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Weekly Contributions 48-50
Latin America Division, O/RR, CIA
28 November 1950

CURRENT DEVELOPMENTS

GENERAL: Communists are retaining labor influence in spite of some losses and increasing opposition (p. 2).

CENTRAL AREA: In Venezuela, no compromise candidate to succeed Delgado Chalbaud has yet been found acceptable to all important groups (p. 2).

SOUTHERN AREA: In Argentina, economic necessity figures largely in the recent extension of diplomatic and commercial relations with the Soviet Union (p. 3). Peru's uncompromising attitude is complicating attempts of the guarantor nations to bring about a peaceful settlement of the Peru-Ecuador border dispute (p. 4).

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1. GENERAL: Communists Retain Labor Influence in Spite of Recent Regression

Although there has been no significant over-all change in Communist labor influence, Communist labor forces in a number of Latin American countries are on the defensive, facing continued or increasing regression and in some cases increasing opposition of non-Communist labor groups. Communist leaders, however, even when on the defensive, are carrying anti-Communist moves and in certain cases, despite some losses, have maintained their influence or control over important labor groups.

In Mexico, the struggle has intensified between Communists and non-Communists in important industrial syndicates. Communist leaders, after being removed from office or expelled from important unions, have formed competing unions or pro-Communist committees within the unions and have attempted through these rump groups to force their way back into power by strikes and sabotage. Although unsuccessful in their attempt to regain power, the Communist leaders have revealed their continuing ability to incite local disturbances in mining, petroleum, railway, and electric power industries. In most other Mexican industries, non-Communist organizers have been making some progress in lining up an important contingent of labor unions interested in becoming a part of the International Confederation of Free Trade Unions (ICFTU). The Guatemalan Communist labor leader, Pinto Usaga, was expelled from the politically powerful railway union, though he continues to be an official of one of the two major labor federations (FSG). As a result of pressure brought by Somoza against the Nicaraguan Confederación General de Trabajo (CGT) for disseminating Communist propaganda and participating in political affairs, the CGT split into Communist and Somocista factions, and the Communist group now faces a possible crack-down by Somoza at any time. In the Panama Canal Zone, Communists have lost labor influence to the new CIO union but continue to maintain a small local union. Venezuelan Communist petroleum union officials, following some months of inactivity imposed by government repression and illegalization of their federation, are beginning to attempt organizational work and propaganda against government-sponsored unions. Argentine Communists in important positions in the government-controlled labor federation (CGT) are faced with close police surveillance. However, by masquerading as Peronistas, they retain considerable freedom of action.

At present there is reason to believe that Latin American Communist labor leaders will continue to retain influence or control over important segments of the labor movement despite some losses and mounting opposition.

2. VENEZUELA: No Decision on Successor to Delgado Chalband

The failure of the Venezuelan junta government to announce the appointment of a successor to the late Lt. Col. Carlos Delgado Chalband, as expected on the second anniversary of the coup of 24 November 1948, is probably indicative of considerable backstage maneuvering

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and disagreement among groups influential with the junta. For several days prior to 24 November the appointment of Dr. Arnaldo Gabaldón (distinguished malarologist and director of the autonomous institute for the control of foot and mouth disease) appeared almost certain, but his candidacy is not believed to have been eliminated. Among other candidates reported to be under consideration are Lt. Col. Felix Román Moreno, armed forces chief of staff; Jorge Marcano, retired air force colonel; Luis Emilio Gómez Ruiz, present foreign minister; Germán Suárez Flamerich, Venezuelan ambassador to Peru; and César González, chief of the Venezuelan delegation to the UN. An additional possible candidate is the governor of the Federal District, retired General Juan de Dios Celis Paredes, who had been mentioned frequently in the past as a strong candidate for provisional president and who would undoubtedly have the support of the influential conservative Andino group. His appointment, however, would very likely be opposed by Pérez Jiménez, since the latter would be overshadowed by the age, prestige, and rank of Celis Paredes.

The delay in announcing a successor to Delgado has in all likelihood been accompanied by a lively jockeying for position, which may well have intensified factional rivalries within and outside the army. Unless a compromise candidate can be found who is acceptable to all important groups, there will probably be sporadic manifestations of discontent, such as were common during the first months of the present regime.

