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THE SITUATION IN LATIN AMERICA

Report by the Ad Hoc Group of Experts
on Latin America

At its meeting of 27th September, 1961, the Council agreed to the setting up of an Ad Hoc Expert Group on Latin America. This group met at NATO Headquarters from 15th to 17th November, and drafted the attached report(1). The Committee consisted of representatives from Belgium, Canada, France, Germany, Italy, the Netherlands, Turkey, the United Kingdom and the United States.

2. The report is divided into four parts:

- Part I: General
- Part II: Country Studies
- Part III: Conclusions and Suggestions
- Part IV: Annexes.

3. The Experts wish to draw particular attention to Part III which is to be found on pages 29 and 30.

(Signed) A. BÖKER
Chairman

OTAN/NATO,
Paris, XVIIe.

(1) Political developments which occurred subsequently to the date of the drafting of this report, such as lately in the Dominican Republic, have not been taken into account.

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THE SITUATION IN LATIN AMERICA

PART I: GENERAL

1. Since the early days of the Republics in the 19th century and until a few years ago, the course of events in Latin America has been relatively unaffected by the main streams of political thought as they have developed in Europe. It had too easily been assumed that this vast area, apparently free from threats of the cold war, could safely be left to evolve towards its own form of political and economic equilibrium. But in fact pressures have for long been building up and a situation has now arisen which is potentially dangerous for the vital interests of the free world.

2. Political and social evolution in almost all Latin American countries has been slower than in many other parts of the world. For many years past, greater disparities between rich and poor have existed there than in Europe. In many countries, the antiquated system of land tenure, the unequal distribution of land and the obstinate defence of their narrow interests by a small and powerful class of landowners and business men are still an obstacle to social progress. Social and economic affairs are complicated by the existence, at least in most of the Andean Republics and Central America, of an under-privileged mass of Indians who are as yet relatively apathetic politically but who constitute a dangerous question-mark for the future.

3. The present growth of the population in Latin America is believed to be faster than in any other area in the world. It is estimated, if present trends continue, that the population will rise from the present figure of about 200 million to 300 million by 1975 and will reach about 600 million by the end of the century (when it will be only just less than the combined populations of North America and Western Europe.) (See Annex A).

4. The combined effect of population growth with rapid expansion in some countries has led to serious overcrowding in the cities and to the formation, particularly in the capitals, of shanty town populations which are only too ready, from despair over their prospects of improvement, to listen eagerly to prophets of reform or revolution. At the same time, an improvement in communications of all kinds, notably radio, has led to a keener awareness that in other countries conditions are different and better. Because of the close involvement of United States interests in Latin America, this has been accompanied by jealousy and resentment directed against the United States.

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5. Pressures have therefore developed throughout all Latin America in favour of more rapid economic development and social and particularly agrarian reforms, neither of which can, however, be achieved without large quantities of financial and technical assistance from outside the area. This situation, in itself grave, has been infinitely complicated and brought to a head by the two closely related and outstanding developments of the past two years - the Cuban revolution of 1959, leading to the close links between Cuba and the Sino-Soviet bloc, and the subsequent growth of subversive activity fomented by Cuba and the Bloc throughout Latin America.

6. In spite of the existence of revolutionary pressures there is also in Latin America a continuing return towards democratic forms. Moreover, Latin America's religious and cultural heritage is largely Western European and in most countries the political framework ultimately depends on the Western conception of law and the rights of the individual.

7. From the economic angle also there are grounds for optimism in the long term. Latin American resources of minerals are vast. There are huge tracts of uncultivated land waiting to be developed and agricultural production on land already under cultivation could be very greatly increased simply by the application of modern methods. As soon as the more advanced countries can achieve an economic take-off, the rapid increase in their populations could become an asset instead of a liability as hitherto. Indeed in Latin America it is generally agreed that the growing populations cannot raise, nor even maintain, their standard of living by a corresponding further expansion in the production of already over produced minerals and raw materials. A greater diversification of production (many countries depend for their income mainly on the production of one crop or mineral, e.g. coffee in Brazil, copper in Chile) regionally planned industrialisation, the development of the necessary infrastructure, and the expansion of trade within Latin America, are regarded as the main aims to be pursued.

8. In connection with these plans a Latin American Free Trade Area has been formed which so far includes eight countries: Argentine, Brazil, Chile, Colombia, Peru, Mexico, Paraguay and Uruguay. The Central American Common Market represents another effort in the same direction. The success of plans for economic development depend among other things on the provision of development capital and technical assistance. The need for aid of this kind is so imperative that even if it is provided in large quantities by the international finance institutions, the United States and Western Europe, additional offers are likely to be made and perhaps accepted.

The Significance of the Cuban Revolution

9. Cuba is now virtually a Communist State although not officially incorporated in the Sino-Soviet Bloc. In addition to creating internal problems for Latin American political leaders, Cuba's defection from the West has thrown the inter-American system into disarray and made Latin America a vital arena in the cold war. If the Cuban revolution succeeds in achieving a stable régime there will be a serious risk that it will inspire similar revolutions elsewhere in Latin America. For the mass of the people, among whom his prestige continues to increase, as for the students, Castro is their champion in the fight against poverty and foreign domination. Despite Castro's obvious involvement with the Cuban Communist Party and reliance on Communist bloc support, he can, in fact, appeal to Latin American leftists and ultra-nationalists as one of themselves and as a worthy leader of their cause. Many Latin Americans, especially among the intellectuals, do not equate Castroism with Communism. Moreover, it is widely asserted that Castro was forced to turn to the bloc in early 1960 because of United States refusal of aid and for protection against alleged United States aggressive designs.

10. Nevertheless, Fidelismo (the Cuban revolution in its broad sense) is only the extreme left wing version of the general pressures for reform and development referred to above. Whatever the course of events in Cuba may be, these pressures are bound to remain the dominating factor in Latin American politics during the 1960s.

11. The rural population, especially where it is composed of Indian communities, has hitherto remained least affected by pressures for reform, although Castro has shown the revolutionary potentialities of the rural worker when galvanised by the promise of land. Nor do the workers in general lead the demand for change. The revolutionary pace is usually set by the middle class; by the teachers, students, writers and professional men composing the "intelligentsia". Resentful of the privileges of the land owning oligarchy, often justifiably indignant at the grinding poverty around them, and conscious of Latin America's backwardness, they are attracted to Marxism and to the Russian, Chinese, and now Cuban experiments in economic, political and social transformation. Relatively few go so far as to accept the dogma and discipline of the Communist Parties, though many are prepared to look on the latter as allies, often without realising the danger of doing so. They see the chief enemy of both their radical and their national aspirations in their local oligarchies and in so-called foreign "economic imperialism" (closely bound up with the anti-colonialism endemic in Latin America), which is identified with the maintenance of the status quo.

12. Extreme Fidelistas are not necessarily members of the local Communist Party but they have similar aims. Through them the Sino-Soviet bloc can now exercise its influence in the guise of an indigenous Latin American movement. Leaders of the revolutionary left point to Castro's Cuba as proof that a short-cut to development is possible through social revolution. Increasing numbers of people are concerned that development can be speedy and painless following such a revolution and the expropriation of propertied classes and foreign capital. Under the threat of a Castro-type social revolution, some important propertied interests react by transferring assets to foreign safe havens. The social and political instability of the area reduces interest in foreign private investment at a time when this source of capital is counted upon to play an increasing role under the "Alliance for Progress".

13. Since the efforts made by the Castro régime to bring about revolutions in Panama and elsewhere in 1959, there have been no further attempts of a similar character to precipitate direct action against other Latin American countries. If, however, direct action were to be decided upon in any country, it would not be difficult for arms to be imported clandestinely from Cuba where considerable quantities of arms have been received from the Soviet bloc. In the smaller Caribbean countries, even a small quantity of arms delivered at the right moment could exert a decisive influence. For the time being, however, no change need be expected in the present position in which the Communist Parties believe that their best chance of reaching political power is through constitutional processes.

