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8 OCT 1959

**MEMORANDUM FOR: Deputy Director for Intelligence,  
Joint Chiefs of Staff**

**SUBJECT : Study of the Caribbean and Latin  
American Areas**

In accordance with the request in paragraph 2 of your memorandum of 6 October to Chairman, United States Intelligence Board, we are enclosing herewith both a summary statement on Communist activity and influence in Latin America since mid-1958 and a more detailed statement in support thereof.

**FOR THE DIRECTOR CENTRAL INTELLIGENCE**

CIA HISTORICAL REVIEW PROGRAM  
RELEASE IN FULL 1997

<sup>15/</sup>  
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COMMUNIST ACTIVITY AND INFLUENCE IN LATIN AMERICA SINCE MID-1958

(A Summary)

1. Since early 1958 there has been both a gain in strength and influence of the local Communist parties in Latin America as an area and a considerably stepped-up interest in the area on the part of the Sino-Soviet bloc--particularly of Communist China and the Soviet Union.

2. The Sino-Soviet bloc made an extensive effort to augment their guidance and support to Latin American Communist parties and to improve the coordination of Communist activities in the area at a special meeting of delegates from 15 Latin American Communist parties after the XXI Soviet party congress in February. The Moscow conference formulated a program calling for a "peoples congress" through which Latin American Communists are to more closely associate themselves with leftist and nationalistic elements; to capitalize on Cuban and Venezuelan revolutions; to promote anti-US and anti-dictator sentiment; to propagandize against US military bases and missions in the area; to develop unity in the labor movement; and to improve regional coordination of Communist activity.

3. In Peiping, the Chinese leaders stressed to delegates from 12 of the Latin American parties the applicability of their practices to the underdeveloped areas and the organization of parallel clandestine parties. They also laid groundwork for the development of a Chinese propaganda network, increased travel to Peiping and training of Latin Americans in Peiping.

4. There was no increase in the 20 diplomatic and consular missions that the Soviet bloc maintains in Latin America. However, there has been an increased effort to obtain diplomatic status, particularly in Brazil, Bolivia, Cuba, and Venezuela. Cuba became the first Latin American country to abstain on the vote in the UN to postpone the Communist Chinese entrance into that organization. Other Latin American countries are also wavering in their support of the US on this issue.

5. Latin American travel to bloc countries in 1959 will probably be much greater than last year. Travel to China, for example, was greater in the first six months

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of 1959 than all of 1958. In addition, there are at least 70 Latin Americans from 13 countries now in Peiping. There has also been an increase in bloc travel to Latin America.

6. In the field of propaganda, both Radio Moscow and Radio Peiping, which has shown a perceptible improvement in the timeliness and content of its messages, have given considerable coverage to the Cuban revolution, attacks on the Organization of American States, and reports on Latin American visitors to the bloc area.

7. Total Sino-Soviet and Latin American trade in 1959 will surpass the 1958 total of about \$275 million and may reach the peak year of 1955 when trade totaled about \$340 million. Largest trade customers are Argentina, Brazil, Cuba, and Uruguay. The bloc trade pitch is tailored to appeal to local demands and meshes with local Communist party demands for nationalization of petroleum and power facilities. The USSR's agreement of 27 October 1958 to extend \$100 million credit to Argentina for petroleum equipment is one example of this approach. There are some 23 trade and/or payments agreements with the Soviet bloc now in effect in Latin America. In addition there are additional spot purchases such as the total USSR purchase of 500,000 tons of Cuban sugar and 10,000 tons of Chilean nitrates by Communist China.

8. In Latin America the local Communist parties have a strength of about 240,000, a 15-20% increase over 1958. Largest gains were in Cuba, Venezuela, Argentina, Bolivia, and Paraguay. (See attached map for individual party strengths and legal status)

9. In the Caribbean area the political and economic instability since Castro came to power in January is being successfully exploited by the Communists. They have made considerable gains in Cuba itself, particularly as a result of Fidel Castro's own failure to act against the Communists and the policies of Armed Forces Chief Raul Castro and the pro-Communist Che Guevara. Communists and pro-Communists have infiltrated most, and won control of some, of the so-called "liberation movements" of exiles based in Cuba and Venezuela. The Communists stand to gain as economic conditions worsen in Cuba and the Dominican Republic. Dictator Trujillo's position is the weakest in over 30 years and there is talk now of when and not if Trujillo falls. Reaction to his long and oppressive rule is likely to be bitter once he falls. Opposition groups in the country are not organized and may be unable to fill the power vacuum that will follow his ouster. The various Communist-infiltrated and Communist-dominated exile

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groups which would promptly return, would undoubtedly make a strong bid for power. There are, however, no outstanding leaders among these small groups either.