3. ARGENTINA: Economic Necessity Figures Largely in Relations with the USSR

The Perón government's approval of the appointment of a new Soviet ambassador as well as its encouragement of expanded trade with the satellites is consistent with Perón's neutral "Third Position" foreign policy, which has been reasserted since the negative domestic reaction to early intimations that Argentine troops might be sent to Korea. A more compelling reason, however, may be the urgency of Argentine import requirements -- in the face of immediately adverse affects on terms of trade of western rearmament (D/LA Wkly, 21 Nov 50) -- leading the government to seek fuel and machinery from the East despite conspicuous failure of the satellites to fulfill export commitments in the past.

The USSR, on its part, evidently hopes that present Argentine economic needs will make possible a commercial agreement which it can exploit later for political purposes. There are also indications that the satellite states will expand their trade with Argentina -- negotiations involving substantial shipments of Czechoslovakian tractors and Polish coal have already been undertaken -- and that they will enlarge their commercial missions to handle trade matters and to engage in covert political activities.

Although the Soviet Union may go to considerable lengths, including token industrial shipments, in an attempt to reduce Argentine support of US global objectives and to facilitate covert political

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activity, any basic Argentine alignment with the Soviet orbit, rather than with the West, is considered highly unlikely.

4. PERU: Peru's Stiffening Attitude Is Likely to Renew Peru-Ecuador Tension

The recent stiffening of Peru's attitude toward Ecuador is likely to renew tension in Peruvian-Ecuadoran relations and may, if unchecked, lead to more serious border incidents than earlier seemed probable (D/LA Wkly, 31 Oct 50). On 16 November, President Odría stated to the guarantor nations that Ecuadoran troops had not withdrawn from the frontier and that, if such troops were not withdrawn within 48 hours, Peru would send equal forces to the frontier. Two days later Peru despatched a transport from Callao to the north, which, according to the Peruvian General Staff, carried only a contingent of the first battalion but which allegedly carried armored units. On 21 November, Odría informed the guarantors that Peru will insist that the main body of Ecuadoran troops be withdrawn to Quito, whereupon Peru will also return the main body of her troops to Lima. Ecuador has not been informed of Peru's more recent ultimatum.

Peru's uncompromising attitude will unnecessarily complicate the attempt of the guarantor nations to bring about a peaceful settlement of the border dispute and will greatly antagonize Ecuador.

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The Current Situation in Colombia

(Summary -- Barring the incapacity of Gómez, the government is expected to remain stable. The economic situation is good. Plans are being formulated to reorganize the army in accordance with US Tables of Organization and Equipment. Communist capabilities remain slight. Colombia has given concrete support to the UN in Korea.

-- US interests have been favorably affected by Colombia's evident willingness to participate in UN police action.)

Political

Barring the incapacity of Gómez (D/LA Wkly, 19 Sep 50), the Colombian government will remain stable in the coming months. The change-over from the Liberal dominance of Colombia (1934-46) to Conservative dominance is practically complete. With the decree supplanting Eduardo Santos as presidential alternate and the resignations of Comptroller General Ordóñez Ceballos and of Colonel Hernando Herrera, the administration has virtually achieved the elimination of potentially dangerous Liberals from important government and army posts. The decree on the presidential succession has been the most violently protested of recent administration actions, and the Liberal Party has asserted that, in the event of Gómez' incapacity, Liberals would not recognize the decree's provision for succession by the minister of government but would support Santos as the only legitimate successor. Plans have been made to organize the Liberal Party on a cellular basis for this eventuality. Revolution against Gómez himself, however, is not seriously considered any longer.

Economic

Colombia's economic situation, which depends almost exclusively on conditions in the coffee market, is considered good. Although coffee prices have failed to show the customary year-end rise, they have been extremely favorable to the coffee-producing countries for the year as a whole, and no significant decline is expected.

The development of a more favorable climate for private foreign investment in Colombia is indicated by the government's modification on 14 November of the unsatisfactory petroleum decree promulgated in January of this year. The modification, which liberalizes the regulation of exploration activity, is a result of Gómez-initiated consultation between government officials and representatives of petroleum companies and may well mark the beginning of a Colombian government policy of increased cooperation with foreign investors.