Sino-Soviet Penetration in Latin America

14. The Soviet Union is pursuing a three-pronged strategy in Latin America: first, it is endeavouring to augment its influence through the establishment of political and economic relations with as many countries as possible; second, it is encouraging local Communist parties to seek close alignment with leftist-nationalist forces and work for domestic and international policies desired by the USSR; and, third, it is seeking to consolidate the Castro régime in Cuba as a model capable of exerting strong attraction throughout Latin America. Moscow's short-term goals are to discredit free institutions by creating trouble wherever possible and to weaken Latin American ties with the United States and the rest of the Western World, while strengthening Latin American relations with the Communist bloc.

15. Soviet strategy for local Communist parties in under-developed countries is expounded in the doctrine of the "national democratic state", which appears particularly applicable for Communist forces in Latin America. As an immediate tactic, Communist parties are urged to form coalitions with leftist-nationalist forces struggling for a change in the status quo. The aim is eventually to establish a "national

democratic state" through the replacement of the existing government by a "national front" government with strong Communist influence and a pro-Soviet orientation in international affairs. At the same time, it is hoped that through such alliances the local Communists can achieve respectability and build up their political forces for a future test of strength. With the same end in view the Soviets do not want Cuban extremism to alienate important circles and public opinion elsewhere in Latin America. This has probably been a major factor in Soviet coyness about Cuba's affiliation to the Communist bloc.

16. The Soviet Union is also seeking to enhance its direct presence in Latin America through the establishment of diplomatic relations with the Latin American governments, trade and aid offers, and extensive programmes of cultural exchange. (See Annex C)

17. Communist China has the same ultimate objective in advancing the cause of Communism in Latin America as does the Soviet Union. But here, as elsewhere, Peking very likely disagrees with Moscow over the best tactics to be used. In particular, the Chinese Communists seem inclined toward a more aggressive course of action than the Soviet Union (including armed struggle), and less tolerant of non-Communist governments. Nevertheless, it seems that the policies of the Soviet Union - the power at the moment with much greater political and economic capabilities - will predominate at least for the foreseeable future.

18. However, China is in a better position than the Soviet Union for conducting an effective propaganda campaign. Chinese propaganda is primarily directed at the indigenous population and makes capital out of its centuries-old resentment against the Spanish colonisers. Furthermore, a mainly agricultural society, such as that of South America, finds the experiment of China more interesting than that of Russia, which has reached an altogether too advanced stage of industrialisation.

Methods and Media of Communist Penetration

19. The methods and media by which the Communist bloc tries to penetrate Latin America follow the classical pattern observed in other regions of the world. They can be briefly summarised as follows:

- (a) Local Communist parties exist in all Latin American countries except the Dominican Republic and Haiti, though in several they lead an illegal or semi-legal existence. Total membership is variously estimated at about between 250,000 and 400,000. The importance of these parties lies not so much in themselves as in the

fact that they try to penetrate and activate other left-wing or extremists organizations and parties. Their most outstanding success, of course, has been in Cuba where they managed to get control of a revolutionary movement which appeared at the start to be liberal and democratic.

- (b) Attempts at using the international Communist Labour Front, WFTU, as a vehicle for penetrating authentic local labour movements continue, though they have so far met with little success.
- (c) The Communist press in Latin America outside Cuba is still weak but Communist sympathisers are becoming bolder in spreading their ideas and slogans through non-Communist press organs. They are strongly aided by the Cuban News Agency "Prensa Latina", now active in eight other Latin American countries.
- (d) Sino-Soviet bloc radio broadcasts to Latin America have increased from 104 hours per week at the beginning of 1959 to 181 hours as of 30th June, 1961. In addition, the recent inauguration of a powerful short-wave station in Cuba now enables the Castro regime to reach every corner of the hemisphere.
- (e) Latin American students are beginning to enrol in Communist bloc universities though so far in relatively small numbers except for Cubans. Total Latin American student enrolment in bloc universities was about 500 in 1960/61, of whom roughly half were Cubans. The Cuban enrolment is said to have risen to 1,700 this autumn.
- (f) The Communist bloc is still without official - diplomatic or consular - representation in most Latin American countries though their network is expanding. There are now 32 diplomatic missions from Sino-Soviet bloc countries in eight Latin American states and more are scheduled to open in the near future. Czechoslovakia and Poland maintain more missions than any other bloc country.
- (g) Whereas Communist bloc trade now accounts for roughly 75% of Cuba's total trade, its share in the total trade of other Latin American countries is still fairly small though steadily increasing. In Argentine, Uruguay and Brazil, bloc trade accounts for between 5 and 10% of total trade.
- (h) Bloc economic aid is so far given exclusively to Cuba - development credits to that country total \$357 million during 1960/61 - but substantial trade credits have been made available to Brazil and other South American countries by the Soviets.

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- (i) Official missions from the Communist bloc have begun to visit Latin America and some visits have been returned by Latin American countries, notably Brazil, behind the Iron curtain.

20. A detailed analysis of the media of penetration used by the Communist bloc in Latin America will be found in Annex B to this paper.

Reaction of the Governments and Moderate Opinion in Latin America

21. Consultations among members of the Organization of American States on the general subject of Communism and Fidelista activities have centred on the question whether the Organization of American States should concert action against Cuba or whether an attempt should be made to bring Cuba back into the inter-American system. The former course has been generally favoured by those who have broken off or suspended diplomatic relations (United States, El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, Haiti, Peru, Paraguay and Venezuela); but the major States (Brazil, Argentina, Chile and Mexico) remain opposed to the idea. Since the abortive invasion of Cuba in April 1961 the prospects for concerted action against Cuba have diminished (in some cases because the countries concerned would prefer to see the Castro régime overthrown by the Cuban people itself). In any case such action would run counter to the principles of non-intervention and self-determination which are sacred in Latin America, and it could provoke serious left-wing disturbances in some Latin American countries if their governments subscribed to it.

22. Recent developments in Cuba and the consequent growth of Communist activities in the rest of Latin America have had at least one beneficial result. Until 1959, few Latin Americans were prepared to admit the urgent need for reform. Today complacency has been somewhat shaken. Almost all Latin American Governments now at least recognise that they are faced with serious dangers and some of them have drawn the deduction at last that if they are to avoid violent change, far reaching reforms in the existing social, economic and political order must be brought about promptly and by peaceful means. Awareness of the urgent need for preventive measures has been sharpened by the failure of the abortive invasion of Cuba and by the consequent realisation that for good or for bad the United States are powerless to help either to prevent the last stages of a communist take-over or to upset it afterwards. In many countries the armed forces, traditionally representative of the right wing, now hold this opinion and where they do not (e.g. Venezuela) they are generally not sufficiently united among themselves to present a firm front against moderate reform.

In one or two countries (particularly Venezuela and Colombia) even the land-owners are beginning to recognise the need for change; but elsewhere (e.g. Peru, Chile, El Salvador), they still seem blind to the dangers which surround them. The Catholic church has also shown great awareness of the need for social reforms especially in the agrarian sector.

Anti-Yankeeism

23. Large strata of Latin American society have for long been affected by a curious malady, anti-yankeeism, - a form of xenophobia mixed with strong sentiments of economic jealousy and nurtured by some historic memories. Despite their good neighbour policy and their substantial contribution towards the economic expansion of the Latin American countries over the last twenty years, the United States are accused by the young generation of complicity in an obsolete social order by coming to the rescue of the most reactionary classes, which are the only real beneficiaries of the country's enrichment through its contacts with North America. Certain politicians who have benefited handsomely from American money but feel insecure, are trying to outbid the anti-yankee section of public opinion in rather the same way as certain influential Orientals have made and continue to make a practice of outbidding the anti-French or anti-British sections of public opinion.

24. The occasional violent outbursts of anti-Americanism recently witnessed were mostly the work of Castrist forces, strongly backed by Communist agents. Since the Communists are obviously exploiting all anti-American sentiments in order to strike at the roots of Latin America's Western orientation, it is in the interest of the NATO alliance as a whole to do everything possible to counteract this atavistic current of opinion. This could most notably be done by European countries with strong traditional ties with Latin America.

