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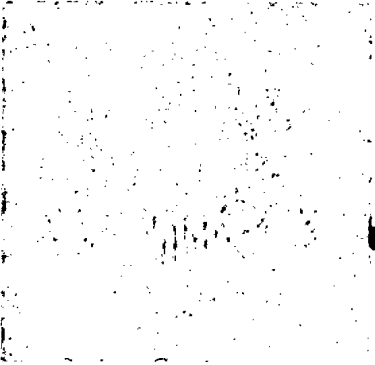
Intelligence Report

Intelligence Estimate
Number 34

LATIN AMERICA'S SUPPORT
OF US OBJECTIVES

Prepared by
The Estimates Group

DEPARTMENT OF STATE



Office of Intelligence Research

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i.

ABSTRACT

On matters of broad principle which are at issue in the East-West struggle it is expected that Latin America will, in general, continue to support the US. Barring the pressure of more generalized East-West hostilities, however, Latin American pre-occupation with its own interests will grow, and, effective realization of commitments will be inhibited in the near future.

That cooperation is limited, in part, by the social and economic changes that are now taking place in Latin America. These changes have brought to the foreground potent new groups in Latin American society and have given vitality to some older group aspirations, e.g., those of the Indians. There is now a vigorous urban proletariat in Latin America, which is motivated by a desire for material progress and for an improved social and political status. The ambitions of this group, in turn, have spilled over into the rural population. There is also a small but growing middle class which, together with the new commercial and industrial interests, provides leadership for the intensified nationalism of this area.

These new group aspirations challenge the traditional social and economic order of a class society dominated by the landlords, the army, the Church, and the Latin-Catholic cultural tradition. A variety of political movements have reflected that challenge, e.g.: the Mexican Revolution, with its appeal to the underprivileged urban, agrarian, and racial groups; the more recent movement in Guatemala, which stresses the rise of the laboring class, the emancipation of the Indian population, and the economic independence of the nation; and the Perón regime in Argentina, which leans heavily upon the support of the proletariat and extreme nationalists.

The traditional Yankeeophobia of Latin America has been greatly exacerbated by such movements, of which nationalism, anti-colonialism, and anti-capitalism seem to be common denominators. As in the Middle East, not only new governments which draw support from, but also old governments which have been threatened by, such movements are reluctant to confront these xenophobic popular emotions.

Against this background, the negative attitudes recently displayed by extremist Argentina and Guatemala are more readily understood. So also is the difficulty that even moderate governments, normally friendly to the US, have in defying popular social and nationalistic pressures against outside "interference". This difficulty is particularly keen for Latin American governments which have not yet been able to cope with specific race and class grievances, especially if, as in Cuba and Chile, a reasonably democratic setting affords some opportunity for the vocal expression of these grievances. There are few grounds for expecting an early resolution of the difficulties which inhibit such countries' cooperation with the US.

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In the short run, the best prospects for securing support of US objectives will generally be found in countries, such as Nicaragua or Peru, where conservatism seems still firmly in the saddle. More promising in the long run, however, are the prospects in countries like Uruguay or Mexico, where modifications in socio-economic inequalities have been combined with reasonable achievements in the realm of constitutional government.

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SECRET - SECURITY INFORMATIONLATIN AMERICA'S SUPPORT OF US OBJECTIVESIntroduction

1. It is reasonably certain that should a showdown come with the USSR in the near future the Latin American countries would align themselves solidly with the US. But in situations short of general war, Latin America's support of US objectives will be tempered by considerations of what each country conceives to be its national interest, and by the ability of the governments to organize and channel the energies of their peoples. Should the stresses of the present period of political crisis and localized warfare be protracted indefinitely, and, were the USSR to advertise a conciliatory position there would be less certainty of Latin America's solid support at the point of showdown.