10. Should the Venezuelan government give in to the excessive demands of the oil workers in new contract negotiations with the oil companies, the Communists may claim credit for such a labor victory and the economy of Venezuela would be weakened.

11. In Guatemala, the Communists are benefiting from the devious political maneuvering of President Ydigoras who is attempting to counter the strong anti-Communist leftist Revolutionary party's position in the December congressional elections. There is even talk of the return of Arvalo.

12. The Communists in several South American countries are also successfully exploiting the serious economic conditions, particularly in Brazil, Argentina and Bolivia. They are also endeavoring to set up a well coordinated plan to disrupt the Eleventh Inter-American Conference scheduled for Ecuador in February 1960.

**Attachments:**

- A. Map, "Latin American Communist Parties, Legal Status and Estimated Strengths."
- B. Report, "Communist Activity and Influence in Latin America since Mid-1958."

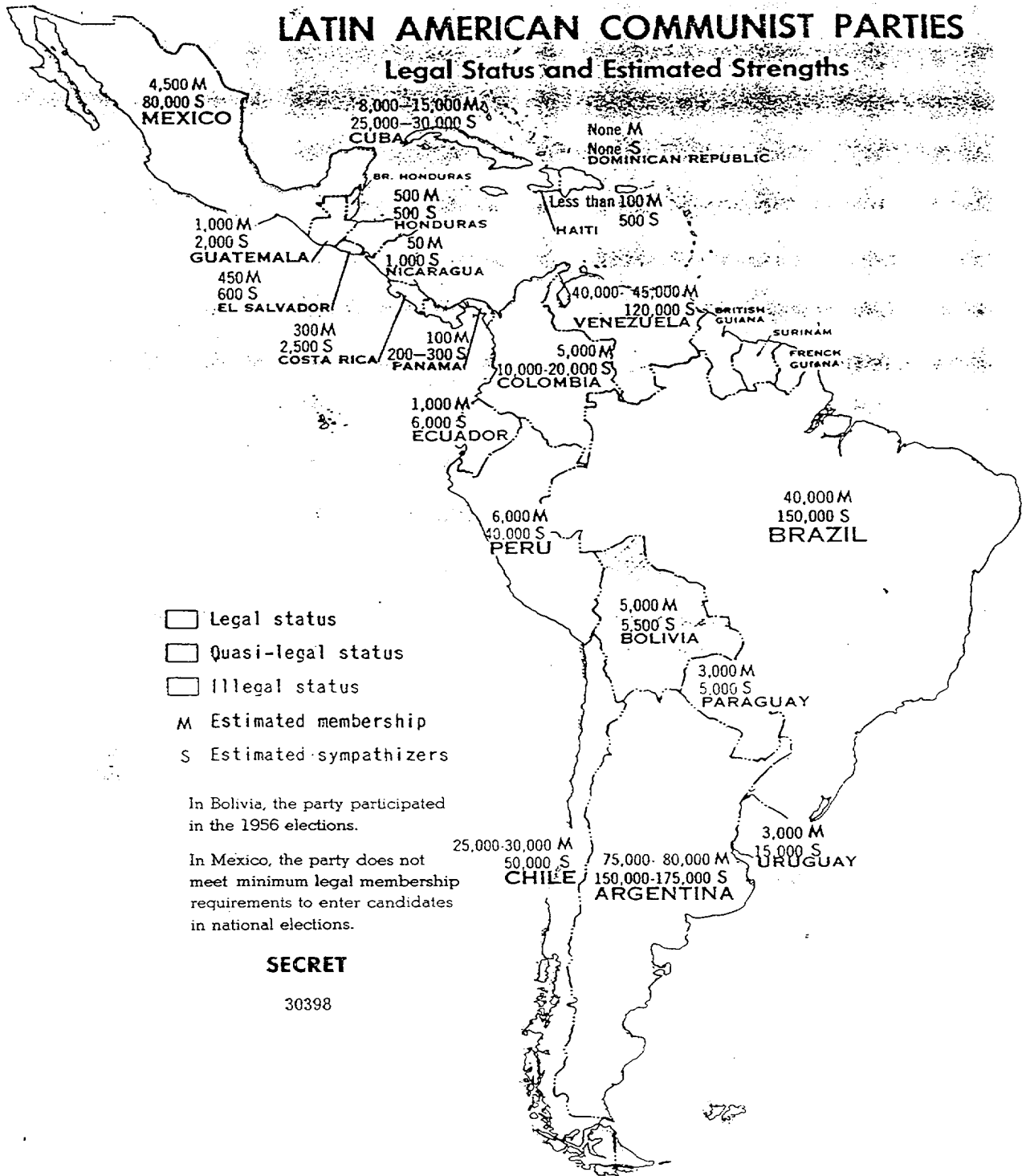
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# LATIN AMERICAN COMMUNIST PARTIES

