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**CIA HISTORICAL REVIEW PROGRAM
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CUBA

- I. The Batista Government is losing ground in its two-year-old campaign against the Castro rebels, now estimated at over 8,000. Cuban Army, with between 12,000 and 15,000 troops in Oriente Province, has failed to contain the rebel drive.
- A. The rebels have successfully blockaded Santiago, Guantanamo City, and other cities in Oriente, causing severe shortages of provisions and hindering government military operations.
- B. Land transportation and communications are almost at a standstill and air transportation is disrupted.
- C. Rural areas are completely under rebel control except for scattered military outposts alternately held by rebels and army.
- D. The rebels have demonstrated their control by forcing temporary shut-offs of water supply to US Naval Base at Guantanamo.
- E. Revolutionary activities have also increased in Camaguey, Las Villas and Pinar del Rio but have been limited largely to attacks on transportation and communications facilities and scattered acts of sabotage.
- II. One of the most serious results of increased rebel activity is the threat to Cuba's economy.
- A. Rebels are interfering with important sugar and coffee harvests, especially in Oriente, and interdiction of transportation is hindering shipment of all products in and from Oriente.

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harvesting, milling

- B. Rebels capable of preventing shipment of large percentage of sugar crop, possibly as much as 75-80%.
- C. Rebel demands and operations against industries and businesses in Oriente, including US interests, have forced many companies ^{to take of paying tribute or} (Cuban and US) ^{to} curtail operations and some to close down.
- D. Nicaro nickel temporarily curtailed mining operations following evacuation of US employees late October and is discussing whether to close down entirely. Texaco has lost domestic markets because of transportation problems, is losing much money and may have to close down.
- E. Cuban Army activities have also adversely affected business and industry.
- F. Government expenditures to support the campaign are becoming a drain on the economy, and unsettled conditions are having an adverse effect on business and tourism.
- G. The economic reversal is causing unrest among commercial and business circles which, because of relative prosperity in past, had supported the Government.

III. Continuing political and economic deterioration and military failures are causing serious disaffection within Government armed forces.

- A. Some high officers are concerned over the effects of prolonged civil war on their own careers as well as on the country.

6. SEVERAL SOURCES HAVE ~~TOLD OUR EMBASSY~~ THAT BATISTA HAS LEFT HAVANA AND IS NOW IN CAMAGUEY OR SANTIAGO, HE IS SAID TO BE TRYING TO OVERCOME DROPPING ^{ARMY} ~~UCRALE~~ IN ARMED FORCE

B. Unrest in lower ranks has been highlighted by the arrest on 27 November of several junior officers for "conspiracy" against the government. Unrest has resulted from Army refusals to engage in combat against the Castro rebels and by numerous reports of defections to the rebels by troops in Oriente Province.

IV. Outlook: Under present conditions, ^{little} ~~no~~ prospect for immediate and peaceful solution and rebel activity will continue to spread.

A. In ~~SNIE 85-58 of 24 November, USIB concluded~~ ^{while} Castro's campaign probably cannot overthrow government ^{in near future} ~~in next~~ few months.

~~On other hand,~~ Cuban Army cannot suppress guerrilla movement.

B. But Cuban armed forces remain most important element for breaking political deadlock. A group within military likely to undertake coup if there is sharp increase in popular or labor opposition to the regime.

1. Such a plan is believed already under consideration by some high Army officers and a political organization known as the "Montecristi" group.