

CENTRAL INTELLIGENCE AGENCY

34

28 March 1950

INTELLIGENCE MEMORANDUM NO. 272

SUBJECT: The Probability of Local Interference with the Production and Movement of Certain Strategic Materials in the Event of War before 1954.

1. The attached estimates (Enclosures "A" through "I") relate only to the probability of local interference, by Communists or others (such as disaffected nationalists in colonial areas), with the production and movement of the strategic materials indicated in each case, in the event of war between the US and the USSR before 1954.

2. Significant interference is defined as at least 15 percent reduction in availability over a period of at least one month.

3. The order of the Enclosures is as follows:

- A. General Considerations (p. 1).
- B. Canada (p. 3).
- C. Mexico (p. 4).
- D. The Caribbean (p. 5).
- E. South America: West Coast (p. 7).
- F. South America: East Coast (p. 8).
- G. Southern Africa (p. 10).
- H. The Mediterranean and Near East (p. 11).
- I. India and the Far East (p. 13).

4. A significant possibility of local interference with the production or movement of listed commodities (not necessarily resulting in long-term denial) is considered to exist in the following cases:

- a. CANADA: iron ore, lead, lumber, PULPWOOD, zinc.
- b. MEXICO: antimony, cadmium, copper, fluor spar, graphite, LEAD, manganese, MERCURY, mica, petroleum, zinc.
- c. CUBA: MOLASSES and sugar, chromite, nickel oxide.

Note: This memorandum has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force.

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 NO CHANGE in Class.
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- d. VENEZUELA: PETROLEUM.
 - e. ECUADOR: BAISA, cocoa beans.
 - f. PERU: lead, vanadium.
 - g. BOLIVIA: ANTIMONY, lead, TIN, tungsten.
 - h. CHILE: COPPER, CRUDE IODINE, sodium nitrates, iron ore.
 - i. BRAZIL: BERYL, castor beans, coffee, emetine, iron ore, MANGANESE, QUARTZ CRYSTAL, sisal.
 - j. ARGENTINA: beef, hides, skins.
 - k. URUGUAY: grease wool.
 - l. SARDINIA: talc.
 - m. IRAQ: petroleum.
 - n. INDIA and EAST PAKISTAN: MANGANESE, MICA, jute, tea.
 - o. BURMA, THAILAND, MALAYA: rubber, teak, tin.
 - p. INDONESIA: palm oil, pepper, quinine and quinidine, petroleum, rubber, and tin.
 - q. CHINA: antimony, duck feathers, hog bristles, tin, and tungsten.

5. With respect to other listed commodities, no significant interference is likely, although sporadic strikes and sabotage are probable.

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ENCLOSURE "A"

GENERAL CONSIDERATIONS

1. The USSR, through the apparatus of international Communism, has made and is making extensive preparations to interfere with the production and movement of strategic materials required by the US. In the event of war, the USSR must be expected to exert to the full its capabilities in this regard.
2. Absolute denial of newly produced strategic materials requires Communist seizure of control over the means of production or export, as has occurred in China. Temporary or partial interference, of greater or less duration and magnitude, can be accomplished if public disorder, work stoppages, slowdowns, or sabotage are instigated.
3. Communist capabilities in these respects vary with local circumstances not necessarily related to local Communist strength or to the vulnerability of the industry concerned. It must be recognized that disorders, strikes, and even sabotage affecting the availability of strategic materials can occur for strictly local reasons without Communist instigation, and that a wartime demand for strategic materials presents an inviting opportunity for exacting the redress of local grievances. It is to be expected, however, that the USSR and local Communists will take every advantage of such local dissatisfactions to accomplish their own ulterior purpose. Because any systematic and sustained interference with US access to strategic materials normally presupposes at least covert Communist direction or influence, Communist party strength and labor influence have been taken as the point of departure of country estimates in most cases.
4. Control of or dominant influence in organized labor is Communism's principal weapon for the accomplishment of this mission. Communist penetration of organized labor has been significantly selective, with concentration on mining, fuel and power, electrical communications, overland transport, waterfront, and maritime workers' unions. In many cases it will be found that the Communists, lacking control of basic production, nevertheless control availability through their control of essential fuel and power, transportation, or port facilities.

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5. In addition to Communist capabilities for the local instigation of disorder, work stoppage, or sabotage, account must be taken of the possibility of planned sabotage by trained Soviet agents introduced from the outside on specific mission. This factor, although relatively difficult to estimate, is especially important with respect to highly remunerative targets such as Venezuelan oil. Whatever the security precautions in each case, the possibility of a successful and severely damaging attack can never be entirely excluded.

