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Executive Registry
82-1655

Central Intelligence Agency
Washington, D.C. 20505

23 June 1982

Executive Director

NOTE FOR: Fred Demech
Deputy Executive Director, PFIAB

FROM: Executive Assistant to the
Executive Director

Please pass the enclosed intelligence assessment on Mexico to Roy Godson.

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Enclosure

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Directorate of Intelligence
Office of African and Latin American Analysis

22 June 1982

NOTE FOR: Mr. Roy Godson
Consultant to the President's
Foreign Intelligence Advisory Board

SUBJECT: Intelligence Assessment on Mexico

I thought you would find the attached intelligence assessment on Mexico's financial prospects and problems interesting in light of my recent testimony on that country to a subcommittee of the President's Foreign Intelligence Advisory Board. We put it together because we are concerned that the upcoming Mexican election--though a pro-forma endorsement of candidate de la Madrid--is a watershed in economic policy. Should Mexico City not seize the opportunity of post-election consensus to invoke tighter austerity, we believe that it will face:

--A spur to inflation, now running at an annual rate of over 60 percent.
--Further weakening of the peso and renewed capital flight.
--A serious financial crisis, with attendant problems for US banks and investors.

Even successful adoption of austerity measures bodes slowed Mexican growth, a slackening in US-Mexican commerce, and the re-emergence of a wide range of bilateral problems.

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Attachment:
As stated

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