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Weekly Contributions 38-50

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19 September 1950

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CURRENT DEVELOPMENTS

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NORTHERN AREA: In Mexico, Communists have intensified their propaganda campaign (p. 2). Important Mexican labor unions have taken anti-Communist action (p. 2).

CENTRAL AREA: In Colombia, recent government decrees against Protestantism will aggravate this religious issue (p. 3). The recent illness of Colombia's president, Laureano Gómez raises the question of whether he will serve his full term (p. 3).

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1. GENERAL: Progress on Ratification of Inter-American Instruments Encouraging

Recent progress on the ratification of fundamental inter-American instruments has been encouraging. The Rio treaty has now been ratified by all but three Latin American countries, and of these, Ecuador and Guatemala have already initiated the ratification process in their respective legislatures. Although obstacles will be placed in the way of ratification in both countries, it is expected that they will be overcome. It is also expected that Peru will ratify the treaty in the not too distant future now that a newly elected legislature is functioning. The Charter of the OAS was ratified by Bolivia — following its ratification of the Rio treaty (Wkly, 5 Sep 50) — thus reducing the number of non-ratifying states to eleven. Inasmuch as the US has likewise recently ratified the Charter, some or all of these countries will probably be encouraged to take similar action.

2. MEXICO: Communist Propaganda Campaign Intensified

Propaganda attacks by Communists and Communist sympathizers against the president himself since the outbreak of hostilities in Korea represent a distinct departure from Mexican political custom. Previously, the Communists, like other critics of the government, have gone along with the accepted practice of showing considerable respect for the office of the president, and have directed their attacks only at other government officers such as members of the cabinet. The attacks on Aleman are largely directed against the administration's support of the UN position. The PCM (Mexican Communist Party) claims, for example, that the wishes of the people have been disregarded and that the government is serving the interests of "Yankee imperialism"; "Peace Committee" attacks, and those of individual Communists and sympathizers have followed the same line. Even though these attacks have increased in intensity, it is not expected that the government will take extreme measures of suppression. It will, however, continue its anti-Communist campaign through pro-administration labor groups, and with other non-Communist groups.

3. Anti-Communist Drive by Important Labor Unions

Anti-Communist action taken during recent weeks by some of the more important unions in Mexico is a favorable development for US as well as for Mexican security interests. Unions in strategic industries, including railroads, mines and oil installations, which formerly have evidenced considerable tolerance for Communists in their ranks, have expelled individual Communist leaders and have disciplined local sections for following Communist principles or tactics. This development appears to be largely the effect of the government's influence on labor leaders, but it also reflects to a degree increased awareness by Mexican labor leaders of the dangers of local

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Communist action in the event of a war involving the USSR. This trend also would, if continued, lessen considerably the danger of sabotage of strategic installations and therefore reduce the number of military personnel needed to implement industrial defense plans.

4. COLOMBIA: Recent Government Decrees Will Aggravate Religious Issue
The recent government decrees discriminating against Protestantism in the Department of Boyacá and in the Comisaría of Caquetá can be expected to increase resentment of Gómez in Colombia and to cause continuing friction in US-Colombian relations. Isolated acts against Protestants and Protestant missionaries form part of the disorders of the pre-inauguration period. []

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The Foreign Minister has defended the barring of any religion other than Catholicism from the Comisaría of Caquetá on the grounds that the Colombian concordat with the Vatican prohibits missions other than Catholic from functioning in Intendencias and Comisarias (somewhat comparable to US federal territories). The defense is questionable since the decree refers to practice of religion while the concordat refers only to mission activity. The government has not as yet presented any defense of the recent decree (effective in the Department of Boyacá) imposing compulsory attendance at Mass on all rectors, students, etc., whether Protestant or Catholic.

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Since Colombia has adhered to the principle of freedom of religion not only in its constitution but also in the OAS Charter, in the UN Declaration of Human Rights, and in the final Act of the Ninth Inter-American Conference at Bogotá, US protests cannot be summarily rejected as unwarranted interference in Colombia's internal affairs. On the other hand, US protests will probably not be completely effective, and anti-Protestant actions will probably be a continuing source of friction in Colombian-US relations. Furthermore, since the recent government decrees are likely to please only those Colombians who already favor Gómez, the present policy may well tend to prolong current unrest and dissatisfaction with the government, and may, conceivable, revive the bitterness of the 19th century religious controversy.