2. To estimate the disposition and capacity of the Latin American countries to support the US it is necessary to bear in mind the multiplicity of factors and the essential disunity which characterizes this area of 150,000,000 people. There is a complexity of geography and climate in Latin America which produces more variations and extremes than may be found in other geopolitical areas of Western Civilization. The social pattern of Latin America includes a mingling of colors and a mixture of the social traditions of American antiquity, primitive Africa, colonial Spain and Portugal, nineteenth century liberalism, and twentieth century socialism. Politically, the Latin Americans tend to be non-conformist who pay homage to democratic and constitutional government but support autocrats. In terms of economics the area offers the contrasts of subsistence living and a predominantly agricultural and pastoral society existing to serve a highly industrialized western world which Latin Americans seek diligently to emulate. They are also increasingly desirous of playing a larger role in the family of nations, but lack the political experience, the economic strength or the imagination and the intellectual power to do so with the effectiveness that they might desire.

3. Latin America is an area of change, which, on the one hand, creates instability and thereby requires that a careful distinction be drawn between the willingness and ability of the Latin American governments to support the US. Without stable societies and economies beneath them Latin America's leaders who are disposed to be friendly toward the US are handicapped. On the other hand change produces new forces which may become the stabilizing factor of the future. This becomes particularly important in long range estimates. Conversely, Latin America is an area of strong tradition. Where is it strongest it provides a stability which makes the intelligence estimate a simpler task for the near future.

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Where it meets effective competition from newer forces an internal struggle ensues and the consequent inconstancy and instability makes it correspondingly more difficult to estimate the potential of the country in terms of US interests.

A. Factors Conditioning Latin America's Support of US Objectives

4. Social Factors. Problems of race and class have plagued the efforts of those Latin Americans who have tried to create a pattern of social unity. The racial foundation of Latin America's society is unlike, and is more complex than, that of the United States, Europe, or even much of Asia. The pattern, of course, varies from country to country: Argentina is predominately white; Colombia is a complex mixture of white, red, and black; Bolivia is largely Indian. In general, however, the white man is historically the most influential element in the area as a whole, even in the mountain and plateau region which stretches from Mexico to Bolivia where he constitutes a small minority of the population. The Indian, where he remains unassimilated, clings to much of his pre-Colombian culture, farms or shepherds on a subsistence level, is politically impotent, and contributes little to a constructive national role in world political and economic affairs. On the other hand, where a sizeable mestizo racial group has emerged, the potential of a nation is more definite, although, at the same time, its population is more unstable and its direction more uncertain. Mexicans in the twentieth century, for example, have been blown from pillar to post between the motivations of a glorified Indian heritage, a classical Spanish tradition, and a desire to achieve the material rewards of the twentieth century world.

5. In the Caribbean zone and in northern Brazil the negro substitutes for the Indian in the racial picture, and the mulatto has emerged, like the mestizo, as an important social group. While the color barrier does not have the same degree of social significance in these regions that it does in the United States, racial friction does exist. Social unity and stability is lacking for a variety of reasons: other than race: the roots of the plantation society are stronger in the tropical and semi-tropical zones; political freedom and the chance to work out their own problems in time has come late to these people; economic limitations of the area preclude the wherewithal to undertake needed social reform.

6. Class divisions which prevent unity and stability in Latin

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America are not as clearly defined as those of some parts of Asia but are much more rigid than those of Western Europe. They are based upon racial and economic factors and they stem from a colonial experience in which the chief social pattern consisted of a white landlord or mine owner who was legally the political and social master of a colored, dependent labor force. Nor has the economy of Latin America as yet been so radically altered as to avoid the perpetuation of this traditional type of relationship. There are, however, two new classes which have emerged in twentieth century Latin America, primarily as a consequence of the introduction of the Industrial Revolution and modern urban societies. Of these, the relatively small middle and upper middle class is, perhaps, the potential stabilizing force of the future. It includes commercial men and industrialists, professionals, and the white collared group. Its numbers have grown with the economic expansion of the present century. In part it is the social product of the late nineteenth and early twentieth century wave of European immigration. In terms of material interests the modern businessman of this class supports economic nationalism and its restrictive policies while at the same time he has the imagination to realize the extent of his nation's dependence upon more mature economies. On the domestic scene he can usually be counted upon to foster political and social stability. From this class, too, come many of the modern intellectuals of Latin America, although sons of the old landed hierarchy are increasingly supplying leadership in the avant garde. The intellectuals tend to be intensely nationalistic. Conscious of their American environment, they are inclined to be critical of their classical Latin Tradition and will foster that which they believe to be an independent American culture. They are the reformers of Latin America, the sponsors of the downtrodden Indian or the economically underprivileged of the cities. Despite its instability and cultural restlessness, it is this group which, perhaps to a larger degree than any other, has the expansiveness and imagination with which to face, and, seek solutions to, global problems. Many accept the principle of the unity of the West, are appreciative of the role of the US, and, lend support to the work of the UN and to the Latin American governments which have been most friendly to the US. Most in this group, however, are addicted to excessive nationalism, or are wedded to a militant idealism, which leads to political and social radicalism. Many are the product of simple disillusionment by which they arrive at the conclusion that the only issue in the East-West conflict is one of imperialistic competition between two great powers.

