hermosa" (FOVI, Operational and Discount Fund for Low-Cost Housing)
In charge of visit:
Lic. Marcelo Javelly, Director, FOVI.

10:30 to 11:30 A.M. or
12:00 noon

Visit to the Anthropological Museum.

Ing. Bernardo Quintana, President of ICA (Associated Civil Engineers) and constructor of the Metro will join the group here.

Board the "Metro" at Chapultepec Station, deboarding at Insurgentes Station, where automobiles will be waiting.

...

Tour of the National University grounds.
(optional)

1:00 P.M.

Luncheon at the San Angel Inn Restaurant,
offered by Lic. José Hernández Delgado,
Director General of Nacional Financiera
and Mr. Rodrigo Gómez, Director General
of the Banco de México.

Guests:

Visiting Group

Mr. Rodrigo Gómez, and wife;
Lic. José Hernández Delgado, and wife;
Dr. Alfredo Navarrete,
Lic. Mario Ramón Beteta, and wife;
Lic. Jesús Silva Herzog, and wife;
Ing. Bernardo Quintana, and wife;
Miss Concepción Pérez Castro.

4:00 P.M.

Chat with economists at the Hotel María Isabel,
Malmaison Suite 18th Floor.

*potential finance minister
bright, able, gay, fluent in
English; proposed a
population program; I sat next
to his wife
Mr. Hunt in English;
likely successor to
Delgado; proposed the
Hornstein; wife is the
Director of the
Economics Dept.*

*Lic. Mario Ramón Beteta,
Director of Credit, Ministry of Finance and
Public Credit.
*Lic. Ernesto Fernández Hurtado, *cordial, competent, articulate
in English; likely
successor*
Deputy Director General, Banco de México, S.A.
Dr. Alfredo Navarrete,
Director, Nacional Financiera.
Lic. Eliseo Mendoza,
Director, Center for Economic Studies, Colegio
de México.
Lic. ~~Gustavo Petriciotti~~,
Director of Fiscal Research, Ministry of
Finance and Public Credit.
* Lic. Rafael Izquierdo, *ablest economist I spoke to*
Advisor, Banco de México, S.A. *fluent in English.*
Lic. Leopoldo Solís, *very able young economist; fluent in
English.*
Head of Economic Research, Banco de México,
S.A.

7:00 P.M.

Cocktail-Buffer offered by the Mexican Bankers'
Association (Hacienda de los Morales Restaurant,
Salón de los Arcos).

*Francisco Rojas of the Bank independent
appearance of policies, progress, and
institutions. Proposed a change in development
mix with emphasis on rural development.*

SUNDAY, DEC. 7th

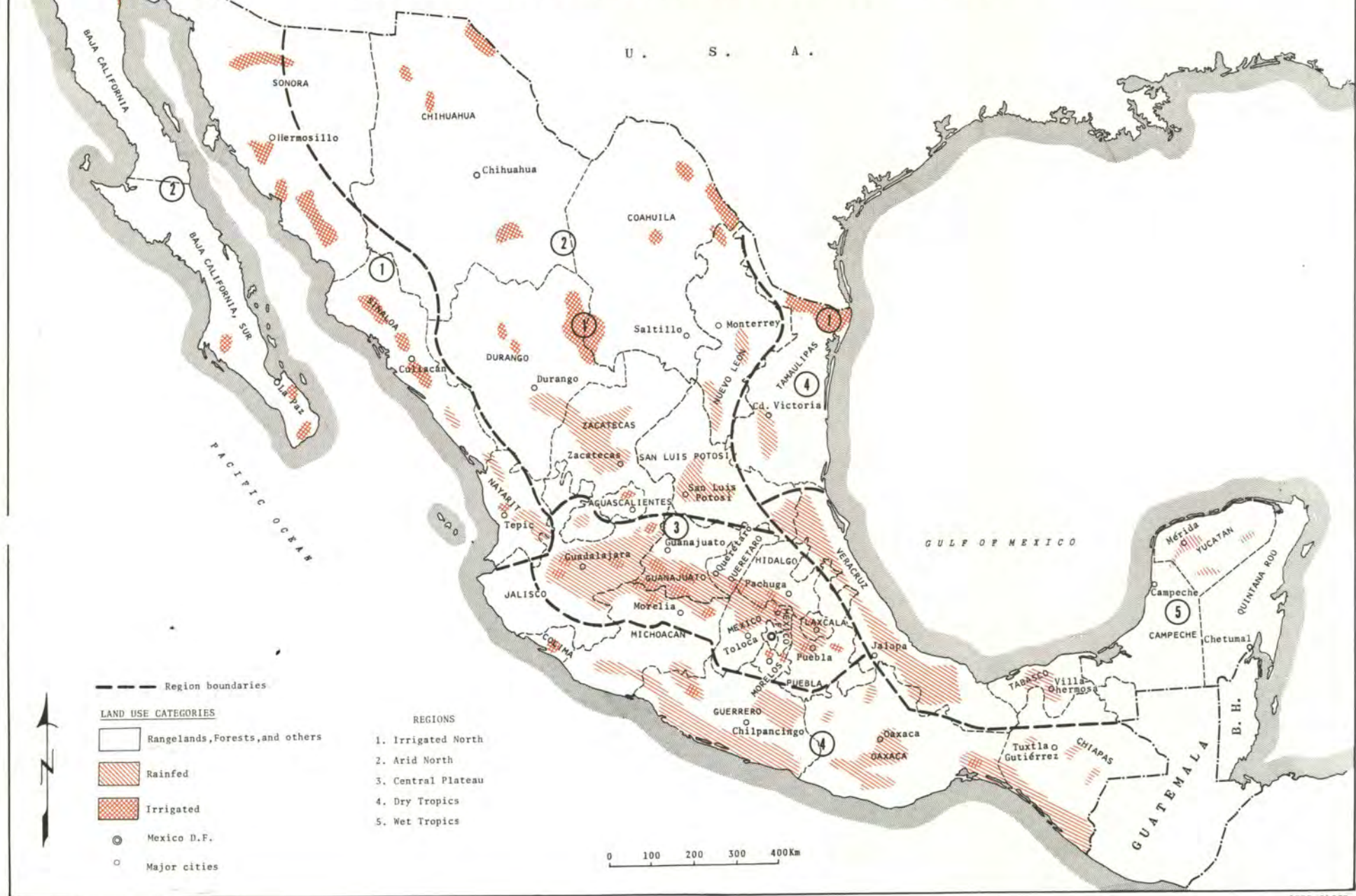
- 8:30 A.M. Departure for Cuernavaca.
- Visit to "ejidos" in the zone of Zacatepec and Jojutla, Morelos.
The ladies may follow a separate program, if so desired.
- 1:00 P.M. Luncheon at the home of Lic. Antonio Ortiz Mena.
- Between 4:30 and 5:00 P.M. Departure for Mexico City.
- 8:00 P.M. Performance of the "Ballet Folklórico" (accompanied by Lic. Jesús Silva Herzog, and wife)

MONDAY, DEC. 8th

- 9:00 A.M. Visit with Mr. Rodrigo Gómez, Director General, Banco de México.
- 10:00 A.M. Visit with Lic. Antonio Ortiz Mena, Secretary of Finance and Public Credit, and Lic. Gustavo Díaz Ordaz, President of the Republic.
- Visit with Lic. José Hernández Delgado, Director General, Nacional Financiera.
- 00:40 P.M. Return to Hotel María Isabel.
- 2:30 P.M. Departure for the Mexico City Airport.

2

MEXICO
 LIVESTOCK AND AGRICULTURAL DEVELOPMENT PROJECT
 COUNTRYWIDE LIVESTOCK AND AGRICULTURAL DEVELOPMENT SUB-PROJECT
 ECOLOGICALLY HOMOGENEOUS AND LAND USE REGIONS



--- Region boundaries

LAND USE CATEGORIES

□ Rangelands, Forests, and others

▨ Rainfed

▩ Irrigated

⊙ Mexico D.F.