6. The following estimates do not take into account the possibility of Soviet resort to clandestine biological warfare as a form of sabotage, on the supposition that Soviet capabilities in this regard will be covered elsewhere. This form of attack, if feasible, could obviously have a severe effect on the production and export of strategic materials, directly in the case of animal and vegetable products, and indirectly in terms of its effect on human resources.

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ENCLOSURE "B"

CANADA

1. Products designated. The Canadian products listed are ALUMINUM, ASBESTOS, cobalt, corundum, hides, ilmenite, iron ore, lead, lumber, mica, NEWSPRINT, NICKEL, petroleum, PLATINUM METALS, PULPWOOD, URANIUM, WOODPULP, and zinc.

2. Communist strength and influence. The Communist Party, outlawed in 1939, now operates as the Labor Progressive Party, with an estimated 23,000 members. Its influence is extended through labor unions, foreign language groups, and front organizations. It has had little political success, however, and was weakened by the espionage trials of 1946. In the June 1949 general elections, for example, it received only 32,633 votes in contrast to 111,892 in 1945, a trend further substantiated in municipal elections. Although Communist influence in organized labor has diminished, it is still important, particularly in miners' and lumbermen's unions.

3. Iron ore. Plant protection is believed to be normal, but the producing labor union is Communist-dominated, and there is a corresponding danger of serious work stoppage, if not of sabotage. Moreover, the ore is shipped via the Great Lakes, and its movement might be subject to some interruption by the remnants of the Communist Canadian Seamen's Union if the emergency arose during the summer shipping season. (This danger would be lessened if wartime controls have been put into effect before the reopening of traffic in the spring.)

4. Lead and Zinc. The producing union is Communist-dominated, and plant protection is admittedly inadequate. In these circumstances, serious work stoppage and/or sabotage may be expected.

5. Lumber and Pulpwood. The dispersed and primitive character of the industry renders it relatively immune to sabotage, but interference through work stoppages is a possibility. The chief producing union is no longer Communist controlled, but is Communist infiltrated. (The effect of such stoppages would depend on the season: normally cut wood is accumulated during the winter to be floated downstream in the spring.)

6. Other Products. No significant interference is indicated, except insofar as denial of pulpwood might interfere with the production of newsprint and woodpulp.

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ENCLOSURE "C"

MEXICO

1. Products designated. The Mexican products listed are antimony, cadmium, copper, fluorspar, graphite, LEAD, mahogany, manganese, MERCURY, mica, petroleum, and zinc.

2. Work Stoppages. Communist influence is extensive among Mexican mining and petroleum, electrical, railroad, and port workers. Significant interference with the production and transportation of the mineral products listed above, through work stoppages, is probable in the event of war. It is unlikely, however, that such interference could be prolonged. The Government has shown itself capable of dealing effectively with Communist labor leaders. Its security forces are considered reliable and generally adequate to support a strong policy. An eventual nationalistic, anti-Communist reaction among rank-and-file workers is to be expected.

3. Sabotage. Few restraints are put upon the movement of foreigners into or within Mexico. Planned sabotage of remunerative targets by militant Communists or trained Soviet agents is probable. The Poza Rica oil field, producing 60 percent of Mexican petroleum, is particularly vulnerable in this respect.

4. Mahogany. Mexico presently forbids commercial cutting of mahogany. Were production to be resumed, no significant interference would be likely.

ENCLOSURE "D"

THE CARIBBEAN

1. Products designated. The products listed with respect to this area are:

- a. CUBA: MOLASSES and sugar, chromite, nickel oxide.
- b. JAMAICA: Bauxite.
- c. HAITI: sisal.
- d. DOMINICAN REPUBLIC: cocoa beans.
- e. CENTRAL AMERICA AND PANAMA: ABACA, balsa, mahogany.
- f. COLOMBIA: petroleum, platinum.
- g. VENEZUELA: PETROLEUM, diamonds.

2. Cuba. The Communist Party, with a nucleus of 20,000 militants, has approximately 127,000 registered voters and exerts influence over about 100,000 workers, including many port and transport personnel and some sugar workers. Significant interference through strikes and slow-downs can be expected as well as some sabotage probably by alien saboteurs. Sugar and molasses production is relatively easy to sabotage through the firing of cane fields.

