

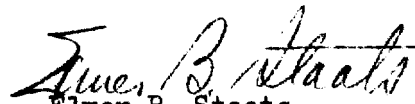
OPERATIONS COORDINATING BOARD  
Washington 25, D. C.

July 8, 1954

MEMORANDUM FOR THE BOARD ASSISTANTS

SUBJECT: Special Report on the Implementation of NSC 144/1  
(Latin America)

The attached special report on the above subject is transmitted for consideration by the Board Assistants on July 16th. This report covers the period May 1 - June 25, 1954; and was submitted by the working group in response to my suggestion that a brief statement of the problems in the implementation of this policy be prepared in connection with a forthcoming NSC policy review.

  
Elmer B. Staats  
Executive Officer

Attachment:

Working Group Chairman's Memo  
to Executive Officer, OCB,  
Subj. as above, dated 7/7/54,  
with attachment as listed.

NSC review(s) completed.

OCB File No. 54

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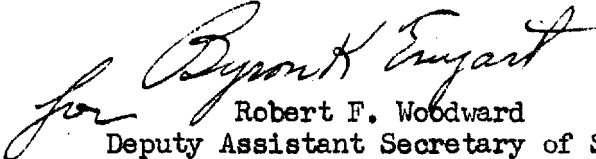
July 7, 1954

MEMORANDUM FOR THE EXECUTIVE OFFICER, OCB

SUBJECT: Special Report on the Implementation of NSC 144/1 (Latin America)

1. Pursuant to your request, attached hereto, from the Working Group on Latin America, is a Special Report on the implementation of NSC 144/1, "United States Objectives and Courses of Action with Respect to Latin America."

2. The Report is a brief statement of emerging problems in the implementation of NSC 144/1, together with suggestions for their solution by revision of current policy and adoption of additional courses of action.

  
Robert F. Woodward  
Deputy Assistant Secretary of State  
for Inter-American Affairs  
Chairman, Working Group on  
Latin America

Attachment:

Emerging Problems in the Implementation of NSC 144/1, together with Suggestions for their Solution by Revision of Current Policy and Adoption of Additional Courses of Action

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EMERGING PROBLEMS IN THE IMPLEMENTATION OF NSC 144/1, TOGETHER WITH  
SUGGESTIONS FOR THEIR SOLUTION BY REVISION OF CURRENT POLICY AND  
ADOPTION OF ADDITIONAL COURSES OF ACTION

1. It is necessary to re-define and re-emphasize our political and economic interests in the Latin American countries.

a. Insufficient attention has been given within the U.S. Government to the interests and problems of the Latin American countries as a whole. This situation has become particularly acute during the post-World War II situation when the U.S. was clearly placing its major interest and emphasis in Europe and latterly in Asia. It has now become necessary to re-state our continuing political and economic interests in the Latin American area.

b. This might be accomplished by changing paragraph 4.b of NSC 144/1 to read as follows:

(1) "An orderly political and greatly accelerated economic development in Latin America so that the states in the area will be more effective members of the hemisphere system and increasingly important participants in the economic and political affairs of the free world."

2. The United States is handicapped in attaining adequate production in Latin America of raw materials essential to our security.

a. This objective is set forth in paragraph 4.e of NSC 144/1, and we are currently laboring under this handicap because of the absence of any method of assuring reasonably secure markets for these materials.

b. A partial solution of this problem would appear to be a larger and longer term U.S. program for materials acquisition.

3. There are deficiencies in current policy and implementing procedures pertaining to the equipment standardization objective.

a. Military standardization is set forth in paragraph 4.g of NSC 144/1 as an objective and as a course of action in paragraph 18.e. The shortcomings of our present policy are highlighted by the increasing number of purchases of European military equipment by Latin American

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countries largely because of their inability to purchase such equipment from the U.S. in the amounts and on the terms desired. An additional reason for our difficulty would seem to be haphazard competition between the sources of supply in the U.S. and other countries.

b. To remedy this we should be able to offer Latin American countries competitive prices, more rapid delivery, and better payment terms, including long-term payments, use of soft currency and barter deals. Specifically, paragraph 18.g might be amended along the following lines:

- (1) "Seek the ultimate standardization along U.S. lines of the organization, training, doctrine, and equipment of Latin American armed forces, facilitating the purchase of U.S. equipment by offering the countries of this area competitive prices, more rapid delivery and credit terms, including long-term payments, use of soft currency and barter deals."

c. In order to reduce haphazard competition between suppliers in the U.S. and other countries, consideration should be given to initiating a systematic arrangement with friendly countries that are in a position to supply armaments so that standardization and systematic servicing would be given more importance in a division of world markets.

