



CENTRAL INTELLIGENCE AGENCY

15 July 1960

SUBJECT: The Cuban Pot Boils Over

NOTE: The third and fourth sentences of paragraph 8 are derived from a privileged communication. Accordingly, this part of the paper should not be discussed outside the Agency.



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MEMORANDUM FOR THE DIRECTOR

SUBJECT: The Cuban Pot Boils Over

1. US application of economic sanctions against the Castro regime and Khrushchev's blunt warnings against US intervention in Cuba have plunged US-Cuban relations into their most critical phase to date. Fortified by promises of Soviet support, Cuba has openly charged the US with interference in its internal affairs before the UN Security Council. This rapidly deteriorating situation raises fundamental questions as to how far Castro is likely to go in exploiting his conflicts with the US and what effects the Cuban, US, and Soviet actions are likely to have not only within Cuba, but elsewhere in Latin America.

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2. Consequences Within Cuba. We believe that events of the past few weeks -- touched off by the refusal of US oil companies to refine Soviet petroleum and Castro's subsequent seizure of the US refineries in Cuba -- have strengthened Castro's hand in Cuba over the short term. Previously he had been experiencing a slow but steady deterioration in political stature. While the US economic sanction probably heartened hard core moderate opposition to the revolutionary government and demonstrated the consequences of Castro's ways, it has also given new life to Castro's strident anti-US campaign.

3. Moreover, Khrushchev's pledge of support for the Cuban regime has given new impulse to the revolutionary leadership. It has caused new alarm among moderate and conservative Cubans, but neither it nor the US economic sanctions is likely to provoke the strong opposition necessary to threaten Castro in the next few months. While opposition to Castro continues to grow and broaden and defections by moderate officials are on the rise, Castro's popularity is still widespread and we see little likelihood of the emergence in the near future of an opposition Castro cannot control. A rallying point for opposition to Castro exists abroad in the form of the Democratic Revolutionary Front (Frente Revolucionario Democrático - FRD).

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4. The cutback in assured, preferentially priced sugar sales to the US is a blow to Cuba's sagging economy and fiscal situation and has greatly increased Cuba's economic dependence on the Bloc. While the Soviet commitment to absorb the sugar refused by the US this year will take much of the sting out of the US move, because the USSR will either buy at about world price or make barter arrangements, Cuba will probably suffer a substantial foreign exchange loss. On the other hand, with continued Communist Bloc help, Cuba can take care of its petroleum needs after a period of initial short supply. At the same time, Castro will be able to equate his domestic economic problems specifically with the US sugar sanction and in this way justify any austerity measures which he may feel necessary.

5. Castro and the US. Backed firmly by the Communist Bloc, surrounded by pro-Communist advisers and faced with US reprisals, the erratic Castro almost certainly is more inclined to destroy remaining ties with the US than he is to back down in his conflict with the US. Given the increasingly stormy course of US-Cuban relations, we believe that harassment of the Guantanamo naval base will increase and that there is a good chance of Cuba's demanding

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US withdrawal from the base -- President Dorticos has already said that Cuba was returning this year's rent. There is also a good chance of danger to American lives and a Cuban-initiated rupture in diplomatic relations. The likelihood of these occurrences would obviously increase if the US were to break all economic ties with Cuba or to undertake additional economic sanctions such as eliminating the sugar quota entirely, or the premium price paid for Cuban sugar, or blocking Cuba's dollar accounts in the US.

6. The Reaction Elsewhere in Latin America. US restraint in dealing with Castro in the first 18 months of his tenure was well regarded in other countries of Latin America, even though relations with Cuba hit rock bottom. Latin Americans generally approved of Washington's adherence to the concept of non-intervention and insistence on legal forms. Moreover, US behavior regarding Cuba was in accord with the slowly evolving changes in Latin American attitudes toward the Cuban dictator and his performance.

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7. Initially Fidel Castro captured the sympathy and fervent support of most Latin Americans as the Cuban liberator and reformer. Today popular sympathy for Castro's reform program is still sufficiently widespread in other countries of Latin America to cause many governments to act cautiously in dealing with Castro for fear of arousing domestic opposition. Castro's most vocal adherents have narrowed to a trouble-making minority composed of Communists, other extremists, and student and labor groups.

8. Nearly every government has felt the bad effects of Castro's subversive actions and interference and resent his rebel government for this. Government officials, conservatives, moderates, and important segments of the Latin American press have been worried by Castro's excesses and his dictatorial methods, his offensive remarks about respected area leaders, and his ever closer ties with the Communist Bloc. At least two Presidents -- Betancourt of Venezuela and Lleras Camargo of Colombia -- are convinced that inter-American action must be taken eventually to neutralize Castro and to prevent the spread of his revolution. However, until the Soviet warning against US intervention and Cuba's charges in the UN, Betancourt and

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Lleras Camargo insisted that Trujillo be dealt with first. In Central America, where Cuba's intervention in local affairs has been most obvious, Guatemala has broken relations, Nicaragua has suspended them, and other governments are probably considering diplomatic breaks. In short Castro's star has been falling in the area.

9. On the other hand, Latin Americans -- particularly lower income groups -- still feel important bonds of sympathy for Castro and Cuba in their present circumstance, and these sentiments have worked to divide opinion on what to do about Castro. Despite apprehensions about certain aspects of the Castro regime, Latin Americans generally share Castro's desire to achieve rapid social and economic development, to reduce economic dependence on the US, and to better their position in their relationship with the US. It is doubtful if many Latin Americans regard the confiscation of American oil refineries in Cuba as an outrage; Mexico in particular remembers its own difficulties with the US over the expropriation of oil properties. Furthermore, the prompt US retaliation of cutting the sugar quota will seem to many Latin

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Americans a dangerous precedent. There is also a tendency to see the Cuba developments primarily as a problem for the US rather than for the inter-American community. Moreover, Latin Americans make a distinction between the Trujillo dictatorship -- with which the US has had good relations in the past -- and that of Castro; the latter is regarded as a reformer who has gone wrong, but one who, like probably no other Latin American leader, has introduced rapid, sweeping socio-economic change and stood up to the US.

10. Latin American opinion on the Cuba problem has probably sobered with recent events. Heretofore Latin Americans had generally criticized the US for overdoing the Communist threat in Cuba and elsewhere in their area. The intrusion of Khrushchev into the Cuba situation probably has also gone a long way to water down Latin American concern over the harsh US sanctions against Cuba. Khrushchev's threat to retaliate if the US intervened in Cuba probably did not impress most government leaders in the area who probably did not expect the US to intervene in the first place. At the same time, in placing Cuba under the protective wing of the USSR, Khrushchev almost certainly clarified in the minds of many politically articulate Latins Cuba's growing involvement with international Communism.

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11. In these circumstances, we believe that a majority of Latin American governments is likely to support the US against the Cuban charge in the UN and to support the Peruvian initiative for a consideration of the Cuban problem by the OAS. Much will depend, however, on whether or not the US wholeheartedly supports a strong Venezuelan move now pending in the OAS against the Trujillo dictatorship, with which almost half of the Latin American nations have no relations. If the US does this and if the Cuban case against the US is thrown into the OAS, we believe that the US can count on the measure of support necessary to counter the Cuban charges. However, most Latin American governments would consider that there could be no moral basis for a condemnation of Castro without a prior condemnation of Trujillo and effective action against his regime. Even if a condemnation of Castro in general terms could be obtained, we believe that the US would have difficulty in securing enough votes in the OAS to cause multi-lateral sanctions against Castro.

FOR THE BOARD OF NATIONAL ESTIMATES:



SHERMAN KENT
Chairman

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