## Legal Status and Estimated Strengths



- Legal status
- Quasi-legal status
- Illegal status
- M Estimated membership
- S Estimated sympathizers

In Bolivia, the party participated in the 1956 elections.

In Mexico, the party does not meet minimum legal membership requirements to enter candidates in national elections.

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COMMUNIST ACTIVITY AND INFLUENCE IN LATIN AMERICA SINCE MID-1958

I. International Liaison and Co-ordination

A. Bloc guidance to the Latin American Communist Movement

The Sino-Soviet bloc made an extensive effort to augment their guidance and support to Latin American communist parties and to improve the co-ordination of Communist activities in the area after the 21st Soviet party congress in early 1959.

Eighteen of the 20 Latin American parties were represented at the Soviet congress in Moscow and 12 during a subsequent visit to Peiping. Soviet and Chinese officials held special meetings with the Latin American delegates in their respective capitals.

The program formulated in Moscow called for the convening of a "People's Congress" through which Communists hope to associate with leftist, liberal, and nationalist elements; to capitalize on the Cuban and Venezuelan revolutions; and to promote anti-dictatorial and anti-US sentiment. The new tactics also called for strengthening of the pro-peace movement, particularly emphasizing propaganda attacks against US military bases and missions in the area, developing unity in the labor movement, and continuing efforts to improve regional co-ordination of Communist activity--an objective stressed by Soviet leaders during a meeting with area Communists in Moscow in late 1957. Soviet "observers" at the Moscow meetings told Latin American delegates that they were no longer obliged to defend the policies of the USSR, in order to avoid the charge of

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subservience to Moscow.

In Peiping, the Chinese, who are seeking to enlarge their role in the guidance of Latin American Communists, stressed the applicability of their practices to underdeveloped areas and recommended the organization of clandestine parties in Latin America. They also laid the groundwork for the development of a Chinese propaganda network, increased travel, and the training of Latin American Communists in Chinese methods.

**B. Bloc diplomatic activity in Latin America**

The bloc maintains 20 diplomatic and consular missions in six Latin American countries as follows: The USSR has embassies in Mexico and Argentina and a legation in Uruguay; Czechoslovakia has legations in Mexico, Argentina, Bolivia, Brazil, and Uruguay, and a consulate general in Colombia; Poland has legations in Mexico, Argentina, Uruguay, and Brazil, and two consulars outside the Brazilian capital. There are three other Eastern European satellite missions in Argentina and two in Uruguay. These missions, whose personnel total about 400 bloc nationals, serve as channels of international communication and for financial, propaganda, cultural, and subversive support to local Communists and front organizations.

Although no new diplomatic missions have been established in the area since mid-1958, bloc pressures and overtures for this objective continue, particularly toward Brazil, Venezuela, Cuba, and Bolivia. Hungary attempted unsuccessfully to establish a mission in La Paz in early 1959. Moreover, Cuba was the first

Latin American nation to abstain since 1952 on the postponement of Chinese representation in the UN, while Venezuela apparently reversed its decision to abstain only at the last moment. The permanent Brazilian delegate to the UN, who is friendly to the US, has advised the US that support of the moratorium on Chinese representation to the UN is the "heaviest burden the Latin Americans have to bear in return for US friendship," suggesting that Latin American unity on this issue is weakening in favor of Communist China.

