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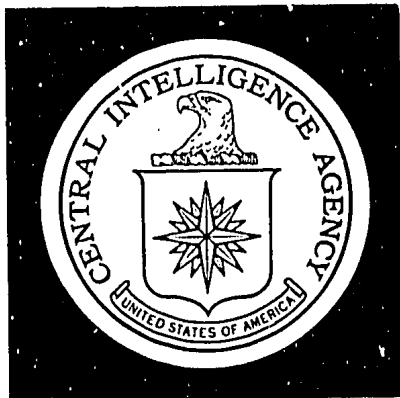
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**DIRECTORATE OF
INTELLIGENCE**

WEEKLY SUMMARY

Special Report

Mexico: Challenges For The New Government

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MEXICO: CHALLENGES FOR THE NEW GOVERNMENT

On 1 December 1970 Mexico's political system completed another cycle, with Luis Echeverria Alvarez accepting the reins of power from outgoing preesident Gustavo Diaz Ordaz. The smooth transfer of power again demonstrates that Mexico's design for success as a nation, so elusive for many of its southern neighbors, remains relevant, as it has since the dust settled from the revolution begun in 1910.



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President Echeverria's ability to cope with the demanding problems that refuse to stay in the background will depend heavily on his judgment and style over the next six years.



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The exhilarating pace he has set in his first weeks in office suggests, however, that he considers himself equal to the task before him, if anyone is.

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Hard Facts Behind the Dazzle

Mexico's economic achievement and political stability are the envy of Latin America, but behind the glitter and boom lurk serious problems. The prosperity that has come to much of Mexico testifies to the over-all success of policies aimed at financial stability, high investment levels, the promotion of both industry and agriculture, and the expansion of exports and tourism. Moreover, the government has spent large portions of its budget on health, education, and social welfare.

Frequently, however, social and political illnesses requiring miracle drugs have been treated, figuratively speaking, only with aspirin. Like other more advanced societies, Mexico is finding it very difficult to spread economic gains widely and otherwise meet the needs of a rapidly growing, increasingly urbanized population. Many children still have no schooling available to them, and most of those in school do not finish six

grades. Rural poverty is, for several millions, as intense as or worse than it was before the Revolution despite an unusually good record of growth in agricultural production. A slum that developed east of Mexico City, infamous as the largest single slum in the Western Hemisphere, is now incorporated as Ciudad Netzahualcoytl, the fourth largest city in Mexico. It is only now in the process of installing electricity and still has no public water supply. Mexico, too, is learning that the luxury and convenience of technology are mixed blessings—the beautiful setting of Mexico City, overlooked by the twin peaks of Popocatepetl and Ixtaccihuatl, is no longer visible because of the smog.

