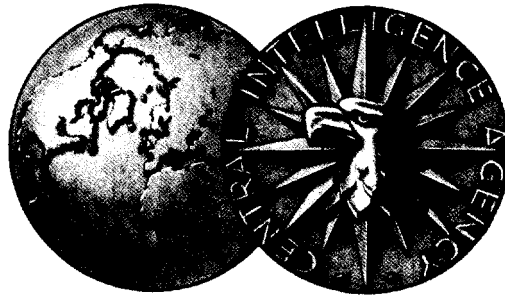


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# REVIEW OF THE WORLD SITUATION



CIA 2-49

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**REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY  
OF THE UNITED STATES**

**SUMMARY**

1. In the Middle East, the problems connected with US security interests are expanding, but the degree of regional stability called for to protect these interests is far from achieved. The most significant sources of instability are the situation in Greece, the superior power position of Israel, and political and social tensions in individual Arab states. The present anchor of the US position is Turkey; but the strength of this anchor is relative and not absolute. Its immediate value, however, enables Turkey to stake out a plausible claim for a more precise US commitment. UK security interests, now concentrated in the Arab states, interlock with US security interests at almost every point and their mutual support is becoming more essential to the effective maintenance of either.

2. With the air full of defense pacts, Greece and Turkey have become interested in their positions with respect to an Atlantic Pact. A pressure exists to bring the Eastern Mediterranean and the proposed Atlantic defense system together. For the moment this pressure has been checked, but the way is open for its renewal if and when Italy becomes part of an Atlantic Pact.

3. France is at a point of greater political and economic stability than for some time past. The Government, especially in the conduct of foreign affairs, has acquired a margin of freedom from the pressure of extremes of public opinion that should be of value in the early stages of implementing an Atlantic Pact. This favorable situation is, however, somewhat modified by the sharp differences of opinion between the US and the countries of Western Europe that are still implicit in the problem of Western Germany.

4. The Soviet "Peace Offensive", especially since it has been combined with threatening gestures is considered to be an attempt to delay the organization of the defensive capabilities of the West.

5. The Asian Conference has resulted in a breathing space for the working out of new relations between the West and the countries of Southeast Asia. The restrained tone of the Conference, however, did not imply a lack of resolve on the part of Asiatic nationalism. The emergence of India as the possible future leader of this movement was one of the significant features of the Conference.

6. In the Far East, the situation in important areas of conflict has not changed in any essential respect.

7. In Latin America, opposing groups are forming in relation to two connected issues: the recognition of new governments, and the organization of pressure in support of established democratic institutions.

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Note: This review has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force. The information herein is as of 11 February 1949.

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**REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY  
OF THE UNITED STATES**

**1. THE MIDDLE EAST.**

In the Middle East, the problem of protecting US security interests is expanding rather than contracting. The degree of regional stability needed to maintain these interests is far from achieved. In the Arab states it is conspicuously absent; while Israel, occupied with the political and economic uncertainties of new statehood and with its objectives colored by a dynamic nationalism, acts as a regional irritant rather than as a stabilizing force. The situation is of critical significance because it directly affects the UK strategic position in the entire Eastern Mediterranean and because it is so directly connected with the geographical security interest which the US has developed in Greece, Turkey, and Iran. Consequently, the stability of the Middle East constitutes a sociological security interest of the US. The scale of activity called for by this supplementary interest is not yet susceptible of accurate estimation, but it can be stated that the interest is in process of becoming almost as vital as the primary geographical one.

In the Middle East, there are three major foci of instability:

- a. Greece—the most insecure sector of the “forward area” consisting of Greece, Turkey, and Iran.
- b. The locally superior power position of Israel, and the uncertainties connected with the use that will be made of that position.
- c. Political and social tensions in individual Arab states.