7. The most dramatically powerful of the new groups in Latin American society is the large, sub-articulate proletariat, which

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under the influence of labor or political demagogues, can, and has, seriously disturbed the political and economic life of these countries --as the Peron administration in Argentina bears witness. Depending upon the racial pattern of a given country the group is composed of poor whites, mestizos, and mulattoes, with an ever-increasing fringe of Indian or Negro migrants from the rural areas to the cities. Mired in poverty and without that sense of union with or responsibility toward society as a whole which characterizes labor in the United States, this new Latin American social force is susceptible to all kinds of ideological extremes and negations, including communism and Yankeeophobia. The ease with which Peron can whip up anti-US feeling has been demonstrated on frequent occasions. In Guatemala communist or pro-communist labor leaders can muster commanding political support, produce a sustained anti-US campaign, and promote extreme social demands--these despite the fact that most of the laborers are concerned only with immediate problems of economic well-being and have only the foggiest notions about the ideology of communism.

8. There are cohesive social and cultural forces in Latin America which tend to counter instability and disunity. The most positive of these, perhaps, is the concept of an Americanism in the sense of an emerging New World civilization. It is an American experience which has helped to promote the degree of success achieved in the relations between the US and Latin America, despite the many fundamental differences between them. Within Latin America, and notwithstanding the rebellion against it, Latin-Catholic tradition prevails. Hispanic language, law, philosophy, and customs are common denominators. The Roman Catholic Church is the only religious institution of importance in Latin America, and, where it is vigorous, it usually can be counted upon to exert a conservative influence. Where the Church seemingly has been crushed, as in Mexico, it has returned to life. In Guatemala its anti-communist influence is obvious, if unofficial. And yet the uncertainties of Latin America emerge even within this organization which traditionally has symbolized unity. Catholic youth groups have been increasingly active in support of depressed groups and have been, at times, criticized by churchmen for radicalism; like the nationalist, they find themselves pursuing objectives with which the Communists are associated.

9. At the same time that the Church and Hispanic tradition assist in producing a basic unity in Latin America they also associate

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the area with western civilization as a whole through their link with Latin Europe. The Latin Union Congress held recently in Rio de Janeiro represents, in part, a re-emphasis of these ties.

10. The social picture of Latin America, then, is a confused one. In the sense that society is welded by a common emotional and intellectual experience, which forms a clearly recognizable and predictable pattern, Latin Americans have not achieved true nationality. Any government has beneath it a variety of conflicting group interests and this will remain true until such time as the new middle and laboring classes have achieved greater proportionate strength, along with a sense of responsibility toward society as a whole--barring, of course, the improbable circumstance of a successful class revolution along communist lines.