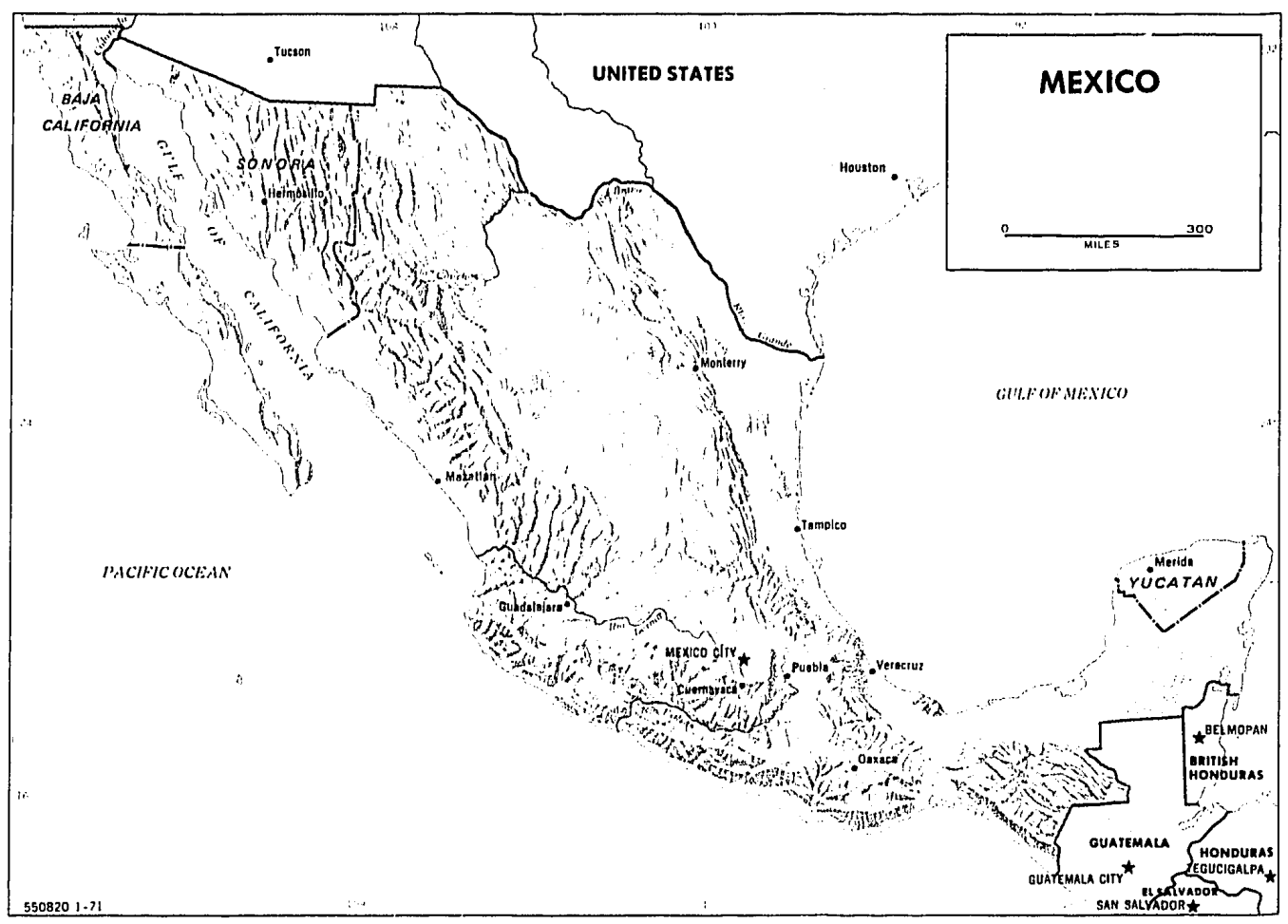
As a result, political forms that served well in the past are unacceptable to today's politically aware Mexican, whose dissent is becoming more and more of a problem for the government. The grudge against the "haves" by the "have nots" is building to a point where the unity of the official

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
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party—frequently cited as the key to stability—is in jeopardy.

The Problem of Political Values

Among the many and disparate problems that might come to a head at any time, the erosion of political consensus could perhaps have the earliest repercussions. The government-party complex has shown a genius for syncretizing conflicting tendencies and for oiling squeaking wheels. Over the years, however, the system has grown less and less responsive to all but the few privileged interest groups, 

 Young and well-educated Mexicans in particular believe that the elaborate system of political controls is outmoded and that the imposition of political power from above is no longer acceptable. The desire for rapid movement toward reform, democratic processes, and decentralization is strong in this minority element.

Increasing criticism seems to have resulted in a further rigidifying of the system. The governing Institutional Revolutionary Party (PRI) has lost its flexibility with age, and its sensitivity to the political winds has deteriorated. The party now appears more interested in quashing dissent than in absorbing critics into the system.

The PRI has experimented with liberalization in recent years and found it increasingly dangerous. The diminished control for the political bosses at all echelons implicit in recognizing popular will created an uproar in the party and threatened disunity.