○ Major cities

REGIONS

1. Irrigated North

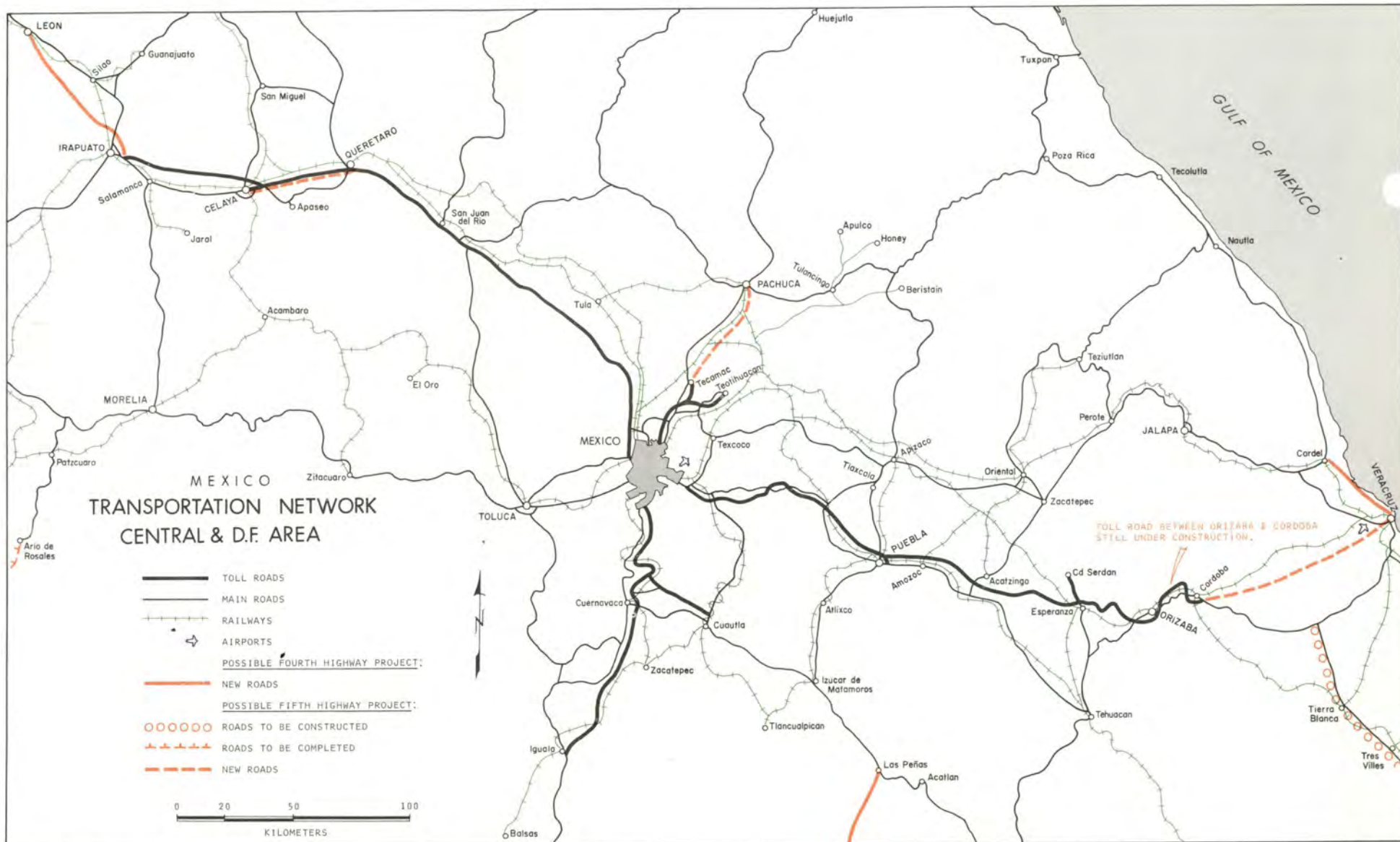
2. Arid North

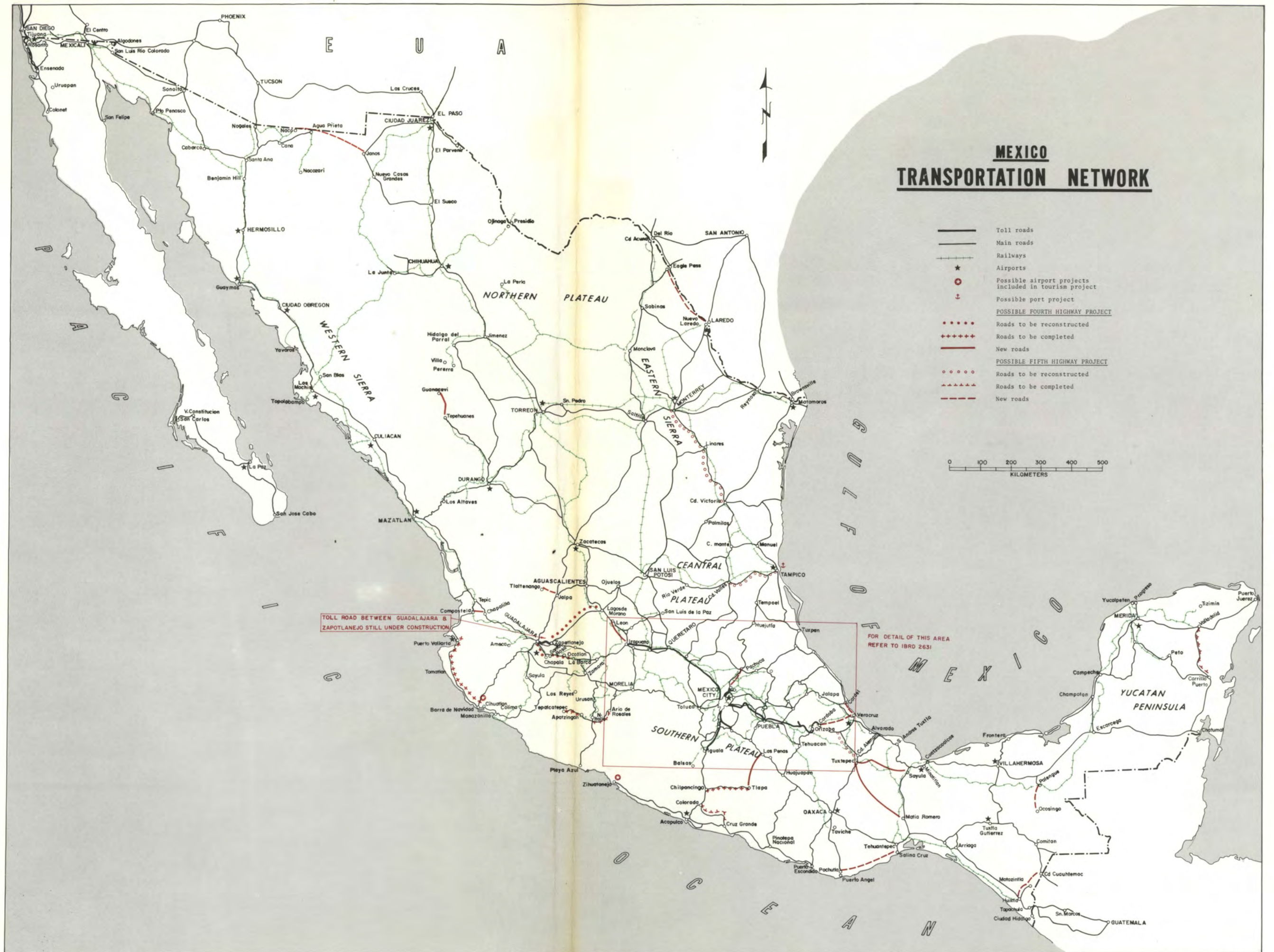
3. Central Plateau

4. Dry Tropics

5. Wet Tropics

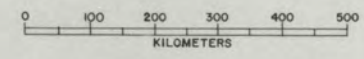
0 100 200 300 400 Km





MEXICO TRANSPORTATION NETWORK

- Toll roads
- Main roads
- Railways
- Airports
- Possible airport projects included in tourism project
- Possible port project
- POSSIBLE FOURTH HIGHWAY PROJECT**
- Roads to be reconstructed
- Roads to be completed
- New roads
- POSSIBLE FIFTH HIGHWAY PROJECT**
- Roads to be reconstructed
- Roads to be completed
- New roads



TOLL ROAD BETWEEN GUADALAJARA & ZAPOTLANEJO STILL UNDER CONSTRUCTION

FOR DETAIL OF THIS AREA REFER TO IBRD 2631

3

Briefing Paper for Visit to Mexico

December 5-8, 1969

Economic Development

1. Mexico, with a GDP of around \$30 billion a year, has the second largest economy (after India and just ahead of Spain and Brazil) of all the countries to which the Bank is presently lending. It will shortly displace Japan as the Bank's second largest borrower. Mexico's remarkable success in sustaining a 6-7 percent growth rate for as long as fifteen years (see Chapter I of the latest Bank Economic Report) has been attributed to a unique combination of factors which distinguish it from other countries in Latin America. The revolution which started in 1910, and may have claimed a million lives in the succeeding ten years, has done much to promote social mobility and to strengthen the sense of national identity, already encouraged during the previous century by conflict with the United States and experience of European intervention. Proximity to the United States has exposed the country to modern ideas and technology, provided an important market for Mexican agricultural products and made possible the rapid expansion of the tourist trade, which is now much the most important single source of foreign exchange earnings. Intelligent economic and financial policies, supported by a continuity of economic management unparalleled elsewhere in Latin America, have safeguarded internal and external financial stability and built up Mexico's credit standing abroad. There has been no formal economic planning process, but a high degree of pragmatism and freedom from economic dogma; and State ownership and control of a large sector of production (petroleum and petrochemicals, mining, some heavy industry, electric power, railways) has not been allowed to inhibit the growth of a vigorous private sector. Taxation has been kept very low (under 9 percent of GDP), but private savings have been encouraged, and a considerable proportion of these savings has been channelled into the public sector through the banking system.