11. Economic Factors. Latin America has long been noted, often in exaggerated terms, for its mining, pastoral, and agricultural output and potential: Chilean copper and nitrates, Bolivian tin, Argentine beef and cereals, Brazilian coffee, Venezuelan oil, or Cuban sugar. This has been a comfortable picture for those associated with a highly industrialized economy such as that of the US. In fact, however, the picture is much more complex, and, in time of world crisis, there are serious weaknesses and problems concerning the Latin American economy which need analysis. Since the early part of this century the economy of Latin America has undergone a disturbing transition. Following the dictates of economic nationalism, and a desire to raise the standard of living, Latin Americans have sought to broaden the basis of a structure in which most people farm or tend their flocks on a subsistence level, and in which the bulk of the national income is gained from farming and mining operations for export. The level of achievement in diversification and industrialization has sometimes been compared with that of the US in the 1860s, but, unlike the US, the process has been forced as a political necessity in the face of a popular desire to emerge as nations free of what is described as a colonial economic status. It also appears to the Latin Americans to be necessary in the light of experience gained in the international crises of the past two decades. Unfortunately, the goals are difficult and costly to achieve for reasons of economic inadequacies and twentieth century social demands.

12. The major Latin American countries--all those that are important suppliers of US needs--are presently spreading their resources very thin in their effort to industrialize. The basic services--prime movers and transportation--are designed to serve a raw material economy and an urban development that has been an accident

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of this type of economy. Industrial development, which has concentrated at these urban centers, competes with the process of producing raw materials for export. Foreign loans on investment that might have expanded the basic services to supply the needs both of new industry and production of raw materials have not been forthcoming in significant quantity in the postwar period except for mining operations. The foreign private investment that might have provided capital for manufacturing industry has been slow to enter largely because of the uncertainties caused by economic nationalism. Current symptoms of the major changes occurring in Latin America are a heavy drain of population to the urban centers, persistent demand for industrial labor, inflation, and the resultant social unrest.

13. At present the Latin American economies are under both physical and financial strain. They are seeking to stretch the physical means of production to cover new development and traditional types of production together with the rising cost of social welfare programs. They must seek financial resources for purchases abroad from expansion of, or at least maintenance of, their export surpluses. Internally inflation has become the preferred method of capital formation. Thus in the present state of technology and capital availabilities, industrialization in Latin America is being financed to a large extent from low wages and inflation.

14. A serious financial crisis in Latin America was deferred by the rise in prices of raw materials following the outbreak of hostilities in Korea. If the unit value of raw material exports again declines and volume continues on its present level, many Latin American economies would be severely shaken. The most vulnerable to a downswing in economic activity or to interruption of supply such as might occur in a general war are the countries that are in the midst of industrializing their economies. These are also the countries that have the most material support to offer to the US in the event of a general war.

15. Superficially the economic conflicts in Latin America bear some resemblance to strains on the Western European economies. Both areas must meet new demands on national income, especially for welfare purposes, when the means to expand national income rapidly are lacking. The conflict appears in both areas in the form of competition between current consumption demand and capital requirements. Here the parallel ends. Latin America's problem is not to increase the efficiency of an established industrial plant and of a settled industrial population. The bulk of the population is still scratching out a living with pre-modern tools. Industry is a poorly established, high-cost sector

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of the economy. In this setting economic management has difficulty in maintaining an adequate level of production for export while sustaining the momentum of industrialization. Should the latter slow down, social problems of the most serious order would supervene, leading to threatening political crisis throughout the Latin American area.

16. Latin American economic cooperation desired by the US calls for expansion of production of raw materials and their allocation to preferred uses, even though such an expansion might entail downward revision of the program of industrialization. Latin Americans have had some misgivings about the manner in which US mobilization might affect their economic position. Since the beginning of hostilities in Korea, it has been feared that US price controls might nullify in part the improvement in terms of trade and that US mobilization would substantially reduce the supply of capital goods, thus impeding the progress of industrialization programs. In the background there has been resentment over the alleged US habit of taking Latin American support for granted and of showing concern for Latin America only when support was immediately urgent. When the US asserts that Latin America has a common responsibility in defense of the West, Latin American leaders reply that they cannot discharge this responsibility if their economic development is slighted in US plans and that of their competitors in other underdeveloped areas favored by US foreign aid programs.