Neutralism or non-alignment

25. Although no Latin American country has openly identified itself with neutralism, some of the countries may see advantage in such a position. In any event the "automatic majority" which the United States was supposed to have had in the United Nations with the support of Latin America is certainly no longer a reality. Although the Belgrade Conference did not enjoy much success in attracting Latin American participants - with Cuba, whose alignment is obvious, being the only country to participate fully - great efforts were made to obtain representation from Brazil, Mexico, Bolivia and Ecuador.

26. Growing doubts in Latin America as to the military and scientific superiority of the USA over the USSR, coupled with the need to find additional outlets for Latin American surplus agricultural and mineral production have led at least to

willingness to deal with the Soviet bloc. Notable examples are Brazil under both Presidents Quadros and Goulart, and Ecuador under both Presidents Velasco Ibarra and Arosemena. At other times, other Latin American nations have also displayed an independent foreign policy for a variety of reasons:

- (a) The genuine need to find additional commercial outlets.
- (b) The desire to appease left-wing internal elements.
- (c) Emotional reactions to steps likely seriously to affect prices or markets of specific commodities, e.g. Bolivia's position in The International Tin Council.
- (d) The genuine desire to decrease dependence on the United States and the West.
- (e) The personal predilections of certain left-wing Latin American representatives at international organizations (e.g. Padilla Nervo of Mexico).
- (f) The belief that playing both sides will bring increased trade and aid, and
- (g) The growing realisation that any country in Latin America can take a position against the United States with impunity under the protection of the Inter-American system.

27. Even internally, certain respectable businessmen are trying to hedge their bets by decreasing identification with the West. They reason that if they are definitely aligned, a left-wing government which takes office might confiscate their property and place them in personal jeopardy.

The "Alliance for Progress"

28. The success of Castro in consolidating a Marxist-oriented Government and in securing widespread initial support in the rest of Latin America, served as a final warning that urgent measures were necessary in order to meet the rising expectations of the peoples of Latin America and to remove the conditions which favour Communist penetration in this area. These have now been introduced by the programme known as "Alliance for Progress" initiated by President Kennedy and formally launched by the Organization of American States at the Conference of the Latin American Economic and Social Council held at Punta del Este in August 1961. At this conference all participants accepted the need for social

reform, including new tax structures and agrarian reform: as expected, Cuba was alone in opposing the programme.

29. For its part, the United States Government had already received Congressional authorisation to contribute \$500 million in social development aid for Latin America, and it has now undertaken to provide in all more than \$1,000 million in the current year of the Alliance (which began 13th March, 1961). For the future, Mr. Dillon declared his government's belief that Latin America could expect some \$20,000 million from all sources including Europe over the next decade. This external aid should normally imply a large-scale investment effort by the Latin American countries themselves during the same period. The approximate figure of \$80,000 million has been quoted by Mr. Dillon, which would represent rather less than 12.5% of the current gross national product of the countries in question. In view of the fact that some other countries invest more than 20% of their gross national product, this figure does not seem to be unrealistic, although investments in Latin America may not always be of a character to contribute to real economic growth. The final act of the Conference also held out some hope that a way would be found to stabilise commodity prices, a question on which Latin American countries are as sensitive as on economic aid.

30. However, much importance may have been attached, particularly in the United States, during an earlier period, to the elimination of the Castro régime, the programme of Alliance for Progress is today universally acclaimed as the best method of resolving the problems of the area and in particular of exorcising the dangers presented by Communism and Fidelismo. The programme can only achieve results if the Latin American Governments are able to overcome the opposition from vested interests to the far-reaching reforms for which aid will now be available. Much will also turn on how effectively the planning machinery established by the conference at Punta del Este functions.

31. The plan is of course essentially a long term one, and its immediate benefits are hard to assess. Perhaps the most important are the great encouragement which the plan has given to all moderate elements in Latin America favouring evolution within the existing political and social systems, and the renewed confidence of governments and large sectors of moderate opinion in the policies of the United States. Nevertheless, it is still a fact that the United States, on whom the chief burden of the effort put forward under the Alliance for Progress will fall, is still hampered by the anti-United States feeling which has become endemic in certain quarters. This disadvantage may partly be mitigated to the extent that funds provided under the Alliance are channelled through international technical agencies such as the World Bank or the Inter-American Development Bank.

32. The Sino-Soviet Bloc cannot respond to the "Alliance for Progress" on a dollar for dollar basis, especially in view of the very large investments required to maintain, let alone develop, Cuba, as an effective shop window for Communism. But they are likely to make further offers on the pattern of their offer of a loan of \$150 million to Bolivia, which they made in December 1960 in the hope of frustrating negotiations there with the United States and German Governments and the Inter-American Development Bank for the rehabilitation of the Bolivian mining industry.

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PART II: COUNTRY STUDIES

Argentine Republic

33. Only partial success has so far been achieved in recovering from the political and economic confusion which followed on the fall of Peron in 1955. Under Peron, the workers had become demoralised in the sense that they were accustomed to benefits which the country could not afford. The economy had been weakened by a neglect of the resources which the country is best fitted to produce, and by a failure to maintain capital investment at a level necessary for the maintenance, let alone the development, of public utilities and communications. Under both the Provisional Government and President Frondizi heavy debts were necessarily incurred, the burden of which will continue to retard full recovery for several years to come.

34. The government of President Frondizi, who took office on 1st May, 1958, followed the Provisional Government of General Aramburu who had restored democratic government after the fall of Peron. President Frondizi owed his election largely to the support of the peronistas; the return of the former dictator can now virtually be excluded, but his popularity with organized labour is by no means extinct. Though without any effective leader, the peronistas have been partly responsible for the many disturbances of all kinds which have taken place during the past two years.

35. Recent elections have indicated that President Frondizi's Intransigent Radical Party has now lost much of the support both of the peronista elements and left wing groups including the Communists on whom he once relied. The Communist Party, although illegal, is the largest in Latin America. Because of its relatively small size compared with other Argentine parties, it aims at building up a popular front with other extreme left wing groups and the peronistas. It has made notable progress in penetrating the universities and those trade unions which are not peronista in character.

36. However, President Frondizi, whose skill as a politician is well recognised, has managed so far, by a combination of fair words and firmness, to survive in face of the pressures exerted on him from, on the one hand, the extreme left wing and peronistas and, on the other, the armed forces. The latter are suspicious of him for his past political associations and because they fear that he is too lenient with the extremists. It also appears that the armed forces are reluctant to stultify their declared policy at the time of Peron's overthrow, i.e. to restore and maintain constitutional government, and that they may play the part, for the foreseeable future more of a pressure group than of an instrument of revolution.

37. In spite, therefore, of the persistent outbreaks of violence in the towns, which has led the government to entrust the army with the command over the police force, and in spite of the social unrest related to the wage-price spiral and the lack of progress made in any improvement of public utility services, it is possible to regard the political and economic future of Argentine with some degree of optimism, in view of the relatively responsible attitude of the leaders. The Congressional elections in March 1962 should show how far this optimism is justified.

38. In the economic field, President Frondizi has pursued a policy of austerity. At the same time, he has encouraged private enterprise and the influx of private foreign capital. He has done his best to contain inflation and has made strenuous and successful efforts with the aid of foreign firms (which brought him under nationalist fire) to make Argentine self-supporting in petroleum products. As a result of these measures, Argentine credit worthiness has improved, substantial loans have been obtained abroad and the economy is making gradual progress. The austerity involved has not been popular, but even President Frondizi's severest critics have admitted that they, in his place, would have taken similar action.

39. As on the home front President Frondizi has provided evidence of his and his party's opposition to extreme ideologies, so in foreign policy he has made clear that Argentine is strongly anti-Communist and firmly aligned with the West. Argentine, with Mexico and Uruguay and, of course, Cuba, is one of the four Latin American countries who have diplomatic relations with Soviet Russia. However, the Frondizi government has not hesitated to curb the subversive activities of Soviet diplomatic agents by requiring the removal in 1959 of several members of the Embassy staff. The Peking régime is not recognised in Buenos Aires.

40. President Frondizi has lost no opportunity to assert the pretensions of his country to the leadership of the Continent. Like the former President of Brazil, Janio Quadros, but with much more moderation, he seeks to affirm the independence of his foreign policy in regard to that of the United States.