The method of measuring the degree of security that has been attained in the “forward area” differs from that which can be applied to the Arab states. The essential security interest in the former is geographical: it has been to check the expansion of Soviet power into the area. This has been successful. The costs have been high and, except in the case of Turkey, the effort has not created a self-supporting power of resistance. In Greece, the lack of a positive military success has speeded up the process of social and political deterioration, and the increasing spread of social disorder makes the achievement of a real military success more difficult. There is a constant danger of the army itself being infected by the breakdown of national morale. At the same time, Communist capabilities in Greece have improved. Guerrilla strength has increased, Satellite aid continues unchecked, and the replacement of Markos by Ioannides, has added to the political reliability of the Communist forces in Greece. These guerrilla forces, in addition to maintaining their widely destructive pressure on the morale of the Greek people, have been able to attack large towns and thus to speed up the disintegration of Greek economy. In a recent raid on the town of Naoussa, 36% of all Greek wool spindles were destroyed. Mounting military and refugee costs have forced a cut-back of \$35 million in the reconstruction program. A prolonged political crisis,

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terminated only by a disguised royal ultimatum implying a dictatorial solution, led to a broader coalition that can count on ample Parliamentary support but has little else to recommend it. It represents a hasty fusion of traditionally incompatible elements rather than a genuine movement of national unity. Though greater authority has been given the Greek military commander and increased efficiency may appear in military operations, the capacity of the new government to reverse the process of national deterioration has not been added to. Political rivalries are almost certain to re-emerge and to call for fresh resolution. The limits of parliamentary solution have almost been reached.

Internal political difficulties in Turkey, though real, are not significant compared with those noted in neighboring states. It is probable that they will continue, since the fiscal problems which gave rise to them are not likely to be soon resolved. In addition to heavy expenditures for perpetual mobilization, the costs of developing the national economy are mounting, and the pressure on an inadequate tax-raising system is severe. US aid, directed as it is toward specified security ends relieves some of the pressure but provides no systematic cure. Projects before the International Bank are intended to be of future relief, but they cannot affect the immediate situation. These difficulties have not, however, produced serious internal tensions in Turkey, and are not likely to do so. The structure of Turkish life is well fitted to resist such disturbances and there is little to be alarmed about for the long term. There is no question of a serious change of international front, and there is every indication that US aid is slowly but surely serving the purpose for which it was provided. In consequence of this steadiness, Turkey is standing out as the anchor of the US security interest in the Middle East. The importance of Turkey in this respect is in possible danger of being overvalued when the degree of certainty that is felt about Turkey is compared with the growing uncertainties that must be felt about the other elements in the regional security structure. Actually, the value of Turkey is very precisely limited by the solidity of Greece and Iran, and by the stability of the Arab states; the value is relative and not absolute. There is the possibility, however, that Turkey may seek to play upon this value by staking out a plausible claim for a US defense commitment.

Iranian relations with the US are definitely in a favorable period and a policy of resistance to Soviet pressure is clearly shaped. The character of Iranian politics is such, however, that such a development can never be regarded as firm. Iran cannot be wholly committed to a final decision, but is bound to seek to balance contending external forces against each other. A process of aid, military and economic, though it may serve to prolong the period during which the US is favored, cannot be assumed to tie Iran to the US interest with absolute certainty. Such an orientation depends upon fundamental modifications in the world power situation, and these are not within sight.

The power superiority that Israel developed in the past six months and recently applied with so much local success has produced great changes. The Arab League has been split and does not for the time being represent a serious political force. Not only is there a stalemate as between Israeli and Arabs, but there is a stalemate of

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conflicting Arab interests as well. Israel has the advantage, in these circumstances, of negotiating from a position of strength with individual Arab states. The inescapable issue of these negotiations, whether conducted at Rhodes by the UN Mediator or at Jerusalem by the UN Conciliation Commission, is twofold: (1) From the Israeli point of view—can the withdrawal of the Arab Armies from Palestine be negotiated, or must they be driven out by force of arms? and (2) From the point of view of the bordering Arab states—can any definition of boundaries arrived at by negotiation be made to stick? The reality of this issue derives from the fact that the distribution of strength in Palestine, at the cessation of hostilities, so favored the Israeli army, that a complete breakdown of negotiations, or even a prolonged stalling, will tend to encourage renewed military action.

The critical possibilities inherent in this situation have produced significant changes on a larger stage. Both the US and the UK have modified their previous positions in relation to the fact of Israel's superior capabilities and, consequently, in relation to each other. The US has been obliged to use its influence to check the military ardor of Israel. The strength of this influence can be gauged by the degree to which the economic as well as the political survival of the new state remains dependent upon the US for financial aid and international support. The UK, for its part, has had to re-estimate the political strength of the Arab world in terms of the new local power factor presented by Israel, and, as part of this re-estimation, has given Israel *de facto* recognition. These modifications are clearly in the interest of enabling the US and the UK to come jointly into the picture in a way that will permit coordinated pressure to be brought to bear on Israel and the Arab states. Such pressure, especially if its joint character is made manifest, offers the most likely means of initially stabilizing a situation that has been long in danger of getting out of control. The interest of the USSR, except insofar as it seeks to maintain the highest possible degree of tension and instability in the Middle East generally, has not been specified. The USSR, accordingly, remains free to take full advantage of whatever may develop.

