

Weekly Contributions
Latin American Branch, ORE
4 January 1949

B/LA directs attention this week to two analyses of area problems --- Article A on the difficulties facing group action in developing attitudes toward new governments, and Article B on the Gordian knot of domestic programs and international relations in the Caribbean area. The reappraisal of the Argentine Government's ability to withstand increasing economic pressures also is of more than usual interest (item 6).

SUMMARY

GENERAL: Latin American governments are expected to resist group consultation and group decisions on the question of recognition of new governments which have come into being through the use of force (Article A).

NORTHERN DIVISION: In the troubled Central American-Caribbean area internal social pressures and rivalries among governments form the background for general instability (Article B). El Salvador's new government has made a statement of its principles and objectives (item 1). Haiti faces problems which later may seriously affect its government (Article C).

SOUTHERN DIVISION: In Peru, anti-US articles have appeared in a "semi-official" newspaper (item 4); that country appears to be arranging an important trade agreement with Argentina (item 3). In Paraguay, army and political leaders consider President Gonzalez' "fears" of Argentina alarmist (item 2). Chile's President, anticipating the March elections, is, for political purposes, taking credit for initiating the idea of group consultation before recognizing new military governments (item 5). Argentina's increasing economic difficulties both embarrass the regime and complicate Argentine-US relations (item 6).

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1. EL SALVADOR: El Salvador's New Government

The new governing junta of El Salvador is reported to have issued a proclamation announcing the principles and objectives that will govern the conduct of the new regime. The proclamation indicates an interest on the part of the new government in a "guaranteed peak in production", "protection for technical work", and "social justice". According to the proclamation, the junta is also interested in Central American union. Since President Arévalo of Guatemala has heretofore been the principal exponent of Central American union, B/LA estimates that this statement by the new junta provides further evidence of a re-alignment of El Salvador on the side of the "democracies" as compared with the previous policy of "benevolent neutrality" toward the Somoza regime. The interest of the new government in "social justice" possibly indicates a greater preoccupation with economic matters and reform than was the case with the previous Castañeda government.

2. PARAGUAY: Despite undercurrents of tension, Asunción remains relatively calm. The contest between President González and the Molistas and Democolorados ("democratic" faction of the Colorado Party) over the unification of the Colorado Party has not yet been decided. Each side claims military support and expresses hopes of unification. President González had warned US Ambassador Warren that Paraguayan insurgents gathering in Clorinda, Argentina, might attempt to overthrow his government on New Year's Day or shortly thereafter; meanwhile, the Commander in Chief of the army and Democolorado leaders have discounted the possibility of an attack from Argentina or a domestic clash in the near future. They consider González' warnings as purely alarmist, designed to whip the Democolorado forces in line. While this is probably true, it is an effective device for prolonging the impasse which permits González to remain in power. Meanwhile, the affairs of the nation remain of secondary importance.

3. PERU: A trade agreement between Peru and Argentina, reported to have been negotiated by Presidents Peron and Odria, is said to provide that Argentina supply Peru with 180,000 tons of wheat and 20,000 tons of meats, fats, and oils during 1949 in exchange for Peruvian sugar, cotton, yarn, coal, and tropical woods. Recent information indicates that the government may authorize higher sugar prices if producers agree to sell their product to the government for shipment to Argentina in return for Argentine wheat, meat, and edible oils. The US Ambassador in Lima considers that there is a possible connection between the agreement and a statement by an agent of the Argentine National Economic Council

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to the effect that goods to the value of US\$25,000,000 will be exchanged between Argentina and Peru. If the agreement does come into force, it will pave the way for closer economic relations between Argentina and Peru and facilitate the expected increase in Argentine influence (see B/LA Wkly for 23 Dec 48).

4. The recently strongly anti-US and somewhat pro-Argentine sentiments expressed by Nuevo Tiempo, a new Lima daily, regarding the US Department of State's pronouncement of policy on the overthrow of popularly elected governments are of more than passing interest because it is reasonable to believe that these views may have the tacit approval of the Odria government. This newspaper defends the right of Latin Americans to have revolutions, and attacks the "diabolical theory of interamericanism". It maintains that military revolutions do not necessarily signify a set-back for democracy and that, contrary to the opinion of the US Department of State, popular election is not the sole or principal prerequisite for democracy. The government reportedly turned the shops and presses of La Tribuna, Aprista daily, over to a private company headed by Federico More, whom it has commissioned to develop the government's social program, for publication of Nuevo Tiempo. While José Diez-Canseco, probably the most widely read columnist in Peru, wrote similar anti-US articles in the daily — La Prensa — his statements in that organ are of less significance, as La Prensa has no apparent connection with the government and its attitude toward the US has been traditionally cool. The appearance of anti-US articles in this "semi-official" paper does not necessarily mean that the government intends to adopt an anti-US stand officially. It is more likely that the government, by this means, is trying to bolster its internal support by an appeal to nationalistic sentiments.