Bolivia

41. Bolivia is one of the Latin American countries which are seriously threatened by extreme left-wing activities. Although the 1952 revolution, which put an end to a military régime, carried through far-reaching economic and social reform, including the nationalisation of the tin mines and redistribution of land, the country is still beset with grave social and economic problems. Desperate poverty is still widespread(1) and tin production - the mainstay of the country's economy - has fallen, owing to bad management, the deterioration of capital equipment and bad labour discipline. The railways, which carry most of the ore, have also fallen into a state of near collapse, owing to neglect by the administration and the lack of capital improvements since they

(1) The average annual capital income being the lowest in the hemisphere.

were taken over in 1959. The Bolivian Government and the Government Corporation are frequently in arrears in payments to their own employees.

42. There is thus ample material for extreme left-wing agitation and left-wing influence is strong. The Communist Party, although it represented in 1960 only 1% of the electorate, has, in alliance with trotskyst and syndicalist elements, considerable influence in organized labour, especially among the tin miners. The "National Revolutionary Movement", largely inspired by non-Communist Marxism, which carried through the 1952 revolution, has a powerful extreme left-wing although the present President and leader of the party, Dr. Paz Estenssoro, is pro-Western. He saw to it that the post of Vice-president was filled by Mr. Lechin, the Trade Union leader who stands on the extremist wing of the NMR, both in order to prevent the extreme Left from rallying its forces and to make him responsible for the severe measures taken to improve the economic situation and in particular to rehabilitate the tin-mining industry. Mr. Lechin, however, does not intend to become involved and a few weeks ago he seized the opportunity of an incident unconnected with his political activities to resign from the Vice-presidency.

43. In the domestic field, the Government seems to be counting on the support of the two organized forces which are potential stabilising elements, namely, the Army and the Church. The former, which was defeated in 1952 by the people's militia raised by Mr. Lechin, is now surrounded with official solicitude. The latter which, not so long ago, encountered some hostility, is intensifying its mass action by increasing the numerical strength of the clergy and by openly joining battle with Communism, with the tacit encouragement of the authorities.

44. The Government of Dr. Paz Estenssoro has accepted a Western offer known as the "operation triangle" involving the United States, the German Federal Republic and the Inter-American Development Bank. Strengthened by this assistance, the Government was able to defer its reply to an unconditional Soviet offer to provide funds amounting to 150 million dollars and to send technicians with a view to re-equipping the mining industries.

45. The Soviet bloc is showing increasing interest in Bolivia and has been pressing the Bolivian Government to allow the establishment of a Soviet Mission in La Paz.

46. The situation is thus precarious. At present, Dr. Paz Estenssoro appears to be holding his own but much will depend upon the efficacy of Operation Triangle. If it succeeds, the Bolivian economy may receive new stimuli and many causes of discontent might be removed.

Brazil

47. The unexpected resignation of Mr. Quadros from the Presidency on 25th August has precipitated a crisis of confidence throughout Brazil and has cast a shadow over the immediate political and economic future of the country. The new system of parliamentary government, under the Presidency of Mr. Goulart, has made a slow and uncertain start and since it is based on domestic political bargaining among the principal parties, the resultant uneasy coalition has given rise to a precarious political situation which raises serious doubts for the prospects of the Government's economic programme. The recent politico-military crisis has interrupted the stabilisation programme initiated by Mr. Quadros to alleviate the crushing burden of Brazil's overseas debts, an inheritance from President Kubitschek's policy of prestige at a time when the national economy could ill afford it and which resulted in severe inflation. The prospect of further inflation and balance of payments difficulties is again looming large on the horizon, specially in view of the relative lack of purpose and capacity displayed by the present leaders. Congressional elections will be held in October 1962 and it may be possible to tell with greater precision thereafter whether political stability can be achieved.

48. The immediate outlook for Brazil is therefore depressing. Already there are increasingly disquieting signs that President Goulart will not indefinitely accept the constitutional amendment by which the powers of his post were truncated before he took office. His personality and inclination, combined with the tradition of Brazilian politics, are likely to make him, rather than the Prime Minister, Tancredo Neves, the leading figure in determining policy and official appointments. He has in fact already engineered a number of the latter, which reflect his general policy of paying off left-wing political debts.

49. Although the Communist Party is nominally illegal in Brazil, it is influential, and extreme left-wing elements are making good use of their opportunities. The Communists have been weakened by internal dissensions and are not yet powerful enough to constitute a real and immediate danger to the Republic. But communist infiltration is found in all walks of life. Furthermore, the extreme left-wing Peasant Leagues in the depressed North East are a potential menace to political stability since they may affect 20 million people, i.e. about one-third of the population of the country. Their leader Francisco Juliao, is sometimes regarded as an embryonic Brazilian Castro, though he is not believed to enjoy the full support of the Communists and has yet to show that he has the personal calibre necessary to emerge as a revolutionary leader of national status. This new phenomenon shows that the time has come when it is imperative to find a solution to the miseries created by the continuing existence of archaic structures.

50. Brazil, by geography, tradition and inclination, belongs to the western camp. The Army is traditionally inclined to the side of constitutional order and though itself divided may be expected to thwart any Communist or Castroist coups in order to preserve it. The country is also fortunate in possessing a relatively mature public opinion, as the recent constitutional crisis showed. However, although it is quite possible that the present Government will survive the political pressures of the coming months, the key to the future continues to be the economic and financial problem. In reality, it would seem that Brazil still intends, as President Quadros had shown, to keep the United States at a distance while gaining the commercial advantages of closer relations with the socialist countries.

Chile

51. Since 1932, Chile has been free of dictators and has changed its government by orderly legal processes. However, due to the multiplicity of political parties, the national government has been generally weak, with the last fairly strong government being that of Gonzales Videla, in 1952, whose radical party is the largest in Chile, but which still fails to control more than some 25% of the votes. President Alessandri represents perhaps the last conservative government which we shall see in Chile. His efforts to establish economic stability and to combat Chile's long history of exaggerated inflation were frustrated by the severe earthquake which caused great damage in 1960 and by the constant clamour of the Chilean labourers for a continuation of past benefits which had been financed largely through inflation.

52. Since the Araucanian Indians were never conquered and absorbed, the Chilean tends to think of himself as of European background and many of the people maintain close ties with Spain, England and Germany. However, the basic social reforms of the type which have taken place in Europe have barely scratched the surface in Chile and there are acute problems of poverty and unemployment in the industrial sector. Chile's agrarian situation is one of the worst in Latin America with large land holdings inadequately taxed and inadequately utilised and with the system of tenant farming which makes the "inquilino" one of the most susceptible targets for Communist penetration. Unfortunately, the Alessandri administration has not yet come to grips with the problem of agrarian reform and this field remains wide open for the agitators of the far left, including the FRAP (Frente Republicano de Acción Popular) and the Christian Democrats. Now that the radical party has joined the government, it may be possible for Alessandri to advance more constructive policies and indeed assurances have been provided with respect to both tax reform and land reform. In the light of the above, it is understandable that the Communist Party and the left-wing Socialists gained considerably in the last Congressional elections of March 1961.

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53. Chile combines a strong democratic tradition with a comparatively high standard of literacy and education. Thus the Communists, provided they continue to pander to constitutional methods which seem firmly established in Chile, are in a position to appeal against social and economic injustice to a wider and more responsive audience than would be the case in a more backward and uninformed society. As in many countries in South America they have been particularly successful in penetrating the universities, which in turn are in a better position than in Europe or in the United States to exercise an influence on the political and administrative scene. It is worth noting that the leading intellectual of Chile, Pablo Neruda, is an out-and-out Communist. The Communists have also dominated the "Confederacion General de Trabajadores" for a number of years. Communism has been successful in Chile in the past, notably in the late 1930's, through popular front techniques and its present programme, calling for agrarian reform, nationalisation of the copper companies and the establishment of diplomatic relations with the Soviet Bloc is acceptable to many non-Communists.