Meanwhile, congressional and other domestic political pressure has mounted in some Latin American countries in favor of relations with the USSR and other bloc nations. The Venezuelan foreign minister recently declared that Venezuelan-Polish relations would be normalized and that relations with other bloc countries would be considered. The Venezuelan and Bolivian congresses passed resolutions this year in favor of relations with the bloc, a similar resolution has been introduced in the Peruvian congress, and reportedly is being considered by leftists in the Colombian congress. Pressure has also increased in the Brazilian congress for relations with the bloc since the Khrushchev visit to the US. A Chilean campaign, supported by strong pressure groups and some leading politicians, was launched last summer calling for extension of cultural and economic relations with the bloc, impliedly as a preliminary step to establishing diplomatic relations.



On the other hand, the expulsion of bloc diplomats from Mexico and Argentina last spring for alleged intervention in domestic affairs of those two countries was a sharp setback to bloc diplomatic objectives. The Mexican and Argentine action apparently influenced the government of Uruguay, which has considered restrictions on Soviet bloc activity in that country.

C. Travel and Training

Latin American travel to the bloc in 1959 will probably increase considerably over the level of 1958, in part because of the 21st Soviet party congress, the Vienna Youth Festival, and especially the increased travel to China which in the first six months of 1959 has far surpassed the total for all of 1958. A number of key Communists and non-Communists at the Chinese tenth anniversary celebrations in October--70 Latin Americans from 13 different countries--reportedly attended a Chinese cultural session in connection with this event.

Among the outstanding non-Communist groups from Latin America which have visited the bloc this year are sizeable Peruvian and Colombian congressional delegations, delegations of physicians from Mexico and Argentina, and representatives of labor, student, and women's organizations. Prominent individual Latin Americans, such as the former presidents of Bolivia and Mexico, and a leading Brazilian presidential candidate and deputy, have also visited the bloc in recent months.

Similarly, bloc travel to Latin America will probably increase in comparison to 1958. Among the prominent bloc delegations visiting Latin America are a Chinese acrobatic troupe and journalists delegation, Soviet ballet and folklore troupes, athletic teams, musicians, observers to the meeting of the UN Economic Commission for Latin America, and a Soviet labor delegation to Cuba.

Communist China is believed to be the principal bloc country to step up its training activity for Latin American Communists. Bloc scholarships, as distinguished from training of Communist leaders, appear to have increased somewhat, particularly offers from the USSR, Czechoslovakia, and East Germany where most Latin American students study in the bloc.

D. Bloc Propaganda

Communist China, which doubled its Spanish language broadcasts to the area in 1958 from 7 to 14 hours per week, has made the principal effort among the bloc nations to step up its propaganda effort in the area this year. The official New China News Agency established a branch in Cuba and may be considering the location of an office in Chile. It has reportedly hired correspondents in Chile, Venezuela, and Colombia, and a member of the Chinese journalists delegation touring Latin America reportedly made an attempt to hire a correspondent in Uruguay. The journalist delegation, which has its principal success in Cuba, also announced plans to publish a Chinese language newspaper in that country. Both Radio Moscow and

Radio Peiping, which has shown a perceptible improvement in the timeliness and content of its propaganda on Latin America, have given considerable coverage to the Cuban revolution and have attacked the Organization of American States and the August meeting of foreign ministers in Chile as instruments of US imperialism--themes which local Communist groups have followed in what appears to be a well-coordinated campaign.

Soviet films, among other bloc propaganda media, have had an extended distribution and acceptance in the area. In 1958, Soviet films were shown in 13 Latin American countries and Soviet film festivals held in seven.

The bloc, which supports a large number of friendship and cultural societies in several Latin American countries, is attempting to expand these organizations. A Chinese friendship society was established in Colombia and Venezuela recently and the USSR and Rumania are seeking to increase their institutes in Argentina.

E. Bloc Economic Activity in Latin America

Latin American trade with the Sino-Soviet bloc in 1959 will surpass the 1958 total of approximately \$275,000,000 and may approach the peak year of 1955, when trade totaled \$340,000,000. While bloc trade accounted for less than two percent of total Latin American foreign trade in 1958, its impact is greater in several countries, such as Argentina, Brazil, Cuba, and Uruguay, which account for the major portion of bloc trade.