5. Illness Endangers Gómez' Continuance in Office
The attack brought on by a condition of arterial hypertension which caused Laureano Gómez to collapse on 17 September at a luncheon (according to the usually reliable France Presse radio service), brings to the fore the problem of succession to the presidency. While Gómez has reportedly recovered from the recent attack, his condition is such as to put his survival of four years in the presidency in serious question. The normal successor to the presidency, the Designado, is elected by Congress each two years, and the incumbent until 7 August 1951 is Dr. Eduardo Santos, the Liberal leader who has most strongly opposed any cooperation with the Gómez administration.

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The Current Situation in Venezuela

(Summary --- The political situation has been calm following the disturbances of May. The economic outlook has improved because of good prospects for a sustained high level of oil production. Venezuelan Communists have been relatively quiet of late. Influence of the US Military Mission continues to increase. Continued support of the US position vis-à-vis the USSR is almost certain.

--- Recent developments are generally favorable to US interests.

Political

In the past three months the political tension, which reached a high point during the oil strike of 3-13 May, appears to have subsided, and prospects are good for continued stability of the government during the next few months and probably beyond. While the possibility of an alliance for revolutionary purposes between Acción Democrática and the Communists cannot be altogether discounted, the likelihood that any such coalition could be effectively organized is remote. The success of any revolutionary scheme still remains contingent upon disunity within the junta and the armed forces, and of this there is no clear evidence.

Promulgation of the electoral statute has probably been retarded by the general apathy with which the draft statute was met. While both the URD and COPEI parties approve the statute and favor the prompt holding of elections, their rival campaign as champions of free elections has engendered little enthusiasm among the public, which appears to be divided chiefly between those who are content with the status quo and those who feel that the elections would be a farce []

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[] Under these circumstances, it is unlikely that the government will try to accelerate preparations for elections.

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Economic

The economic outlook has improved, largely because the Korean situation appears to have removed the threat of restrictions by the US Congress on oil imports, and also because Venezuelans anticipate an increased demand for petroleum, particularly in the event of war. In preparation for such an eventuality, the Minister of Development has asked the oil companies to report on the possibility of expanding oil production 25 percent. It is also reported that Creole has canceled a contract for the disposal of \$7 million of surplus drilling equipment. While an increase of only about 10 percent would bring Venezuelan oil production from the current record level to that currently estimated by the NSRB as satisfying Venezuela's contribution to US wartime requirements, it is nevertheless favorable for US interests that planning for

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expansion should be initiated now, in advance of actual need, in view of the probable time lag before maximum requirements could be met.

Another repercussion of the international situation is the increased consciousness of Venezuela's dependence upon imports as reflected in the government's decision to stockpile certain essential commodities, beginning with automobile tires, and in the added impetus towards achieving self-sufficiency in certain basic agricultural products, notably rice and sugar. While careful advance planning to meet a possible supply emergency would favor not only internal economic and political stability, but US interests as well, there is some danger of panicky stockpiling of perishable commodities as well as of indulgence in uneconomic, overambitious projects aimed at self-sufficiency. The government's program is not yet sufficiently formulated to permit any judgment of its soundness.

The serious epidemic of foot and mouth disease has caused considerable criticism of the government, and particularly of Amenodoro Rangel Lamus, Minister of Agriculture, who is vulnerable to charges of negligence. The removal of the control commission from the jurisdiction of the agriculture ministry, and the appointment of Dr. Arnaldo Gabaldón (a man justly distinguished for his conduct of the anti-malarial campaign) as director of the now autonomous commission probably signifies not only that the junta lacks confidence in the Minister of Agriculture, but also that the campaign to control the epidemic will henceforth be more vigorous and efficient.

Military

A number of plans now under consideration in the ministry of defense indicate the increasing influence of the US Army Mission; if adopted, these plans should eventually improve the efficiency of the Venezuelan armed forces. Among the projects being discussed is a radical reorganization of the army, which among other things would increase army strength from approximately 16,000 to 20,000 and would group the infantry battalions (now the largest organized unit) into three brigades, each comparable to a small infantry division. Also being considered are plans to establish three recruit training centers; to combine the first two years of instruction for cadets of all the services; and to request a US officer to advise the G-2 section. Further evidence of military cooperation is the signing of a four-year agreement for a US Naval Mission to replace the contract which expired this spring.