3. Jamaica. There has been social unrest in Jamaica, but no well-defined Communist movement. Inasmuch as the production of bauxite is as yet undeveloped, no specific assessment can be made with respect to that industry. Probably there would be no significant interference.

4. Haiti. No significant interference is to be expected.

5. Dominican Republic. No significant interference is to be expected.

6. Central America and Panama. No significant interference is to be expected.

7. Colombia. Communist influence has been important in the Colombian oil workers' unions, which in the past have conducted prolonged strikes affecting petroleum production, processing, and transportation. The capabilities of those unions have decreased in the past few months, while the government's ability to cope with them has increased markedly. Consequently, although sporadic interference is likely, no significant interference with petroleum production and movement is indicated. The same is true of platinum.

8. Venezuela. Communist influence is important in the labor unions concerned with petroleum production and transportation. There is serious danger of significant interference through strikes and sabotage. The target, moreover, is one to attract trained Soviet saboteurs on specific mission. In the past, however, the Venezuelan Government has dealt firmly and effectively with labor disturbances in the industry. With its cooperation in carrying out projected security measures, the danger of serious sabotage caused only by local elements can probably be controlled. No significant interference is indicated with respect to diamonds.

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ENCLOSURE "E"

SOUTH AMERICA: WEST COAST

1. Products designated. The products listed with respect to this area are:

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| a. ECUADOR: | BALSA, cocoa beans. |
| b. PERU: | Chinchona bark, lead, mahogany, vanadium. |
| c. BOLIVIA: | ANTIMONY, lead, TIN, tungsten. |
| d. CHILE: | COPPER, CRUDE IODINE, sodium nitrates, iron ore. |

2. Ecuador. Communists control the important port workers' unions. Security forces are neither effective nor reliable. Significant interference through strikes and sabotage is to be expected.

3. Peru. The Communist Party, never strong, is outlawed and disorganized. Communist influence exists, however, among mine, railroad, and port workers. Peruvian production and transportation of lead and vanadium are notably vulnerable to strikes and sabotage. Significant interference must therefore be expected, although it is unlikely to be prolonged. No such interference is indicated with respect to chinchona bark and mahogany.

4. Bolivia. Communist influence is insignificant, but labor unrest exists. The mine and railroad workers' unions are well organized and have conducted prolonged strikes. The government's handling of these difficulties has been weak and ineffective. Bolivian mining and railroad operations are extremely vulnerable to sabotage. Significant interference through strikes and sabotage is therefore possible.

5. Chile. The Communist Party, though outlawed, is estimated to have 45,000 members. It retains control of the Federation of Miners and has infiltrated railroad, port, and electrical workers' unions. Moreover, existing conditions are conducive to labor unrest. The security forces, however, are vigilant and effective. No prolonged work stoppage is deemed likely. Significant, though limited, interference through sabotage is probable, however.

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ENCLOSURE "F"

SOUTH AMERICA: EAST COAST

1. Products designated. The products listed with respect to this area are:

- a. THE GUIANAS: BAUXITE.
- b. BRAZIL: BERYL, castor oil, cocoa beans, coffee, diamonds, emetine, iron ore, MANGANESE, MICA, monazite, platinum, QUARTZ CRYSTAL, sisal, tantalum.
- c. URUGUAY: grease wool, hides, and skins.
- d. ARGENTINA: beef, corundum, hides and skins, quebracho extract, tungsten, grease wool, tung oil.

2. The Guianas. No significant interference is indicated.

3. Brazil. The Communist Party, though outlawed, retains effective organization and leadership and has an estimated 90,000 members. Its strength is concentrated in the capital and the states of Sao Paulo and Pernambuco. Its influence is particularly strong among port workers and is also felt among railroad workers and manganese miners. Social and economic problems afford it opportunities for fomenting local strikes, disorders, and sabotage. Security forces, however, are actively engaged in its suppression and are considered able to check any widespread and concerted interference with production and transportation. Nevertheless, significant interference with the production of manganese and with the shipment of beryl, castor beans, coffee, emetine, iron ore, manganese, quartz crystal, and sisal must be considered possible, though such interference is likely to be sporadic and brief in each case.

4. Uruguay. Communists dominate the Montevideo wool workers' union, which has recently interfered with the export of wool through a slow-down strike of the highly skilled workers who grade wool for export. Although the government can be expected to prevent violent sabotage, a strike based ostensibly on labor demands is not likely to be stopped immediately, even in war time. Therefore, significant interference in the export of wool is to be expected, but no significant interference is indicated in the production and export of hides and skins.