The Soviet bloc sales pitch is cleverly tailored to appeal

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to Latin American demands for accelerated economic development and has gained flexibility in local application and timing. It also meshes with local Communist party demands for nationalization of petroleum and power resources and facilities. The bloc proposals emphasize long-term loans at low interest rates and payable in hard currency to sell exportable surpluses, technical aid "in any field," and such much-wanted goods as ships, complete industrial plants, and other development equipment.

The USSR's agreement on 27 October 1958 to extend a \$100,000,000 credit to Argentina for petroleum equipment is one example of the bloc's efforts to encourage nationalization of US petroleum investment as well as bilateral trade. This is the only large Soviet credit thus far agreed upon in Latin America, but other offers have been reported, such as a proposed \$60,000,000 credit to the Bolivian government petroleum company and a possible large-scale barter agreement with Brazil involving as much as \$100,000,000. Argentina has not yet received any of the \$30,000,000 worth of oil equipment ordered under the Soviet credit and is apparently now less enthusiastic about the agreement.

On the other hand, other countries, especially Brazil and Colombia which are having difficulties in selling coffee surpluses are actively exploring the possibilities of bloc trade. President Kubitschek stated on 5 October that the foreign ministry is planning to send a trade mission to the USSR and

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other bloc countries in search of expanded trade. A Colombian mission has just returned from Europe, where it signed in the name of the quasi-official Colombian Coffee Federation barter agreements with the USSR, East Germany, Czechoslovakia, Hungary, and Rumania. In return for coffee, Colombia hopes to receive automotive, farm, railway, and industrial equipment, although there is some doubt whether these agreements may be fulfilled by the bloc.

As of mid-1959 there were some 23 trade and/or payments agreements with the Soviet bloc in effect in Latin America. In addition, a number of other important sales contracts have been negotiated, such as Chile's sale of 10,000 tons of nitrate to Communist China and Cuba's sale to the USSR on 1 October of 330,000 Spanish long tons of raw sugar at bargain prices, bringing Soviet purchases of Cuban sugar this year to 500,000 tons. A special agreement signed by the Brazilian National Development Bank and the Polish National Bank last April is now under study by other bloc countries as a possible prototype. The agreement provides for considerably longer payment terms than are provided in previous agreements and for payment guarantees for goods imported under this arrangement. Such arrangements could increase further Brazil's already rising imports of capital and development goods from the bloc.

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II. Latin American Political and Economic Conditions as Influenced by Increased Communist Activity

A. Implementation of new bloc tactics

Latin American communists are attempting with some success to implement the strategy planned at the special meetings in Moscow and Peiping early this year. At least some of the parties have received relatively full briefings on the new tactics adopted there. The principal progress toward carrying out a specific tactical measure has centered around the convening of a "People's Congress". A number of Communists and leftist elements met in Santiago last August to support pro-Cuban and pro-Venezuelan demonstrations during the sessions of American Foreign Ministers on tensions in the Caribbean. They agreed to call a Latin American congress of democratic groups to consider area problems and oppose colonialism, declared the Cuban revolution to be the common cause of all Latin America, and condemned the remaining "tyrannies" in the region. Cuban Armed Forces Chief Raul Castro, in a later declaration, publicly endorsed the plan for such a congress, which might be called to coincide with and detract from the Eleventh Inter-American Conference scheduled for Quito in February 1960. A People's Congress could also be exploited as a part of a co-ordinated Communist propaganda attack against the OAS.

Since early 1959, some Latin American Communist parties have reportedly given considerable attention to the development of

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clandestine organizations, suggesting that the Chinese advice may have provided an impetus at least in certain countries.

The Communists have also attempted to improve regional co-ordination and liaison. Leaders of six Latin American parties reportedly met in Argentina in July. Leaders of five parties met in Santiago in the following month and decided to prepare a regional propaganda campaign and to convene a regional congress of all parties in that city by early 1960. This latter decision suggests an effort to co-ordinate final plans for activities to disrupt the Eleventh Inter-American Congress-- known to be a major regional Communist objective and one which Communists in Ecuador are trying to implement by fomenting violence and unrest there.