54. The outlook in Chile is not very hopeful. It would be too much to expect the present government to bring about the broad social and economic reforms which are so desirable and which bulk so large in electoral campaign speeches. It thus appears that the most likely successor government (1964) will be considerably left of centre and that it will either include the Communists or make some accommodation to Communist policies and personalities. Salvador Allende of the FRAP, runner-up in the last election, appears to be a likely successor. Another possibility is Radomiro Tomic, head of the Christian Democrats, a movement in Chile which is extremist. - Either of these would tend to break Chile's close relations with the West and to deal with the Soviet Bloc on at least an equal basis. Such tendencies are found even in the present government which recently made great efforts to accept a Soviet offer to purchase copper and was disappointed to find that the offer was not a serious one.

55. Chile is among the leaders of the Latin American countries which adamantly refused to take joint action in the OAS against Cuba. If the present government must adopt such positions to appease left wing public opinion, one can well imagine what might result from a successor government which may feel no restraint in going all the way toward co-operation with the Soviet Bloc, believing that its ultimate protection from being engulfed lies in its geographical position.

Cuba

56. The events which have occurred in Cuba since 17th April this year have marked a new stage in the Cuban Revolution and probably a turning point in Inter-American political life. This stage was announced by Fidel Castro on 1st May in his statement heralding the imminent promulgation of a "socialist" constitution.

57. The operation launched, perhaps prematurely, on 17th April proved how greatly the opposition forces were overestimated and badly directed. Fidel Castro knows that he has the support of the masses and he now counts on them alone. The Communist Party, 20,000 strong, has gained control of all the revolutionary groups and of the militia by forming the "Single Party of the Socialist Republic".

58. Although in the beginning Castro evoked a great deal of popular support not only in Latin America but in the rest of the free world, because he was associated with reforms and the overthrow of Latin America's worst dictators, Cuba now bears virtually all the marks of a peoples' democracy, and constantly aligns its policy on that of Moscow. Both its markets and its sources of supply are now in the hands of the Eastern bloc countries. Treaties, technical assistance and trade agreements with all the governments of the communist bloc have set the official seal on this trend. The few religious demonstrations which took place in Havana and other towns merely had the result of speeding up Castro's drive to eliminate the clergy. On the other hand, the rapid progress of the Cuban Government in the direction of Communism has been received with some reticence by Moscow, which has noticed the lack of method and organization of the Fidelist régime as well as a certain changeability both in the thinking and in the declarations (usually improvised) of the Cuban leaders. This impression has been strengthened by the visit of President Dorticos to the communist countries and by the remarks made by Khrushchev to Kennedy at their Vienna meeting.

59. The victory of the revolutionary government over the anti-Fidel rebels has undoubtedly strengthened the prestige of its leader; but several months have elapsed since then and the people are beginning to show signs of lassitude. It is undeniable that the supply difficulties are causing general dissatisfaction and neither Cuba's isolation nor its precarious lines of food supply has escaped notice, but there is little likelihood of the régime being overthrown, at least for the time being.

60. Any organized opposition is ruthlessly suppressed by the powerful Ministry of the Interior, which maintains a

secret police on the Communist model, supported by a network of informers that includes one Cuban in twelve. The numerous anti-Castro exiled organizations are divided and dispirited and lack an attractive programme and a leader who commands general support. The only one with a substantial following inside Cuba is Manolo Ray's M.R.P. which is handicapped by the mercurial character of its leader. A few guerrilla bands maintain themselves in the mountains, but neither they nor what remains of the clandestine opposition are capable of more than sporadic activity, nor have they any real chance of overthrowing the regime unless they are aided by an explosion of wrath among a people driven to despair.

61. This does not detract, however, from the prestige of the Cuban revolution in the eyes of Latin America. Posing as the champion of the independence of the peoples of the Continent, Fidel Castro symbolises the opposition to the established order. At a time when there is a great surge towards emancipation by the peoples throughout the rest of the world, Fidel Castro's call to rebellion stirs up local nationalist feeling.

62. Although it has repeatedly declared that it has no wish to "export its revolution" the Cuban Government has for two years been directing a strenuous and methodical propaganda effort towards Latin America for which it finds adequate resources and support in many quarters. Furthermore, the steady progress of Fidel Castro's régime towards Marxism has resulted on the Continent in a phenomenon of osmosis between the Castrist and Communist ideologies, although Castro has always claimed not to be a Communist. The usual progressist organizations are to be found practically everywhere and their doors are wide open to the adepts of Castroism.

63. The Punta del Este Conference gave the Cuban Delegate, Che Guevara, an opportunity to enlarge on all the familiar themes of Castrist propaganda, to attack the shortcomings of the "Alliance for Progress" programme and to extol the results achieved by his own country with the assistance of the socialist countries. He won some measure of support by displaying moderation. Although he renewed Cuba's links with all the Representatives of the Latin American countries, he nevertheless refused to sign the Charter.

Dominican Republic

64. Following the assassination on 30th May, 1961, of Generalissimo Trujillo after 30 years of tyrannical rule, there is considerable unrest in this country. President Balaguer, although originally installed as a puppet by Trujillo, is endeavouring to rehabilitate the Dominican Republic in the eyes of the West. He has succeeded in removing some of the worst features of Trujillo's rule by allowing the formation of political parties in opposition to the Trujillista "Partido

Dominicano" (P.D.), by allowing free expression of opinion, by curbing the secret police and expelling its most notorious leaders from the country, and by releasing most of the political prisoners.

65. This approach to a semi-normal political life has, however, given rise to increasing rioting against the remnants of the Trujillo régime. In fact, much power remains in the hands of the reactionary alliance of the Trujillo family, the armed forces and the P.D., who control the legislature and a powerful propaganda machine. It is probable that these elements have only tolerated President Balaguer's policy up to now in the hope that the Organization of American States will be beguiled by a façade of liberalisation into lifting the sanctions imposed on the Dominican Republic in August 1960(1).

66. The three Liberal opposition parties that have emerged since Trujillo's death have refused President Balaguer's offer of portfolios in a coalition Government on the ground that Trujillista influence has not been effectively eliminated (since then, however, a start has been made with the task of persuading the leading members of the clan to leave the country). The government is now reported to have consented to several of the most important of their demands; it is to be hoped that this will make possible the necessary fundamental reforms, but it is still possible that it will provoke a Trujillista coup d'état.

67. Two opposite dangers exist in the longer term. If elections are held as planned in May, 1962, as required by the constitution, the P.D. would probably win because the peasants revere the dead dictator who, for all his many faults, brought considerable prosperity to the country. On the other hand, a prolonged period of tension and disorder would increase the risk that the allegiance of the peasants would be transformed not to the democratic opposition parties but to the Fidelista "Movimiento Popular Dominicano" (M.P.D.), which is now comparatively weak. It is, therefore, imperative that the task of purging the legacy of 30 years of absolute rule and re-educating the Dominicans in democratic ways proceed without delay.

68. The economy of the country would rapidly deteriorate if OAS economic sanctions were not lifted and if the Republic could not re-establish normal relations with the other member countries of the OAS.

Ecuador

69. Many of the classic conditions for an extreme left-wing revolution appear to be present in Ecuador. The country is poor, the economy is sluggish, and there is great social disparity. Sino-Soviet bloc interest in Ecuador is increasing. In December, 1960, a barter agreement with Czechoslovakia, involving \$630,000 was signed.

(1) After Trujillo and his secret police had been implicated in an attempt to assassinate President Betancourt of Venezuela.

70. After just over a year in office, President Velasco Ibarra was forced out on 7th November, 1961. He had alienated most of his support by his autocratic behaviour, his financial mismanagement, and by his attempt to impose unpopular consumption taxes, and since early October anti-Velasco strikes and disturbances in which several people were killed, had been growing in intensity. In the end the army, upon whose support he had come to rely, apparently decided to drop Velasco, failed in its attempt to install its own candidate (the President of the Supreme Court) as President, and Vice-President Arosemena, who was supported by the Air Force and by Congress, was installed.

