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13 August 1957

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NUMBER 81-57

THE OUTLOOK FOR MEXICO

(Advance Summary and Conclusions)

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 13 August 1957. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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CENTRAL INTELLIGENCE AGENCY

13 August 1957

SUBJECT: NIE 81-57: THE OUTLOOK FOR MEXICO

THE PROBLEM

To estimate the situation and probable developments in Mexico over the next few years.

SUMMARY AND CONCLUSIONS

A. Unlike most states in Latin America, Mexico has in recent years developed a reassuring degree of political maturity and economic viability. Organized along federal lines, the country is in fact run by an administration which is highly centralized and controlled by a president elected under virtually a one-party system. The party is organized in such a way as to be responsive to most of the important groups in the country. In addition, it has gained wide support through a moderately progressive program of economic and social improvement.

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B. The political outlook is one of continuing stability and moderation. This pattern is supported by the small but rapidly growing middle class which is exerting increased political influence. Although there is still strong contrast between the poverty of the majority and the wealth of the few, labor has so far accommodated itself to the government's program of balanced economic development. The army, which does not play an active role in politics, accepts the constitutional processes. National elections are scheduled for July 1958, when the presidential candidate selected by the incumbent (Ruiz Cortines), in consultation with the two ex-presidents (Aleman and Cardenas), is virtually certain to be elected.

C. The economic outlook is also good. Minerals continue to be an important export, but in recent years, the increase in the export of cotton and coffee is especially noteworthy. In 1956, the latter accounted respectively for 45 percent and 15 percent of total exports. The bulk of Mexico's foreign trade is with the US. In the last few years tourism has made up the deficit in Mexico's balance of payments.

D. The Mexican government adopts a tolerant attitude toward Communism. This toleration, which in large part reflects the combination of liberalism and Marxist socialism of the Mexican Revolution,

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would probably change if Communism became a serious internal threat. While Bloc activities in Mexico are on the increase, the local Communist movement is only a negligible factor in the country's political life.

E. Mexico supports the idea of hemisphere defense. However, unless Mexico considered that its national security were threatened, it probably would not agree to the use of its territory by US forces.

F. Mexico will face certain economic and political problems during the next few years:

1. In the economic field Mexico will have to contain incipient inflationary pressures. It may have difficulty in securing a continuing ready market for Mexican exports. A rapidly increasing population will probably strain Mexico's resources.

2. Mexico is a haven for Latin American exiles and a principal center of Bloc activities in Latin America. Its tolerant attitude toward this situation will probably cause friction with other countries in the hemisphere.

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3. While Mexico will remain generally cooperative with the US, there are certain sources of irritation between the two countries. The most important of these arise out of the seizure of US vessels fishing in waters claimed by Mexico, the proposed increase in US import duties on Mexican minerals, and the migration of Mexican agricultural laborers for temporary employment in the US.

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