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Weekly Contributions 43-50
Latin America Division, ORE, CIA
24 October 1950

CURRENT DEVELOPMENTS

NORTHERN AREA: In the Caribbean area, revolutionary activity by the Legion appears unlikely (p. 2).

CENTRAL AREA: In Colombia, petroleum legislation may be improved (p. 2).

SOUTHERN AREA: In Argentina, Perón is again bidding for Latin American labor support (p. 2). In Bolivia, economic prospects have been improved by an agreement between the government and the tin mining industry, relaxing former exchange regulations (p. 3); but there is renewed MNR plotting against the government (p. 3).

SPECIAL SUBJECTS

The Current Situation in Haiti 4

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1. CARIBBEAN AREA: Revolutionary Activity by Legion Appears Unlikely
Caribbean Legion revolutionary action appears unlikely at this time despite recent reports of accelerated movements by Legion leaders and of a plot to attack the Dominican Chargé in Havana. D/LA believes that the Legion does not have the strength, the government support, nor the arms required for a successful foray against the "dictatorships" at this time. Moreover, a token invasion attempt by the Legion would be inopportune because, besides failing any major objective, it would evoke widespread criticism because of the critical stage of US-USSR relations and of the recent OAS stand on Caribbean revolutionary activities. Similarly, only irresponsible members of the Legion could consider implementing a plot to assassinate Dominican Chargé Bernadino, as the probable result would be an even more serious setback to Legion prestige in the area.

2. COLOMBIA: Petroleum Legislation May Be Improved
President Gomez's request of last week that petroleum company executives make suggestions as to a revision of petroleum legislation provides further indications of his sincerity in his expressed desire to encourage foreign capital investment in Colombia and may well result in an improvement in operating conditions for petroleum companies. It is true that the possibility of improved operating conditions for petroleum companies in Colombia may not be of direct strategic importance to the US (NSRB study: "Areas to which access by the US in war is essential or desirable as a result of US deficiencies in resources of vital materials", 24 April 1950, lists Colombian petroleum as less than 2% of US requirement in time of emergency). However, any improvement in oil production would be conducive to general economic development in Colombia and, therefore, would probably favor the US interest in Colombian stability.

3. ARGENTINA: Perón Renews Bid for Latin American Labor Support
The Argentine CGT's (Confederación General de Trabajadores) roundup -- at government expense -- of labor representatives from nearly all the Latin American republics for the annual Peronista Loyalty "circus" may mean that Perón is reconsidering the formation of a third force labor movement in Latin America. The new large-scale, Hemisphere-wide bid for labor approval -- the first in two years -- follows Perón's strong pronouncement of July that the "third position" would guide his government and the CGT in the sphere of international affairs. Perón's bid is probably calculated to appeal primarily to non-CIT and non-CTAL labor elements. Inasmuch as the CGT is not likely to join the Western Hemisphere regional organization of the International Confederation of Free Trade Unions (ICFTU), the extent to which Perón does elicit approval or support of his labor program will adversely affect the movement toward ICFTU unification of non-Communist labor groups in Latin America.

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One effect of significant adherence of Latin American labor groups to the Perón program would be the further division of non-Communist labor elements which could result in advantages for Communist objectives in Latin America.

4. BOLIVIA: Improved Economic Prospects

The recent agreement between the government and the tin mining industry relaxing the former stringent exchange regulations is considered highly satisfactory by the mine operators and improves Bolivia's short-term economic prospects by stimulating tin production. The agreement will terminate the "partial sit-down strike" which, according to Ambassador Florman, the mine owners have been staging in protest against the former regulations. As tin prices increased from 77 1/2 cents per pound prior to the Korean War to \$1.11 1/2 per pound on 17 October 1950, Bolivia should now be able to take the fullest advantage of the sorely needed opportunity to market larger quantities of tin at better prices.

5. Renewed MNR Plotting

Renewed MNR plotting presents a significant threat to the hard-pressed Urriolagoitia government in view of the disunity and increasing political activity of the army. Further, the reported meeting in Uruguay of recently resigned Chief of Staff, Col. Ricardo Ríos Rosel, who still commands some army support, with MNR chief, Victor Paz Estenssoro may indicate that a joint army-MNR revolutionary attempt is in the offing. Nevertheless, the majority of the army is believed to be loyal to the government, and as long as it remains so, the government, despite its weakness, should again be able to display its surprising powers of survival.