2. While per capita GDP has risen from around \$200 a year in the middle 1950s to \$500 a year today, the increased income has been very unevenly distributed. Some 40 percent of the population still work in agriculture, but agriculture accounts for only 15 percent of the national income. Within the agricultural sector itself there is a sharp contrast between the prosperous conditions of the larger private farms, particularly in the irrigated north and along the coast of the Gulf of Mexico, and the desperate poverty of the ejidos which is mainly concentrated in the central plateau and along the central and south Pacific coast (for Mr. Ladejinsky's view of the ejido problem, see Annex VII of the 1966

Bank Economic Report attached). Contrasts between rich and poor in the urban areas are also very striking. But organized workers and the growing middle class have obtained a fair share of the benefits of economic development, and the duality of the economy is perhaps less evident in the towns than in the countryside. Rural education and health services have not been given much attention, and away from the main roads communications in most parts of the country are still very primitive.

3. Relatively little has been done in Mexico to redistribute income through taxation and expenditure on social services, and the tensions resulting from the disparities between the different classes in society are becoming a matter of rising national concern. At the same time, the rapid growth of population ($3\frac{1}{2}$ percent a year) is eating up a substantial part of the gains achieved by economic expansion and could become an increasingly serious problem if anything happened to slow this expansion down.

4. There are other flaws in Mexico's generally brilliant economic performance. Inadequate attention has been given not only to rural schools, but also, in the opinion of some Mexican observers, to expenditures on higher education. Agricultural policies are open to criticism on a number of counts (Economic Report, on pages 16-19). Manufacturing industries have been heavily protected and costs are high, though not so high as in countries like Argentina, Brazil or Venezuela. Mexico has become overly dependent on imported technology, and not enough money has been spent on industrial research. Development of minerals, forests and other natural resources has been held back by excessive emphasis on conservation and opposition to foreign exploitation. The railways are a serious drain on the Federal budget, the ports are inefficiently run by several different agencies, and air safety has become a matter of concern for lack of adequate attention to navigational aids and meteorological services. More generally, weakness in the central coordination of economic policies and the absence of long-range investment planning have resulted in some misdirection of resources and occasional disregard of obvious economic priorities. Prompted by the Bank, some progress has been made in recent years in the direction of coordinating public investment on a short-term basis, but results have so far been limited.

5. So long as Mexico is successful in maintaining a high rate of growth without excessive reliance on external borrowing, it is difficult to find serious fault with its development policies, and the Bank is certainly not in a position at present to exercise much leverage on these policies. There are, however, signs that the economy may be running into trouble

as a result of the sharp deterioration in the balance of payments on current account which has taken place since 1966. The problem is discussed in the Summary and Conclusions and Chapter IV of the Bank's latest Economic Report. The report emphasizes the need to increase both public savings and exports and suggests that some slowing down in the growth of internal demand (especially of public investment) may anyhow be necessary in the short run to safeguard the balance of payments and maintain Mexico's credit standing abroad.

6. This last conclusion is fully in conformity with the thinking of the Ministry of Finance, the Bank of Mexico and the officials presently responsible for the control of public expenditures in the Ministry of the Presidency. A new Administration will, however, be taking office a year from now (see paragraph 9 below), and the last year of an outgoing Administration has traditionally been a period of sharply stepped up public expenditure and increasing external indebtedness. Pressures for an expansionist investment policy are already coming from various public agencies which are in a position to mobilize internal and external resources for development outside the budget of the Federal Government, e.g. Nacional Financiera, which mainly finances the private sector; the Banco de Obras y Servicios Publicos, which borrows abroad for the public sector; and the Federal District, which is presently undertaking large investments in the Mexico City subway and water and sewerage and enjoys a considerable degree of financial autonomy. It is an open question whether, during the next twelve months, the Finance Minister and the Bank of Mexico will receive the support they will need from the President and his designated successor (known as the Candidate) to keep public and private expenditures down to levels that can be financed without excessive borrowing at home and abroad.

7. The situation is not yet critical, but it certainly needs watching, particularly in view of the fact that general wage and salary increases are to be granted next year under a new Labor Law (internal prices have recently been under pressure as a result of a poor agricultural year during which production was adversely affected in some parts of the country by drought and in others by excessive rainfall). As the Economic Report points out, the Mexican authorities have been slow in taking the action required to increase tax revenues, and we were informed only last week that the value-added tax, which was to have been introduced this year, has now been once again postponed, this time until the end of 1970. More serious, the Government is dragging its feet on improvements in tax administration, which represent much the most promising means of raising revenues in the short run (see special report prepared by tax consultant to the last economic mission). The importance of a vigorous export promotion drive is well recognised, and the Bank of Mexico is now going

ahead with a new program of tourist development, but action to date on both these fronts has fallen some way short of what the balance of payments situation seems to call for.

Political Situation

8. Mexico's one-party system does not encourage public disagreement and the Mexican Press is one of the least informative on political matters of any major country in the Western world. Issues of public policy tend to be thrashed out within the ruling party (Partido Revolucionario Institucional) where the principal power groups are those representing organized labor and private business, with the professionals and middle-class intellectuals as a third force. The peasants have their own organization within the party, but to judge by results it does not carry the same weight as the urban interests. At the last presidential elections in 1964 the PRI won 86 percent of the vote, and of the three other legally constituted parties only one (Partido Accion Nacional) is of any consequence and is running a candidate in next year's presidential elections. PAN, which is a party of liberal-conservative convictions, has also been active in local elections and has had some success in Yucatan where there has been discontent caused by the decline of the henequen industry, and also in Mexicali on the Californian border where there have been problems over cotton.

9. The next elections for the President and Congress will be held in the middle of 1970, but the results of these elections are a more or less foregone conclusion, and the Candidate of the PRI (Luis Echeverria) is already touring the country and showing himself to the people in the traditional manner. As Minister of Government, the Candidate (see note under personalities) played a major role in suppressing the student disturbances which broke out shortly before the Olympic Games in the late summer of 1968. These disturbances, which were put down by the police with considerable loss of life, came as a severe jolt to the Government. If the army had had to be called in, as nearly happened, the political consequences could have been even more serious. Many of those arrested at the time are still in gaol, and it is notable that ex-President Cardenas, perhaps the most widely respected political figure in Mexico, recently called for their release. Mr. Echeverria has the reputation of holding middle-of-the-road views and he is said to favor a policy of doing more for the underprivileged groups, particularly in the rural areas. However, he has little room for manoeuver in the present economic situation.

10. The complexion of the new Administration and of the policies which it is likely to follow may not become apparent for another year, for it does not take office until December 1, 1970, and it is only then that the names of the new Cabinet will be announced. The Minister of Finance,

Mr. Ortiz Mena, and the Director of the Bank of Mexico, Mr. Rodrigo Gomez, have been together twelve years in their present posts (Mr. Gomez has held his since 1952) and it is their partnership more than anything else which has ensured continuity in the management of the economy during this period. Mr. Gomez is definitely retiring next year. Mr. Ortiz Mena, who is still in his early sixties, could stay on, but this will probably depend on how far the new President feels that he needs him to bolster external confidence in the Mexican economy. Many possible successors have been mentioned, and the question of the succession will no doubt remain a fertile subject for cocktail conversation in Mexico over the next twelve months.

Bank Relations with Mexico

11. The Bank's relations with Mexico have always been friendly, but something short of intimate. Currently, with a lending program averaging around \$100 million a year, we are supplying less than one tenth of the gross capital inflow which Mexico obtains from abroad, and while the Bank plays a major role in financing the national power program, in other sectors of public investment our contribution is relatively small. Lending to the private sector for agriculture and livestock through the Fondo de Garantia of the Bank of Mexico has become an increasingly important feature of our operations in recent years, and both the Fondo and the federal electricity commission (CFE) are institutions which the Bank has helped to build up. Other important areas of Bank lending in the recent past have been federal highways, including toll roads, and major irrigation in the north, but the Inter-American Development Bank, which is more liberal in financing local currency costs, has been increasing the scope of its activities in both these sectors, and we have been virtually cut out of irrigation for the time being (we also have some serious problems with our on-going irrigation projects, particularly with respect to cotton production, on which their economic justification was largely based). The Bank is still active in highway financing, and a mission has recently been in Mexico to appraise a new project consisting of a group of Federal roads selected according to somewhat questionable criteria by the Ministry of Public Works. We are also considering a project for tourist development on the Pacific coast and, more remotely, a project for the development of forest industries in the State of Guerrero. (IFC is well advanced with the study of a competing private sector project for the manufacture of newsprint from bagasse, which rather surprisingly appears more economical, and the emphasis of the Guerrero project will have to be shifted from newsprint to other timber products.)