17. Many of these fears and feelings were assuaged at the Fourth Meeting of Consultation of Foreign Ministers. Latin American governments were by and large willing to agree to US terms in regard to strategic materials production and allocation of output. Where price and terms of development had become political issues, the cost to the US was or promised to be relatively higher or the arrangements less satisfactory, partly because of pressure from nationalists and communists. Such pressure was also a factor in negotiations over Bolivian tin, and Mexican and Brazilian oil. But disputes were relatively few because of the terms offered by the US, price trends favoring Latin America, and the basic good will of most governments. In this situation, the issue between development in support of US purposes and that required by Latin American economic policy has not been fully joined. Furthermore, many of Latin America's economic leaders are realistic and possess a breadth of view. They accept their reliance upon outside aid, particularly that of the US. They are also cognizant of their dependence upon international trade as a source of capital. This group is likely to temper the politico who interprets economics in terms of extreme nationalism and to support a reasonable degree of cooperation with the US. A few Latin American countries, of which Mexico is the best example, have shown signs recently of acting in accord with this kind of thinking, and have expressed a willingness to receive selected private foreign investment, although most of the restrictive legislation has remained on the books.

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18. Political Factors. The political instability of Latin America is well known. In terms of ideology and practice, most of Latin America, upon winning independence, chose to follow democratic and republican theory despite the fact that their experience was related to autocracy and monarchy and that their society was totally unprepared to support democratic practices. Under such circumstances the tradition of the demagogic military dictator developed. There were political parties, but they tended to represent personalities, rather than issues or principles. This tradition even though attenuated, still survives in Latin America.

19. But this simple picture is now in the process of transition. The middle class through its newly found prestige and by reason of its desire for stability, has reduced the influence of the military. In challenging the old style caudillo, the laboring groups also have come to play an increasingly important role.

20. With some exceptions this new appeal for popular support has neither led to democratic practices, as they are known in the United States, nor to orderly constitutional government. Rather, it has produced a new type of dictator, like Peron, who, in the name of democracy, appeals to the laboring class for support, and thereby intensifies the social conflict in Argentina. Vargas, in Brazil, practices similar demagoguery, if not to the same extreme. In some cases the traditional military dictatorship remains in the saddle, as in Venezuela and Peru. In each instance, however, powerful popular groups are in the background as a constant threat to the political stability of the nation. Only in a few countries, as in the cases of Mexico and Uruguay, where the political recognition of new social forces is of long and continual standing, have constitutional processes followed.

21. The most recent complication to be added to the social-political picture is communism which has sought to capitalize on the needs of the masses and the cultural prejudices of the intellectuals and the youth in Latin America, as elsewhere. Thus, the governments, when playing to the underprivileged, or even when seeking moderate reform, find themselves paralleling the communist line. The Arbenz government in Guatemala is perhaps an extreme example of this.

22. Aside from direct social-political relationship, extreme nationalism and economic conditions determine, to some extent, the political stability of the Latin American nations. Peron's administration is a good example of one which cultivates not only class conflict, but excessive pride in the nation and its destiny. In all Latin American governments, these attitudes must be taken into account. Even in a country such as Mexico where the social and political foundations have broadened and matured recently, no official could safely acknowledge to the public the reality of the military and economic dependence of Mexico upon the United States. Economic inadequacies and problems, such as those noted above, accentuate the instability of Latin American governments which are

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supported by neither sound social foundations nor a politically mature electorate.

23. There are positive characteristics related to Latin America's political experience which should be taken into account in estimating its capabilities, particularly in relation to the East-West struggle. For one thing Latin Americans have never relinquished the ideals of democracy and individual freedom which they inherited from the Wars of Independence period. Few Latin American dictators, whatever their practices, have challenged the validity of these ideals. This conviction strengthens the ideological community with the West even if it does not insure Latin American political stability. Another stabilizing factor is that of the Church which can and has exercised its influence to promote social balance by working with depressed groups. In short term it can, in alliance with dominant, conservative secular groups, assist the State to enforce unity, although only where the underprivileged are particularly weak. Also in short term, the Army can play a political role similar to that of the Church. At the same time the military has, on the whole, shown signs of a greater sense of responsibility, bowing, if reluctantly, to civilian rule, as in Mexico, and eschewing politics, as in Uruguay.

