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THE SITUATION IN THE CARIBBEAN
THROUGH 1959

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

on 30 June 1959. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; the Assistant Chief of Staff, Intelligence, USAP; and the Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the USIB, the Assistant to the Secretary of Defense, Special Operations, the Director of the National Security Agency, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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THE SITUATION IN THE CARIBBEAN THROUGH 1959

THE PROBLEM

To estimate the prospects through 1959 for political stability in the Caribbean republics, with particular reference to Communist strength and influence in Cuba

CONCLUSIONS

1. In Cuba, Fidel Castro achieved immense popularity through his leadership in the overthrow of the Batista dictatorship, a popularity which since has been decreasing. His temperament and inexperience ill fit him to administer the government. He is inspired by a messianic sense of mission to aid his people and draws upon the common stock of Latin American reformist ideas, but he has little sense of the practical consequences of his impulsive attitudes and actions. (Paras. 10, 12-13)

2. The Communist Party in Cuba has at various times been and is again one of the strongest in Latin America. With great skill, it has succeeded in identifying itself with the Castro revolution, and is exploiting the confusion and ineptitude of the Castro administration to penetrate the bureaucracy, the army, organized labor, and the organization set up to carry out the agrarian reform. The Communists probably do not now control Castro, but

they are in a position to exert influence in his regime and to carry on further organizational work. We believe that at least for the period of this estimate the Communists will continue to support Castro's program and will attempt to avoid giving Castro any cause for believing that they are seeking to usurp his position as leader. We, therefore, believe that Castro is unlikely to take the drastic steps necessary to check their increasing power. (Paras. 14-15, 17-18, 21, 24-25)

3. The trend of developments in Cuba has alienated elements in the upper and middle classes and the Catholic Church, including many who originally supported Castro. His agrarian reform law has aroused substantial opposition even among smaller Cuban landowners. There is also some dissatisfaction in the military and to some extent in the rebel movement itself. Exile groups abroad are plotting. Although opposition is on the rise, Castro continues to enjoy wide

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popularity. While moves to overthrow the regime are possible, it is unlikely that dissatisfied elements either separately or together will challenge him successfully during 1959. (Para. 23)

4. Castro is concerned that his radical actions, especially agrarian reform, could cause the US to modify Cuba's preferential treatment in the US sugar market. However, should he believe that the US Government or private interests were exerting pressures to bring about a modification of his policies, he would probably react strongly. It is possible that Castro would threaten to demand the US withdrawal from its naval base at Guantanamo or threaten the expropriation of other large US holdings. (Paras. 20-22)

5. Castro's revolution in Cuba has greatly stimulated revolutionary activity throughout the Caribbean area, particularly among exiles from Nicaragua, the Dominican Republic, and Haiti. Initially Castro made the overthrow of dictatorship throughout Latin America a part of his program. Lately, he has realized the advisability of publicly adhering to the doctrine of nonintervention as a protection for the revolution in Cuba. Nevertheless, we believe he will continue to assist revolutionary exile groups in Cuba to invade their respective homelands. (Paras. 11, 28-29)

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DISCUSSION

I. INTRODUCTION

10. Fidel Castro's victory freed Cuba from Batista's corrupt dictatorship. It also opened the way for social, economic, and political reform. Castro's objectives are to bring about a social revolution including the reduction of power of the wealthy, both Cuban and foreign, and the improvement of the lot of the poorer classes. However, he is ruling as a dictator stating that democratic government is to be re-established, but that it must be delayed until the major economic and social reforms have been successfully launched. The most dangerous aspect of this situation of radical change is the opportunity which it gives to the Communists, for they can consolidate their position by vigorously supporting Castro's programs.

11. Castro's victory has also given a new impetus to the groups seeking to overthrow the dictatorial regimes in the Dominican Republic, Nicaragua, and Haiti. His success has been of particular importance because it demonstrated a method whereby a small group of determined men could win, and because it showed that widespread popular support could be generated for a sweeping social and economic revolution. Castro's call for a radical change in the old order within the Caribbean area, coupled with his affinity for extremist revolutionaries, has increased the Communist potential throughout the area.

II. THE SITUATION AND OUTLOOK IN CUBA

A. The Present Situation

12. *The Character of Castro and His Regime.* Fidel Castro achieved immense popularity through his leadership in the overthrow of the Batista dictatorship, a popularity which since has been decreasing. He is inspired by a messianic sense of mission to aid his people and draws upon the common stock of Latin American reformist ideas, but he has little sense of the practical consequences of his impulsive attitudes and actions. Furthermore he appears unwilling to tolerate disagreement with his policies and labels any dissenter a counter-revolutionary.