5. CHILE: The enthusiastic reception President González has given the recent US expression of concern regarding the overthrow of popular governments in Latin America appears to be an indication of the domestic political advantage which he intends to make of it. The US statement has already been cited publicly in Chile as (1) US acknowledgment of the truth of Gonzalez' earlier and repeated warnings that democratic government throughout Latin America is being threatened, and (2) the immediate result of the accusations made by the President in his speech at Concepción on 16 December 1948; this speech reportedly aimed at the US, charged that the threat to democracy is due to indifference of democratic peoples and their governments. In government circles, González may consider the US statement as satisfying his request for reassurances of US friendship asked after recent Peruvian recognition-border

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incident. However, the President's zeal in presenting the US statement as a demarche achieved through his efforts reflects his concern over his continuing inability to arrange an effective coalition in anticipation of the March elections.

6. ARGENTINA: Aggravation of Perón's Difficulties Underlines Mutual Need For US-Argentine Agreement

Intensification of Argentina's economic difficulties stemming from adverse terms of international trade, mounting inflation and growing labor discontent poses potential threats to the Perón regime and complicates US relations with that country. Ambassador Bruce has recently indicated that previous estimates to the effect that the Perón regime can withstand the impact of economic dislocations for eight or nine months are over-optimistic. There is much to justify the Ambassador's reappraisal. Controversies between labor and the government over strikes and wage demands have been growing in frequency and bitterness (the government's suspension of publication of wage and price data since April is widely interpreted as indicating a desire to conceal trends adverse to labor). Production has declined in certain important lines as Argentina's international trade and financial crisis has become more serious, and as labor problems have multiplied. Finally, the administration has failed to date, partly because of internecine quarrels among key figures, to decide on any coherent program to ease the crisis.

US relations with Argentina are complicated as the crisis becomes more acute. One difficulty is that resulting from allegations that ECA has discriminated against Argentina and has monopolized European trade; because this charge receives wide credence the position of the Communists is strengthened and they embarked on a campaign appealing to "democratic forces of Perónism and the opposition against the financial and economic pressure of the US and against any participation whatsoever in the notorious Marshall Plan". A second complicating development from the US point of view is seen in the Perón administration's evident belief that its present trade dilemma will enhance its opportunities for enlisting Latin American sympathy and support at the Economic Conference scheduled to take place in Buenos Aires in March against the US denial of Marshall Plan aid for this hemisphere.

Actually there are many indications that Perón would like to collaborate with the US in resisting Communism in the Hemisphere and in international trade if he could do so on his own terms. Furthermore, it is not unlikely that if and when his government is gravely threatened by a general strike he may endeavor to solve the labor problem and earn US approbation by undertaking a publicized and vigorous anti-Communist campaign. Over the longer term, there are three seriously complicating possibilities in the Argentine situation, from the US point of view.

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First, there is the possibility that Perón has over-estimated the effectiveness of his anti-Communist measures of surveillance and alleviation of conditions conducive to Communism. Secondly, Perón may delay too long in adopting measures to relieve the economic crisis. Finally, should a struggle ensue between the army and labor, assuming either one to have rejected Perón's leadership, the Communists then might be able to entrench themselves with labor.

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A.

Bogotá Resolution XXXV

The desire of the Latin American countries that the Estrada doctrine of recognition be made a formal part of inter-American policy resulted in the adoption of Resolution XXXV at the Bogotá Conference. This is a development which bids fair to give these countries more embarrassment than comfort and security. Regardless of the rhetoric attending the debates, there is reason to believe the resolution was adopted in order to commit the US more clearly and definitely to a formal renunciation of the use of recognition as an instrument for influencing and controlling political developments in Latin American countries. Since the adoption of the resolution, three governments have been overthrown by military juntas — events which have caused throughout the Hemisphere renewed consideration of the implications and desirability of Resolution XXXV.

Down to the time of the establishment of the Good Neighbor policy, the US openly took sides in Latin American revolutions by the exercise of its right of recognition. Revolutionary governments inimical to US interests, offensive to our sense of political morality, embarrassing to our international relations and policies were not recognized. Governments not so characterized, or those which overthrew unacceptable governments, were at times recognized with unseemly haste. Naturally, under these conditions, the exercise of the right of recognition was at times marred by being applied in ways more beneficial to US interests than to the social, political, and economic necessities of the countries involved. Because the US is the only great power in the Western Hemisphere, the political and economic realities are such that recognition by the US was practically imperative to the continued existence of any new revolutionary government. Moreover, any expression of refusal to recognize a revolutionary party was, by the same token, one of the best defenses the established government had against revolutionaries. For years, Latin American peoples and governments censured "The Colossus of the North" for seriously and unfairly handicapping them in their political development by what to them often seemed capricious exercise of the right.