Venezuela continues to be eager to purchase US military equipment, and has urgently requested forty M-24 tanks, and spare parts for F-47 planes. Negotiating arms purchases and discussing the spare parts and replacement problem were the principal objects of the recent official

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visit to the US of Lt. Col. Felix Román Moreno, Chief of Staff. While Venezuela will probably continue some purchases from non-US sources whenever the price differential is great (as in the recent contract with British Vickers for two destroyers), US-Venezuelan military cooperation has increased.

Subversive

Communist capabilities in Venezuela have declined somewhat as a result of the dissolution in May of the "red" Communist Party, but it is as yet too early to estimate with any accuracy the extent of the decline. During the past three months the Communists have remained relatively quiet, and it is believed that their primary objectives at this time are to strengthen and preserve the underground organization, and to establish a policy upon which future cooperation with AD elements could be based. The Stockholm peace petition has begun to be circulated, but apparently on a minor scale and covertly. Party-line propaganda on Korea has been limited by the unavailability of legal media and the apparently infrequent appearance of clandestine publications. There has been some slight evidence of withdrawal of labor support from the Communists. It is possible that the junta may dissolve the remaining legal Communist Party (the smaller but also Soviet-oriented Partido Revolucionario del Proletariado - Comunista, also known as the "black" Communist Party).

International

Continuing support by Venezuela of the US position vis-à-vis the Soviet Union is practically assured. Official and to a great extent unofficial reaction to the Korean situation has been favorable to the US. It is believed that Venezuela's stated reason for withholding direct military assistance is valid in that the armed forces are undoubtedly needed for the protection of the petroleum industry.

Relations between Venezuela and the USSR will probably continue to be maintained at a minimum level, since it is unlikely that the Venezuelan government will permit the exchange of ambassadors for some time. In these circumstances, it is possible that, while the Soviet Embassy in Caracas continues to function, international Communist interests are being handled chiefly through the Czechoslovak Legation, whose commercial attaché, Richard Falbr, seems to devote most of his time to Communist Party rather than commercial affairs.

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The Current Situation in Chile

(Summary -- The González Videla government appears reasonably stable despite political struggles over economic planning, religious education, and the Bolivian corridor issue. The economic position has been generally favorable, but prospects for the future are uncertain. Loyalty, efficiency, and training of the armed forces remain at a satisfactory level; morale is gradually improving. Chilean Communists are becoming more militant and more active among labor groups. Except for a temporary setback vis-a-vis Peru and Bolivia, Chile's relations with other Latin American countries remain basically unchanged; that country continues to support the US in matters involving the East-West struggle.

-- The increased labor unrest believed largely attributable to the Communists constitutes a potential danger to US security interests in Chile.)

Political

The González Videla government appears reasonably stable despite a series of political tensions that have arisen during the recent quarter concerning Finance Minister Vial's economic projects, the religious education bill, and the Bolivian corridor issue. The "Vial Plan" -- which proposed that wage increases for the public employees, armed forces, judiciary, and teachers be financed by increased taxes -- met such serious opposition in the conservative senate that the government was forced to compromise with the opposition and remove a series of direct taxes in order to assure its passage. Furthermore, Vial's new exchange rates schedule provoked the resignation of the Minister of Economy and a near cabinet crisis. In this ministerial feud the President's support of Vial, a Social Christian Conservative and former personal enemy, over a member of González' own Radical Party has enhanced the prestige of Vial -- who was originally expected to have a short-lived political career -- and has demonstrated once again []

[] Of shorter duration, but no less serious a threat to the unity of the coalition, was the bitter controversy that arose from the advancement of legislation to require religious instruction (Catholic) in the public schools. The pigeonholing of the bill for this session of congress has averted open conflict on this delicate issue and helped the President, who is both a Catholic and a Mason, save face. Repercussions from the "Bolivian corridor controversy" -- that regarding Chile's ceding to Bolivia a corridor to the sea in exchange for access to certain Bolivian lakes which could be used for irrigating Chile's arid north -- appear to have subsided somewhat insofar as the basic issue is concerned. Instead,

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the opposition is attaching great importance to Foreign Minister Walker's secret exchange of notes with Bolivia on the subject of the corridor in an effort to prejudice Walker's — and therefore the government's — chances of filling a senatorial vacancy created by the death of Arturo Alessandri. While such a maneuver may succeed in keeping Walker from becoming a candidate, it is believed that it will fall short of its desired objective of depriving the government of the much-needed senatorial post.