*Israel*

The election of 25 January, except that it reduced the capacity of the extreme Right and Left parties to influence policy, brought little change. The new government will be a coalition roughly similar in its balancing of interests to that which made up the Provisional Government. Ben-Gurion's Moderate Socialists (MAPAI) will direct the coalition, which will probably include the Socialist Labor Party (MAPAM) on the left and the United Religious bloc on the right. The basis of compromise with Left and Right, insofar as it affects the relations of Israel with major powers, will be the maintenance of a neutral position as between the US and the USSR. The extent to which such a compromise can be preserved depends to a considerable extent on circumstances over which Israel has little real control. There are no grounds, however, for thinking that the intransigence of Israel with respect to present negotiations with the Arab states will be significantly modified. The momentary stability of Israel can be assumed. Though "neutrality" in foreign relations will continue to be emphasized,

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economic necessity will preserve and probably increase the existing dependence of Israel on the US and the West. But the possibility of change in this particular respect cannot be overlooked. The political strength of the parties of the Left may progressively increase during the next period of immigration.

For the past six months, immigrants have come chiefly from Eastern Europe. The flow was more or less screened by Israeli agencies. At the end of 1948, however, the Satellite governments took over the approval and screening of emigrants. Since then, Communist-directed agencies and not the Israeli government have decided the character of the flow of Jews from Eastern Europe. The least that can be said of this method is that it adds a significant imponderable to the situation in the Middle East. The two obvious possibilities are (1) that the present Israeli government will alter its immigration policies, or (2) that the USSR may seek to develop an indirect channel for influencing the structure and policy of the new state.

*Egypt*

The internal political condition of Egypt is as subject to sudden upset as ever. The undercover attempts of the Palace Group to draw the Wafd opposition into a national coalition show no real sign of succeeding. Considering the hard feeling that has long separated these parties, the conciliatory attitude of the King and his advisers is an indication of the uncertainty with which they regard the immediate future. For three years minority cabinets have tackled and failed to solve Egypt's major problems: Palestine, the state of the national economy, relations with the UK, and internal security. The possible consequences of these failures are now coming close and the cushion of a coalition is obviously desirable. There is little sign, however, of any real stabilizing influence at work in the situation.

*Transjordan.*

King Abdullah, handling foreign affairs by personal decision, has entered into discussion with Israel. He has apparently concluded that the Arab League has fallen apart to the extent that it cannot bring unified pressure against him, and that the time is ripe for individual action. The UK, on which in the last financial analysis he depends, regards these talks with approval. Further encouragement in this course has been provided by US recognition of his kingdom. Transjordan's current deficit of some £600,000, the consequences of war and refugees, probably cannot be made up by increased taxation and probably will not be covered by cutting the running expenses of the Arab Legion. It will consequently fall on the UK; and Transjordan, with little to offer in return except a strategic location, will tend to act in the way that is considered most likely to protect this value. The present interpretation appears to call for a negotiation with Israel to reduce tension, while simultaneously strengthening Transjordan's position. If the Middle East is made more secure by this course of action, the US geographical security interest in this region is indirectly benefited.

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*Syria-Iraq.*

An identical combination of political instability and fiscal difficulties exists in both these states. In Syria, the new Prime Minister Azm has already found his position weakened. Nothing that he defined as urgent—pipe-line agreements, a monetary accord with France, relations with Palestine, internal security—has been acted on. Political sniping from all sides, including his own supporters, has had the effect of inhibiting positive action. While Azm warily marks time, the opportunity of initiating steps to control a critical internal situation becomes less favorable. In Iraq, the new government of Nuri Said, equally aware of the necessity of winding up the Palestine issue, settling the question of a pipe-line, and reopening treaty negotiations with the UK, is awkwardly placed. The government seeks to formulate a policy that will face up to difficult realities without provoking violent public responses. A corollary of this political difficulty is a slowdown in economic conversations with the International Bank for Reconstruction and Development. Too many undocumented projects were presented; and some time will have to elapse before a few screened projects have been developed in complete detail. In addition to this delay, it is doubtful if the Bank will find Iraq's political and financial position sufficiently satisfactory to justify a significant loan.