4. In view of the current situation, a clear re-statement of the United States position on colonialism is necessary.

a. The problems recently faced by our delegation to the Caracas Conference, where three anti-colonialism resolutions were adopted against the sole opposition of the United States, together with other related situations highlighting the necessity of facing this issue continuously into the unfolding future, indicates the compelling need for a clear re-statement of our position on colonialism.

b. This might be accomplished by providing in a re-draft of NSC 144/1 the following language which has been recently and repeatedly used by the Secretary of State and Department of State spokesmen:

- (1) "The U.S., as the first colony of modern history to win independence for itself, instinctively shares the aspirations for liberty of all dependent and colonial peoples. It is U.S. policy to help, not hinder, the spread of liberty. The U.S. has in the past and will continue in the future to sponsor the development

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of political independence. The U.S. does not seek to perpetuate Western colonialism and will not waiver in the slightest in its conviction that the orderly transition from colonial to self-governing status should be carried resolutely to completion." 1/

5. There are continuing sources of irritation within the hemisphere which are exploitable for Communist propaganda purposes.

a. A brief re-statement of some of the continuing sources of irritation in the hemisphere which plague our relations with the Latin American countries and which furnish the communists with sources of propaganda are: misunderstandings over the movement of migrant farm labor from Mexico to the U.S.; resentment in Panama over administration of the Panama Canal Zone; resentment in Argentina over disposal of U.S. agricultural surpluses; and misunderstandings which arise over trade, tariffs and currency.

b. It is important to take early action to eliminate or reduce these causes of friction since our failure to deal firmly and constructively with these problems means the continuance of the internal political situation in Latin America in which even friendly governments are driven to seek leverage through a show of acceptance of anti-U.S. support, a maneuver which provides invaluable opportunity for Communist penetration. Solutions to these problems might be facilitated by amending paragraph 5. of NSC 144/1 to include a clause along the following lines:

- (1) "Coordinating the efforts of all appropriate agencies in a systematic program to eliminate such recognized sources of friction as can be removed or measurably ameliorated by United States action."

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1/ Defense Department suggests the following wording:

"It is the objective of the U.S. to encourage the orderly transition of dependent and colonial peoples from control by colonial powers to self-governing states, or integration within existing Western Hemisphere republics. This objective to be pursued with conviction, but tempered and propitiously phased so as not to imperil U.S. relations with our Western Allies."

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6. To combat Communism in the Western Hemisphere it is necessary to encourage stronger anti-Communist policies by Latin American countries.

a. Recognizing the threat of communism in this hemisphere, delegates to the recent Tenth Inter-American Conference at Caracas approved a U.S.-sponsored declaration signifying their opposition to the interference of international communism in the hemisphere and their intention to take effective measures, individually and collectively, to combat it. The recent reluctance demonstrated by the people and governments of some of the Latin American countries to quickly support U.S. policy with regard to the recently proposed inquiry into communism in Guatemala highlights the necessity of inducing more vigorous anti-communist activities by other Latin American countries.

b. Using the Caracas declaration as a point of departure for encouraging such stronger anti-communist policies, paragraph 6.a of NSC 144/1 might be amended to read as follows:

- (1) "On the basis of the anti-communist declaration of Caracas and the Rio Treaty, achieve through consultation, assistance, and any other means the most effective possible action against interventionist activities by Communists."

7. It is necessary to re-define and develop our fabric of economic relations with the Latin American countries.

a. The circumstances surrounding the Caracas Conference and the requirements for the formulation of sensitive and apposite U.S. economic policy to be presented to the Latin American countries at the forthcoming Rio Conference clearly demonstrate the need for a re-statement of our economic interests with regard to the Latin American countries.

b. This might be accomplished by revising paragraph 7 of NSC 144/1 to read as follows:

- (1) "Encouraging Latin American governments to recognize that the bulk of the capital required for their economic development can best be supplied by private enterprise and that their own self-interest requires the creation of a climate which will attract domestic and foreign private investment into enterprises expected to make a maximum contribution to economic development."

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- (2) "Assisting Latin American capital to design and implement programs for a vigorous and productive role in economic development.
- (3) "Strengthening the existing system of economic development financing by providing the missing component in essential capital needs for high priority projects through an expanded program of lending and, where appropriate, through development assistance advances as a necessary factor in stimulating or supplementing private investment.
- (4) "Continuing economic grant programs, where appropriate, including such projects as the Inter-American Highway and the Rama Road.
- (5) "Continuing efforts to expand U.S. trade with Latin American countries through simplification of customs procedures and reduction of trade barriers.
- (6) "Expanding the program of technical cooperation with the objective that individual countries may more rapidly achieve improved living standards through greatly accelerated economic development."

c. In developing our economic relations with the Latin Americans it might be appropriate to bear in mind the following suggested approach:

- (1) "In cooperating with the Latin Americans for their economic development we should continue, more rigorously than ever, to extend our cooperation in such form and manner as make the Latin American states increasingly mature and self-reliant, guarding against the danger of designing or administering any of the programs in such fashion as might make the Latin American states more dependent, psychologically, politically, or economically. The concept of sharing responsibility, which is basic to our inter-American policy, requires mature and more self-reliant states."