12. Currently the impending negotiation of a third power sector loan, and related discussions on joint financing (on which a meeting is to be held in Paris just before Christmas), occupy the front of the stage in our operations in Mexico. We are trying to limit the amount of the Bank loan to \$125 million (we started with \$100 million), and the problem is to work out a formula for joint financing which would ensure that the rest of the external credits required (about \$75 million) are provided by the equipment-supplying countries. We are also concerned over the delays that have taken place in Mexico in carrying through a program of frequency unification (Mexico City operates on 50 cycles, most of the rest of the country on 60 cycles) which was the subject of understandings reached during the negotiation of previous Bank power loans. The Mexican authorities have repeatedly assured us that they intend to proceed with this program, but a series of difficulties has arisen, now hopefully resolved, partly over relations with the labor unions and partly between CFE and Centro, the publicly-owned company responsible for power supply in Mexico City.

13. The principal contribution which the Bank has made to Mexico's economic development has consisted of the transfer of resources involved in lending a total of \$832 million over twenty years (for details see table attached). Increasingly, the Bank's operations in Mexico have taken on the characteristics of program lending, and the financing of power and agricultural credit is readily adaptable to this approach now that competent institutions have been created, ensuring quick disbursement of Bank loans and requiring little detailed supervision. We have been trying to reduce the proportion of our lending that goes for power, now about 50 percent, since this is a sector which is particularly attractive to suppliers' credits, and there is little more that we can expect to achieve in the way of institution-building or influence over policy. However, we have not been very successful so far in diversifying our lending, and the Mexicans naturally prefer the Bank's money to its advice. They are resolutely opposed to having external agencies involved in the financing of education (an understandable point of view), it is very difficult to find projects with a demonstrably high rate of economic return in traditional agriculture, and past Bank policies have not been very conducive to the financing of industry and urban development.

14. Consideration of a Bank loan for water and sewerage in Mexico City was well advanced in mid-1967, but fell through partly because of hesitations on our side prompted by concern over shortage of funds, but mainly because of opposition on the part of the Mayor of the Federal District.

We were very recently sounded out with regard to our possible interest in providing finance for the modernization and development of export industries through the Bank of Mexico, but our (reasonable) objection to subsidizing interest rates, coupled with a good deal of uncertainty on the Mexican side as to how the scheme would operate, has resulted in the suggestion being withdrawn, at any rate for the time being. The tourist project, after being delayed by institutional problems in Mexico (land acquisition, relations between the Bank of Mexico and the Tourist Department), has come alive again, but the sums involved are small (possibly \$7-9 million), and although the sector is one of indisputably high economic priority, the Bank is likely to have a lot of questions about the specific investments proposed, particularly as many different sectors are involved (airport, roads, public utilities, urban development). Forestry and fishing both offer interesting possibilities for Bank financing, but these two are relatively new and untried fields of Bank lending in which we may have difficulty in moving very fast. All this makes it very difficult at the moment to define a meaningful lending program.

15. Should we be concerned about the lack of projects suitable for Bank financing? On what scale does Mexico really need Bank support? What should be our response to the failings of economic policy, particularly on the fiscal side, which are identified in paragraphs 1-7 above? Can the Bank do anything to bring about greater awareness of the danger of excessive population growth? Can we influence the allocation of resources in favor of the "have-nots" of Mexican society? The short answer to these questions is that the Mexican authorities do not feel that they are in need of outside advice, and they can reasonably claim to have made a pretty good job of economic development. In a sense, the Bank can be fairly relaxed about lending to Mexico. At least there is little point in our trying to force projects upon the country. Nevertheless, the contribution which Bank economic missions have made over time to stimulating thought about Mexico's economic policies, and to strengthening the coordination of public investment, is very much appreciated in the Ministry of Finance and the Bank of Mexico, and we can be sure of a sympathetic hearing in these quarters to any views which the Bank expresses. Mexico is possibly the last country in the world in which the overt exercise of leverage can be expected to pay off at present and it is notably resistant (for historical reasons) to suggestions that its population should be limited. But, quite apart from its lending, the Bank may be in a position to help Mexico, not only in terms of the image presented to the international financial community through our economic reports, but also in Mexico's relations with the United States Government in such matters as trade policy, the development of border industries and the negotiation of more favorable air fares for tourists, all of which are potentially of great importance for the further development of the Mexican economy.

16. Mexico can also be helpful to the Bank. It has purchased substantial amounts of the Bank's two year special bonds, of which it now holds \$17.5 million. It might be persuaded to contribute to the next replenishment of IDA, although past efforts made at the staff level to secure releases of Mexico's IDA subscription for use outside Mexico have not been successful (part of the subscription has been used to finance purchases in Mexico). Mexico moreover has a role to play in assisting the development of other countries in Central America and the Caribbean (a Mexican consulting firm is carrying out studies into an irrigation project which we may finance in the Dominican Republic; there are possibilities of power interconnection between Mexico and Guatemala; Jamaican officials have visited Mexico at our suggestion to study the organization of agricultural credit). Mexico could in fact be another Japan. We should welcome its self-confidence and hope that it is justified.

Western Hemisphere Department

November 26, 1969

INTERNATIONAL FINANCE CORPORATION

Briefing Paper on Mexico

I. PAST IFC ACTIVITY IN MEXICO

IFC has assisted seven industrial corporations in Mexico with a total commitment of \$29 million, consisting of \$6.5 million in operational investments and \$22.5 million of standby and underwriting commitments. Of the above investments, the following four have been closed out:

<u>Year of Investment</u>	<u>Company</u>	<u>Product</u>	<u>Original Amount</u>	<u>% Return On Investment</u>
1957/1958	Spicer, S.A.	auto parts	\$800,000	8.34
1957	Bristol de Mexico, S.A.	aircraft maintenance	520,000	7.03
1960	Acero Solar, S.A.	steel	280,000	7.13
1963	Quimica del Rey, S.A.	chemicals	750,000	23.00

The existing investments in Mexico are as follows:

<u>Cia. Fundidora de Fierro y Acero de Monterrey, S.A.</u>		<u>Original Amount</u>	<u>Held by IFC as of Sept. 30, 1969</u>
<u>Equity:</u>	Operational Investments	\$1,952,073	\$1,419,683
	Underwriting Commitments	19,497,338	
<u>Convertible Debentures:</u>	Underwriting Commitment	2,292,000	1,298,800
 <u>Industria del Hierro, S.A.</u>			
<u>Equity:</u>	Operational Investment	1,961,569	1,441,153
 <u>Tubos de Acero de Mexico, S.A.</u>			
<u>Loan:</u>	Operational Investment	250,000	91,000
	Standby Commitment	750,000	

The major portion of IFC's commitments in Mexico have been to assist Mexico's largest privately-owned integrated steel company, Compania Fundidora de Fierro y Acero de Monterrey, S.A. (Fundidora), which ranks second in steel production only to the Government-owned Altos Hornos de Mexico, S.A. IFC

participated in the underwriting of four share issues offered by Fundidora over the past seven years (1962, 1964, 1966 and 1968), and in the underwriting and private placement of convertible debentures issued in 1966, concurrently with that year's share issue. The total IFC investments in Fundidora were \$2.0 million in operational investments and \$21.8 million in underwriting commitments.

IFC has been attempting to sell portions of its holdings of Industria del Hierro and was recently successful in obtaining the agreement of the Mexican group who are the sponsors of Industria del Hierro to purchase \$450,000 of IFC's current share holding at a price 25% over IFC's original cost.

As of September 30, 1969, IFC held total loans and equity (at cost) of \$4,250,636 including two equity investments totalling \$2,860,836.

II. INVESTMENTS UNDER CONSIDERATION

	- - - - - \$ mil. - - - - -	
	<u>Total Project</u>	<u>Proposed IFC</u>
	<u>Cost</u>	<u>Investment</u>
(a) <u>Minera del Norte, S.A.</u>	4.6	1.5

IFC is considering a proposed loan investment of \$1.5 million to Minera del Norte, S.A., which is a subsidiary of Fundidora. The loan would assist in financing the development of Mexico's largest proven iron ore reserves, located in the State of Coahuila, Mexico. The concessions to these deposits are held by Fundidora and the project is necessary to assure the continued availability and supply of iron ore to Fundidora. The loan would be guaranteed by Fundidora, would be payable in 20 equal semi-annual installments commencing in 1972, would bear 9½% annual interest and would be conditioned on additional fixed and variable payments to IFC based on the production and sale of iron ore by Minera del Norte. Assuming final IFC approval of the investment, it is to be considered by the Board on December 16, 1969.

