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Mexico: The Problems of Progress

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MEXICO: THE PROBLEMS OF PROGRESS

Mexico's general record is one of economic progress and political stability, but unrest during the past year points up two basic problems. One is the failure to fulfill a fundamental aspiration of the Revolution of 1910--improving the lot of the peasants. Though many in the rural population now are much better off than before, the high rate of population growth, the gradual exhaustion of distributable land, and the limited number of jobs for peasants in urban industry have made the problem of rural poverty an increasingly serious one. The second problem stems from the success of Mexico's educational system, which has brought the expanding middle class of the generally prosperous urban areas to a level of sophistication that will bring it into conflict with Mexico's paternalistic system of government. This educated group is becoming openly critical of the gap between the real Mexico and the Mexico of the government's "revolutionary" propaganda.

Background

Mexico's emergence as an urban-based, rapidly modernizing society has been possible because of its unusual form of government, which has provided a continuity of commitment and programing that is the envy of its southern neighbors. Through its one-party system, Mexico regularly accomplishes a peaceful transfer of power, or as is sometimes said, Mexico retires its dictators every six years. A facade of adherence to the principle of multiparty, representative government is maintained but carefully controlled. Challenges in recent years to government authority have presented no real

threat to internal stability. The extreme left continues divided and weak. The armed forces are a model institution compared with the rest of Latin America. They are loyal, effective, and dependable.

This record of stability and development is threatened, however, unless the regime can free itself of some of the revolutionary shibboleths that have served well in forging national unity but now are making obvious solutions to serious problems politically infeasible.

In dealing with rural poverty, for example, it is impossible to abandon the vaunted

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ejido system of communally held land despite the all-too-obvious failure of that form of agrarian reform to do more than ameliorate the miserable rural situation, which in fact is growing worse.

The hopes held out by the government's land-distribution program vanished when the Diaz Ordaz regime admitted in 1964 that there is not enough land to go around. Despite the apathy characteristic of groups unused to controlling their own destiny, the already serious pressure for improved conditions in the countryside is bound to grow and become more explosive. The problem is compounded by improvements in communications and education that are making the rural population more aware of this neglect and more eager for a better standard of living.

Violence in the Countryside

Rural unrest is frequently manifested in violent outbreaks. Over the past several years there have been numerous armed clashes between peasant groups and Mexican security forces in various parts of the country. Open peasant resentment has been particularly evident in the northern tier of states--notably Chihuahua--in Yucatan, and in Guerrero. The political establishment places a high premium on "keeping the lid on" this explosive situation. The chief of the peasant sector of the ruling party was forced to withdraw from his position following an August shoot-up in Acapulco and other recent clashes



Cartoon portrays the plight of the rural poor despite the flood of promises.

nearby in the same state of Guerrero.

Peace is maintained by the Mexican Army, which is both brutally effective and politically astute. The army has dispatched units to scenes of unrest where, after publicizing an imminent "training maneuver," they have used a hillside for massive firing practice, blasting all standing objects to rubble.

The Contrast of National Prosperity

In contrast with continuing rural poverty, the Mexican economy in 1967 has continued its long record of rapid growth. Private investment has been especially strong for the third consecutive year and the Gross National Product is expected to increase by at least 7.5 percent, or nearly 4 percent

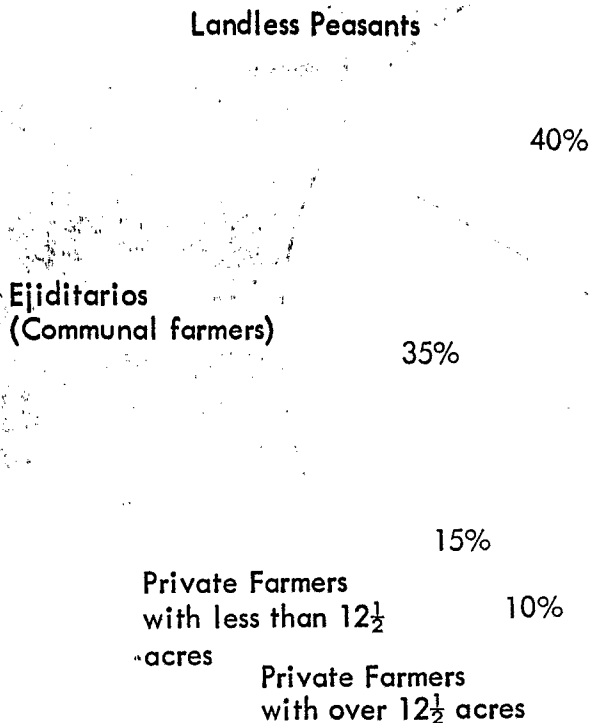
per capita. Industry continues to lead the economy; industrial output in June was nearly 11 percent higher than a year earlier. Agricultural output this year is expected to increase by 4 or 5 percent.

There are no signs of any serious inflationary pressures, but high investment rates have caused imports to increase at an exceptionally rapid pace while exports have grown only a little. Through June, Mexico's trade deficit was about \$100 million larger than in the first half of 1966.

