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TO : Department of State

HANDLING INDICATOR

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FROM : American Embassy - MEXICO CITY

DATE: 17 February 1969

SUBJECT: FY 1971 Country Analysis and Strategy Paper for Mexico

REF :

Attached is the Fiscal Year 1971 Mexico CASP. This CASP represents a Country Team effort. The list of participants and the drafting credits are included in the enclosure.

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
FEB 18 1969

DEARBORN

[Handwritten initials]

Refer to JEC

Enclosure:

Country Analysis and Strategy Paper

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COUNTRY ANALYSIS AND STRATEGY PAPER

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COUNTRY ANALYSIS AND STRATEGY PAPER -- MEXICO

PART I - RATIONALE AND BASIC STRATEGY

The United States has a special stake in Mexico and its future. Given the common frontier of almost 2000 miles, Mexico's ability to maintain reasonable political stability and a broad compatibility with U.S. aims and institutions is essential to U.S. security. Economically the country is one of our largest export markets and the recipient of large U.S. direct investments. Mexico also enjoys influence within Latin America, and to some extent in the developing world at large, that can have considerable impact, for good or ill, on the achievement of U.S. international objectives.

U.S. policy must operate against the backdrop of Mexico's special view of the United States. Our policies and actions are of prime importance and of constant concern to the Mexican leadership. Old interventions still influence domestic political attitudes and the country's foreign policy. Despite Mexico's substantial economic dependence upon us, domestic political realities and strong nationalistic sentiments impel it to act as independently as possible.

In this situation, the key U.S. interests in order of priority are defined as follows:

1. Preservation of U.S. national security

This means the preservation of Mexican independence and security under a government whose objectives are compatible with our own, even though its institutions may differ, and with continuing political stability based on widespread popular support. It accords high priority to the preservation and strengthening where possible of present Mexican cooperation on matters of security importance.

2. Promotion of common economic interests

This recognizes that continued healthy economic development in Mexico is essential not only to social progress and political stability but also to the preservation of substantial and growing U.S. economic interests in the country, which in turn contribute to its development.

3. Strengthening of special bi-lateral relationships

This recognizes the existence of numerous special bonds as well as practical problems arising out of geographic proximity, economic involvement and cultural interaction, and it requires close inter-governmental relationships based on mutual respect and consideration for each other's interests, regardless of some ideological or policy differences.

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4. A more helpful Mexican international role

This accepts the continued subordination of Mexican foreign policy to domestic political considerations and recognizes that Mexican interests may at times diverge from our own. With these reservations, it calls for more active and responsible Mexican participation in international affairs, particularly within the hemisphere.

Basic U.S. Strategy

Broadly speaking, the trend in Mexico in recent years and the present situation is favorable to these key U.S. interests. The problem of U.S. strategy is thus not so much to change an unsatisfactory situation or to reverse adverse trends but rather to ensure that a generally favorable situation continues to evolve in a favorable way. U.S. strategy is based on recognition that Mexican institutions and development programs have brought internal stability, widespread support for the government, and a very satisfactory rate of economic development.

This strategy relies for implementation chiefly upon traditional diplomatic means of persuasion. It envisages an active information and cultural program with room for enrichment and modest augmentation of current activities to make them more attractive to our prime Mexican audiences - particularly students. It includes a Military Assistance Program of approximately the present scope directed toward the development of a small but highly professional armed force, adequately equipped and trained to meet its responsibilities for the maintenance of internal security and the integrity of its coastal waters. The current small AID Program will shortly be limited to projects of regional interest using regional funds. U.S. strategy also relies upon the constraints imposed on the Mexican government by the ties already existent with the U.S. and projected for the future.

U.S. leverage, however, is circumscribed by Mexican hypersensitivity to overt U.S. pressures which, if not used with care, would either prove counterproductive or undermine political stability.

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In the political sphere the major existing or potential problems are:

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- (1) There is a significant and growing demand from within the PRI for democratization and decentralization of political processes. This is particularly true of younger party members and of state and municipal leaders distant from the national center. The PRI leadership is aware of the restlessness. At the same time it fears that any significant loosening of the PRI's hierarchical control will open the way to destructive factionalism - as indeed might occur. If the next PRI presidential nominee does not make some concessions to these demands we foresee increasing desertions to opposition party ranks and greater alienation among younger PRI elements.
 - (2) A number of developments may make it harder for the PRI sectors to maintain their internal cohesion or compromise their differences with other sectors of the governing coalition. PRI control of the agricultural sector which has rested in part on the land distribution program faces a growing shortage of distributable land. Labor leaders have a high average age and their replacement by younger leaders may involve divisive power struggles within that sector. There are indications that the government will lean more toward labor than business in the next few years and this could put strain on the extra-party, but nevertheless important, relationship between business and government.
 - (3) The recent mobilization of Mexico City students in active protest against the government and PRI adds another element of uncertainty. The large number of students congregated in the national and state capitals and their susceptibility to radical ideas will constitute, throughout the period, a threat of disruptive and destabilizing activity. Partly in response to this threat, partly in response to more basic patterns in Mexican politics, the next PRI presidential candidate may at least initially project a moderately more leftist, demagogic, and nationalistic image than Diaz Ordaz.
 - (4) We anticipate that opposition parties will play a more forceful and independent role in Mexican politics. The PAN has tasted significant electoral success and is less willing to play the role of political mendicant. Dissent within the PRI may give birth to new parties. Continued PRI refusal to pay more than lip service to the concept of political opposition will increase the general level of political frustration and might lead to ad hoc alliances between moderate oppositionists and those who seek radical change.

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- 1 a. Should the U.S. encourage the PRI Government's adaptation to a changing political environment?

Simplifying drastically, we see two currents of thought among Mexican political leaders on the question of future political structure. One, the dominant, seeks to maintain political stability by strengthening the present system, with few or no structural changes. This has meant the inclusion of most important interest groups within the PRI and constant effort to co-opt, suborn or otherwise limit opposition. In practice it has led to an increasingly close tie between the party and the government and to increasing centralization of decision-making. Popular participation is restricted to formal and many-layered channels. The second, which seemed to be gaining ground during the early part of the Diaz Ordaz administration, seeks to modify the present system by democratic reforms and by accepting the threat of a strong opposition.

A case can be made that Mexico is not ready for more democratic politics and that U.S. security interests are best served by a continuation of the PRI's centralized monopoly of power even, if necessary, at the expense of popular support. Radical changes in the system, such as open party primaries, do pose grave problems for the party and, in the short run at least, for stability. But the attractiveness of this position declines as one looks further ahead. PRI insistence on old patterns of political control will further alienate those elements whose main objections relate to party-government overlap and excessive centralization. The growing complexity and strength of interests that must be reconciled, the existence of a substantial group (the students) with little interest in being manipulated, the developing political sophistication of many Mexicans, and the subtle influence of our own political system, question the longer term efficacy of all-embracing paternalism.

Mexico's political control system is not likely to change abruptly, and our influence in any event will be minimal. But, to the extent possible, we should encourage those adaptations which will increase popular support and participation in political processes. At the same time, we should recognize that the present system has provided a political framework for stability and progress on a broad front. Hence we should encourage adaptations only at a pace determined by developments in Mexico and in consonance with the views of those in command, at least as long as Mexican leadership continues to show the level of competence it has shown heretofore.

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