The establishment of the Good Neighbor policy and the subsequent meticulous implementation of this philosophy of Hemisphere relations by the US Government created a climate favorable to a discussion of the whole question of the exercise of the right of recognition. The US renunciation of any exercise of the right for political advantage is clearly implied in the Good Neighbor policy, but the Latin American governments wanted a more formal renunciation clothed in the solemnity of a multilateral resolution. A resolution to which

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all these governments were parties would circumscribe the US freedom of action in that any abusive exercise would henceforth be a more serious offense against international morality because it would then violate an established international Hemisphere policy. At the same time, the Latin American governments apparently desired that the resolution be vaguely worded, because, while wishing to circumscribe the US, they are by no means yet willing to circumscribe themselves by having the community of American states make group decisions concerning recognition of revolutionary governments. For, although group determination might be an obstacle to revolutions of the right, it could also embarrass revolutions of the left as well.

The trend away from military government and coups seemed assured when the Bogotá Conference was in session. An imposing list of free elections, peaceful transfers of power, etc. could be cited at that time. Latin American governments felt there was little reason to fear military coups or revolts. Under such circumstances, why be explicit and clear in the wording of a resolution? It might embarrass democratic tendencies in the more conservative countries and leftist tendencies in the more liberal. By keeping the wording vague, a maximum freedom of action in meeting each situation as it arose was given each Latin American government. By having a resolution, vague or otherwise, the Latin American governments would have a more effective weapon for the control of US actions in that such a resolution furnished a fine rallying point and basis for united opposition to the US should it become necessary in the future.

Since the Bogotá Conference, military revolts have taken place. Now, it is the very vagueness of the resolution which has returned to plague the Latin American governments. It is this very vagueness which enables the US to eschew a position of dynamic leadership against the military juntas which some of the other governments wish we would assume. The disinclination of the US to act unilaterally and its efforts to promote consultation as the method of solution for the impasse deprive the Latin American governments of clear-cut US leadership. Such leadership would greatly increase the likelihood of arriving at a solution, or, on the other hand, furnish a scapegoat (the US) on which to heap all the blame.

Since Resolution XXXV has relieved the US of the necessity of being either leader or scapegoat in determining recognition policy, the only remaining recourse would be formal multilateral judgment of each new government. An impressive series of incidents, however, shows that the Latin American governments as a group have no desire to grant the inter-American community authority to sit in judgment on the democracy, legitimacy or propriety of their governments, no matter how vociferously individual governments may from time to time appeal for inter-American action against particular governments

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which they dislike. A Uruguyan proposal that the existence of a government denying the rights of man and the citizen be considered a threat to the peace of the Hemisphere was quashed at Rio in 1947. A somewhat similar proposal from the same country in 1945 had been received with enthusiasm only by the US. At the conference in Mexico City in 1945, Guatemala proposed that the inter-American community deny recognition to any governments established by coups d'état. The proposal, referred to the Inter-American Juridical Committee, was unfavorably reported on, the US dissenting from the report. In addition to listing many practical difficulties inherent in such a proposal, the committee went on to point out that many revolutions in Latin America have constituted an historical process for the renovation of political regimes and have in themselves contributed to progress.

Since Latin American governments have many times refused to authorize group decisions as to recognition, it is unlikely that the group as a whole, no matter how strongly some approve the US suggestion for consultative action in particular cases, will approve any such technique for general application either as an amendment to, or as a substitute for Bogotá Resolution XXXV.

B.

Central American Instability

The general instability in the Central American-Caribbean area has developed out of a combination of (1) social pressures resulting from the inability of established governing groups to promote orderly development of domestic institutions; and (2) competitive relations among the various governments.

In Costa Rica, the presence of the Caribbean Legion, with its avowed political aim of destroying the Somoza regime in Nicaragua and with its underlying concepts of social reform and new norms of authority, has provoked General Somoza to counter-measures. Unless the governments concerned can re-establish their inter-governmental relationships on a satisfactory basis and, at the same time, separate such relationships from the need and demand for internal social and political reforms, the unrest and bitterness which General Somoza's action has generated will not easily be dissipated.

In El Salvador, those in authority have once again demonstrated their inability to transfer peacefully and by the electoral process governing authority from one group to another. The electoral process was deliberately evaded in favor of barrack-room conspiracy and armed revolt. Neither those formerly in power nor the various other contending factions for power (nor friends and

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associates in neighboring countries) dared risk a popular decision when so much seemed at stake — their own material prosperity, the power of labor, "social justice", the efficacy of conservative tradition, the army as a social and political force, and the position of El Salvador vis-à-vis its neighbors.