13. Castro's regime has functioned in a highly unpredictable manner. In part this is the result of the collapse of the former governmental structure and the inexperience of his followers. But to a greater extent this probably stems from the fact that he has retained decision-making in his own inexperienced hands. The regime has devoted much effort to punishing all persons in and out of government whom the revolutionaries class as Batista supporters. It has also put into effect drastic measures which were designed to weaken the position of the wealthy and the middle class and to improve conditions of the lower classes. Some of these may have a beneficial effect in the long run. However, they have been introduced in an erratic manner

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and have put new strains on an economy which was already suffering from the effects of the prolonged civil war.

14. *The Communist Party.* The most dangerous aspect of this situation has been the opportunity created for the Cuban Communist Party (Popular Socialist Party—PSP) to improve its position. This well organized party has at various times been and is again one of the strongest in Latin America. By the end of Batista's regime in late 1958, the PSP had been reduced to an estimated 8,000-12,000 members. Nevertheless, even during the Batista dictatorship, it was active in the fields of labor, education, and entertainment. Although the PSP as a party did not support the Castro movement until its success was imminent, it has since January given solid support to Castro's program of purging Batista men and of social and economic reform. It has also actively sought to increase its membership and influence. Since Batista's overthrow PSP strength has increased, and today it may be as high as 17,000.

15. *The Government.* The civilian government, severely purged after Castro's victory, is still in a state of disorganization. Manuel Urrutia remains a rubber-stamp President. The Cabinet includes an ultranationalist, a few moderates, and a number of political unknowns; recent changes in the Cabinet's makeup may have reduced its competence. In general its influence on Castro seems secondary to that of his extremist advisers from among his comrades in the 26th of July Movement. A large part of the former bureaucracy has been replaced by inexperienced adherents of Castro's movement and in certain cases by known Communists or persons amenable to Communist influence, including some at high levels.

16. *The Military.* The regime has attempted to insure the loyalty of the army by the mass integration of 26th of July Movement forces into its ranks, by the dismissal of many former army troops, and by the execution or imprisonment of many professional army officers. Therefore the new army, though lacking in effective organization as a military establishment, is probably loyal to Castro. The air

force is undergoing a purge and the navy has lost many of its experienced high level officers. The loyalty of both services to the regime is doubtful, and their capabilities have been considerably reduced.

17. There are a number of Communists or Communist sympathizers in the military forces, some of whom hold key spots. Castro's brother Raul, who is strongly sympathetic to communism, commands the armed forces. Major Ernesto "Che" Guevara Serna, a key figure in the revolution who now commands Havana's most important military installation, has consistently furthered Communist interests. Other high ranking officers probably are Communists or Communist sympathizers. Communists have penetrated the lower echelons of the new army. All members of the armed forces are being subjected to a political indoctrination program in which the Communists have important influence.

18. *Organized Labor.* Castro has moved to establish control of organized labor. This force was politically powerful even under Batista and gave little support to Castro until the dictator fled. At that time a group of rebels and a minority of five Communists seized the directorate of the national labor confederation. Subsequently Castro, to insure his control of labor, reorganized the directorate and excluded the Communists. Furthermore, in recent local union elections, his movement won almost all leadership positions. Although most Communist contenders were defeated, it is probable that some Communists won as candidates of the 26th of July Movement. Moreover, it is likely that some of the non-Communist but relatively inexperienced Castro followers are amenable to Communist influence. There are also Communists in the rank-and-file and lower leadership echelons of labor, and they enjoy certain advantages from their long years of experience in the labor movement. Thus, despite Castro's efforts to develop a labor movement responsive to his leadership, the Communists have been able to retain a strong position.

19. *The Economic Situation.* While the Cuban economic situation is not yet critical, it has deteriorated and holds potential for Commu-

nist exploitation. With labor's cooperation, the sugar industry, despite the late start in the grinding season, has reached the 1959 quota.² However, a lower world sugar price has contributed to a reduction in the island's income. Other sectors of the economy have registered slight gains since the initial dislocations accompanying the revolt. They continue to suffer as a result of apprehension in business and commercial circles about Castro's policies, e.g., the arbitrary lowering of rents and the sequestration of International Telephone and Telegraph properties. Tourism and exports are down. Merchandising is off. Construction has virtually ceased. High unemployment, a chronic problem in Cuba, will become more serious as the sugar harvest is completed. While there has been some progress toward stabilizing the labor-management relationship, labor is restive.

20. *Agrarian Reform.* Castro has placed the greatest emphasis on agrarian reform. Such reform is in the liberal Latin American tradition and if ably carried out, probably would benefit Cuba in the long run.³ To put this into effect, he promulgated in early June a law aimed at dividing land holdings and at eventually ending foreign ownership of Cuban land. The law is the recognized product of Castro's radical and extremist supporters; it was adopted in place of a more moderate law drafted by the former Minister of Agriculture.