(b) <u>Bagasse Newsprint</u>	<u>Total Project</u>	<u>Proposed IFC</u>
	<u>Cost (\$ mil.)</u>	<u>Investment</u>
	about 107	not yet determined

The project would be the first plant in the world to produce newsprint from bagasse on a commercial scale. The sponsors include private Mexican interests, including Romulo O'Farrill, publisher of Mexico's largest newspaper and other enterprises, and Dante S. Cusi, the President and a major shareholder of an important paper company and inventor of the proposed process; Consolidated Bathurst Limited of Montreal (a large newsprint producer in Canada); and Nacional Financiera (the executing agency for the Mexican Government). The process is a modification of a successful bagasse pulping technique (for the manufacture of

paper, not newsprint) used for many years by a profitable Mexican paper company (50% owned by Scott Paper Company of the U.S.). Total estimated costs of the project (as currently defined) including initial working capital requirements and interest during construction, is about US\$107 million. The plant's total annual capacity would be 190,000 tons of newsprint, all of which is earmarked for domestic consumption. Our estimates, based on existing studies of the project, indicate that the plant's output would be competitive with imports and would be cheaper than newsprint produced in Mexico from wood. (The Mexican Government has been considering the possibility of a wood-based newsprint project in the State of Guerrero.)

IFC is now preparing a report on the feasibility of the project for the Mexican Government and the other sponsors.

(c) <u>Celanese Mexicana, S.A.</u>	<u>Total Project Cost (\$ mil.)</u>	<u>Proposed IFC Investment</u>
	48	not yet determined

IFC has been approached by Banco Nacional de Mexico, S.A., one of the most influential of the private Mexican commercial banks, with a request that it consider assisting in the underwriting of a \$28 million, equivalent, issue of debentures of Celanese Mexicana, S.A., an important Mexican industrial company owned 40% by Celanese Corporation (U.S.). The Mexican Company is initiating a \$48 million expansion program. Banco Nacional has come to IFC because the issue is considered too large to be placed entirely on the Mexican market. Although the status of the inquiry is relatively preliminary and little information is now available to IFC on the exact nature of the financing, the proposition is considered sufficiently serious; and meetings have been scheduled shortly with Banco Nacional officials to discuss the relevant details including the amounts that might be underwritten both in Mexico and abroad, the amount of IFC's exposure and the terms and conditions of the proposed paper.

(d) <u>General Popo, S.A.</u>	<u>Total Project Cost (\$ mil.)</u>	<u>Proposed IFC Investment</u>
	13.1	not yet determined

This Mexican company, which is about 77% owned by General Tire of the U.S., proposes an expansion and is exploring several alternative sources of financing. It has made a very preliminary inquiry to explore possible IFC financing and the U.S. sponsor has indicated that it will visit IFC toward the end of the year to explore the proposal further; IFC currently knows very little about the project.

(e) <u>Tourism</u>	<u>Total Project Cost</u>	<u>Proposed IFC Investment</u>
		Not yet determined

IFC was approached in December 1968 by Mr. Manuel Espinosa Yglesias, the President of Mexico's second largest commercial bank (Banco de Comercio) with

a view toward obtaining IFC's participation in developing tourist facilities primarily in the Yucatan area. IFC has agreed to consider the proposal when it has been sufficiently developed and if IFC's presence is needed for the realization of the various projects.

III. FUTURE PROSPECTS FOR IFC ACTIVITY

Assisted by a favorable environment of a strong economy and of stable government, substantive investment opportunities toward which IFC financial and technical assistance could make a positive contribution will continue to be pursued. IFC's primary efforts will be directed toward projects and transactions involving major contributions to the development of Mexico's capital markets. We already have close relations with the principal private financial institutions in Mexico, including Banco Nacional de Mexico, Banco de Comercio and Banco de Londres y Mexico.

November 25, 1969

M E X I C O

List of Some Prominent People
in the Private Sector

Commercial Banks

Agustin <u>LEGORRETA</u>	Banco Nacional de Mexico
Manuel <u>ESPINOSA YGLESIAS</u>	Banco de Comercio
Jose Antonio <u>CESAR</u>)	Banco de Londres y Mexico
Eduardo <u>MONTALVO</u>)	

Business and Industry

Bernardo <u>QUINTANA</u>	(Ingenieros Civiles Asociados (Industria del Hierro
Carlos <u>PRIETO</u>	Fundidora de Monterrey
Bruno <u>PAGLIAI</u>	(Intercontinental S.A. (T.A.M.S.A.
Carlos <u>TROUYET</u>	Telefonos de Mexico
Jesus <u>ROBLES MARTINEZ</u>	Banco Hipotecario
Francisco <u>MALDONADO</u>	Compania General de Aceptaciones
Raul <u>BAILLERES</u>)	Credito Minero Mercantil
Luis <u>LATAPI</u>)	
Jose <u>CARRAL</u>	Bank of America
Gregorio <u>RAMIREZ</u>	Trailers de Monterrey
Juan <u>SANCHEZ NAVARRO</u>	Cerveceria Modelo
Antonio <u>SACRISTAN</u>	Credito Industrial
Rolando <u>VEGA</u>	Presidente Asociacion Bancaria

4

MEXICO - 5 YEAR LENDING PROGRAM

(\$millions)

		Fiscal year					Total	Total	
		1969	1970	1971	1972	1973	1974	1964-68	1969-73
Livestock	IBRD	65.0							
Irrigation	IBRD			30.0 *					
Irrigation Unidentified	IBRD					40.0			
Livestock II	IBRD				50.0				
Forest Industry Complex	IBRD			25.0					
Power Sector III	IBRD		100.0 **						
Power Sector IV	IBRD				80.0				
Power Sector V	IBRD						60.0		
Pacific Coast Tourism	IBRD			15.0					
Tourism Unidentified	IBRD						10.0		
Highways VI	IBRD		25.0						
Highways VII	IBRD			20.0					
Highways VIII	IBRD					30.0			
	IBRD	<u>65.0</u>	<u>125.0</u>	<u>90.0</u>	<u>130.0</u>	<u>80.0</u>	<u>60.0</u>	<u>368.5</u>	<u>490.0</u>
No.		1	2	4 60	2	3	1	9	12

P & B 9/12/69

*Subsequently eliminated from Lending Program

**Subsequently increased to \$125 Million

5

MEXICO: BANK LOANS ^{1/}
(US \$ equivalent)

<u>Sector</u>	<u>Year of Agreement</u>	<u>Amount</u>	<u>Percent</u>
POWER	1949	24,100,000	
	1950	26,000,000	
	1952	29,700,000	
	1958	11,000,000	
	1958	34,000,000	
	1962	130,000,000	
	1965	93,400,000	
	1965	16,600,000	
	1968	90,000,000	
		<u>Total: 9 loans</u>	<u>454,800,000</u>
INDUSTRY	1950	527,888	
		<u>Total: 1 loan</u>	<u>527,888</u>
RAILWAYS	1954	61,000,000	
		<u>Total: 1 loan</u>	<u>61,000,000</u>
ROADS	1960	24,974,000	
	1962	30,500,000	
	1963	39,280,000	
	1965	32,000,000	
	1968	27,500,000	
		<u>Total: 5 loans</u>	<u>154,254,000</u>
IRRIGATION	1961	14,925,000	
	1963	12,500,000	
	1966	19,000,000	
	1968	25,000,000	
		<u>Total: 4 loans</u>	<u>71,425,000</u>
AGRICULTURE	1965	25,000,000	
	1969	65,000,000	
		<u>Total: 2 loans</u>	<u>90,000,000</u>
<u>TOTAL BANK LENDING</u>	<u>Total: 22 loans</u>	<u>832,006,888</u>	<u>100.0%</u>

1/ Net of cancellations.

6

MEXICO'S CAPITAL SUBSCRIPTION AND PAYMENTS
(Figures in US dollars or dollar equivalent)

1. Capital Subscriptions

(a) Original capital subscription	65,000,000
(b) 100% increase in capital subscription (1969) <u>1/</u>	65,000,000
(c) Special increase in capital (1969)	43,300,000
(d) Additional increase in capital (1966)	<u>34,700,000</u>
Total subscribed capital	<u>208,000,000</u>

2. Payment in US dollars

(a) Original subscription <u>2/</u>	1,300,000
(b) 100% increase in capital subscription (1969)	--
(c) 1969 special increase <u>3/</u>	433,000
(d) 1967 additional increase	<u>347,000</u>
Total	<u>2,080,000</u>

3. 9% paid-in portion

(a) 18% of original subscription	11,700,000
(b) of 100% increase in capital subscription	--
(c) 9% of 1969 special increase	3,897,000
(d) 9% of additional increase	<u>3,123,000</u>
Total	<u>18,720,000</u>

Releases:

Of the paid-in portion (US\$18,720,000) US\$15,597,000 was released on a convertible basis and used for loan disbursement; the balance, US\$3,123,000 was released for purchases in Mexico and none of this has been used so far.