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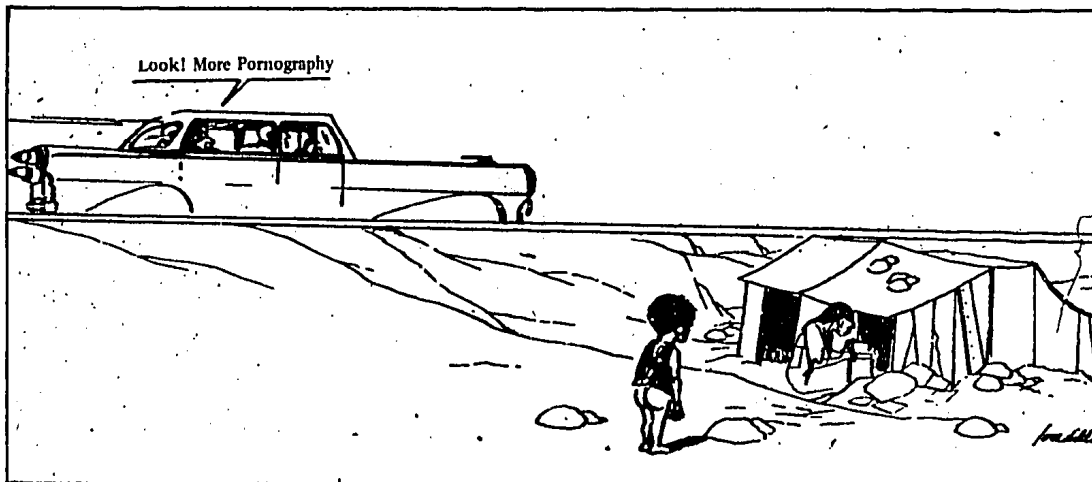


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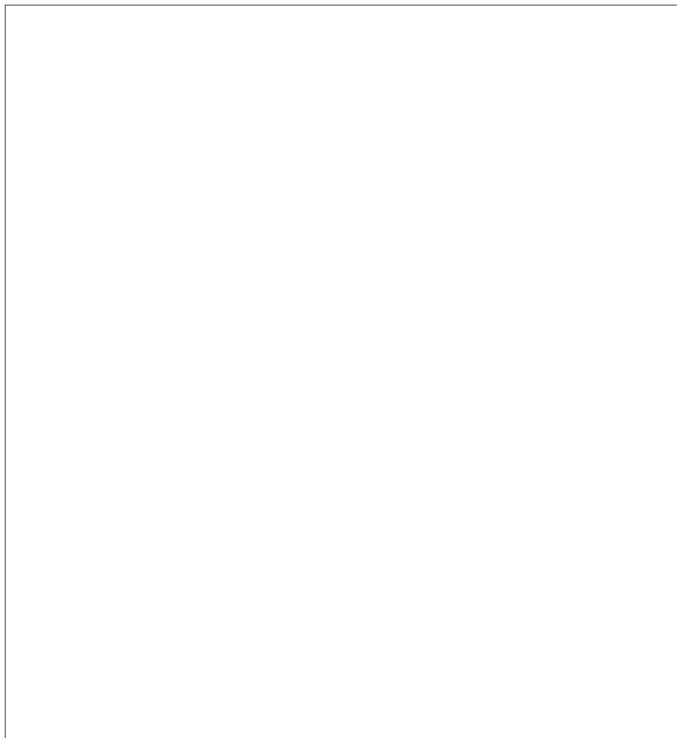
The Revolution Gap



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Extremists Search for Respectability

As far as extremist opposition goes, Mexico has been lucky in having drawn a sorry lot of lower case Revolutionaries. The government exercises its muscles fairly regularly on them, with or without cause. Some of the leaders of the Mexican Communist Party (PCM) are at any given time incarcerated, more often than not for a crime committed by someone else. The government's persecution of the PCM, however, is probably the Communists' biggest asset in claiming to be semi-respected, active revolutionaries. The PCM and the extreme left in general historically have been weak and divided, and remain so today. Numerous small bands of Maoists, Castroites, and others engage in irregular sabotage and small-scale terrorism, but they never have had significant effect on the political scene beyond sharpening the army's internal security capability.

The government's insulation from extremist pressure may decline, however, if legitimate

opposition groups continue to be thrown together with the radicals. There already has been some alliance of unlikely bedfellows, principally on ad hoc issues. The PAN and liberal members of the Roman Catholic Church hierarchy have associated with the virulently antigovernment press and with the Communist-dominated organization for the liberation of political prisoners. This group was formed after the 1968 student disturbances with the aim of freeing students and professors still in jail.

Involvement by Roman Catholic clerics and high officials with leftist causes is particularly sensitive in Mexico, where church-state conflict has been the cause of much bloodshed through the years. Certain liberal Catholic organizations and personages have become increasingly controversial, and continued political activism on their part might eventually lead to a government crack-down.

