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Weekly Contributions 39-50
Latin America Division, ORE, CIA
26 September 1950

Of the items published this week, D/LA finds that on the excellent chances of Brazilian presidential candidate Vargas (p. 2) of particular interest.

CURRENT DEVELOPMENTS

CENTRAL AREA: Brazil's ex-dictator, Vargas, seems to have an excellent chance of being that country's next president (p. 2). The Venezuelan government is taking precautions against reported plots for armed rebellion (p. 2).

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DOCUMENT NO. 39
 NO CHANGE IN CLASS.
 X DECLASSIFIED
 CLASS. CHANGED TO: TS S C
 NEXT REVIEW DATE:
 AUTH: HR 700
 DATE 10-16-79 REVIEWER:

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(CIA Working Paper)

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1. GENERAL: Vargas May be Elected President on 3 October

The race for the presidency in the 3 October elections in Brazil appears to be between ex-dictator Getúlio Vargas and the government-sponsored Cristiano Machado. The third major candidate, Air Lieutenant General Eduardo Gomes, seems to have insufficient support to be considered a threat either to Vargas or Machado. The political situation, however, remains as completely in turmoil as it has been for many months with the major factor of confusion being the multiplicity of local, state, and national "deals" among the political parties. Meanwhile, Vargas seems to have gained considerable support in the past few weeks as a result of his energetic campaign throughout Brazil. Barring last moment [redacted]

[redacted] President Dutra's followers or Gomes throwing his support to Machado, Vargas appears to be the candidate most likely to win the elections next week.

2. VENEZUELA: Threat of Armed Uprising Believed Not Serious

A new series of rumored plots for an armed uprising in eastern Venezuela is believed to present no serious threat to the stability of the government. It is evident, from the sending of the minister of the interior to supervise precautionary measures, that the junta regards the situation with some concern. Although it is doubtless true that Acción Democrática and possibly Communist elements have been able to smuggle in quantities of small arms, nevertheless, it is still believed that while the army remains united, as it currently appears to be, there is little likelihood that an armed uprising could succeed in overthrowing the government.

It is probable that clandestine groups will continue to engage from time to time in relatively isolated acts of violence in an effort to keep alive a spirit of militant opposition, but that unless and until dissension within the army becomes serious no concerted revolutionary attempt will be made.

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The Current Situation in the Dominican Republic

(Summary — Trujillo continues to exercise full political control. The economic situation is favorable. Communist activity remains negligible. The armed services are being reoriented for greater mobility and efficiency.

— The new Dominican conciliatory position towards its neighbors and the contemplated reorientation of the armed forces serve to strengthen US security interests.)

Political

The political situation remains calm with President Trujillo as completely in control as ever. The 1952 presidential campaign has been officially opened. Along with inspired demands that "the Benefactor" reconsider his decision not to seek re-election, an aura of "democracy" has been created by the emergence, with official permission, of two fictitious opposition parties. There have been extensive shifts of top government officials, but these changes merely reflect Trujillo's policy of rotating his subordinates periodically to ensure that none acquires sufficient authority to detract from his own prestige. It is possible that the following may shortly be made cabinet ministers: Ramfis Trujillo, 22-year old son of the president, who has recently received great publicity, possibly as a build-up for his designation as his father's political heir; Frederico Fiallo, former lieutenant general who was recently dismissed as Trujillo's chief military advisor to provide a scapegoat when news of a brutal political assassination leaked to the public; and Anselino Paulino, who was responsible for Dominican complicity in the plot to overthrow the Haitian government last December (D/LA Wkly, 4 Jan 50). None of the current developments indicates any immediate change in the present political situation.

Economic

The general economic situation continues favorable. Primarily this is due to a firm export trade which, during the first six months of 1950, totaled \$48.2 million, a slightly greater figure than that for the comparable 1949 period. It is true that there has been a decline in tobacco and sugar exports due to smaller harvests and delays in shipment. Good cacao and coffee crops, however, selling at high world market prices, have produced an increase in the value of exports. An increase over the 1949 figure in the total value of exports will be clearly indicated at year's end when over \$30 million worth of sugar, already sold to the UK, will have been shipped. The demand for Dominican products remains firm and prospects for the disposition of crops currently being harvested are excellent. Imports totaling \$17.3 million were \$6.3 million less than in the first six months of 1949. Higher retail prices and increases

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in corporate and personal income taxes discouraged the purchase of imported goods. Fiscal operations have been fairly satisfactory. Despite a record budget of \$72 million, receipts have been sufficient to meet current expenditures and to provide a surplus of \$1 million. It is expected that during coming months the general economic situation will continue to be favorable.

Military

The armed forces, still completely loyal to Trujillo, continue in an advanced state of effectiveness in relation to those of other Caribbean republics. Changes have been made in the organization of the army -- disestablishment of the small engineering corps and reorganization of the artillery -- to increase its mobility and efficiency. Further changes may be in prospect because the government recognized that the armed forces as presently constituted cannot effectively combat submarine activities; naval personnel probably will be trained for this service and additional naval patrol aircraft may be acquired while some of the present active surface units may be placed in "moth balls". Similarly, the air force is to concentrate on fighters for in-shore patrol and submarine attack operations. In this connection, it is noteworthy that maintenance difficulties and marked deterioration by the effects of tropical climate have made British Mosquitos and Beauforts increasingly unpopular so that they may be scrapped and replaced by US planes.

The Dominican defense budget for calendar 1950 totals \$18.5 million -- the largest in Dominican history, representing an increase of 26 percent over last year and constituting 25 percent of the total budget. The government is cooperating with the US in plans for the coordinated defense of the Caribbean, partly because such cooperation may mean US equipment and technical assistance. The first evidence of increased cooperation since the outbreak of the Korean war has been Dominican acceptance of the US position in negotiations leading to a Military Air Transit Agreement.