71. Arosemena has in the past made extreme left-wing pronouncements, and earlier this year he returned from a visit to the Soviet Union full of praise for the Soviet system. However, his left-wing pronouncements may have been dictated by opportunism rather than ideological conviction, and the Cabinet which he has appointed apparently contains no extreme left-wing figures and is, indeed, an improvement on the outgoing team of Ministers. But Arosemena, who is a weak character and an alcoholic, may not last long. The armed forces would oppose any attempt at an extreme left-wing takeover, but their recent split has cast doubt upon their effectiveness as a political instrument. The extreme left-wing is influential in Ecuador, particularly in the Trade Unions which are infiltrated by the Communists and among students, but appears at the moment to lack effective leadership.

72. An extreme left-wing takeover does not appear imminent in the short term, but in the longer term, given the basic social and economic conditions of Ecuador, the outlook is doubtful.

El Salvador

73. Although El Salvador is the most industrialised of the Central American Republics it probably has the widest gap between rich and poor and represents insofar a potential danger spot in this area. The fall in the price of coffee (which still provides 80% of her exports) has coincided with the widening breach in the former alliance of the army and the wealthy propertied class which has traditionally governed the country. In the Civil-Military Directorate which replaced the three months old Junta in January 1961, the army is the dominant partner. The Directorate, which is firmly anti-Communist, has put forward a strong social programme, including tax reform, but is running into serious budgetary difficulties in implementing it. Since the Officer Corps is drawn from poor homes, their programme is in many ways a direct social challenge to the rich families, who are already putting up a vigorous resistance.

74. The prospects of political stability will probably be put to the test by the elections scheduled for 12th December, 1961. If, in the struggle between the Directorate and the propertied oligarchy, the liberal elements in the army are frustrated, pro-Communists would have an opportunity to intervene. These appear

to have flourished under the Junta which held power from November 1960 to January 1961: and it was their unexpected strength which led directly to the army's seizure of power. It is even possible that the army, whose leaders themselves mostly have modest origins, will turn to the extreme left for support if they cannot overcome opposition from conservative elements. The Communist Party is illegal, but enjoys influence in the University and the Trade Unions.

Mexico

75. Mexico has been remarkably stable since its institutions settled into their final form nearly thirty years ago. While the nationalisation of the oil industry was the first tangible sign of Mexico's economic independence, the end of religious persecution and the agrarian reform restored political and social concord.

76. With the purely presidential type of régime, the President of the Republic is all-powerful for six years; the members of parliament, like the governors, hold their posts in reality by virtue of their membership of the "Institutional Revolutionary Party" (P.R.I.) which is virtually in complete control of economic life and of the elections. A right-wing party, "The National Action Party" and a left-wing party, "The People's Socialist Party" represent the opposition.

77. The present government, which defines itself as being "of the extreme Left within the framework of the Constitution", conducts Mexican policy on somewhat ambiguous lines and gives progressist circles very few grounds for attack. The very firm stand, not, however, without a touch of condescension, taken by certain prominent Mexicans in favour of the Cuban Revolution and the government's solidarity with the "daughter" of the Mexican Revolution do not affect the determination of Mr. Lopez Mateos to check any extremist moves. The army no longer plays a political rôle and confines itself to keeping order.

78. Moreover, the Left is divided. The popularity and influence of General Cardenas, the former President of the Republic, have declined, despite his present activities, and the policy of Mr. Lombardo Toledano, the leader of the People's Socialist Party, continues to be non-committal. As for the Communist Party, it is believed to have only five thousand members, and one of its leaders, the painter Siqueiros, is at present in prison. Great efforts have been made in the social and economic fields, but the proletariat and the agricultural population still raise problems.

79. In its foreign policy, Mexico strives to play a conciliatory role resting on the traditional principles of the self-determination of peoples and non-intervention. After having shown great sympathy for the Fidelist Revolution, the government

has adopted a more reserved and cautious attitude towards Cuba. It is fond of emphasising the good relations it maintains with every country and, without denying the continuing predominance of the United States in the economic life of the country, it seems to be inclined towards a certain form of "positive" neutralism. Without taking the lead in the international field, it remains in the Western camp.

Venezuela

80. Except for a short period of two years after World War II Venezuela had hardly known democratic Government until the fall of the dictator Perez Jimenez in 1958. Until the art and practice of democratic government has become something like an established tradition the political situation must therefore be regarded as somewhat precarious.

81. Whilst the general political outlook in Venezuela has improved in 1961, the difficulties facing President Betancourt's Government are formidable. Several times during 1960 and 1961 the opposition attempted its overthrow. The overt position of the P.C.V.(1) (which is legal) has since deteriorated, but they have succeeded in penetrating the press, the trade unions, and the educational system, particularly the University of Caracas.

82. The Communist campaign against the Government was at first stimulated by the success of Castro in Cuba, but pro-Castro feeling in Venezuela has since been limited by the increasingly close tie-up between Cuba and the Soviet bloc. Meanwhile, Betancourt has emerged as a firm and courageous opponent to Communism. As such, he now enjoys sufficient support from the Army to make the extreme left hesitate before attempting revolution. On 11th November, 1961, Betancourt broke off diplomatic relations with Cuba as a result of insulting statements made against him by Castro.

83. The P.C.V. do not regard themselves as strong enough to make an independent bid for power. They aim at a "popular front" and their last hope lies in profiting from the reaction which would follow a successful right-wing coup d'état. As far as can be envisaged, there is at the moment no serious danger of the latter; the Army leaders are aware that this would probably precipitate civil war, and despite the ineffectual uprisings brought about by disaffected Army groups, they seem to have accepted the present Government as probably the best available bulwark against the threat of the extreme left, even though they undoubtedly regard themselves as the ultimate defence in the event of an attempted revolution.

84. Venezuela's immediate political prospects are bound up with the economic situation, which is depressed. President Betancourt inherited from the dictator Perez Jimenez a legacy of virtual bankruptcy, and although Venezuela has immense oil and other mineral resources, which give her potentialities for

(1) Venezuelan Communist Party

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prosperous development, one important factor has been that the President has little grasp of economic problems, which he has left largely to his doctrinaire socialist Oil Minister, Mr. Perez Alfonso. However, the new Minister of Finance has introduced in 1961 a disinflationary programme, which at any rate on paper promises well, and steps have also been taken with the approval of Mr. Perez Alfonso to resist the application of further taxation to the oil companies. It may fairly be hoped that these and other measures, coupled with aid from abroad, will be successful in holding the immediate position and that the immense potential wealth of the country can be developed in the longer term.

85. On present evidence, it seems that President Betancourt's Government will just be able during the next two years to survive the continued pressure which is to be ~~expected both from the left and the right.~~ Betancourt has now been in power for more than 2½ years (a record for constitutional government in Venezuela), but the danger of another attempt at assassination must always be present. If Betancourt falls or is removed, the only alternatives would then be either a takeover by the Armed Forces or a pro-Castro left-wing government enjoying Communist support, if not actual participation. The Armed Forces might be strong enough to control a government for a time, but there are such quantities of arms in private hands in Venezuela that a civil war could easily result.

PART III: CONCLUSIONS AND SUGGESTIONS

86. The time has clearly passed when Latin America could be regarded by the rest of the world as playing no important rôle in world affairs and being of interest to Europeans only by reason of economic or cultural relations. The evolutionary and revolutionary forces now at work in that part of the world, the determination of the Communist bloc to carry the cold war into Latin America and the danger that the support of some Latin American countries may now be lost in the United Nations have greatly increased the political importance of this region. It is in the interests of the NATO Alliance that this changing factor in world affairs should be clearly understood.

87. The stability of Latin America is threatened by the stubborn defence by oligarchies and vested interests of an out-moded social and economic order against rising tides of social demands, by virulent Castrist propaganda and subversion finding ready response in many other Latin American countries, and by the determination of the Communist bloc to out-flank the United States in the south by fostering revolutionary situations and by establishing a foothold there is possible. For the present, the best Western response to this potentially dangerous situation would seem to be massive economic and technical aid combined with benevolent but insistent pressure for social and economic reforms. The United States have made a positive and farsighted contribution in proposing the Alliance for Progress, which envisages contributions from other nations as well. It is in the interest of the Free World that the Alliance should achieve its aims. Moreover, the members of the OAS hope that other industrialised countries will lend their support and, in fact, a request to this effect has been put forward in the Development Assistance Committee by the United States.