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The government's recognition of the Liberal-backed CTC (Confederation of Colombian Workers) on 5 October probably reflects an administration estimate that it can now control the labor situation easily and can afford to grant this concession to its opponents. The recognition had apparently been delayed until a decision was secured from the Council of State (30 Sep 50) that the decree of 1946 which prohibited parallel syndicalism has been constitutionally abrogated by the decree of 1949. The administration is expected to continue to favor the Conservative-sponsored UTC (Union of Colombian Workers) over its rival, CTC.

Military

Plans are being formulated for the reorganization of the Colombian army. These plans call for the formation of three infantry divisions. The chief of the general staff of the armed forces, General Rojas Pinilla, avowedly desires to follow US Tables of Organization and Equipment in his reorganization plan, which would call for a definite increase above present army strength of approximately 25,000 and would require US financial aid. The general stated that he is very anxious to exchange the Skoda artillery now on hand for US 105-mm and 155-mm howitzers. He also suggested that Colombia's two destroyers should be exchanged for two later type US destroyers. He mentioned that he was thinking of offering the destroyers for use by the UN in Korea and explained that, if the contemplated exchange were made, the problem of logistical support would be reduced since the requirements for the Colombian ships would then be generally similar to those for US ships.

While it is obvious that the chief of staff has high hopes of using the present international situation to make a considerable improvement in Colombia's military establishment, the US interest, if such there be, in an increased manpower reserve is favorably affected by the attitude of the chief of staff. Colombia has already offered one battalion which has been accepted (see International). If further offers of concrete assistance are made and accepted, and if the US continues its current policy of logistical support, Colombia's actual power as well as its prestige in Latin America will be such as to provide very strong incentive for other Latin American countries to provide manpower in the expectation of similar benefits.

Subversive

Communist capabilities for subversive action remain slight. It is true that six Communists went to Europe in early November for the World Congress of Partisans of Peace and that some of the passages were paid from Paris. The group was reasonably representative of the Colombian Communist Party and the trip may increase the zeal of these members. However, the expulsion of Augusto Duran from the party marks a setback for the organization (D/LA Wkly, 31 Oct 50) which will probably outweigh any advantages which the party may derive from the attendance of the six at the Peace Congress.

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International

Concrete support to US military action in Korea has dwarfed in importance all other developments in Colombia's international relations during Gómez' first months in office. The acceptance of the frigate "Almirante Padilla" by the Unified Command on 2 October was followed by a firm offer of an infantry battalion (1080 men) to be used by the Unified Command for operations in Korea. The US had agreed to equip, train, and give logistic support on a reimbursable basis provided that the troops were regular armed forces and not volunteers. The Colombian troop offer was accepted on 14 November.

Although relations with the US are good, the question of persecution of Protestants under the new regime has been a potential source of serious friction. Further information has corrected D/LA's estimate of 19 Sep 50 that anti-Protestant actions in recent months were sanctioned by President Gómez. It is now estimated that the official actions against Protestant schools reportedly taken in several of the departments of Colombia were initiated at the departmental level. The telegram sent on 23 October by Gómez' minister of education to the departmental governors requiring that future orders in connection with Protestant schools must have prior approval of the central government should go far toward minimizing the tensions inherent in the situation.

In spite of the fact that Colombia's position in the Haya de la Torre case was not accepted by the International Court of Justice, Colombia is not expected to take any action seriously prejudicial to its otherwise good relations with Peru.

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The Current Situation in Guatemala

(Summary -- Colonel Jacobo Arbenz has been elected president to succeed Arévalo. The economic situation remains satisfactory. Communists made slight gains immediately prior to the presidential election. The armed forces remain loyal to the administration and capable of maintaining internal order. Guatemala has demonstrated its desire to align itself more closely with the US in international affairs.

-- US interests were temporarily harmed by the presidential campaign, which developed and exploited anti-US feeling. The possible development of a stronger anti-Communist movement once Arbenz has taken office may benefit the US.)

Political

The Arévalo administration has remained in power despite two revolutionary attempts in recent months. Its control has been further evidenced by the election of Colonel Jacobo Arbenz (unofficial administration candidate) to succeed Juan José Arévalo as president in March 1951. The elections, held 10-12 November, climaxed a campaign in which major candidates opposed to Arbenz were forced into hiding, were deprived of organized party support, were confronted by arbitrary legal obstacles to their candidacies, or (if able to campaign) were threatened by hostile Arbenzista crowds. Therefore, even though widespread opposition to Arbenz existed in moderate and conservative quarters, this opposition became split and confused, while Arbenz' electoral majority was assured through control of the labor vote (organized with the help of Communist labor leaders), the bureaucratic vote (organized within the government), and through control of the National Electoral Board (which supervises elections and adjudicates disputes).