-
- 1/ No payments required.
2/ 2% of original subscription.
3/ 1% of special increase.

7

November 24, 1969

MEXICO

Members of the Cabinet

Gustavo Diaz Ordaz	President
Mario Moya Palencia	Secretary of the Interior
Antonio Carrillo Flores	Secretary of Foreign Affairs
Marcelino Garcia Barragan	Secretary of Defense
Antonio Vazquez del Mercado	Secretary of the Navy
Antonio Ortiz Mena	Secretary of the Treasury and Public Credit
Manuel Franco Lopez	Secretary of Government Properties
Octaviano Campos Salas	Secretary of Industry and Commerce
Juan Gil Preciado	Secretary of Agriculture
J. Antonio Padilla Segura	Secretary of Communications and Transportation
Gilberto Valenzuela	Secretary of Public Works
Jose Hernandez Teran	Secretary of Water Resources
Agustin Yanez	Secretary of Public Education
Salvador Aceves Parra	Secretary of Health and Welfare
Salomon Gonzalez Blanco	Secretary of Labor and Social Welfare
Emilio Martinez Manautou	Secretary of the Presidency
Norberto Aguirre Palancares	Chief of the Agrarian and Colonization Department
Agustin Salvat	Chief of the Tourism Department
Alfonso Corona del Rosal	Commissioner of the Federal District
Julio Sanchez Vargas	Attorney General

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MEXICO

List of Prominent People

Government

Gustavo <u>DIAZ ORDAZ</u>	President
Antonio <u>ORTIZ MENA</u>	Secretary of the Treasury
Antonio <u>CARRILLO FLORES</u>	Secretary of Foreign Affairs
Mario Ramón <u>BETETA</u>	Director General, Treasury.
Enrique <u>SOSA</u>	Administrative Assistant and Private Secretary of the Finance Minister
Luis <u>ECHEVERRIA</u>	Secretary of the Interior (Candidate for Presidency)
Octaviano <u>CAMPOS SALAS</u>	Secretary of Industry and Commerce
Juan <u>GIL PRECIADO</u>	Secretary of Agriculture
J. Antonio <u>PADILLA SEGURA</u>	Secretary of Communications and Transportation
Gilberto <u>VALENZUELA</u>	Secretary of Public Works
José <u>HERNANDEZ TERAN</u>	Secretary of Water Resources
Agustín <u>YAÑEZ</u>	Secretary of Public Education
Norberto <u>AGUIRRE PALANCARES</u>	Chief of the Agrarian and Colonization Department
Agustín <u>SALVAT</u>	Chief of the Tourism Department
Alfonso <u>CORONA DEL ROSAL</u>	Commissioner of the Federal District
Guillermo <u>MARTINEZ DOMINGUEZ</u>	Comisión Federal de Electricidad

Banking and Finances

Banco de México

Rodrigo <u>GOMEZ</u>	Director General
Ernesto <u>FERNANDEZ HURTADO</u>	Sub-Director
Práxedes <u>REINA HERMOSILLO</u>)	Gerente
Gustavo <u>PETRICIOLI</u>)	

Nacional Financiera

José <u>HERNANDEZ DELGADO</u>	Director General
Alfredo <u>NAVARRETE</u>	Executive Vice President

Commercial Banks

Agustín <u>LEGORRETA</u>	Banco Nacional de México
Manuel <u>ESPINOSA YGLESIAS</u>	Banco de Comercio
José Antonio <u>CESAR</u>)	Banco de Londres y México
Eduardo <u>MONTALVO</u>)	

Business and Industry

Bernardo <u>QUINTANA</u>	(Ingenieros Civiles Asociados (Industria del Hierro
Carlos <u>PRIETO</u>	Fundidora de Monterrey
Bruno <u>PAGLIAI</u>	(Intercontinental S. A. (T.A.M.S.A.
Carlos <u>TROUYET</u>	Teléfonos de México
Jesús <u>ROBLES MARTINEZ</u>	Banco Hipotecario

Francisco <u>MALDONADO</u>	Compañía General de Aceptaciones
Raúl <u>BAILLERES</u>)	Crédito Minero Mercantil
Luis <u>LATAPI</u>)	
José <u>CARRAL</u>	Bank of America
Gregorio <u>RAMIREZ</u>	Trailers de Monterrey
Juan <u>SANCHEZ NAVARRO</u>	Cervecería Modelo
Antonio <u>SACRISTAN</u>	Crédito Industrial
Rolando <u>VEGA</u>	Presidente Asociación Bancaria

C.E.M.L.A.

Javier <u>MARQUEZ</u>	Director
Fernando <u>RIVERA</u>	Sub-Director

MEXICO

List of Some Prominent People in the Private Sector

Commercial Banks

Agustin LEGORRETA

President, Banco Nacional de Mexico, a leading Mexican commercial bank. We have had close association with him personally, and with his institution. He successfully contributed to our underwriting in Fundidora, the largest steel-making plant in Mexico.

Manuel ESPINOSA YGLESIAS

President, Banco de Comercio, the second largest commercial bank in Mexico. He enjoys strong political influence in the present Administration. He submitted to IFC the tourism development program for our consideration, under the sponsorship of the Jenkins Foundation and Sheraton Hotels.

Jose Antonio CESAR

General Manager, Banco de Londres y Mexico.

Business and Industry

Bernardo Quintana

President, Ingenieros Civiles Asociados, which is a strong holding group of many industrial enterprises. It is a major shareholder in Industria del Hierro, one of our investments in Mexico producing heavy equipment and machinery.

Carlos PRIETO

President, Fundidora de Monterrey, the largest privately owned integrated steel mill in Mexico, in which IFC holds both equity and debentures. Also he is the President of Minera del Norte, a subsidiary of Fundidora, to which IFC's Board will be considering an investment in it around mid-December 1969.

Bruno PAGLIAI

Chairman of T.A.M.S.A. and a well known industrialist.

Carlos TROUYET

President, Telefonos de Mexico, Chairman of the Board of a commercial bank, and a major shareholder in several important companies.

Francisco MALDONADO

President, Companio General de Aceptaciones.

Rolando VEGA

President, Asociacion Bancaria

Rafael VALLINA

President, Celulosa de Chihuahua, and major industrialist.

Ramulo O'FARRELL

Prominent businessman and owner and publisher of two of Mexico's leading newspapers. He is one of the main private sponsors of the Bagasse newsprint project being appraised by IPC.

Danti CUSI

President, Compania Industrial de San Cristobal, producer of certain paper products with Scott Paper Company of the United States. He represents the private group sponsoring the Bagasse project referred to above.

LIST OF PERSONS WHO HAVE CONFIRMED THEIR ATTENDANCE
TO THE COCKTAIL OFFERED BY THE MEXICAN BANKERS' ASSO-
CIATION IN HONOR OF MR. AND MRS. ROBERT S. McNAMARA.

- Sr. Lic. Gustavo Petricioli y Sra.
Director of Fiscal Research, Ministry of Finance
and Public Credit.
- Sr. Dr. Alfredo Navarrete y Sra.
Director, Nacional Financiera.
- Sr. Lic. Ernesto Fernández Hurtado y Sra.
Deputy Director General, Banco de México, S.A.
- Sr. Lic. Alfonso García Belaunzarán y Sra.
Deputy Director, Banco de México, S.A.
- Sr. Lic. Rafael Izquierdo y Sra.
Advisor, Banco de México, S.A.
- Sr. Lic. Antonio Enríquez Savignac.
Advisor, Banco de México, S.A.
- Sr. Lic. Jesús Silva Herzog y Sra.
Coordinator, Technical Office, Banco de México, S.A.
- Sr. Lic. Leopoldo Solís Manjarrez y Sra.
Head of Economic Research, Banco de México, S.A.
- Srita. Concepción Pérez Castro.
In charge of Public Relations, Banco de México, S.A.
- Sr. Ing. don Gonzalo Robles y Sra.
Consultant.
- Sr. don Luis G. Legorreta y Sra.
President, Banco Nacional de México, S.A.
- Sr. Lic. don Aarón Sáenz.
President and Director General, Banco de Industria y Comercio.
- Sr. Lic. don Gustavo R. Velasco y Sra.
Vice-President, Banco Internacional, S.A.