B. Strength of Latin American Communist parties

The increase in estimated strength of all Communist parties in Latin America, about 240,000 in 1959, is from 15 to 20 percent more than the 1958 estimates. This reflects in part recent Communist successes and the improved climate for Communist activity in certain countries, including the winning of legal status by the Communist parties in Venezuela, Cuba, and Chile since early 1958. The principal upward revisions in estimated Communist party strengths since the beginning of 1958 were in Cuba, Venezuela, Argentina, Peru, Bolivia, and Paraguay; estimated strengths of parties in the other countries of the area remained substantially unchanged during the period.

III. The Caribbean and Central America

A. Communist exploitation of political and economic instability

The increased political instability in many countries of the area since the beginning of this year is being exploited by the Communists who have, as a result, increased their potential for significant gains.

The Communists have attempted to identify themselves with the idealistic goals and radical reform programs of the revolutionary government of Cuba. They have secured that government's toleration for their free political activity and appear to exert significant influence on some government policies through Communists or pro-Communists in government and military posts. If continuing adverse economic and political consequences result from Castro's more disruptive reforms, the Communists--as the best organized force in Cuba--probably expect the regime to turn increasingly to them for support.

The Communists have also had some success in identifying themselves with the popular campaign against dictatorships, which was stimulated to new activity by the example of Castro's victory over the Batista regime on 1 January. Groups of Dominican, Nicaraguan, Haitian and other exiles congregated in Cuba, as well as in Venezuela, also recently liberated from dictatorship. Communists and pro-Communists infiltrated most, and won control of some, of these "liberation movements" which subsequently received Cuban government assistance in launching revolutionary incursions in their homelands. The rebel efforts in Panama in April, in



Nicaragua in May and June, in the Dominican Republic in June, and in Haiti in August all failed. Nevertheless, most of the exile groups remain intact, ready to return home upon the fall of the governments in power. The Communists in these groups stand to gain influence in any new government.

In the Dominican Republic, the 30-year old reign of Latin America's most ruthless and durable dictator, Generalissimo Rafael Trujillo, appears to be nearing its end. Economic pressures, brought on by Trujillo's crushing military budget and the simultaneous fall in market prices for the country's export crops, have reached serious proportions and are likely to become much worse before the end of this year. Dissidence is becoming more apparent, especially among the economically hard-pressed upper and middle income groups and there are indications that Trujillo can no longer count on the effectiveness and loyalty of his armed forces. The reaction against Trujillo's long and oppressive rule is likely to be strong and bitter once he falls. The opposition groups inside the country appear to be largely unorganized at present and may be unable to fill the power vacuum that will exist with the dictator's fall. The numerous Communist-infiltrated and Communist-dominated exile groups, which will quickly return, will undoubtedly make a strong bid for power.

In Guatemala, Communists are benefiting from the devious political maneuvering of the beleaguered President Ydigoras who fostered and is attempting to use Communist-infiltrated splinter parties to weaken the strong, leftist but anti-Communist

Revolutionary party, which he regards as a major political opponent. If he succeeds in thus destroying anti-Communist leadership in Guatemala, he will be contributing to the restoration of the Communist-controlled political machine that governed Guatemala during the pre-Communist Arbenz regime.

In Panama, chronic social unrest and popular grievances against the corrupt oligarchy that has ruled the country since independence may well spark further disorders more serious than the 5 October "hunger march" on the capital. During the period of political unrest preceding the presidential election scheduled for next May, dissident Panamanian politicians are likely to attempt to exploit these popular dissatisfactions for their own ends while these and others try to distract public attention from Panama's real problems by making irresponsible "demands" for changes in US Canal Zone policies. Though the situation appears tailor-made for Communist exploitation, the Panamanian Communists are currently too weak to take advantage of their opportunities.

B. Communist penetration of governments

The only notable increase in Communist penetration of area governments has occurred in Cuba, where a virtually complete turnover in administrative and military positions followed the 1 January ouster of the Batista regime. Major Raul Castro, chief of the armed forces and brother of the prime minister, has permitted Communist infiltration of the military and has otherwise furthered Communist objectives in Cuba by forcing the retirement

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of numerous officers who had become known for their anti-Communist views. Communists or pro-Communists are also influential in the administration of the agrarian reform law and the pro-Communist Major Ernesto "Che" Guevara has recently been appointed to head the agrarian reform institute's industrial planning office. Communists are also prominent in some provincial and local governments and peasant organizations and probably also in the Ministry of Education. Most cabinet ministers are considered non-Communist, but are powerless to combat Communist gains as long as Fidel Castro refuses to oppose Communist penetration of the government as a danger.