88. To help the Latin American States to emerge from their underdeveloped condition means helping them to increase their autonomy and their freedom of action and of choice. A greater measure of independence might, therefore, lead one day to the establishment of closer relations with the Eastern bloc powers and with the Afro-Asian world. This is, of course, a danger for the future, but an infinitely less serious danger than that of one or more explosions for which the West would be unprepared. Western democracies may thus have to accept and live with states adopting radically different political structures and committed to the nationalisation of foreign investments or to non-alignment in world affairs.

89. In a sense, it is surprising that the Sino-Soviet virus has not spread more widely. Despite the considerable efforts made by Communist countries in Latin America, their attempts until now have fortunately not yet been too successful, except in the case of Cuba. Trade has not risen appreciably between these states and the rest of Latin America and their offers of aid have mostly been rejected. This would indicate that the West still has some - though little - time to keep Latin America within the orbit of Western civilisation and democracy where by tradition it belongs.

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90. The creation of the Common Market in Europe has caused anxieties in Latin America as to outlets for Latin American products. This anxiety is bound to increase as the United Kingdom and her partners in the European Free Trade Area move closer to the EEC. The Communist bloc is likely to try to exploit this situation, and to make tempting offers to the Latin Americans. If the Latin Americans are not to be lured by such efforts into dangerous combinations, the West will have to think of ways and means of helping them to overcome temporary difficulties which the EEC may cause in Latin America.

91. In rebuilding their social and economic structures, the Latin Americans will need not only financial help but a great deal of technical advice in a variety of fields, including banking, public finance, agriculture, organization of trade unions, the combatting of communist infiltration, etc. Close consultation between NATO countries and Latin American countries will help to ascertain where such need for advice is felt. The greatest possible co-operation on the part of other Western countries in this matter would seem to be in the general Western interest.

92. The West will have to increase considerably its public relations work in Latin America to counteract the influence of Castrist and Sino-Soviet propaganda. For obvious reasons, such public relations work would be more effective if it were not to be carried on exclusively or primarily by the United States. Other Atlantic countries - without using a NATO label - could thus be of great assistance to their United States ally while at the same time working in their own national interest.

93. All Latin American governments maintain military establishments of various sizes, partly for reasons of external security, partly to solve internal security problems, and partly for reasons of pure prestige. They are constantly in search of military equipment abroad. It may not be long before the Soviet bloc may take advantage of this situation as they already have done in Cuba. It seems advisable that NATO governments should consult on all aspects of this question.

PART IV - ANNEXESPOPULATION ESTIMATES OF LATIN AMERICAN COUNTRIES FOR
1960 AND FORECASTS FOR 1975
(Source: U.N. Statistics "The world population in 1975")

	<u>1960</u>	<u>1975</u>
<u>MEXICO AND CENTRAL AMERICA</u>		
Costa Rica	1.1 ⁽¹⁾	1.8
Salvador	2.6	4.1
Guatemala	3.8	6.-
Honduras	1.9	3.-
Mexico	34.2	53.3
Nicaragua	1.5	2.3
Panama	1.-	1.6
<u>THE CARIBBEAN ISLANDS</u>		
Cuba	6.8	9.6
Dominican Republic	2.7	3.9
Haïti	3.6	4.8
<u>SOUTH AMERICA</u>		
Bolivia	3.4	4.9
Brazil	67.1	102.-
Colombia	14.3	21.6
Ecuador	4.2	6.4
Peru	10.5	15.7
Venezuela	6.8	10.6
Argentine	21.3	27.2
Chili	7.1	8.8
Paraguay	1.7	2.2
Uruguay	2.8	3.5

(1) in millions

MEDIA OF COMMUNIST PENETRATION

A. Communist Party and Allied Organizations

The communist apparatus in Latin America has made significant progress since the meeting of Latin American Communist Parties following the 21st CPSU Congress in Moscow in 1959. Communist organizations now show a higher degree of self-confidence and optimism than at any time since World War II.

2. Official communist parties (which are organized in all Latin American countries, except the Dominican Republic and Haiti) have probably not increased substantially in overall membership, which has been variously estimated at between 250,000 and 400,000 members in recent years. While a few more communist parties have achieved legality and several are playing a larger role in national politics, the mass votes in the Latin American countries still go to non-communist parties.

3. The progress experienced by the communist organizations appears in better linkage with the international communist apparatus and in the improved atmosphere for operations in many countries. The establishment of Cuba as an appendage of the Sino-Soviet bloc provides a regional headquarters well-equipped with hotels and bourgeois tourist comforts. Here Latin American communists meet with European and Asian communists and with like-minded leftists and "neutralists" from many countries of the world, as well as with official bloc representatives. The communists of Latin America have also travelled more frequently to the bloc, notably to Moscow conferences held annually in the past three years.

4. On the national scene the communists are enjoying their greatest success since World War II in finding political allies. Until recently they were able to make ad hoc alliances on specific issues with influential non-communists, but never continuously over a broad front. Now, with the demonstrated ability of the Castro regime to maintain power and to receive necessary support from the Sino-Soviet bloc, many indigenous leftist and nationalist groups are ready to make common cause with the communists based on the Cuban or "national liberation" issue. Their willingness to work with the communists is permitting the latter to effect new and wider penetration of political parties, the press, student and professional organizations and, to a lesser degree, the trade union movement. Despite Castro's obvious involvement with the Cuban Communist Party and reliance on bloc support, he can in fact appeal to Latin American leftists and ultra-nationalists as one of them and as a worthy leader of their cause. Many Latin Americans, especially among the intellectuals, do not equate Castroism with communism. Moreover, it is widely asserted that Castro was forced to turn to the bloc in early 1960 because of United States refusal of aid and for protection against alleged United States aggressive designs.

5. Even if allied to extremist opposition groups, the communists may be treated tolerantly by the authorities as long as they refrain from direct attack on the government. Thus the communists were allowed to operate freely in Venezuela until they joined forces with extremist groups in November 1960 to stir up mob action.

6. The communists and their pro-Castro allies seem to have less success in widening their penetration of urban trade unions than among nationalist and leftist politicians as well as among student and intellectual groups. The international communist labour front, WFTU, has been seeking to establish a new regional labour movement on the basis of solidarity with Cuba, but despite a number of meetings in various Latin American capitals, the movement has not yet made much headway. Earlier hopes that leftwing labour movements could be unified under communist auspices on the basis of strong nationalist and pro-Cuban sentiment have been disappointed with the growing alienation of many non-communist labour leaders from the Cuban revolution and suspicion of communist objectives.

7. In Venezuela, Chile, Brazil, Argentina and several other countries, the communists if anything have become increasingly isolated from the non-communists, partly because of clumsy manoeuvres to impose their policy line or to gain control of a united labour movement and partly because of the initiative of the non-communists themselves to isolate the communists.

8. In rural areas, the communists have stepped up operations and are active in trying to organize new and take over established organizations. Here they have advantages in the poverty, pressure for land, and newly-roused hopes for change that make the rural population vulnerable to irresponsible leadership. However the authorities may also be especially touchy in this area and in many countries they hasten to put up defences against communist penetration.

9. One of the most potent appeals of the communist apparatus to extremist opposition groups is as a source of financing and other material support. This aid can now be provided to selected communist-penetrated groups via Cuba without directly involving the Soviets. While spokesmen of the Castro regime - and also of the Chinese Communists - may voice support for guerilla action in Latin America, the Soviets can stand aloof and deny responsibility for communist-supported subversive operations in this area.

B. Propaganda operations

10. The communist propaganda network has grown substantially in the past several years. The official party press in the area is probably no larger, but communist sympathisers in many non-communist press organs are now bolder in slanting the news. Communist broadcasting has expanded through shortwave broadcasts by the bloc. Sino-Soviet bloc radio broadcasts to Latin America increased from 104 hours per week at the beginning of 1959 to 181 hours as of 30th June, 1961.