The bishop of Cuernavaca, Sergio Mendez Arceo, is a likely candidate for official wrath. Mendez has been very active on the political prisoner issue, and his visits to the infamous Lecumberri prison have helped publicize the cause of the



Bishop Mendez Arceo being interviewed
outside Lecumberri Prison

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scores of persons in jail from the 1968 student riots and of those who have been held for much longer periods for political crimes.

During the presidential campaign last year, the bishop advocated a re-examination by the new administration of the laws governing church-state relations. Mendez claimed the laws were contrary to the UN exposition on human rights and argued that they have led to extralegal accommodations that perpetuate "civic immaturity" and disrespect for law. The bishop's exposure of the church's illegal though tolerated activity, including the operation of schools with religious faculties, the presence of foreign clergy, and property holding, could become an embarrassment that Echeverria cannot afford to ignore.

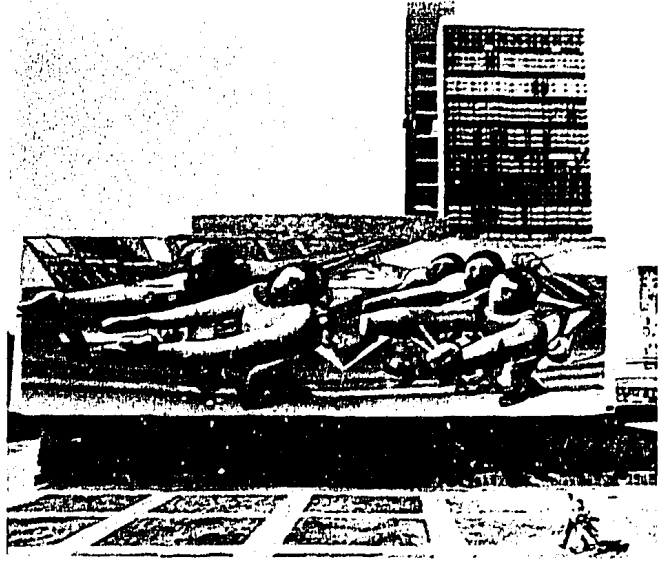
To date, cooperation between the clergy and other respectable groups with radical elements is cool, low key, and informal. The very fact that contacts have been established, nevertheless, points up the potential for an unorganized, spontaneous alliance against the government should another major crisis akin to the 1968 student "massacre" occur.

Soft Spots

The extreme left viewed the student disturbances in 1968—which came uncomfortably close to ruining Mexico's sponsorship of the summer Olympics—as one of the most hopeful events in years. After agitating for more than ten years with no visible effect on such questions as the release of political prisoners and the abolition of a penal code article making the vaguely defined act of "social dissolution" a crime, the left was able to generate mass rallies in support of these very demands. The left welcomed the tarnishing of the image of Mexican stability, the temporary exhibition of uncertainty on the government's part, and the national and international attention.

Typically, however, although temporarily an emotionally unifying force, the student movement upon collapse has become yet another

National University, focal point of political dissent



divisive factor within the left. Not incidentally, it has provoked a much tougher government attitude toward the students and the left generally. Still, to the opposition of all types the student movement opened up the possibility that the government may be losing its grip and that it might falter again.

The New President

Traditionally at the beginning of a Mexican administration, all sectors test the tolerance and strength of the new president. That such a will to probe Echeverria in this manner exists is beyond doubt.

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As minister of government under Diaz Ordaz, Echeverria shares heavily in the blame for the most unfortunate incident under the last administration—the government's final smashing of the student movement on 2 October 1968, an event known as the "massacre of Tlatelolco." Developments at that time widened the gap between the government and the people as no event has since the Revolution, and the full consequences of the "massacre" probably have not yet been realized.

Mexico's Dynamic New President



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Echeverria displayed remarkable vigor and dynamism during his arduous presidential campaign, and even in his first weeks as president. His willingness to make himself available to all groups and sectors has probably reduced somewhat the animosity initially engendered by his nomination. Even so, he has given little reason for optimism that political controls will be loosened.