C. Communist political party activity

The Cuban Popular Socialist (Communist) party (PSP) has enjoyed complete freedom of action since January 1959 and has worked with considerable success to identify itself closely with the objectives of Fidel Castro's "26 July Movement."

The Guatemalan Labor (Communist) party (PGT), an underground organization, is seeking to regain the influential position it held during the pro-Communist Arbenz regime (1951-1954), when it dominated the coalition of leftist parties that supported the government. Present PGT policy is not to oppose the incumbent President Ydigoras, whose efforts to retain his shaky hold on power stands to benefit the Communists. Communists and pro-Communists are active in the leftist splinter parties being financed by Ydigoras in an effort to weaken the anti-Communist leadership of the major leftist political party, the Revolutionary party.

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Except in Mexico, the Communist parties in the remainder of the area are small clandestine groups opposed to the government in power. They have had little if any success in their periodic efforts to form coalitions with other anti-government parties. IN Mexico, the regular Communist party (PCM) though not illegal, is too small to legally participate in electoral activity and the Marxist Popular party is, like the PCM, weak and rent by internal dissension. The Mexican Worker-Farmer party (POCM), a small dissident Communist party, has been virtually inactive since the arrest of its chief leaders in April and May 1959.

D. Influence in pressure groups

Communist influence in Cuban labor organizations has been bitterly resisted by most labor leaders loyal to Fidel Castro and thus far the 26 of July movement retains control of the powerful Cuban labor confederation (CTC). However, Communists control several strong unions. Through the Communist daily newspaper Hoy and Communists in the Cuban-sponsored Latin American news agency Prensa Latina, considerable pro-Communist propaganda is disseminated. At least one TV channel--an important element in Cuban information media--is controlled by Communists.

E. Communist propaganda successes

The entire course of the Cuban revolution has been grist for the Communist propaganda mill, which it has exploited to the utmost. Communists have promoted the anti-US feeling latent in the ultranationalistic ideologies of the revolutionary leaders. They enthusiastically endorsed Castro's attacks on US foreign

military missions in Cuba, which resulted in their withdrawal last February and March, and the periodic adverse references to the important US Naval Base at Guantanamo Bay by a close Castro lieutenant. They fully support and encourage Castro's repeated attacks on US foreign investments in Cuba as infringements in the country's sovereignty and his condemnation of "foreign monopolies" as enemies of the Cuban revolution. The Communists consistently portray the US as the chief support for Latin American dictators and as the guiding hand behind all opposition to the Castro regime.

IV

South America

A. Communist exploitation of political and economic instability

The Communists are working effectively in several South American countries to take advantage of deteriorating economic conditions and political instability. Argentine Communists are actively exploiting the hardships for labor and other severe economic conditions and opposing the measures adopted to improve them under the US-backed stabilization program. They have cooperated with Peronistas in several general strike efforts during the past year. Government concern over the Communist potential for fomenting unrest is reflected in an April decree prohibiting Communist political activity and in current efforts to obtain the dissolution or outlawing of the party through action by the courts and by provincial governments. In Brazil, the Communists have recently dropped their conciliatory attitude toward the government and are launching strong attacks on

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government economic policies. They apparently are planning to foment unrest over economic problems, such as food shortages and increases in the cost of living. In May, they exploited serious rioting in the city of Montevideo and are making plans in conjunction with the labor party for additional agitation of this type. Although Uruguayan Communists fear repressive measures by a hostile government, they continue to exploit the country's inflationary problems and can be expected to promote unrest in the event the government adopts a stabilization program which is not under consideration.

In Venezuela, the Communists find themselves isolated from the coalition regime of President Betancourt and are becoming more critical of the government's policies and actions. They are apparently reluctant to oppose openly Betancourt, despite his anti-Communist position, because of their legal status, and freedom for political, labor and propaganda activity. Their key line continues to be unity of all civilian elements who worked for the overthrow of the Perez dictatorship in 1958. On the other hand, they apparently attempted to exploit violence against the government in August.