- Sr. Lic. don Arturo Bueno y Urquidi y Sra.
Former President, Bankers' Association.
- Sr. don Manuel Flores y Sra.
Banco Internacional, S.A.
- Sr. don Carlos C. Mendiola y Sra.
General Manager, Mexican Bankers' Association.
- Sr. don Rolando Vega y Sra.
President, Mexican Bankers' Association.
- Sr. don José Luis Pastrana y Sra.
Vice-President, Mexican Bankers' Association.
- Sr. don Agustín Legorreta.
Director, Banco Nacional de México, S.A.
- Sr. don Manuel Espinosa Yglesias y Sra.
President and Director General, Banco de Comercio, S.A.
- Sr. don José Antonio César y Sra.
Director General, Banco de Londres y México, S.A.
- Sr. don Ladislao López Negrete y Sra.
Director, Banco Nacional de México, S.A.
- Sr. don Luis Urquiza y Sra.
Director General, Banco Mercantil de México, S.A.
- Sr. don Enrique Orellana Mora y Sra.
Manager General, Banco del Ahorro Nacional, S.A.
- Sr. don José Altamirano Vázquez y Sra.
Deputy Director, Banco Internacional, S.A.
- Sr. don Héctor Flores Echeverría y Sra.
Director General, Crédito Minero y Mercantil, S.A.
- Sr. don Alberto Watty y Sra.
Director General, Financiera Banamex, S.A.
- Sr. don Manuel G. Varela y Sra.
Director General, Financiera de Industrias y Construcciones, S.A.

- Sr. Lic. don Raúl Valdéz Villareal y Sra.
Mexican Bankers' Association.
- Sr. don Joaquín Gallo, C.P., y Sra.
Director General, Crédito Hipotecario, S.A.
- Sr. Lic. don Jesús Rodríguez Gómez y Sra.
President, General Hipotecaria, S.A.
- Sr. Lic. don Julio Ogarrío, Jr. y Sra.
Deputy Director, Banco de Cédulas Hipotecarias, S.A.
- Sr. Lic. don Rafael Pizarro Suárez y Sra.
Director General, Hipotecaria Bancomer, S.A.
- Sr. Lic. don Eduardo Castellanos Guerra y Sra.
Manager General, Banco del Ahorro para la Propiedad, S.A.
- Sr. don Carlos Muriel Vázquez y Sra.
Manager General, Almacenedora, S.A.
- Sr. don Rafael Blumenkron
Mexican Stock Exchang.
- Sr. Lic. don Mario Alfonso de la Parra.
Committee of Investment Corporations, Mexican Bankers'
Association.
- Sr. Lic. don Alfonso Cervera del Castillo y Sra.
Assistant General Manager, Mexican Bankers' Association.

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LIST OF SOME OF THE PERSONS THAT WILL PARTICIPATE IN
MR. MCNAMARA'S VISIT TO MEXICO

I.- AIRPORT

- ✓ 1.- Jesús Rodríguez y Rodríguez, Under-Secretary, Finance Ministry,
- ✓ 2.- Dr. Alfredo Navarrete, Assistant Director of Nacional Financiera. Economist. Ph.D. from Harvard University. In Nafinsa since 1953. Author of several books and articles.
- ✓ 3.- Rafael Izquierdo. Advisor, Ministry of Finance and Bank of Mexico. Economist. McGill University. Formerly with ECLA. Author of several articles.
- ✓ 4.- ~~Jesús Silva-Herzog~~. Bank of Mexico Economist. Yale University.

✓ II.- HOUSING VISIT

- ✓ 5.- Dr. Pío Alcantara. Director of Housing Services, Social Security Institute.
- ✓ 6.- Marcelo Javelly, Director FOVI (Housing Trust Fund of the Bank of Mexico). Lawyer. Formerly, high official of the Finance Ministry.

III.- ANTROPOLOGICAL MUSEUM

- ✓ 7.- Bernardo Quintana. President, ICA (one of the largest construction firms) Engineer. Constructor of major public works, among them, the Metro of Mexico City. Industrialist.

8.- Dr. Arturo Romano, Director of The Museum.

III.- LUNCHEON

9.- Rodrigo Gómez

10.- José Hernández Delgado

11.- Mario Ramón Beteta. General Director of Credit, Ministry of Finance. Lawyer and Economist. University of Mexico and Wisconsin. Formerly, Deputy Director, Bank of Mexico. Author.

IV.- CONVERSATION WITH ECONOMISTS.

✓ 12.- Ernesto Fernández Hurtado, General Deputy Director, Bank of Mexico. Economist. Harvard University. Join the Bank 25 years ago. Author

✓ 13.- Gustavo Petriocioli, General Director of Fiscal Affairs, Ministry of Finance. Economist. Yale University. Formerly Manager, Bank of Mexico. Author.

✓ 14.- Leopoldo Solis, Head, Economic Research Dept., Bank of Mexico. Join the Bank 20 years ago. Economist. Yale University. Author.

✓ 15.- Eliseo Mendoza. Director, Center of Economic and Demographic Studies, El Colegio de México. Economist. Postgraduate studies in Holland.

V.- COCKTAIL BANKERS ASSOCIATION

✓ 16.- Rolando Vega. President of Mexican Bankers Assoc. General Director. Banco de Industria y Comercio. Host.

17.- José Luis Pastrana. Vice-President Mexican Bankers Assoc. Director of Financiera del Norte, a medium size private investment bank of Monterrey.

18.- Antonio Armendariz, Director, National Bank for Foreign Trade. Lawyer. Formerly Under-Secretary, Finance Ministry and Ambassador to Great Britain.

19.- Jesús Robles Martínez, General Director National Bank for Public Works and Services. Engineer.

20.- Emilio Alanís Patiño, Deputy Director, National Agricultural Bank. Formerly with the Bank of Mexico. Agricultural Engineer. Author.

21.- Miguel Mancera. Foreign Manager, Bank of Mexico. Economist. Yale University.

22.- Antonio Enriquez Savignac. Advisor, Bank of Mexico, in charge of the tourist infrastructure project. M.B.A. Harvard Formerly with the I.D.B.

23.- Agustin Legorreta. General Director, Banco Nacional de México, one of the largest commercial banks. Banker.

24.- Horacio García Aguilar. Director, - Agricultural Trust Fund, Bank of Mexico. Engineer.

25.- Manuel Espinosa Iglesias, General Director, Banco de Comercio, one of the largest financial groups. Banker.

26.- José Antonio Cesar, General Director, Banco de Londres y México, one of the largest financial groups. Banker.

VI.- CUERNAVACA TRIP

27.- Emilio Riva Palacio. Governor, State of Morelos. Lawyer, Formerly in the Ministry of Education.

28.- Marco Antonio Muñoz. Director, Zacatepec Sugar Refinery. Formerly Governor State of Veracruz.

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[M. Chang]
[L. King]

CUERNAVACA TRIP VI -

27 - Emilio Riva Palacio. Governor,
State of Morelos. Lawyer, Formerly
in the Ministry of Education.

28 - Marco Antonio Muñoz. Director,
Xacatepec Sugar Refinery. Formerly
Governor State of Veracruz.

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GUSTAVO DIAZ ORDAZ

President of the Republic through 1970. Born in 1911. Took a law degree after studying in Oaxaca and Puebla. He then became District Attorney for Tihuacan, later head of Labor Relations board of Puebla, then Justice of the Supreme Court of the State of Puebla. Subsequently, he became professor of law and assistant dean of the Puebla University, later Secretary General of the Government of Puebla State. He became Secretary of the Interior during the Lopez Mateos administration, before being nominated presidential candidate of the PRI. He is married and has three children.

Luis ECHEVERRIA ALVAREZ

Presidential candidate of the dominant party (PRI - Partido Revolucionario Institucional). Coming up for election in June 1970. The PRI is Mexico's dominant party since the 1917 revolution. It won 86% of the votes in the 1964 presidential election and 84% in the 1967 federal election. Before being nominated, Echeverria was Minister of Government responsible for keeping internal order and political stability.

Echeverria was born in Mexico City in 1922; he received his law degree from the National University in 1945. His first PRI post was as private secretary to the party's president. Later he became director of press and public relations for the PRI. From there, he served in executive posts in the Education and Navy Departments. He later was named executive director of the PRI.

Echeverria's first campaign speeches have been fairly vague. He has expressed the view that family planning should be left to individuals and not fostered by government.

Antonio CARRILLO FLORES - Secretary of Foreign Affairs

Mexico's Secretary of Foreign Affairs was appointed by President Diaz Ordaz following six highly successful years as Mexico's Ambassador to Washington.

The highly popular Carrillo Flores, a native of the Federal District, has an extensive background in diplomacy, finance, and education. He went to primary school in New York City, then returned to Mexico. In 1929 he graduated from the National Faculty of Jurisprudence and in 1950 received the degree of Doctor of Law. Last year, Carrillo Flores was named an honorary doctor of law by Illinois' Lincoln College.

Carrillo Flores began his professional career as a teacher at the National University's School of Law and School of Economics. He wrote numerous books on law, economics, and finance. He entered government service in 1930 with the Federal Attorney General's office and in the Supreme Court. While in the latter post he authored Mexico's fiscal code of that day, as well as its national properties laws (which are still in use).