8. Our information program in Latin America requires continuing timely guidance from policy makers.

a. In connection with the propaganda presentation of the Guatemalan situation, it is necessary to bear in mind that successful information treatment of policies is handicapped when those policies or actions

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based thereon are not known sufficiently in advance to allow time for the preparation of materials vital to influencing public opinion abroad.

b. Accordingly, continuing close liaison is necessary between appropriate departments and agencies and the Information Agency in the area of policy formulation.

9. The U.S. Government must conduct an intensified psychological offensive on the nature of Soviet penetration of Latin America, including substantial strengthening of the intelligence support for such a program.

a. Recent events in Latin America have revealed more clearly than ever before the nature and extent of Communist penetration of the Western Hemisphere. In addition Latin American support of Guatemala revealed to a remarkable degree the extent to which foreign-manipulated minorities could organize, demonstrate and make use of the means through which public opinion is expressed.

b. In order to achieve such a campaign of exposure, there is an urgent need for a reappraisal of the techniques and the mechanism available for our psychological offensive. There is a need for an intensified campaign on the nature of Soviet penetration of Latin America, using local and graphic examples such as are available in the situations in British Guiana and Guatemala. This will require a substantial strengthening of intelligence support for the program, since, without such backstopping, no real understanding of such situations can be conveyed.

10. An intensified campaign of exposure of Soviet penetration of the Americas must be balanced by an intensified pro-democratic counter campaign.

a. The exposure of Soviet penetration of the Americas will, unless accompanied by a counteracting campaign on the pro-democratic side, present an unbalanced picture within the Hemisphere.

b. Accordingly, the campaign of exposure must be balanced by an immediate intensification of efforts to create and emphasize an understanding in the U.S. and the rest of the Hemisphere of what must be done to preserve liberty, and they must be encouraged to create the mechanism into which such beliefs might be expressed and propagated. This requires the closest liaison between the Department of State, the Department of Defense, FOA, the CIA and the USIA.

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c. It is, accordingly, necessary to strengthen the information program and current developments suggest that the full resources requested for the Latin American area in FY 1955 are urgently needed.

d. An additional course of action to achieve the objective would be a greatly increased Technical Trainee Program and Exchange of Persons Program, especially in The Leader Grant field.

11. Certain Latin American governments have requested U.S. teams to survey their armament industries.

a. The Argentine and Brazilian Governments have sounded out the U.S. recently about sending teams to their respective countries to survey their armament industries. Similar requests may come from other governments or could be stimulated by the Department of State informing representatives of the other Latin American countries that the U.S. is prepared to consider requests from them for such survey teams.

b. To meet this situation the following new paragraph might be inserted under "Military Courses of Action" between present paragraphs 15. and 16., as follows:

- (1) "At the invitation of individual Latin American states, the United States, at its discretion, should send teams of experts to those states to study the problems of armament production for the purpose of assisting them in the development of their munitions and associated industries, providing (a) the sending of each team conforms with the Inter-American Treaty of Reciprocal Assistance and the planning of the Inter-American Defense Board, (b) the sending of a team would not imply any commitment on the part of the U.S. to follow the survey with financial assistance to implement its recommendations, and (c) the Latin American state would bear the expenses of the survey teams."

12. Delete paragraph 18.d of NSC 144/1.

a. Since the course of action set forth in paragraph 18.d is already covered by paragraph 11.c, it might be appropriate to delete paragraph 18.d from a revision of NSC 144/1.

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13. It is necessary to establish priority treatment for Latin American problems within the U.S. bureaucracy.

a. It is axiomatic that Latin American problems are not accorded the high priority consideration which should be their appropriate due within the U.S. bureaucracy. Consequently, the pattern of our complex relations with the Latin American countries continues in an un-energized state and should be accelerated to a marked degree.

b. In order to accomplish this objective it might be appropriate to consider inclusion of the following language in any re-statement of our relations with Latin America:

- (1) "The difference between high and low priority in a bureaucracy like ours manifests itself in the expedition with which problems are handled. Everything possible should therefore be done by the agencies of our Government to give expeditious treatment to the day-to-day problems in our relations with the Latin American states--especially the commercial and financial problems, and the military supply and training problems. The Latin Americans should not be allowed to feel that matters of vital importance to them are of such little consequence in Washington that they get lost or bogged down in our bureaucracy."

14. Specific brief policy papers are needed for certain Latin American countries.

a. Paragraph 3 of NSC 144/1 states that "policies toward particular country situations, such as those in Argentina and Guatemala, are left for subsequent papers." Although NSC 5419 establishes policy in the event of Guatemalan aggression it does not deal with the situation in Guatemala as a whole or with the problem of reduction or elimination of the strong Communist influence in that country. There are at present no policy papers for the countries above specified.

b. Since the lack of a policy statement on Guatemala has made the current operations difficult, and since there is the noted absence of other specific country papers, it might be appropriate to prepare, as a matter of priority and in the order indicated, policy papers for the following countries:

- (1) Guatemala

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- (2) Argentina
- (3) Venezuela
- (4) Brazil
- (5) Chile
- (6) Mexico
- (7) Honduras
- (8) Bolivia
- (9) Panama

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