The government of Colombian President Lleras still faces serious economic problems inherited from the excesses of the former Rojas dictatorship and the political difficulties inherent in the operation of a coalition composed of two traditionally hostile parties, one of which is divided. The Communists have attempted to exploit or foment serious rioting in the capital

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and other large cities this year against economic conditions and government measures to combat them. They have also been involved in some of the serious labor unrest which has occurred in Colombia during 1959.

In Ecuador, the weak and unpopular government of Conservative President Ponce, is faced with increasing violence and political unrest primarily in economically-depressed Guayaquil, the largest city where rioting occurred in June and in October. The Communists are now working with leftist elements to foment additional disturbances in the country in an effort to unseat Ponce and to disrupt the Eleventh Inter-American conference scheduled for Quito in 1960. Peruvian Communists have also been involved in periodic labor and student unrest in that country in recent months. They can be expected to agitate against any government efforts to implement a stabilization program, particularly if it is backed by the International Monetary Fund and the US.

Bolivian Communists have been notably successful recently in exploiting the country's chronic political instability and the deteriorating economy under the US-backed stabilization program, often working with leftist elements in the long-divided ruling party. They have launched propaganda campaigns which have contributed to the promotion of anti-US sentiment and to the growing leftist pressure on moderate President Siles to seek bloc aid and establish diplomatic relations with the bloc.

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B. Communist penetration of government

The principal Communist success in penetrating government occurred in Brazil. Since late 1958, Communists have been elected on other party tickets, a vice governor in Pernambuco, the most populous state of the northeast, and mayor of its capital city. A number of Communists are now entering state and municipal offices there. In addition, Communists have penetrated an important federal bank for economic development and strongly influence the Brazilian equivalent of the US Industrial War College, and institute operated by the Ministry of Education.

In Venezuela, the Communists won nine seats in the national congress and some positions in the municipal and state councils during last year's elections. Some military officers reportedly fear that Communist penetration of the armed forces is taking place through the induction of recruits.

C. Increased Communist political activity

In both Chile and Venezuela, Communist-backed candidates were runner-up in the 1958 presidential elections. Chilean Communists maintain their coalition with the larger Socialist party whose principal leader follows many pro-Communist policies on domestic and international affairs. Venezuelan Communists have cooperated in some degree with radical elements of two major leftist parties and their youth affiliates and may have succeeded penetrating one of them in some degree.

Argentine Communists were straggly supported by the outlawed



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Peronistas in a recent provincial election, and the government is concerned over the prospect of their participation in the congressional elections next March and possible Peronista support for Communist candidates. In Brazil, the Communists maintained this year their electoral alliance of last October with the Labor party, although the election results at that time were harmful to both groups. However, through the efforts of the Labor party leader, who is Vice President of Brazil, the Communists obtained a government charter for a Communist-dominated labor confederation. Moreover, the Communists had some success in making regional alliances with other parties for elections.

The Ecuadoran Communist party is negotiating with other groups in preparation for local elections in November and national elections in 1960. An Ecuadoran Communist senator and a pro-Communist collaborator have also joined with other congressional and political elements recently in opposition activities against the government of President Fonce.

D. Other Communist gains and successes

The Communists in both Venezuela and Colombia have registered some increases in their strength in labor organizations since mid-1958, particularly among the oil workers in the latter country. In Brazil, the Communists have obtained a government charter for a labor confederation.

In the development of anti-US sentiment through the exploitation of nationalist elements, the Brazilian Communists have made

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one of their principal gains during the period. Among some results which in part may be attributable to Communist propaganda on nationalists, are the expropriation of the subsidiary of a US-owned utility company, the blocking of US capital investment plans, and proposed legislation unfavorable to foreign investment. Similarly, in Argentina the Communists have contributed to effective agitation against the US-backed stabilization program and the government's contractual arrangements with private capital for the development of the nation's oil resources.

Bolivian Communists have been successful with their propaganda campaigns against foreign oil companies operating in the country, the present petroleum code which is favorable to foreign investment, and the allegedly harmful effects of the US-backed stabilization program. However, Communist campaigns in Colombia and Ecuador calling for nationalization of foreign oil companies have not had notable success thus far.

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