21. Cuban moderates are concerned that Communists will exploit the program to their own advantage and that implementation by inexperienced officials will adversely affect the economy. Their concern is justified. Castro has appointed pro-Communist Antonio Nunez Jimenez as director of the Agrarian Reform Institute which is charged with supervising the implementation of the program. The moderates probably are also worried that the effect of this law together with the regime's

other actions penalizing private investment, will be to discourage new investment by Cubans as well as foreigners.⁴

22. While Castro was displeased with the US reaction to his program, nevertheless he evinced concern that his radical reform actions could result in loss of Cuba's preferential treatment in the US sugar market. He is also mindful of the importance of the US to Cuba as its major trading partner and source of investment capital. At the same time, he probably calculates that the US freedom to adopt sanctions against Cuba is restricted by US concern to avoid actions which might seriously impair its influence elsewhere in Latin America. Should he believe that the US Government or private interests were exerting pressures to bring about a modification of his policies, he would probably react strongly. It is possible that Castro would counter US pressures by threatening to demand the US withdrawal from its naval base at Guantanamo or by threatening the expropriation of other large US holdings.

B. The Outlook

23. Despite Castro's continuing appeal as a national hero, opposition to him is growing. The confiscatory nature of his agrarian reform law has aroused substantial opposition from the middle and upper classes. These segments of the population, impatient with Castro's inexperience and impulsiveness, are generally dissatisfied with his mismanagement of the economy and the radical tone of his program. Together with the hierarchy of the Catholic Church and even some members of Castro's movement, they are increasingly dissatisfied

US direct investment in Cuba amounts to about \$700 million, representing almost the entire amount of all foreign investment in the country. It is roughly divided between investment in agriculture, chiefly sugar, and that in public utilities—telephone, power, and railroad companies. American sugar companies operating 31 of the total 161 sugar mills, hold about two million acres of land, less than half the total cane acreage, and lease or contract for the purchase of cane from another 800,000 acres. The dozen US sugar companies produced about a third of the 1958 sugar crop.

²Sugar normally accounts for about a quarter of the annual GNP and brings in \$600-700 million foreign exchange.

³Less than eight percent of landowners own 75 percent of Cuba's total agricultural area.

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with his failure to curb Communist influence. There are discontented elements in the active and retired military because of loss of personal position. There is some dissatisfaction in other groups which took part in the revolution, because Castro has failed to give them a larger role in the government. Exiles in the US, Mexico, and the Dominican Republic are actively plotting; there are a few armed resistance groups forming in Cuba itself. However, while armed attacks against the regime are possible, we do not believe that any of these groups is sufficiently well organized at this time to pose a serious threat to Castro. Nor do we see a leader on the horizon capable of unifying the opposition. Therefore we believe that Castro will remain in power at least during the period of this estimate.

24. The Communists probably do not now control Castro, but they are in a position to exert influence in his regime and to carry on further organizational work. As we have noted above they have succeeded in gaining positions in some of the country's most important institutions and organizations. Additionally, the Cuban Communist Party, probably Cuba's best organized political party, is expanding its influence in the country's radio and TV systems and, to a lesser extent in the newspapers and in the educational system. Its position is enhanced by Castro's sense of need for Communist cooperation at the moment. We believe that at least for the period of this estimate the Communists will continue to support Castro's program and will attempt to avoid giving Castro any cause for believing that they are seeking to move in on his position as leader.

25. Castro and certain of his followers have recently made anti-Communist statements which suggest that they have some concern about the local Communists as a potential threat to the 26th of July Movement's dominance. Thus far, however, Castro has taken virtually no action to curb the Communists, and we believe that he is unlikely to take drastic steps against them during the period of this estimate.

28. After taking power in Cuba, Castro assumed leadership of the crusade against dictatorship. However, Betancourt and Figueres soon became alarmed at Castro's demagoguery, his support of Communist-connected exile revolutionists, and his offensive treatment of Figueres, and are presently at odds with him. Despite Castro's open break with these established liberal leaders in March, Cuba continues to be a main gathering place of exiles and mercenaries who are planning revolution against the Dominican Republic, Haiti, and Nicaragua. Castro left the task of dealing with these groups to his brother Raul and "Che" Guevara, who have displayed a clear preference for Communist-connected Nicaraguan and Dominican groups. Other more moderate revolutionists continued to look to Figueres and Betancourt for aid and guidance.

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29. The prompt reaction of the Organization of American States (OAS) to the April invasion of Panama by Cubans caused Castro to reiterate a policy of nonintervention in the affairs of other states. Nevertheless, Castro is continuing to support various exile groups and we believe that in spite of the risks involved he will continue to assist these groups to invade their respective homelands.

Remainder of document not germane to Cuba; material was not treated

30. No government in the area, with the exception of Cuba and possibly Venezuela, is likely to give substantial material aid to revolutionary invasion forces. However, most of them play hosts to numbers of exiles. Moreover, while most governments were willing to approve OAS action which supported the Panamanian Government against invasion, they were reluctant to act when exiles recently invaded Nicaragua, and they will be even more reluctant to agree to OAS action on behalf of the Trujillo regime.