24. Notwithstanding these positive indications, stress must again be given to those factors which suggest the need for a cautious evaluation of Latin America's capabilities. Within the past few weeks there have been two revolutionary attempts in Latin America. In one of these (Argentina) factions of the military unsuccessfully challenged Peron whose power is rooted in well-organized labor unions. In the other (Venezuela) liberal and leftist groups unsuccessfully moved against a military dictatorship. Contrasting illustrations such as these, representative of the political repercussions of Latin America's basic conflicts, could be reproduced many times over in an examination of Latin America's past.

25. International Factors. Latin America has only recently emerged from a relatively isolated position in World, or even Western, affairs. The emergence has been both reluctant and aggressive. With their peculiar talent for international law, and because of their natural concern for the rights of small and weak nations, the Latin Americans have generally played a positive role in the establishment of regional and world organizations. National pride and an increasing awareness of the extra-national character of their economic problems are equally important motives in the projection of Latin American interests and activity on the international scene. These factors must be balanced against the basic political, economic, and social weaknesses of the area which produce a tendency toward isolationism. The result has tended to be a vacillating and uncertain policy in international affairs. In the two World Wars, Latin America's record has varied. Participation on the side of the Allies in World War I was limited; in World War II it was general. Presently, under the strain of economic dislocation and the war of nerves, apathy and strong isolationist sentiment exist. These attitudes are exploited by extreme nationalists and communists who are thus able to circumscribe the effectiveness of the more realistic

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leadership.

26. The relations between Latin America and the US in general, and specifically as they bear upon the problems of the post-war world, are of obvious importance. They are colored by the circumstance that Latin America historically has often viewed the US as an aggressive, materialistic power. The rapid spread of US economic control, political interference, and military interventions in the Western Hemisphere, beginning around the turn of the century, seemed to confirm Latin America's worst fears. And British, French, Spanish, and then, German interests were not loath to make capital of what has been called "Yankeephobia" -- as the Russians are now doing.

27. The withdrawal of US Marines from the Caribbean beginning in the twenties, acceptance by the US of the principle of non-intervention, and the outward transformation of the Monroe Doctrine from unilateral to multilateral responsibility -- all were brought into focus by the so-called Good Neighbor policy. The US concessions in principle, combined with economic recovery, transformed the Pan American Union into an effective instrument of inter-American cooperation for the first time and paved the way for Latin America's cooperation in World War II. This situation has been instrumental, during and immediately after the war, in making possible the strengthening of the inter-American system through the Rio Treaty and the formation of the Organization of American States (OAS).

28. The post-war period in general, however, has placed stress upon the inter-American system as it has been called upon to further the objectives of the US. The economic and social problems noted above, US preoccupation with the strengthening of Western Europe, combined with either a lack of sympathy with, or an understanding of the US position with respect to the global issues at stake have kept alive and at times strengthened isolationist and anti-US sentiment.

29. The outbreak of hostilities in Korea posed a very specific test of Latin America's ability and willingness to support the US-UN vis-a-vis the USSR. On the positive side there was initial enthusiasm as displayed in the united support given by Latin America to the UN action in Korea and to the resolution passed in the Council of the OAS approving this action. Furthermore, five nations which had not ratified the Rio Treaty quickly did so, although Guatemala has not as yet deposited its instrument of ratification. Later, all but Argentina voted for the UN "Uniting for Peace" resolution designed to enable the General Assembly to cope more effectively with future aggressions and all supported the re-affirmation of inter-American unity which came out of the March-April 1951 meeting of the American Foreign Ministers. More recently, virtually all Latin American countries have agreed to abide by the Kern Amendment and the Battle Act designed to stop the flow of specific materials to Russia, its satellites and Red China. In addition to this support, Latin America agreed, in principle, to boosting its raw material output. In terms of

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reactions to issues raised in Iran and Egypt, the Latin Americans have shown a sense of responsibility as they have weighed the dangers of war against a natural desire to support the national ambitions of other peoples.