In his first month President Echeverria proposed a sweeping new agrarian reform law and otherwise has focused primarily on economic and social problems and on bureaucratic reform. He has kept up the hectic pace he set in the most vigorous and far-flung presidential campaign the country had ever witnessed. In every way he has the look of a leader whose mark in his time will be pronounced. As the activist leader of a large, complex society that has outgrown its framework, Echeverria might preside over significant national events, be they a constructive overhaul of the political system or a political explosion.

Although he has some reason to be basically optimistic about prospects during his term, Echeverria has been unusually frank about Mexico's shortcomings, particularly in the economic and social sphere. A number of public statements in the first weeks of the new government pointed up the need for more egalitarian economic and social policies. Indeed, new taxes directed at the wealthy class, Echeverria's increased attention to rural problems, and a populist attitude in other matters have created an incipient fear in some quarters that the President, in an apparent desire to be a man of the people, may become demagogic. Although it is too early to tell, his new departures could backfire by creating greater expectations than he or anyone else could fulfill.

Echeverria's impact even during the first years of his term should provide a helpful clue as to whether Mexico's luck is running out. If he can stem the rising dissatisfaction with the hypocrisies of benign authoritarianism and defuse issues such as the political prisoner problem—unlikely, but

not impossible in view of Mexico's long tradition of landing on its feet—he can probably preserve the facade of a "Revolutionary family" from which more and more Mexicans are feeling themselves alienated.

US-Mexican Relations

President Echeverria's all-out effort even before his inauguration to establish working contacts with top US officials and with US businessmen holds the promise of another good era of US-Mexican relations. Echeverria's strong but realistic nationalism gives him a clear understanding of the overwhelming importance of the United States to Mexico, and he intends this "special relationship" to be an asset rather than a problem.

Mexican-US trade and US investment are of prime interest to Echeverria. He has stressed a desire to bring the most modern technology into Mexico and to continue the flow of investment, but he wants closer control over the conditions under which both operate. Although some potential investors may be inclined to wait for some of the early effects of the administration's fiscal reform, this segment will probably not be significant. In the past, Mexico has placed more stringent conditions on foreign investment than many other Latin American countries, but investors have continued to flock there because of political security, good labor, and increasing markets. No basic change in the investment climate is yet apparent.

The most obvious points of friction between Mexico and the US relate to US domestic interests. US labor unions are openly opposed to Mexican border industries, although the governments of both countries want the industries to expand. US agricultural interests sensitive to market competition will be on a collision course with Mexican interests if the Echeverria government aggressively promotes Mexican exports to the US. Echeverria also may be under pressure because of demands at home for "Mexicanization" of

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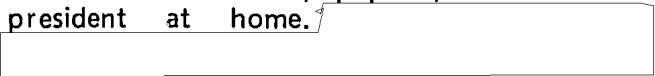
industries such as food processing, which is a notorious example of US control of Mexican enterprise. Another contentious issue is that of choice land in resort areas now illegally in the hands of US citizens. The excessive salinity of the Colorado River is a long-standing problem that Echeverria has specifically promised will be solved during his term.

Echeverria's open friendliness to the United States will raise a certain level of predictable criticism in Mexico. The previous government was subjected to severe criticism by the extreme left, which is chronically suspicious of a sellout to the "northern colossus." Even within the government, as in Mexico generally, distrust of and antagonism to the United States is common.

Echeverria's personality suggests that he will react more harshly than his predecessor to real or imagined grievances against the United States. Like Diaz Ordaz, however, he thinks the US should be grateful to Mexico for providing a secure southern flank and that the US expression of

appreciation should take the form of special privileges for Mexico. The apparent lack of concern in the US for Mexico's basic welfare, as seen by Mexicans in such incidents as the misfiring of Athena missiles into Mexican territory on two occasions, is a bitter pill for Mexico. Many Mexicans believe that the US purposely designed the missile range so that in case of an overfire the missile would land in Mexico, where "it would not really matter."

An internal political crisis in Mexico could also spark latent anti-Americanism. The US is the first devil sought both by radicals who think US support reinforces the status quo and by some in the establishment who suspect US agents are behind agitation and dissent. An unpopular crackdown on dissenters by security forces using US-made equipment would "involve" the US in the incident, for example. US-Mexican relations are most likely to continue excellent if Echeverria becomes an admired, popular, and effective president at home.



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