Mexico has had no difficulty in financing its large balance-of-payments deficit on favorable terms. The growing foreign indebtedness, however, has been of major concern to President Diaz Ordaz since his inauguration in December 1964. To meet this problem he cut back public investment spending in 1965 and 1966, implemented some minor tax reforms, and imposed government control over the expenditures of autonomous state enterprises and agencies. Holding down public spending this year will be more difficult because of preparations for the 1968

Total Population of Mexico - 45 Million

45% of total in agriculture



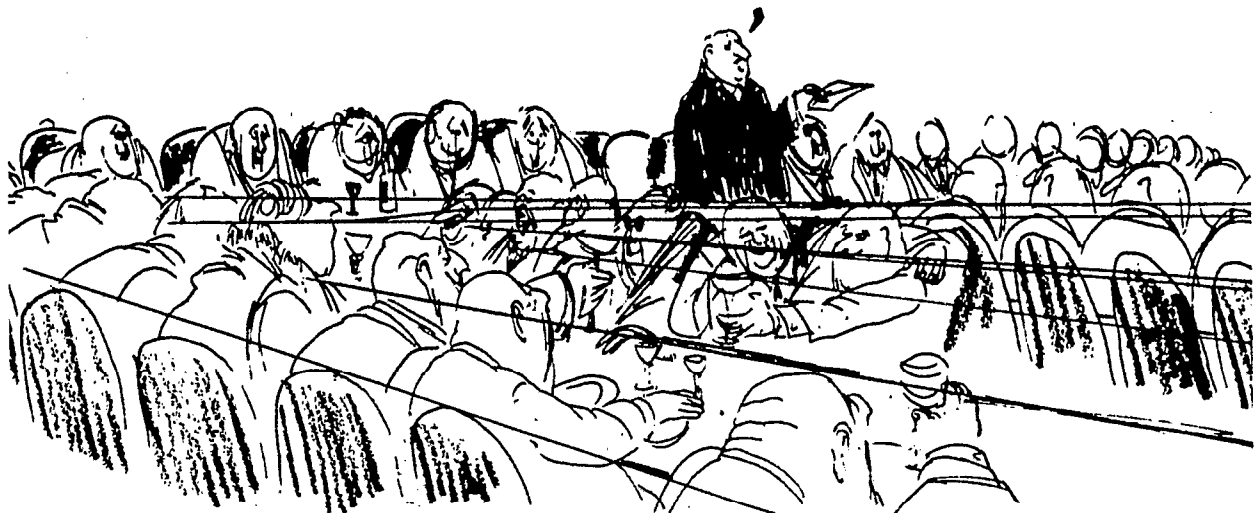
summer Olympics, and because of relief spending for the Yucatan Peninsula and the northeast which were hit by hurricanes in September. Moreover, there is an increasing sense of urgency for coming to grips with the continuing problems of poverty.

For more than a generation, Mexico's war on poverty has emphasized the development of industry and services in urban areas. Considerable progress has been made, and somewhat more than half the population has benefited. The modern sectors of the economy are growing at a rate sufficiently high to absorb all of the increase in the urban labor force and as much as 60 percent of that from rural areas. For the balance of the population, in rural areas

where living standards are little above subsistence, productive employment is increasingly difficult to find because of the shortage of arable land.

President Diaz Ordaz has increased the share of public investment and services going to agriculture, and is channeling greater amounts of private bank credit to small farmers. These measures are modest, but even a large-scale diversion of planning and funds from industry to agriculture would not solve the problem of rural poverty for many years. In any case, the President's ability to make such a change in basic development strategy is limited by the prospect that this might destroy the basis of present progress. Also, to

**MALAS NOTICIAS, AMIGOS: ESTABAMOS ESPERANDO AGASAJAR
a un verdadero revolucionario mexicano
Y NOS INFORMAN QUE SE MURO de hambre**



"Bad news, friends: we were waiting to fete a true Mexican revolutionary and they tell us he died of starvation."

reverse openly the revolutionary commitment to the ejido would invite strong political repercussions.

The Problem of Education

Revolutionary myths are also beginning to backfire among those very elements which have benefited substantially from the postrevolutionary system. The large, mainly urban middle class is beginning to decry more openly the great discrepancies between what Mexico is and what the propaganda says it is.

Mexico's political stability has been based largely on the unity of the ruling party, the Institutional Revolutionary Party (PRI). The PRI has been a highly effective instrument of the small clique that has pre-empted political power while lavishly promoting the trappings of partisan competition. Successful maintenance of the benevolent dictatorship behind a facade of a federal republic responsive to the popular will has depended on an uneducated, backward "electorate" resigned to unethical practices and political bossism.

In recent years, however, education and the distribution of wealth among a growing middle class have created an increasingly sophisticated population resentful of the nation's political policies which they see as cynical. A serious defiance of the dedazo practice, whereby Mexico City chooses local and regional PRI candidates, occurred early this year in the state of Sonora. Between February and May the state was in a virtual condition

of insurrection, with the citizenry protesting the PRI's choice for the governorship. Federal troops restored calm, and electoral fraud delivered a PRI victory in the 2 July election. Government reprisals against opposition leaders in the state have further embittered the Sonoran public, already frustrated by its inability to win concessions from the PRI. The government clearly has the ability to contain such eruptions by force, but the growing restiveness of the electorate is a real challenge to the PRI.

Prospects

President Diaz Ordaz' domestic political policies suggest his awareness of the need to modify the political system. He has gone further than his predecessors in permitting open debate on sensitive domestic issues, has given small opposition parties representation in the legislature whether their voting strength merited it or not, and has encouraged "democratizing" the PRI. He has tried, for example, to implement party statutes permitting municipal primaries and to promote personal instead of organizational affiliation with the party.

These attempts, however, have created serious strains in the party and have deeply antagonized those elements whose power base would be diminished by the reforms envisioned. The reaction makes it clear that the political moment has not arrived when the PRI, as a united organization, can bear a really significant step toward democratization.

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