

Weekly Contributions 19-50  
Latin America Division, ORR, CIA  
9 May 1950

D/LA finds two developments of particular interest this week: the action by the Venezuelan government against Communism (p. 4), and the anti-US demonstrations in Guatemala (p. 3).

CURRENT DEVELOPMENTS

GENERAL: The Inter-American Conference for Democracy and Freedom, soon to be held in Havana, should, on balance, have a beneficial influence in Latin America (p. 2). Relations between Peru and Brazil may be strained as the result of a border incident (p. 2).

NORTHERN AREA: The Dominican Republic is planning to divert an increasing proportion of its imports from the US to the sterling area (p. 3). In Antigua (Leeward Islands) economic life is being seriously disrupted by the current dock-workers' strike (p. 3). In Guatemala, anti-US demonstrations reached a new high on May Day (p. 3). The death of Nicaragua's president will have no significant effect, either at home or abroad (p. 4).

CENTRAL AREA: In Venezuela, the oil strike has caused the government to move against the Communists (p. 4). In Colombia, the break of the Colombian Workers' Federation with the CTAL marks a further decline in Communist influence in that country (p. 5).

SOUTHERN AREA: Paraguay's prospects for stability are now improved (p. 6).

DOCUMENT NO. 19  
NO CHANGE IN CLASS.   
 DECLASSIFIED  
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE: \_\_\_\_\_  
AUTH: HR 702  
DATE: 10-26-79 REVIEWER:

25X1

~~SECRET~~

Weekly Contributions, D/LA, 19-50  
(CIA Working Paper)

9 May 1950

1. **GENERAL: Inter-American Conference for Democracy and Freedom**

The Inter-American Conference for Democracy and Freedom to be held from 12-14 May in Havana represents an attempt on the part of democratic groups to arouse the people of the Hemisphere to "the dangers of the growth of authoritarian regimes in Latin America".

The conference -- unofficial in character and the first of its kind to be held on a hemispheric basis -- plans to discuss the following topics: the strengthening of democracy in the Americas; the role of the Western Hemisphere in the maintenance of peace; and the establishment of a permanent organization for democracy and freedom. The sponsors of the conference, and its delegates from the US and other American republics, are mainly prominent exponents of democracy in their respective countries. This fact, plus the declaration of the conference's organizing committee that the people of the Americas should be on their guard against the twin dangers of Soviet imperialism and the revival of Fascism, make Communist infiltration of the meeting unlikely.

The conference will provide a forum for the discussion of rightist and leftist threats to democracy in this Hemisphere, and will permit persons of varying shades of democratic opinion to express their views. Admittedly, certain aspects of US foreign policy may be criticized. Furthermore, the more undemocratic Latin American regimes will probably be censured, thus stirring up the ill-feeling already existing between "democratic" and "dictatorial" governments. On the other hand, the conference delegates known so far are generally of good repute and sincerely democratic. If this is true of the others who may attend, and if the meeting is not used for interventionist purposes (particularly by any political exiles present), it will probably have a beneficial influence on public opinion and will contribute toward furthering democratic processes in Latin America.

2. **Border Incident May Strain Relations Between Peru and Brazil**

If Brazil protests the recent violation of its frontier by Peruvian police, another case like that of Haya de la Torre may be added to Peru's international difficulties. The Peruvian police crossed the Brazilian frontier at Tabatinga to seize an Aprista plotter and, although Junta President Odría has apologized to the Brazilian Ambassador, he is unlikely to surrender the Aprista to Brazil. Brazilian insistence on this point or its presentation of a formal protest could impair the relations between the two countries to the detriment of inter-American solidarity.

~~SECRET~~

SECRET

Weekly Contributions, D/IA, 19-50  
(CIA Working Paper)

9 May 1950

3. DOMINICAN REPUBLIC: Imports to be Diverted From US to Sterling Area

As an additional argument in a campaign to obtain a larger share of the profitable US sugar market, Dominican officials have informed the US Embassy that they are considering diverting an increasing proportion of their import trade from the US to the sterling area. As a preliminary measure, local sugar interests have already been requested to order about \$700,000 worth of machinery from the UK rather than the US.

Sugar shipments, valued at \$38 million in 1949, represent about one-half of the Republic's export trade. In 1949, the UK purchased 90 percent of Dominican sugar exports, the US 2 1/2 percent. The Dominicans are intensely jealous of the preferred position of Cuban sugar in the US market, whereby Cuba sells to the US one-half or more of its crop at favorable prices and thereby can afford to dispose of the balance on the world market at depressed prices. Further, the Dominicans anticipate that the UK, once ECA financing is terminated, will no longer be able to pay for Dominican sugar in dollars. Consequently, the Dominicans will seek to avoid the accumulation of non-convertible sterling balances by favoring sterling instead of dollar purchases.

The Dominican Republic has been a consistently good customer of the US. In 1949, 75 percent (over \$30 million) of its imports came from the US, while the US and Puerto Rico bought only 28 percent (\$26 million) of the Republic's exports. D/IA estimates that the US will lose a significant portion of this market unless its current sugar policy vis-à-vis the Dominican Republic is revised. Further, should the present Dominican trade policy be altered, the example might be followed by neighboring Haiti, which also desires a larger share of the US sugar and coffee markets.

4. LEEWARD ISLANDS: Strike Threatens Antigua Economy

The current dock-workers' strike is seriously disrupting the tenuous economic life of Antigua. The sugar industry is the only significant economic activity of the island. Because of the strike, there have been no sugar shipments for some weeks and, with storehouses filled to capacity, cane-cutting operations have ceased. As a result, there are many unemployed, and the loss of a significant portion of the sugar crop is threatened. There appears to have been at least a threat of violence as fifty extra policemen have been brought over from neighboring St. Kitts. The strike does not appear to be of Communist origin, but has been accompanied by manifestations of political dissatisfaction.