## 2. THE MIDDLE EAST AND DEFENSE PACTS.

The steps that have been taken to formulate an Atlantic Pact have stimulated a good deal of official Greek and Turkish thinking about their strategic value to the US. At least three considerations have been involved: (1) the desirability of being included in any commitment the US might make to Western Europe; (2) the fear that US attention and resources would be diverted from the Eastern Mediterranean; (3) the need for US assurances that such diversion will not take place. Both countries have now been persuaded that it is not presently appropriate to press for inclusion. The Greek government is now asking for a joint declaration of continued interest by the signatories of an Atlantic Pact. Turkey prefers that the announcement of a Pact should be accompanied by a statement from the US that US policy in the Eastern Mediterranean will be unequivocally maintained.

Simultaneously, various forms of regional pact have been considered as alternatives. Greece, more imaginative and less realistic than Turkey, is casting its net far and wide. Turkey, appreciating that all of the burdens of a local pact would fall to her share and that there would be few advantages in such an arrangement, considers a simple US commitment of superior value.

Although the pressure to bring the strategic aspects of an Atlantic Pact and the strategic requirements of a Mediterranean-Middle East position together into a single unified defense system is not yet strong, it is capable of developing considerable weight. It can be quickly opened up on a much broader front if Italy becomes a part of an Atlantic system. While the northern industrial part of Italy clearly belongs in a security system designed to draw together and develop the power potential of Western

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Europe, Southern Italy is part of any security system which seeks to maintain effective strategic control of the Mediterranean; and Italy as a whole, by falling within both systems, will tend to be the point at which the two systems meet. If an Atlantic Pact increases the tension of US-USSR relations rather than stabilizing them in a power balance, the tendency for the two systems to form a single system will become almost irresistible and it will be an obvious interest of the Mediterranean states to urge this tendency on. Its development, however, will raise the very serious question of whether a system of collective Western security would be strengthened or weakened by a whole-sale extension of its commitments in response to purely strategic considerations.

This concern to link a specified US security interest in the Middle East with a US security interest in Western Europe is for the moment confined to Greece and Turkey. The Arab states are involved with the problem presented by Israel, and Israel is concerned with her own immediate future and with maintaining a financial claim on US sympathy while remaining neutral as between East and West. But the situation is ripening for a harvest of claims.

### 3. WESTERN EUROPE.

#### a. *France.*

In anticipation of the place France will occupy in a defense system for Western Europe, it is worth noting that her chances of achieving effective economic and political stability are better than they have been for some time. The French financial situation may be increasingly supported by world economic trends and the Queille government is in a reasonably favorable position to take advantage of this development. Its firmness and tact in handling the recent strikes, by pin-pointing responsibility on the Communist Party and avoiding the alienation of non-Communist labor, have settled the question of internal security. The admitted difficulty of holding a coalition together in order to consolidate and develop an economic policy has been somewhat eased by greater mutual trust among the parties concerned. Moderate opinion is more self-confident. In addition, many uncertain waverers, who would earlier have voted with the extreme Right or Left, are probably shifting toward the firmer Center and both De Gaullists and Communists are finding themselves in more politically isolated positions.

This general improvement in fact and in morale has also simplified the conduct of foreign affairs. The pressure of mass opinion on earlier government decisions has lessened as French security was felt to be more adequately taken care of. In consequence, the Queille government has been able to negotiate such pressing matters as the Atlantic Pact, proposals for the political unification of Western Europe, and tripartite collaboration in Germany with more freedom and less intransigence. While none of these questions is yet disposed of and all will produce further controversy, the Government is better able to face and deal with its opponents and can be expected to develop more rather than less political authority. The value of this development, particularly in the next month or two, is great. France is certain to be subjected to

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considerable Soviet-Communist pressure in connection with a public announcement of an Atlantic Pact and every effort, overt and covert, will be made to develop contradictions and divergences in French opinion. The growing strength of the present Government and the confidence it has established in popular feeling should enable it to check and counteract such pressure.