In Guatemala, the same forces have recently threatened the position of the existing government. There, however, the groping for social progress is a matter of public discussion and elections have been held, presumably to determine policy. But again, with so much at stake both for the country and those who run it, and with a tremendous intellectual and moral gap between the elite and the illiterate masses, and with the foreign relations of Guatemala and its neighbors in an unsatisfactory condition, the electoral process could easily be nullified or circumvented. This is especially true because internal problems cannot, in the area, be judged from a national standpoint alone, but, on the contrary, have become subject to pressures and interferences from neighboring countries.

Ideologic differences among the Central American and Caribbean republics in combination with internal gropings for social reform and new norms of authority have thus complicated their international relationships. Unless a clear distinction can be made by them between foreign and domestic policy, international relationships in the area will, it is believed, be subject to unusual stress and dislocation.

C.

Current Situation in Haiti

The political situation in Haiti is calm at the moment. The present government, however, is subject to certain unrelated problems and pressures that could result in a purely political upset before 1952. This should be distinguished from the more remote but far more consequential possibility that a turbulent uprising of the people might be precipitated by some as yet unforeseen national catastrophe.

One of the most immediate problems facing the Estimé regime is the fact that the government is reportedly so short of cash that it is unable to meet some of its primary obligations, including a \$700,000 loan from the Banque Nationale de la République d'Haiti. Officers of the army are carefully watching Estimé's dealings with the Banque Nationale since their pension funds are on deposit with that institution. If government income continues to decline, as seems likely in view of diminishing export revenues, the administration may have difficulty in meeting its payrolls and thereby create considerable disaffection among government workers.

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In the face of dwindling revenues and an increasingly low level of general commercial activity, Haiti has undertaken the largest (.13 million) budget in its history, with .04 million allocated for the 1 December 1949 International Exposition to celebrate the two hundredth anniversary of the founding of Port-au-Prince. If, as seems likely, the Exposition is a financial failure — not only because of the dishonest practices of responsible officials, but also because of the probable lack of interest on the part of tourists — the opposition can be expected to inflame the public with reports of mismanagement and official malfeasance.

Another and recurrent threat to the stability of the regime is the annual springtime grain shortage that results from lack of storage facilities. Unpredictable but frequent variations from favorable weather conditions, such as a drought or excessive rain, can partially or totally destroy other crops produced at that time of year and thereby cause widespread semi-starvation. In May of 1947, food shortages caused riots in Port-au-Prince which the government was able to suppress. In combination with other difficulties, a repetition of these disorders this coming spring might have more serious consequences for the administration.

Despite the difficulties enumerated above, the Estimé regime will survive as long as it continues to have army support. At present the army is the dominant factor in Haitian politics and is capable of overthrowing Estimé at will. The army deems sufficient the influence which it now has over President Estimé, who has initiated many measures favorable to it, and who has permitted ranking officers to enrich themselves through graft. Thus an army coup of the type that occurred in Peru and Venezuela does not appear likely. If the inefficiency of the present regime should become hopelessly apparent, however, the army would probably replace Estimé with another black politician. (The key military figures are unalterably opposed to permitting the mulattoes to return to power.)

The political and social situation in Haiti is closely identified with its primitive economy. There is so little time-lag between an event and its political and social consequences that a sudden drop in the world price of sisal, an unfavorable turn in the weather, or the whim of a few hundred tourists can be translated almost overnight into terms of stability or instability for the incumbent government. President Estimé is an astute and resourceful politician who has demonstrated his ability to surmount political crises in the past. He may yet resolve his admittedly difficult problems, if, for example, favorable marketing opportunities for Haiti's export commodities can be found, or if benefits accrue from the recently granted Eximbank .4 million loan. If he is unable to cope successfully with these problems, the army may be forced to replace him with some equally tractable figure.

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In the event of a revolutionary change of government before 1952 (the end of Estimé's term), it will probably be relatively peaceful. Such a change, however, would be of minor importance in comparison with the havoc that could be created by a full-scale uprising, a possibility which history has shown to be within the capabilities of this erratic people. An assessment of the basic temper of the three million people in the Haitian hinterland is impossible because of the lack of reporting on that subject. While there has been no recurrence of Haiti's historic saturnalia of bloodshed since the 1915-33 US occupation, present-day Haitians, like their Dahomeyan ancestors, are fundamentally warlike and bloodthirsty. An epidemic (emanating possibly from the inadequate and unsanitary water-supply), a famine (resulting from a serious breakdown in the ever-precarious food-supply system), or any other of a number of possible national calamities, could result in violence among the masses.

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