5. GUATEMALA: US Policies Publicly Attacked

The annual May Day demonstration in Guatemala City constituted the greatest public expression of anti-US feeling in any of

SECRET

Weekly Contributions, D/LA, 19-50  
(CIA Working Paper)

9 May 1950

the American republics in recent years. The usual workers' parades included placards denouncing "Yankee imperialism", foreign companies, the Atlantic and Rio pacts, and the atomic bomb, while praising "peace". The government radio transmitted the viciously anti-US speech of Manuel Pinto Usago, pro-Communist spokesman for the Guatemalan labor unions and the international CTAL. Pinto Usaga praised nations "fighting for peace" (including Guatemala) and attacked those seeking to instigate a third world war. The Marshall Plan, the Truman Plan (Point 4), the Atlantic Pact, the Rio Treaty, and the Act of Chapultepec were branded as "instruments of imperialist aggression" and "schemes to aid anti-democratic governments".

This attack on the US typifies the flood of Communist-inspired propaganda which has followed the affiliation of Pinto Usaga's FSG (Federación Sindical Guatemala) with the CTAL; and the acceptance of labor support by Lt. Col. Arbenz, leftist presidential candidate. It is true that this anti-US demonstration represents campaign propaganda of a political faction rather than an expression of the official administration viewpoint. However, the presence of President Arévalo and other high officials at the broadcast and the use of the government radio for this purpose again illustrates the extent to which the administration is prepared to tolerate and cooperate with anti-US, pro-Communist agitators.

6. NICARAGUA: Somoza Chosen President

The death of President Román y Reyes will have no significant effect, either at home or abroad. Complete political control remains in the hands of General Anastasio Somoza, who has been chosen as interim president by the congress, and whose complete political control makes it virtually certain that he will be elected president at the "popular election" on 21 May.

7. VENEZUELA: Government Moves Against the Communists

The military junta government has accused the Venezuelan Communist Party of instigating the petroleum workers' strike which began 3 May, and which by 6 May had spread throughout most of the industry. [redacted] the government took action 6 May to end the strike, declaring it illegal, ordering the workers to return, dissolving 44 syndicates and the Communist federation, Comité Sindical Unitario de Trabajadores Petroleros (COSUTRAPET), and seizing their books. [redacted] union leaders are now in hiding. In a statement issued 6 May, the government declared it had evidence that work stoppages had been planned and directed by the Communist Party, and aided by groups of Acción Democrática adherents.

It is significant that the government has officially recognized the responsibility of the Communist Party for current

~~SECRET~~

Weekly Contributions, D/LA, 19-50  
(CIA Working Paper)

9 May 1950

labor unrest, while assigning an accessory rôle to AD elements. It has become increasingly evident since last fall, when the first instances of cooperation between Communist and former AD syndicates occurred (D/LA Wklies: 29 Nov 49; 17 and 31 Jan 50) that the impetus towards "labor unity" came from the Communist syndicates, and that cooperation of former AD syndicates was dictated by expediency rather than by choice. Although last week's strike call was issued jointly by the "red" (Communist) and "blue" (AD) labor leaders, the dominant rôle of the Communists was illustrated by the fact that the first important walkouts occurred in fields such as Lagunillas where Communist strength was greatest, while the strike spread more slowly to areas such as Cabimas where "blue" unions are predominant.

The dissolution of these organizations (including both "red" and "blue" unions) marks the beginning of a much stronger anti-Communist policy, as well as a continuation of firm anti-AD measures. D/LA estimates that this step very likely will be followed by increasingly vigorous measures against the Communist Party, and that detention of many Communist leaders is to be expected. While a repressive anti-Communist policy provides no permanent solution to the labor problem, it can be expected to eliminate much of the Communist influence in the petroleum industry which has been a potential danger to US interests. Unity of the junta is probably served by the adoption of a tougher policy, which will satisfy the military supporters of Pérez Jimenez.

3. COLOMBIA: Colombian Workers' Confederation (CTC) Breaks With CTAL

CTC's break with CTAL at CTC's 10th congress last week marks a further decline of Communist influence in Colombia. The break was opposed by the Colombian Communist Party, which had been able to exercise a decisive influence on CTC policy in former years, but was approved by the congress, which also voted to join ICFTU (the international anti-Communist labor federation). During the past year the Liberal Party has become increasingly anti-Communist, and, under the government's threat to dissolve CTC, its labor wing in that organization was able to unite sufficiently not only to break with Communist-tainted CTAL but also to displace Communist Party members on CTC's board of directors. While the Conservative Government will probably continue to favor the Conservative-and-Church-sponsored UTC (Union of Colombian Workers) over CTC, there is now a possibility that CTC will not be dissolved.

US interests have been favorably affected by these developments because 1) CTC's change of affiliation from CTAL (and therefore from the Communist-dominated WFTU) to ICFTU reduces Communist ability to disseminate anti-US propaganda in Colombia and 2) the demonstrated decline in strength of the local Communist Party will weaken its influence and its ability to recruit members.

~~SECRET~~

Weekly Contributions, D/IA, 19-50  
(CIA Working Paper)

9 May 1950

9. PARAGUAY: Prospects for Stability Improved  
Prospects for a period of stability in Paraguay have improved recently. Military plotting, always a threat in Paraguay, has subsided recently, and the army appears to be supporting the government. The government has been able to thwart two known conspiracies. Provisional President Chaves has the support of the Democratic sector of the Colorado Party, which now is in full control of that party. The Democratic Colorados were unanimous in their nomination of Chaves for president in the elections scheduled for 16 July. The current period of stability will continue as long as Chaves maintains the support of both these groups.