*b. Western Germany.*

A possible offset to the improvement in the French situation exists in connection with the economic condition of the western zones of Germany. The factors here are somewhat contradictory, but they work to produce difficulties between the US and the states of Western Europe. On the one hand, the raising of the level of industrial production has begun to provoke strong reactions based on a fear that the rate of German recovery will soon put German industry in a predominant position in Europe. US proposals to reconstruct the German merchant marine, retain a ship-building industry, expand the fishing fleet, reopen a patent office, remove restrictions on the export trade, and raise the price of exported coal and coke, though presented as the natural corollaries of increased production, are meeting with resistance from UK, French, and Benelux interests. On the other hand, the over-all economic situation is unsound. Financial problems are accumulating rapidly. Investment capital is lacking and reconstruction programs are coming to a halt. Savings accounts are practically non-existent and authorization of foreign investment is checked by the Western European conviction that US investors would monopolize the field and make more difficult the problem of controlling the German potential. Many industries are operating uneconomically and require subsidies. Railroads and the coal-mining industry operate at a loss. In consequence, German economy tends to live on direct and indirect US subsidies, and the US interest calls for a correction of the situation and accordingly returns to the proposals noted above. Sharp differences of opinion have been and still are implicit in the problem, and the relation of Western Germany to the needs and objectives of a North Atlantic Pact is still unsettled business.

**4. USSR-OFFENSIVE PEACE.**

It is considered that the combined peaceful and threatening Soviet gestures are primarily aimed at preventing, or delaying, or at least minimizing the efforts of the Western Powers to organize their defensive capabilities. The peaceful gestures have been directed at (1) exploiting the popular desire for peace, (2) reducing international tension and removing a sense of urgency—particularly in the US, (3) creating doubt and hesitation about entering into an Atlantic Pact, and (4) providing material for those sectors of opinion that continue to press for an East-West adjustment on any terms. The threatening gestures, aimed at more precise targets—Norway, Denmark, and Sweden, support the same primary purpose by describing an Atlantic Pact as an aggressive alliance and by hinting at provoked counteraction. In general, with respect to US and Western European audiences, the gestures have not met with any significant success.

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The documentation of the official statements which convey the threats is of a kind to suggest that the USSR may be preparing to describe the Atlantic Pact as a threat to peace and to bring the matter before the UN. While a favorable vote in these premises could scarcely be expected, UN consideration might be used to force a modification of the terms of the Pact, to discourage prospective participants, or to delay its effective implementation.

5. INDIA-PAKISTAN-ASIAN CONFERENCE.

India and Pakistan are more aware of the need to compose their differences. They have made a good start in resolving their conflict over Kashmir. A foundation for greater political stability now exists. In addition, each of the states is making an effort to improve its internal condition. Pakistan is vigorously trying to step up its standards of provincial government, and India is proceeding with the absorption of the remaining princely states. There are economic factors which may check the pace of stabilization. India has inflationary and production problems to deal with. The food position is still deteriorating. Railway facilities are aging. Private investors are hesitant, fearing nationalization and profit-sharing plans. Pakistan has a continuing refugee problem. But the reduction of tension between India and Pakistan provides a better atmosphere in which to handle these internal difficulties.

This improvement provides the background for an appreciation of the Inter-Asian Conference. Contrary to expectations, the Conference, kept firmly in hand by Nehru, was guided by his decision that the Asian interest would be best served if action remained within the intent of the UN Charter and if a tone of political maturity were kept. Nehru appears to have been strongly influenced in this decision by the success with which US officials explained the US position on Indonesia and sketched the dangers of a racial rift between Asia and the West. A supporting factor was the emphasis which his Cabinet put upon the need for increased economic cooperation with the West. In consequence, an organized expression of anti-Western sentiment did not develop and an Asian bloc was not specifically created. The delegates to the Conference made it clear, however, that their restraint was not to be interpreted as a lack of resolve and that their recommendations to the Security Council concerning Indonesia were not to be lightly treated. The delegates were doubtless impressed by their ability to approach the problem before them without recourse to the dogmas of racialism and anti-imperialism, and they will probably expect their findings to be considered in a similar statesmanlike spirit. Soviet discomfiture at the moderate tone of the Conference has been clearly shown.

In effect, an unexpected breathing space has developed in relations between the West and the Asiatic states. But there are no laurels for the Western world to rest on. The position of the West is precarious and any persistent failure to come to terms with Asiatic aspirations will quickly revive resentment and hostility. Indonesian independence is the immediate issue; but behind this lies the broader question of Asiatic nationalism. The US emerged from the Conference with a comparatively

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clear record. India, primarily responsible for the dignity and efficiency of the meeting, has acquired a heightened prestige among Asiatic states and is well set for asserting a position of leadership.