30. There are other factors to be balanced against these more positive indications. In the weeks succeeding the opening of the Korean War the initial enthusiasm gave way to a cautious and calculating attitude. Fear of a general war has since been heightened by the slow progress of Korean truce negotiations which has added strength to the ranks of the isolationist. There has been some growth of the opinion that this is a contest for power between the US and the USSR. To date, troop contributions, except in the case of Colombia, have not been forthcoming. Economic assistance, while agreed to in principle, is to be had only at a stiff price and amid much concern over the anticipated sacrifice of broader economic objectives. Finally, the threat of war and the growth of inflation have given the communists, fellow travelers, and the extreme nationalists a field day. Militant anti-US forces are in the saddle only in Guatemala and Argentina, but they are troublesome in Chile, particularly noisy in Brazil, and may elsewhere come to the surface wherever dissatisfaction exists.

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B. Latin America's Potential in the East-West Struggle

31. Assessment of trends--social, economic, and political--in Latin America with an eye to estimating its potential in support of US objectives requires first a distinction between short and long term prognoses, and, between the individual nations of the area. Among the social factors, for example, the struggle among various groups for what each considers to be its share of the material benefits at the disposal of the nation unquestionably conditions an estimate of Latin America's immediate potential. Further, this social--economic cleavage is aggravated by the continuing force of deeply rooted class division. There is a direct, if not exclusive, relationship between Peron's sensitivity to the urban labor mass, his initial promise to the UN of a contribution of troops, and his subsequent hasty withdrawal of this offer in the face of popular opposition. Class composition, strength, and ambition is even more important in long range estimates, however. Where labor is becoming firmly established as part of the economic and social pattern--as it is in countries such as Argentina, Uruguay, Chile, Brazil, Cuba, and Mexico--it may, in time, become a responsible political force. Insofar as such responsibility constitutes a positive basis for estimating Latin America's potential to the US, much less can be hoped for from Guatemala in the near future. In that country, the proletariat, despite its present influence, is comparatively weak in numbers and most extreme in its program. Insofar as social factors are related to a nation's capacity, Peru provides perhaps the best example of stability, both with respect to the immediate and the foreseeable future. The gulf which exists there between the creole and the Indian is as great as any in Latin America. And the position of white leadership is dominant.

32. Political stability, as a prerequisite to the maximum realization of Latin American support, may also vary in terms of time and place. A long run estimate, in view of the great variety of factors involved, would be largely academic. In general, however, where modifications of social-economic inequalities has been combined with reasonable achievement in the realm of constitutional government, as in Uruguay or Mexico, stability can be expected for some time to come. So it can in countries such as Nicaragua or Peru, where conservatism is apparently firmly in the saddle. Where restless, economically depressed groups can express themselves in an environment which is reasonably democratic, as in Cuba or Chile, instability will continue to threaten. So it will, too, in countries such as Argentina where dictatorship tends to exploit class competition. In any case, external forces which contribute to the raising or lowering of inflation, determine peace or war, or exercise this or that ideological influence--all will have a bearing upon whether or not the Latin American governments will be able to pursue their

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respective courses independent of pressures from within.

33. With respect to the immediate future the political picture is complicated by a spate of major election campaigns during which time governments will be most sensitive to anti-US and isolationist sentiment. Ruiz Cortines, the administration's candidate and probable next president of Mexico, has, at this early stage of the campaign, pointedly referred to his determination to protect Mexico's sovereignty against no-one in particular, and has come very close to the implication that Mexico will pursue a neutral course in the world crisis. Peron, of course, has recently raised anti-US feeling in Argentina to a new high in the course of his campaign. Presidential elections are still scheduled to occur in Panama (May 1952), in Cuba and Ecuador (June 1952), Mexico (July 1952) and Chile (September 1952). After this period, and under satisfactory conditions, the present degree of anti-US feeling may abate considerably and normally pro-US governments may feel somewhat freer to act in favor of the US and to take a stronger hand in molding public opinion.