D/LA estimates that similar political techniques, and the same campaign alignments, will probably bring victory to pro-Arbenz candidates in the December congressional elections, thus continuing control by the administration.

Economic

The economic situation remains satisfactory, thanks to the continued favorable market for coffee, Guatemala's major export. However, the large expenditures and inefficient practices of the bureaucratic Arévalo administration continue as unfavorable factors, and government regulation continues to cause concern within the business community.

As in recent years, the transfer of revenues from the national coffee plantations (nominally "autonomous") has permitted the government to overcome a budgetary deficit. Although the final 1949-50 budget settlement

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is expected to show a surplus of some \$2 million, this surplus will be smaller than the \$4.6 million of 1948-49 or the \$6.4 million of 1947-48. Inefficient management of Aviataca, the government-operated airline, has recently caused its reorganization as an autonomous agency free from government fiscal control. Proceeds from an increased coffee export tax (expected to add \$3.7 million to 1950-51 revenues) will be used, among other things, to liquidate the debts incurred by the company. In the chicle industry, agreement with the Wri-ley Company was expected to revive the trade. However, bickering within government agencies with respect to financing has delayed initiation of the harvest, and prospects for a good 1950-51 crop have diminished considerably.

No essential change in the economic situation is foreseen for coming months, though a gradual downward trend in foreign exchange reserves is likely to continue.

Military

The armed forces remain loyal to the administration and capable of maintaining internal order. This has been demonstrated by the suppression, in late August, of a plot among army sergeants reputedly engineered by retired Col. Miguel Mendoza (an anti-Arbenz presidential candidate) and by the suppression in early November of an attempted coup led by Col. Castillo Armas, who had retired from the army in 1949 following the assassination of Col. Arana.

There is no evidence that the armed forces have recently acquired significant quantities of arms or ammunition, though efforts have been made in this direction. However, other types of equipment (including clothing and motor vehicles) have recently been obtained on the US surplus market.

No significant change in the military situation is foreseen.

Subversive

Slight gains were made by Guatemala's Communists immediately prior to the presidential elections. Partly as a result of their active and vociferous opposition, Minister of Government Monzón, who had suggested a repressive anti-totalitarian law, was forced to resign. The Communist publication Octubre (previously banned by Monzón) reappeared, the Communist-sponsored labor school "Jacobo Sánchez" renewed its activities, and Communist leaders reappeared at Arbenz political rallies. A Communist-organized observance of the 33rd anniversary of the Bolshevik revolution was well attended by representatives of organized labor and the three major political parties. Although it is true that Communist labor leadership suffered a major setback when Manuel Pinto Usaga was expelled from the potent railway workers' union in early October, no further anti-Communist moves developed in other unions.

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The Guatemalan government continues to profess that it is not oriented toward Communism and in foreign affairs has opposed the international Communist line on Korea. The army appears to be increasingly active in gathering data on Communists, and high ranking army officers are known to favor an anti-Communist policy. However, it is fairly obvious that, in domestic affairs, Colonel Arbenz (with government approval) found it politically expedient to accept the support of Communists in the recent presidential campaign.

With the presidential campaign over, the government and president-elect Arbenz will probably be less in need of Communist support. However, although Arbenz is likely to move toward eventual renunciation of the Communists, this will probably be a gradual development.

International

Guatemala's apparent desire to align itself more closely with the US in international affairs has been demonstrated by its continued support of the US in the Korean matter and by its ratification of the Rio Treaty over the protests of domestic Communists. However, Guatemala's ratification of the Rio Treaty was accompanied by a reservation which emphasized Guatemalan claims to British Honduras. In addition, some disparity persists between Guatemalan and US views on "dictatorships" and "colonialism". Indicative of its continued opposition to Franco's dictatorship, Guatemala refused to support the recent UN resolution (supported by the US) modifying the 1946 resolution against Spain. Guatemala's desire to effect an "anti-colonial bloc" within Latin America has again been evident in its support of the recent Chilean declaration concerning Chile's Antarctic claims.

No essential change in Guatemala's foreign policy is anticipated in coming months.

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