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5. Argentina. The Communist Party, although not large numerically, has experienced leaders and a fairly large number of sympathizers, including the 85,000 Slavs who belong to the Soviet-sponsored Union Eslava (now legally dissolved). The Party's strength is concentrated in the city and province of Buenos Aires. While its strength in the labor movement generally is not great, the Party has significant influence among railway, port, and meat-packing workers. The government can be expected to take forceful action to halt or prevent extensive interference with production and export through strikes and sabotage. Nevertheless, significant interference with the production and shipment of beef, hides, and skins must be considered likely.

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ENCLOSURE "G"

SOUTHERN AFRICA
(South of the Sahara)

1. Products designated. The products listed with respect to this area are:

- a. LIBERIA: LATEX.
- b. BRITISH WEST AFRICA: cocoa beans, COLUMBIUM, diamonds, mahogany, MANGANESE, palm oil, tantalum, and TIN.
- c. BELGIAN CONGO: COBALT, columbium, copper, DIAMONDS, palm oil, pyrethrum flowers, tantalum, tin, URANIUM.
- d. SOUTH AFRICA: ASBESTOS, CHROMITE, CORUNDUM, diamonds, MANGANESE, uranium, vanadium, grease wool, skins and wattle bark.
- e. RHODESIA: ASBESTOS, CHROMITE, copper, platinum, and zinc.
- f. BRITISH EAST AFRICA: KYANITE, pyrethrum flowers, SISAL.
- g. MADAGASCAR: beryl, GRAPHITE, MICA.

2. Communist capabilities. No significant Communist capability to interfere with the production or shipment of these commodities exists in any of the countries indicated.

3. Nationalistic disturbances. There is some possibility that nationalistic disturbances might interfere with production and shipment in BRITISH WEST AFRICA and MADAGASCAR. Given reasonable precautions, however, such disturbances could be limited in duration and effect.

4. Planned sabotage. The possibility of planned sabotage by agents dispatched on specific missions cannot be excluded in the case of especially remunerative targets. Although the BELGIAN CONGO is notably vulnerable in this respect, since no effective border control exists between it and French Equatorial Africa, significant interference with production and transport of listed commodities is not indicated.

ENCLOSURE "H"

THE MEDITERRANEAN AND NEAR EAST

1. Products designated. The products listed with respect to this area are:

- a. PORTUGAL, SPAIN, FRENCH NORTH AFRICA: cork.
- b. SARDINIA: talc.
- c. TURKEY: chromite, gum opium.
- d. EGYPT: extra long staple cotton.
- e. SAUDI ARABIA, KUWAIT, BAHREIN, QATAR: petroleum.
- f. IRAQ: petroleum.
- g. IRAN: petroleum.

2. Portugal, Spain, French North Africa. Cork production is relatively immune to interference. Sporadic sabotage in port areas is possible.

3. Sardinia. Communist strength in Sardinia is considerable. Moreover, Sardinia has known sustained strikes accompanied by sabotage. Significant interference with talc production and shipment by these means is possible.

4. Turkey. Communism is not a significant force in Turkey. The security services are in effective control of such minor subversive elements as do exist. No significant interference is indicated, although sporadic sabotage is possible.

5. Egypt. There is social unrest in Egypt, but no significant Communist movement. Sporadic strikes and sabotage are possible, but no significant interference is likely.

6. Saudi Arabia, Kuwait, Bahrein, Qatar. No significant interference is indicated.

7. Iraq. Considerable disaffection and Communist influence exist in the petroleum producing area. Security forces are probably adequate to protect the main installations, but not field installations and pipelines, which are vulnerable to sabotage. Significant interference is therefore indicated.

8. Iran. If the USSR were to invade Iran, it would presumably wish to capture the oil facilities intact. Its local fifth column, therefore, would be employed, not to sabotage those facilities, but to prevent both production and sabotage.

If Iran were not to be invaded, there would be Communist-instigated strikes and sabotage. Security forces, however, could probably prevent significant local interference.