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The Current Situation in Haiti

(Summary -- Colonel Magloire's election as president involves no significant change in his dominance over the Haitian government. The economic and financial situation has improved. Communism continues to be a negligible factor in Haitian affairs. The military situation is basically unchanged. Foreign relations have been increasingly satisfactory, particularly vis-à-vis the Dominican Republic.

-- US security interests are favored by the political stability of Colonel Magloire's generally popular, economically responsible, anti-Communist government.)

Political

Colonel Magloire's dominance over the Haitian government continues unchanged, although his election as president on 8 October technically provides a return to constitutional government. Magloire, after ousting Estimé from the presidency in May, has been governing through a military junta from which he resigned only in order to become presidential candidate. The junta will remain in power until a new constitution can be written and Magloire is formally inaugurated as chief executive. The junta's activities have been generally well received to date. Some resentment has possibly resulted from the wholesale removal of Estimé's partisans from government positions and their replacement (largely by friends of Magloire and his close associate, Major Prosper), and some complaints have been made by intellectuals regarding the inability of Haitians to abide by democratic processes. However, the favor of the business community has been won by the junta's willingness to appoint capable civilians to influential positions, by its cautious economic policies, and by its initiation of public works projects which will reduce unemployment created by the closing of the Bicentennial Exhibition.

D/LA estimates that the Haitian government, under Colonel Magloire's domination, will remain stable and generally popular in coming months.

Economic

The Haitian economic and financial situation has improved in recent months. An exceptionally favorable world market for coffee, a rising market for cacao, a heavy demand for sugar, and a satisfactory market for sisal have greatly increased the value of Haitian exports. Concurrently, revenues from export taxes have increased, and unusually heavy buying by importers (in anticipation of war shortages) has provided unexpectedly large import tax receipts. The junta government, therefore, has been able to reduce the

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treasury deficit considerably (from \$1,800,000 in April to \$279,000 in July) and to increase its cash account with the National Bank (from \$1,375,000 to \$1,914,000 in the same period). Moreover, it has initiated relatively sound economic and financial policies, in contrast to the graft and irresponsible spending that characterized the Estimé administration. It closed the Bicentennial Exhibition -- not a profitable enterprise -- in June and has since been liquidating justifiable major claims connected therewith. It has, in effect, withdrawn the \$3,000,000 defense loan undertaken by the Estimé administration, at the same time planning more useful expenditures in the form of a public works program for the city and harbor of Cap Haitien. This program, and various small road building and agricultural projects, will increase employment.

D/LA estimates that the economic situation will continue to be favorable in coming months.

Military

The armed forces, which are adequate to maintain internal order, continue to be loyal to Colonel Magloire. The ouster of President Estimé in May placed military leaders in direct control of the government, illustrating the relative solidarity of the army and its strong influence over political developments. Under the military junta, increased attention is being paid to necessary military maintenance problems, while the plans of the Estimé administration for large-scale purchases of military equipment -- plans motivated largely by civilian schemes for personal profit -- have been abandoned. The army has obtained an increased appropriation for the coming fiscal year, but the additional funds will probably be used for more necessary maintenance and construction purposes. The small Haitian coast guard continues to benefit from improved operations and training resulting from the efforts of the US Naval Training Mission.

D/LA anticipates no change in the military situation during coming months.

Subversive

Communism remains a negligible factor in national affairs. Although the newspaper La Nation (organ of the Communist-influenced Popular Socialist Party, suppressed by President Estimé in November 1949) was permitted to resume publication in July, this slight Communist gain is outweighed by Colonel Magloire's anti-Communist attitude and firm political control. The PSP itself, which was also suppressed by Estimé, has not engaged in political activities and probably will refrain from doing so.

International

Under the leadership of Colonel Magloire, Haitian foreign relations have been increasingly satisfactory. Following the forced resignation of

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President Estimé in May, the Magloire-dominated government was accorded rapid international recognition and has shown that it intends to recognize Haiti's international obligations. It has taken definite steps to improve relations with the Dominican Republic, which had deteriorated due to Dominican complicity in an anti-Estimé plot (D/LA Weekly, 4 Apr 50). There is every indication that the Magloire government will remain friendly to the United States and will support the US in all major international issues.