From 1941 to 1945 he served as Director General of Credit in the Treasury Department. From 1945 to 1952 Director General of Nacional Financiera, Mexico's Government Development Bank. From 1952 to 1958 he served as Secretary of the Treasury, during which time he stabilized Mexico's peso at its present rate: 12.50 to the U.S. dollar. From 1938 to 1941 and 1946 to 1952 he was member of the Board of Directors of the Bank of Mexico. He was a founder of the National Securities Commission.

Secretary ORTIZ MENA - Treasury

Antonio Ortiz Mena, now serving his second six-year term as Treasury Secretary, has often been referred to as the architect of Mexico's fiscal and economic stability.

Ortiz Mena received his law degree from the National University and immediately thereafter entered the legal department of the Federal District. From there, he moved to the Attorney General's office.

In 1952, he was named director of Mexico's Social Security Institute. During his six years there he also was elected president of the Inter-American Committee on Social Security.

First named Treasury Secretary in 1958 by President Lopez Mateos, Ortiz Mena, 63, has earned an international reputation in fiscal matters. His policies probably are the leading reason why Mexico's peso has remained stable and is now considered among the world's hard currencies.

Juan GIL PRECIADO - Secretary of Agriculture

Gil Preciado came to the Agriculture position from Jalisco, where he earned an enviable reputation as Governor of the State. Born in Jalisco in 1909, Gil Preciado was the son of a farmer. After a varying career in education and politics, he joined the faculty of the newly-created University of Guadalajara in the early 1930s and retained that post for more than a decade. He later was planning director of the Agrarian Department under President Manuel Avila Camacho.

The Agriculture and Livestock Secretary was elected Governor of Jalisco March 1, 1959, and held that position until being named to the Cabinet by President Diaz Ordaz.

Octaviano CAMPOS Salas - Secretary of Industry and Commerce

Mexico's Secretary of Industry and Commerce is an economist who was responsible for the vast majority of the economic studies and planning programs presented by Gustavo Diaz Ordaz in his successful campaign for the Presidency. Campos Salas is considered an expert in the foreign trade, balance of payments, and public financing of Mexico. Prior to assuming the post of Industry and Commerce Secretary, he had served as manager of the Banco de Mexico, secretary-general of the Mexican Inter-secretarial Committee for the Latin American Free Trade Association, director general of commerce in the Industry and Commerce Secretariat, deputy director of tax administration in the Treasury Department, and director of the National School of Economics of Mexico's National University.

Born in 1916, Campos Salas has a doctor's degree in economics from the National University and also spent several years of graduate study in economics at the University of Chicago in the mid-1940s.

J. Antonio PADILLA SEGURA - Secretary of Communications and
Transportation

Padilla Segura stepped up to the Communications post from the directorship of the National Polytechnic Institute, one of the country's leading engineering schools.

His record as director of the Polytechnic Institute was certainly a key factor in his selection by President Diaz Ordaz. Under his guidance, the Polytechnic won an international reputation as a first-rank educational institution in the fields of engineering, chemistry, and research. Born in 1922, Padilla Segura is a graduate electrical engineer, having received his diploma from the same school he was later to head.

The Communications and Transportation Secretary has received honorary doctorate degrees from universities in France and the United States, has been president of the Franco-Mexican Engineering Association, and has served as a member of the Mexican government's Science Committee for the UNESCO and of the Mexican-U.S. Committee for Space Observations.

Agustin YANEZ - Secretary of Education

Born in 1904, he is a former Governor of the state of Jalisco. He has also been a professor of education and philosophy at the Guadalajara Teachers' School, the University of Guadalajara, and the National University. Yanez, as Governor of Jalisco, laid heavy stress on public education. After leaving the governorship in 1959, he served as chief of Mexico's delegation to UNESCO and later headed several cultural exchange missions.

Yanez is a noted writer, with novels such as "Al Filo del Agua" (At the Edge of the Storm), and an extensive and widely-hailed work on Justo Sierra, the pioneer of modern public education in Mexico.

RODRIGO GOMEZ - Director General, Bank of Mexico

Rodrigo Gomez, director general of the Banco de Mexico, is commonly hailed as one of the key executives responsible for the nation's recognized monetary stability. It is undoubtedly for this reason that Gomez is serving an unprecedented third six-year term as director general of the government's central bank.

He was named a general manager of the bank in 1941, deputy director in 1947 and director-general in 1952 by President Adolfo Ruiz Cortines.

He is one of the few Mexican government leaders who began his professional career in the private sector. Born in 1897, he went to work for Fundidora de Fierro y Acero de Monterrey, Mexico's largest privately-owned steel company. He also worked for the French Bank and the Banco Mercantil de Monterrey prior to joining the Banco de Mexico, just a few years after it was formally created.

As director general of the central bank, he was one of the first executive directors from Latin America of the International Monetary Fund, and was a charter signatory when the IMF was created at Bretton Woods in 1944. He is also a director of the Inter-American Development Bank, and has been one of the most persuasive campaigners for the creation of a Latin American Banking Federation.

JOSE HERNANDEZ DELGADO - Director General, Nacional Financiera

Under President Diaz Ordaz, the Board of Directors of Nacional Financiera reappointed Jose Hernandez Delgado as director general of the government's development Bank. Hernandez Delgado thus is the first officer in the Nacional Financiera's 30-year history to be appointed for a third successive term.

Born in 1904, Hernandez Delgado began his professional career as a lawyer. In 1929, his first major political post found him as attorney general for the Federal District. He later became a member of the Federal legislature.

Hernandez Delgado began his financial career as general manager of the National Workers and Industrial Development Bank (later absorbed by the Nacional Financiera), and from 1944-1952 he served as general manager of the National Co-operative Development Bank. He became director general of the Nacional Financiera in 1952, and has held the post since that date.

He has served as **alternate** governor of the World Bank and as Mexico's delegate to numerous international economic and financial conferences.

Dr Alfredo NAVARRETE

Executive Vice President of the Nacional Financiera S.A., a financial agency of the Government which acts as borrower or co-borrower for our loans. Dr. Navarrete is a Harvard-trained economist, has been in his present position for some time, and for years has been one of the main high-level Government contacts for the Bank. His economic philosophy is decidedly more expansionist than that of the Finance Ministry and of the Central Bank.

Dr. Navarrete has been a member of CIAP.

G. MARTINEZ DOMINGUEZ - Director General, Federal Power Commission.

As the director general of the Federal Power Commission (CFE), the Bank's largest borrower, Guillermo Martinez Dominguez plays an important part in the further development of Mexico's infrastructure. He previously served with the electrical power agency in the positions of executive director and budget director. President Diaz Ordaz is highly interested in maintaining the good rate of growth which the electrical industry has shown in recent years.

Martinez Dominguez is a trained economist who has also had a long journalistic career in Mexico. He is a director of the National University's National School of Economics.

He has held various economic posts in the government, and has served as president of the National College of Economists. In addition, for the past 22 years he has been a contributing editor to several major Mexico City newspapers and magazines, among them Excelsior, La Prensa and Hoy. He was honored for his work in journalism in 1953 when he received the Joaquin Fernandez de Lizardi national prize. He also served a term as director of the Mexico City Small Business Bank and is credited with creating the idea of branch agencies on wheels. This idea has since been adopted in numerous countries.

Alfonso CORONA DEL ROSAL - Head of the Federal District

Corona del Rosal obtained his legal degree from the National University of Mexico. During a long and distinguished governmental career, he has had an outstanding record of achievement both in the military and in politics. In the Mexican Armed Forces, he holds the title of Brigadier General. During the administration of President Lopez Mateos, he was president of the major political party - the Revolutionary Institutional Party (PRI).

He was named National Properties Secretary when President Diaz Ordaz assumed office. In this post he was in charge of all Mexico's natural resources: minerals, petroleum, timber lands, etc.

During his governmental service, Corona del Rosal also taught economics at the National University and military training and ethics at the National Military College. He authored several of the textbooks used at the leading military school, Mexico's equivalent to West Point. For several years he was also general manager of the National Army and Navy Bank.

CURRICULUM VITAE

NAME : Alejandro Flores-Zorilla NATIONALITY : Chile
DATE OF BIRTH: 10 July 1912 MARITAL STATUS: Married,
1 child
LANGUAGES : Spanish
French
English

EDUCATION : 1932-38 University of Santiago, Chile- M.D.

EXPERIENCE: 1939-41 Official in the Ministry of Health,
Santiago, Chile
1941-60 International Labour Organization -
Member of the Social Security Division,
Chief of ILO Missions in Central and
South America, Chief of the Division of
External Services, Chief of the Division
of Technical Assistance and other assignments.
1961-63 TAB/SF Resident Representative in Morocco.
1964 UN Force in Cyprus - Senior Political Officer.
1964-67 International Labour Organization -
~~present~~ Chief of the Conditions of Work and Life
Department
1967- UNDP Resident Representative in Mexico
present

March-1967-

November 1969