ENCLOSURE "I"

INDIA AND THE FAR EAST

1. Products designated. The products listed with respect to this area are:

- a. INDIA & EAST PAKISTAN: beryl, burlap, kyanite, jute, MANGANESE, MICA, monazite, crude lac, shellac, tea, and skins.
- b. CEYLON: rubber.
- c. BURMA, THAILAND, MALAYA: rubber, teak, and tin.
- d. INDONESIA: palm oil, pepper, petroleum, quinine and quinidine, rubber, and tin.
- e. CHINA: antimony, duck feathers, hog bristles, tin and tungsten.
- f. PHILIPPINES: chromite, cocconut oil, mahogany, manila fiber, and sisal.
- g. AUSTRALIA: beef, beryl, copper, hides and skins, lead, monazite, GREASE WOOL, and zinc.
- h. NEW CALEDONIA: chrome, nickel.
- i. NEW ZEALAND: GREASE WOOL, skins.

2. India and East Pakistan. At present the Communists have no significant power to interfere with the production of the commodities listed, but they may be able to hinder their shipment. Before March 1949 the Communists were able to disrupt railway and port operations over a period of weeks by means of unannounced strikes and sabotage. Since then, strong government action has rendered them relatively ineffective, and their influence in organized labor has declined.

However, production and shipment from this area are constantly in danger of interruption by economic warfare between India and Pakistan and by communal disturbances in both countries. Moreover, the probable growth of Communist power and influence in Southeast Asia may be expected to produce an increase in Communist activity and influence in eastern India and East Pakistan which would jeopardize the production and shipment of jute products, manganese, mica, and tea.

3. Ceylon. The Communists' capabilities for interference are limited to the Colombo port area, where they control approximately 35 percent of organized labor. It is believed, however, that this danger could be controlled except for the possibility of sporadic sabotage.

4. Burma. Production and shipment are now effectively disrupted by the armed insurrection of Communists and other elements. Present conditions, approaching anarchy, are likely to continue indefinitely.

5. Malaya. Although Communist terrorists have been active in Malaya since July 1948, the output of rubber and tin have not thus far been affected. Production of both these materials, however, has been maintained only at considerably cost. Prospecting for new sources of tin in Malaya has virtually been halted as a result of terrorist activities. Terrorism in Malaya, although presently under control, may well increase as a result of developments in China and Indochina. In the event of war, Communist terrorists would intensify their activities against such primary objectives as rubber estates and tin mines, significantly interfering with production and shipment.

6. Thailand. If the Communists should gain the ascendancy in Indochina and Burma, which now seems a definite possibility, the shipment of strategic materials from Thailand might be prevented by external and internal Communist pressure on the Thai Government. If such pressure failed to produce that result, the Communists would nevertheless be capable of significant interference with production and shipment through a campaign of terrorism similar to that in Malaya.

7. Indonesia. A rather precarious situation exists in which a new government is attempting to establish its authority after a long period of conflict with the Dutch. The situation is susceptible to Communist exploitation, although present threats to production and movement of commodities arise principally from other elements and over local issues.

Numerous strikes occurred during early 1950, notably of petroleum workers and dockworkers. There has been some evidence of Communist activity in connection with these strikes, particularly those occurring in Sumatra. Indonesian labor, however, is not well organized or disciplined, and the fluidity of the present situation permits no valid assessment of the likelihood of future sabotage. The output of those products requiring a sizable, disciplined labor force (e.g., petroleum products, tin, and estate agricultural products) is, of course, more vulnerable to work stoppages than is the output from native agriculture. Export of any Indonesian products, moreover, could be effectively hindered by strikes at the ports. Therefore, significant interference, for at least limited

periods, is to be anticipated in the production and/or shipment of all Indonesian products listed.

8. China. The production and marketing of strategic commodities is a monopoly of the Chinese Communist government, and the capability of denial to the US is absolute. In the event of war, it must be presumed that Chinese policy would conform to Soviet requirements and therefore that the US would be unable to acquire Chinese strategic commodities.

9. The Philippines. No significant interference is indicated, although there is a possibility of sporadic sabotage.

10. Australia. Communist capabilities are limited primarily to interference with the operation of railways and ports through domination of coal mining, transportation, and dockworkers' labor unions. No significant interference with production is indicated except in the case of the principal lead-zinc properties, at Broken Hill, where the union is also Communist-dominated. Rank-and-file membership of these unions is overwhelmingly non-Communist, however, so that any work stoppages or slowdowns would have to be justified in terms of legitimate grievances in order to be sustained.

11. New Caledonia. Local interference is not indicated. The production of nickel matte, however, is dependent on coal supplies normally received from Australia, which might be interfered with.

12. New Zealand. The only significant Communist capability is for interference with shipment through domination of the Waterside Workers' Union. It is doubtful, however, that extended interference would be supported by the non-Communist rank-and-file membership of the union.

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