Subversive

The few Communists in the country operate underground and have negligible influence. Trujillo's internal security system precludes the development either of a strong Communist movement or of any important non-Communist threat to his control.

International

The relations of the Dominican government with its neighbors have improved, due largely to the action of the OAS Investigating Committee last spring (D/LA Wkly, 21 Mar 50). The government has not only followed

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the committee's recommendations, but has also initiated additional conciliatory measures such as granting amnesty to political exiles and permitting oppositionists to leave the country unmolested. Successful negotiations for the return of the Angelita (D/LA Wkly, 24 Jul 50) indicates a desire to move toward improved relations with Cuba. Further proof of the new Dominican conciliatory position is evidenced in the resumption of normal diplomatic relations with Haiti and the imminent resumption of relations with Costa Rica.

President Truman's statement on the position of the United States in the Korean conflict brought an immediate declaration of support and offer of assistance from the Dominican government, illustrating the sincerity of Trujillo's frequent pro-US, anti-Communist statements. Dominican interest in the Korean situation is intense and the government is certain to uphold any action which may be taken by the United Nations and the United States on the matter.

The country's interest in the activities of the United Nations is evidenced by its desire to secure re-election to the Trusteeship Council, and by its support for the modification of the 1946 UN resolution concerning Spain.

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The Current Communist Situation in Latin America

(Summary -- "Peace" propaganda, the principal Communist activity during recent months, has shifted its line to specific attacks against the US for "aggression" in Korea. The closing of the Havana Communist daily Hoy resulted in a reduction of Communist newspaper propaganda. Despite Communist activity in numerous strikes, Communist strength in organized labor has increased but little. During the past three months Communist losses slightly exceeded gains. During the rest of 1950 little over-all change in Communist influence is expected.)

Current Activities

During the past three months, "peace" propaganda was the principal Communist activity. After the start of the Korean war, Communist propaganda shifted its emphasis from a general "peace" line to specific anti-US attacks such as "hands off Korea" and "stop US aggression in Korea". Communists were particularly successful in gathering "peace" signatures in Mexico, Cuba, Ecuador, Chile, Argentina, and Uruguay. In all of these countries, except Ecuador, effective counter-propaganda and the exposure of Communist hypocrisy as regards Korea offset much of the Communist effort to produce anti-US sentiment.

Communist newspaper propaganda has decreased notably as a result of the closing by the Cuban government of the Habana Communist daily Hoy, which had about 28,000 circulation. Together with the recent change from pro-Communist to non-Communist of El Nacional of Venezuela (which has a daily circulation of about 55,000), there has been a decrease of nearly three quarters of the Communist-oriented daily newspaper circulation in Latin America. The largest remaining daily paper of Communist orientation in Latin America is El Popular in Mexico, with about 25,000 circulation.

Communist labor activities have influenced strikes in Mexico, Chile, and Uruguay, causing increased unrest or slowing up settlement of labor disputes. Although such agitation has been somewhat embarrassing to the governments concerned and although the Communists may have been helped indirectly by their exercise of leadership during the strikes, their strength in organized labor has not been increased notably.

Trends

Communists lost ground in Cuba, Mexico, Costa Rica, Venezuela, Guatemala, and Panama, but registered some gains in Chile, Ecuador, Bolivia, and Peru. Although these trends in Communist influence were divergent, on balance a slight over-all loss resulted.

In Cuba, after gaining during the pre-election and election period, the Communists during recent months have lost influence, largely because

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of anti-Communist action by certain labor unions and by the government, and because of generally stepped-up anti-Communist propaganda since the beginning of the Korean war. This change in trend of Communist influence may, however, be only temporary. In the struggle between Communists and anti-Communists for control of Mexican labor unions, the Communists have lost ground as a result of the disaffection of several important unions of the Communist bloc (UGOCM, CTAL, WFTU) and successful organizational activity of the non-Communist CTM. In Costa Rica, the government made some preventive arrests of Communist leaders to forestall a possible plot and stopped, at least temporarily, Communist collaboration with elements opposing the government. Venezuelan Communists continued to suffer from the effects of government suppression of the PCV and of the Communist unions, resulting from the petroleum strike in May. There were also slight withdrawals of labor support, increased anti-Communist feeling as a result of the Korean war, and decreased effectiveness of the Communist propaganda machinery. Further precautions against possible sabotage of oil installations by the Communists adversely affected their capabilities in this direction. In Guatemala, Communists lost three influential governmental positions: editor of the official daily newspaper, radio propaganda chief, and member of the national electoral board. In addition, a new labor syndicate is beginning to compete with unions under Communist leadership. The recognition of the new CIO local union by the Panama Canal Zone authorities has further decreased the influence of the Panamanian Communists.

In Chile, due largely to the advent of a more leftist and tolerant cabinet, Communists improved their position during the quarter by participating in two different groups of labor syndicates, by taking an active part in developing strikes, and by taking more overt and militant political and propaganda action. In Ecuador, Communist propaganda for "peace" and against the use of the atomic bomb succeeded in gaining support from many people in various sectors of the population and has not yet been slowed up by effective counter-propaganda. In Bolivia, the critical economic situation and unrest among miners has made the situation there slightly more vulnerable to Communist agitation. In Peru, a number of Communists or dissident Communists gained political office by riding the Odría bandwagon in the last election.

Probable Future Developments

Communist influence is expected to decline further in Mexico and Guatemala, but in Brazil and Chile it may increase prior to the national elections. Such divergent trends are expected to continue in Latin America during the next quarter, with little over-all change in Communist strength, except a possible slight loss of Communist influence in organized labor.