It is not expected that any substantial change in government stability will occur during coming months. It is true that the government's opponents will continue to attack its economic policies and that adverse economic developments and continued labor unrest may jeopardize the non-too-strong administration control of the government. However, numerous attacks on the administration have failed to impair the cohesiveness of the government coalition, and it may be expected that the administration will benefit from eased pressure when congress adjourns, probably this month.

Economic

Chile's economic position during the recent quarter has been generally favorable, but prospects for the future are uncertain. A sustained demand for copper at highly remunerative prices — despite the reimposition by the US of the copper import tax — has remained the most favorable factor, slightly outweighing the unfavorable effects of continued monetary inflation, reduced production and income resulting from continuous strikes, and general economic uncertainty caused by lengthy legislative consideration of economic measures. While it is too early to note the impact on the economy of the various economic measures adopted during the last quarter, it is estimated that they will not measure up to the government expectations. The implementation of the "Vial Plan" will mean an increase in government expenditures of almost 29% over the budget figure of 15.7 billion pesos for 1950, only part of which will be financed by taxation. Moreover, the wage increases and additional social security benefits established by this bill and the former one benefitting private employees will probably cause in other sectors similar demands for wage increases and special security benefits. Furthermore, the adoption of new multiple exchange rates not only shelve the plan for establishing a single exchange rate but also foreshadows further price increases because of the upward shift in the rates for most imports. Unless the receipts from major exports — particularly copper — can be stepped up substantially and further taxation can be enacted before the end of the year, the prospects for a budgetary deficit this year are very strong.

Organized labor (both Communist and non-Communist) is becoming

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increasingly powerful and will probably continue to exert considerable influence on governmental economic policy and legislation. A new, still loosely formed, labor federation (Movimiento Unitario Nacional de Trabajadores -- MUNT) appears to be a potentially powerful group since it claims the affiliation of twelve important federations of labor unions in addition to the support and cooperation of both the Socialist and Communist CTCh and the long-established but politically dormant confederation the Confederacion General de Trabajadores (CGT). Continued pressure from labor groups appears likely during the balance of the year.

Military

Loyalty, efficiency, and training of the armed forces remain at a satisfactory level; morale is gradually improving as a result of the salary increase of approximately 35 percent recently granted the army, navy, air force, and carabineros (national police). Congressional authorization to augment the carabineros from 20,000 to 25,000 is considered a move to meet the needs of a growing population rather than an indication of an imminent stepping-up of police activities. Chilean air force training is expected to improve when the 27 reconditioned training planes recently purchased from the US -- but grounded during a congressional investigation -- are put into service.

Subversive

During the past three months Chilean Communists have improved their position. They suffered somewhat, it is true, when they stirred up some popular indignation against themselves by stoning the US Embassy. Communists have, however, continued to enjoy the increased measure of freedom which they gained after the present cabinet -- which has a more leftist makeup than its predecessor -- came into office. They have continued their political activities, have made them more overt and militant, and have also instigated or prolonged strikes in the nitrate and copper industries. Communists have made slight gains in labor influence and have enhanced their potential for creating labor disturbances by penetration of the new labor organization (MUNT) and to a certain extent the white-collar workers' federation (JUNECH). The Communists have continued to fight against the Defense of Democracy Law and may be expected to go on with the campaign, though their chances for success in the immediate future appear to be remote. In other respects Communists may be expected at least to hold their own during the coming quarter.

International

Except for a temporary setback vis-à-vis Peru and Bolivia over the Bolivian corridor issue and a slight improvement of relations with Haiti accompanying the renewal of relations with the military junta, Chile's relations with other Latin American countries remain basically unchanged. Chile continues in general to follow US policy and to support the US in international organizations. Popular and official comment -- except among

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Communists — has been highly laudatory of the US response to the UN call for aid in Korea. In matters involving the East-West struggle Chile is expected to continue to support the US and to uphold her promise to take steps to maintain the flow of copper and nitrates to the US. The most recent evidence of Chile's animosity towards the USSR has been a stiff note to the Moscow government in which Chile denounced all Soviet claims to Antarctic territory.

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