**6. THE FAR EAST.**

Previous estimates of the situation in China and Southeast Asia remain essentially unchanged. Developments during the past month in these areas have generally followed the lines indicated and nothing need be added except to bring the situation up to date. In Indonesia, the Republican reaction to the Dutch operation of December has appeared in the form and at about the pace anticipated. The momentum of this reaction is increasing and will gradually approach the point at which it will be difficult to check it if and when the Dutch act on the recommendations of the Security Council. The next move of the Netherlands seems likely to be pressure for a hurried settlement between Federalists and key Republican leaders in order to forestall the need to comply with the SC resolution. Republican leaders are resisting this pressure, are not expected to check guerrilla resistance, and are maintaining the position that the dispute is under UN supervision. Federalists too are showing some independence and it is not likely that the Dutch authorities will be able to bring off an arrangement satisfactory to all parties within the time of their disposal.

(See also para. 5 *Asian Conference.*)

In China, the battle for Central China has been lost. There are still several stages to be gone through before the military victory is converted into political control, but no further important Nationalist reaction can be foreseen. The "resignation" of Chiang Kai-shek can be described as a shrewd political move, designed to avoid the onus of direct responsibility for an impossible situation but calculated to permit an arranged "recall" to authority. Meanwhile, regional adjustments to Communist control continue. Communist plans call for the completion of this control by fragmentation by the end of 1949. One of the most interesting and significant of these fragmentations is taking place in Central Asia in connection with northwest China, consisting chiefly of the large province of Sinkiang, where control has long been disputed between the USSR and China. Not only are regional leaders in this vast area exercising in fact autonomous power, but current negotiations for a Sino-Soviet local agreement may well serve to prepare the way for making Sinkiang a Soviet satellite state.

The Kuomintang-Nationalist remnant is continuing its efforts to build up Taiwan as a base for resistance. The present governor, installed by Chiang Kai-shek, is apparently bidding for US aid and support.

**7. LATIN AMERICA.**

The US interest in Western Hemisphere unity is in course of being damaged by the lining up of opposing groups on two related issues: the diplomatic recognition of new governments and the degree to which pressure may properly be exerted by some

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countries to further the maintenance of democratic institutions in other countries. One group of countries, seemingly headed by Uruguay and Cuba and supported by Chile and occasionally Brazil, forms what can be called the "pressure group". It favors withholding recognition of "anti-democratic" governments as a means of encouraging the growth of democratic institutions throughout the Hemisphere. The other group can be called the "non-interventionists". It consists of Argentina, Mexico, and the greater part of the other Latin American states. Most of this group agrees with the declared US position that non-recognition is not a suitable instrument for strengthening democratic institutions.

The real difference between the two groups on the first issue does not lie in the approval or disapproval of any given government, though it is true that the "pressure group" countries have generally not continued relations with the new Venezuelan government; the difference lies in the fact that the "pressure group" reserves the right to pass judgment on any new government while the "non-interventionists" protest that this is not the prerogative of any other nation.

The second issue between the two groups is that of finding some way of discouraging the unconstitutional overthrow of democratically established regimes. The "pressure group" is actively supporting a project, now before the Council of American States, for an "advisory council for political research" which will concern itself with a study of democratic processes. Argentina and Mexico have stated their opposition. It is also reported that both Cuba and Uruguay are actively trying to form groups to oppose "dictatorships".

The controversial nature of these developments needs no underlining. Neither they, nor a correlative proposal to discard or fundamentally revise Bogotá Resolution XXXV, will be in any way acceptable to members of the "non-interventionist" group.

The US interest in the general stability of Latin America was in addition impaired by events of the past month. The new Paraguayan regime came into power with the support of the military but without the evident use of force; its survival is dependent upon continued army and police support. In addition, the Bolivian government can no longer count on army loyalty and may be overthrown at any time. The government of Ecuador continues shaky. Schisms are beginning to show in Peruvian and Venezuelan military *juntas*, which engineered the recent coups in these countries, and their stability is becoming questionable. In Argentina, the removal of Miranda, who was largely responsible for Argentina's non-cooperative economic nationalism, may permit an improvement in relations with the US; but, unless other necessary reforms follow, it is probable that the changes may have been made too late to effect a real improvement in the economic stability of Argentina.

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