34. In economic terms the US is immediately concerned with the capacity and willingness of Latin American governments to supply strategic raw materials -- petroleum, copper, tin, iron ore, and the like. In this regard it is expected that most of the Latin American governments will go along with the US program to expand such production. They will do so with reluctance and at a price, however. They will be under pressure from the leftists to remain aloof thereby defying US "imperialism". The isolationists will see the program as binding Latin America to a war which is none of their concern. And the nationalists will declaim against "colonialism". The governments will be under pressure at least to demand concessions in terms of economic aid to support extensive welfare programs and local economic ambitions. They will ask a more generous price for their raw materials, a greater share of these important items in short supply, and a ceiling on the prices of same. They will also ask guarantees against the consequence of overexpanded production in the post-crisis period. The negotiations with the Brazilian government provide an example of a kind of situation which may be expected. That government apparently sees the problem as one of bargaining between public opinion and the US, presenting each with the advantages which it may gain from the support of the other -- for Brazil economic development, for the US wider popular approval of its international objectives and therewith more solid backing for Brazilian cooperation now and in more serious world crisis.

35. On the international scene it is expected that the Latin American governments generally will continue to support the US leadership in the UN on broad principles related to the East-West conflict. That is to say that they will support the principle of Russia-Satellite

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containment. They will not always, however, place first things first in accordance with the US point of view. They will, for example, in obedience to their own tradition, tend to give more uncompromising immediate support to the political and economic freedom of the so-called backward areas than would the US, which sees the issues in longer range. This tendency on the part of the Latin Americans needs qualification, however. When a grave problem, such as that of Iran, brings closer the risk of general war the Latin American will modify their position. The shift in Mexican opinion from obvious and clear-cut sympathy for the Iranian nationalization program to one of greater caution and responsibility is a case in point.

36. On the regional level the US is likely to face more direct and outspoken opposition--in the OAS and through bilateral talks--to proposals of action regarding military aid and economic programs which do not take into account sufficiently domestic needs as they are seen by Latin Americans. It is at this level that Mexico's national sensitivity, Argentina's resentment of the US leadership in the inter-American system, and Guatemala's negativism will be most definitely expressed. It is expected, however, that, in principle, the US will have the support of most of the Latin American countries on the regional level in the foreseeable future; effective opposition to the US, or, just plain apathy, is more likely to be demonstrated through the slow implementation of paper commitments.

37. Perhaps the most difficult specific US objective to be realized will be that of Latin American troops for service outside of the Hemisphere. On this issue the isolationist and anti-US pressures will understandably be most intense and the friendliest government will be hesitant. Of the big four--Argentina, Chile, Brazil, Mexico--only Brazil seems to be on the verge of giving this kind of assistance. Among the smaller countries, there is none which seems likely, in the near future, to join Colombia in supplying troops, although Uruguay has committed herself to ready a regiment in accordance with the United for Peace resolution.

38. Two special circumstances, should they be realized, would alter the Latin American potential. In case of a third World War in the near future, rendering untenable the comfortable belief that Latin America is safe and that the US can easily bear the brunt of Soviet aggression, Latin American governments would undoubtedly see the issues more clearly and press harder for action. And many groups now on the fringe would jump on the band wagon. Nevertheless, the apathy of the masses and the ability of anti-US groups to intimidate governments in the Korean crisis and to frustrate active support of the US, suggest some difficulty in mobilizing the popular backing that will be needed

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for effective Latin American support in a full-scale crisis. Without such popular support for Latin American governments and in the face of shortages and economic hardships, maintenance of production might be seriously hampered.

39. If, on the other hand, the USSR adopts conciliatory policy, transparent though it may be, the task of pro-US governments will become greater. Soviet use of propaganda and diplomatic weapons in preference to military aggression would increase the susceptibility of neutral and isolationist groups as Communist propaganda contrasted Soviet conciliatory moves with US measures of mobilization. It would be under such circumstances that many of those intellectual leaders who have sought to look at the East and West ideologies "objectively" would be confirmed in their neutrality, that those who were already in the Communist camp would find their maximum moral support, that ultra nationalists would find reason to turn even more from thoughtful consideration of global issues, and that the masses, already apathetic and inclined to isolationism, would be most attentive to anti-US and "peace" leadership. Under these circumstances even the strongest and most friendly governments, such as Uruguay and Brazil, would be hard pressed to maintain their allegiance to the West and their support of US leadership.

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