11. The Prensa Latina news agency, which is sponsored by the Cuban Government and is now active in eight other Latin American countries, is part of the world-wide bloc network. The recent inauguration of a powerful short-wave station in Cuba enables the Castro regime to broadcast its propaganda to every corner of the hemisphere. Moreover, the Cuban foreign service is engaged increasingly in espionage activities and in the dissemination of large quantities of bloc and Cuban propaganda shipped through diplomatic channels.

12. Person-to-person propaganda between the bloc and Latin America has shown its greatest expansion through Cuba-bloc exchanges, now in the thousands. Travel from other Latin American countries to the bloc is probably considerably more than the one thousand persons noted in 1960. In addition, large numbers of Latin Americans either are travelling to Cuba or are being visited in Latin America by Cuban representatives. Latin American student enrolment in bloc universities totalled approximately 500 in 1960-61, including about 240 Cubans, and 40-odd each from Bolivia and Mexico. According to a bloc radio report, 1,700 Cubans had started their studies at universities in the bloc in September 1961.

C. Bloc official operations

13. The bloc has official access to Latin America through diplomatic representation, trade ties, economic aid, and sponsored cultural exchange. Relations at this level with Latin America have increased sharply in the past two years, with some significant entries effected outside of Cuba. The status and respectability of bloc official groups has improved because of increasing evidences of bloc economic and military power in the world at large. Bloc official access is also favoured by the continuing economic difficulties of the area and by a tendency of some governments to view bloc offers as a means to increase foreign aid from other sources.

14. During 1960-61 the bloc regained diplomatic representation in Venezuela, Cuba, and Ecuador, and bloc countries were well on the way to significant expansion in Brazil. There are 32 Sino-Soviet bloc resident diplomatic missions in 8 Latin American countries and half a dozen more are scheduled to open in

the near future. (See table 1.) Czechoslovakia and Poland maintain more missions in Latin America than any other bloc countries. Only Cuba has extended diplomatic recognition to Communist China and the Asian satellites. The East German trade mission in Havana has many of the attributes of a diplomatic mission, but Cuba, like all other Latin American countries, has refrained from extending diplomatic recognition to the East German government. The USSR's diplomatic missions - in Argentina, Cuba, Mexico, and Uruguay - are staffed out of all proportion to the small missions these countries have in Moscow. Reflecting a cooling in bloc relations in the River Plate area, Argentina recently forced bloc governments to reduce the number of their diplomats in Buenos Aires by about half. In early October the Uruguayan Foreign Office notified the Soviet Legation of the government's decision to impose restrictions on the number and movement of legation personnel.

15. The great expansion during 1960-61 of bloc economic aid to Latin American countries and of trade between the two areas took place primarily in Cuba. The bloc share of Cuba's total trade is now estimated at 75% by value, as compared with 5-10% in Argentina, Uruguay and Brazil. Overall bloc-Latin American trade totalled about \$500 million in 1960. Bloc economic development credits of \$357 million extended to the area during 1960-61 (see table 2) have gone entirely to Cuba, although substantial trade credits are available to Brazil under agreements signed in early 1961 which are still to be ratified. Trade missions between the two areas have multiplied in number, again with the largest component between the bloc and Cuba. A permanent 7-man Soviet trade delegation arrived in Brazil during July 1961.

16. Official exchange of persons between the two areas was overwhelmingly with Cuba during 1961 and included many high-level officials on both sides. In the rest of Latin America the bloc dispatched a variety of missions and individuals, including travelling goodwill missions to several countries, officials sent to discuss relations in trade and diplomatic fields or to attend conferences, and cultural groups. Of special interest were a Czech official mission headed by Deputy Foreign Minister Jiri Hajek, a Communist Chinese mission headed by the President of the Council for Development of Foreign Trade, a Soviet delegation headed by Secretary of the Supreme Presidium Georgadze, and a North Korean delegation headed by Vice Premier Yi Chu-you.

17. Reflecting the growing importance of Brazil in the bloc offensive and receptivity of the Quadros regime, all of these missions visited Brazil. In addition the Polish Foreign Minister, Adam Rapacki, arrived in Brazil on 16th October, 1961, for a five-day official visit. Talks of the bloc missions with Latin American government officials ranged over the whole field of relations, but closely related possibilities of expanding markets in the bloc to establishment of diplomatic ties.

18. While the Soviets have a wider entrée in Latin America at the official level, continued access still depends on the convenience of the host governments, and, outside Cuba, the missions exist more or less on sufferance. Argentina and Uruguay, formerly the main bloc trading partners in Latin America, are now curbing bloc diplomatic activities. The status of the Soviet trade delegation to Brazil is carefully defined and, if a Soviet mission is established, its size may be limited. Bloc "goodwill" missions in some cases have found their way barred at the last moment as governments reconsidered the net advantage, but the missions have maintained discreet silence in the face of rebuffs and difficulties.

19. Latin American delegations to the bloc have increased in number and importance in the past two years. Aside from several Cuban missions, the Brazilian delegations sent by President Quadros during 1961 were the most significant for the development of relations. A Brazilian presidential confidant headed a diplomatic and economic mission to the satellites of Eastern Europe. A Brazilian trade mission visited Moscow, and a mission headed by then Vice-President Goulart travelled to Communist China. From Ecuador, despite official disapproval voted by the Cabinet, a legislative mission headed by the then Vice-President in his capacity as Senate president, visited the USSR, Poland and Czechoslovakia.

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Table 1. Bloc Diplomatic (D), Consulate General (CG) and Trade (T) Representation in Latin America, October 1961.

	Argentina	Bolivia	Brazil	Chile	Colombia	Cuba	Ecuador	Mexico	Uruguay	Venezuela
Albania						D				
Bulgaria	D		D			D			D	
Communist China						D				
Czechoslovakia	D	D	D	T	CG	D	D	D	D	T
East Germany	T		T		T	T			T	
Hungary	D		D			D			T	
North Korea						D				
North Vietnam						D				
Poland	D		D			D		D	D	D
Romania	D		D			D		D	D	
USSR	D		T			D		D	D	

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Table 2. Bloc Aid to Latin America through Medium and Long-term Development Credits, 1955-1961.

Recipient	Bloc country	Date extended	Type	Project	(Millions of US dollars)		
					Extended	Obligated	Drawn
Argentina (\$103.7 million)	Czechoslovakia	July 1955	Credit	Coal-washing plant, Rio Turbio	1.3	1.3	1.3
		March 1959	Credit	Cement plant, San Luis Province	2.4	2.4	2.4
Brazil (\$3.5 million)	USSR	Oct. 1958	Credit	Petroleum equipment	100.0	32.0 [*]	15.0 [*]
	Czechoslovakia	1959	Credit	Machinery and equipment for cement plant, Para	1.5	1.5	1.5
Cuba (\$357 million)	Poland	Dec. 1956	Credit	Two 5,000-DWT freighters	2.0	2.0	2.0
	Bulgaria	Jan. 1961	Credit	Industrial machinery and equipment	5.0		
	Communist China	Nov. 1960	Credit	Industrial machinery and equipment	60.0		
	Czechoslovakia	June 1960	Credit	Consumer durables plant and light manufacturing plants	20.0		
		Oct. 1960	Credit	Mineral development	20.0		
	East Germany	Jan. 1961	Credit	Industrial machinery and equipment	10.0		
	Hungary	Sept. 1960	Credit	Telephone equipment (\$10 million)	15.0	10.0	

^{*} Transactions in recent months may have increased these figures.

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Table 2. Bloc Aid to Latin America through Medium and Long-term Development Credits, 1955-1961 (continued).

Recipient	Bloc country	Date extended	Type	Project	(Millions of US dollars) Extended	Obligated	Drawn
	Poland	Jan. 1961	Credit	Shipbuilding and Repair Facilities	12.0		
	Rumania	Jan. 1961	Credit	Industrial machinery and equipment	15.00		
	USSR	Feb. 1960	Credit	Petroleum refinery, steel mill, tool and machinery plants (\$15.0, 30.0 and 5.0 millions)	100.0	50.0	
		June 1961	Credit	Expansion of nickel industry	100.0	100.0	
					464.2	199.2 [#]	22.2 [#]

[#]Transactions in recent months may have increased these figures.