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NATIONAL INTELLIGENCE ESTIMATE

NUMBER 87.2-66

Guyana (British Guiana)

Submitted by

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DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the  
UNITED STATES INTELLIGENCE BOARD

As indicated overleaf

28 APRIL 1966

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ACTING EXECUTIVE SECRETARY, USIB

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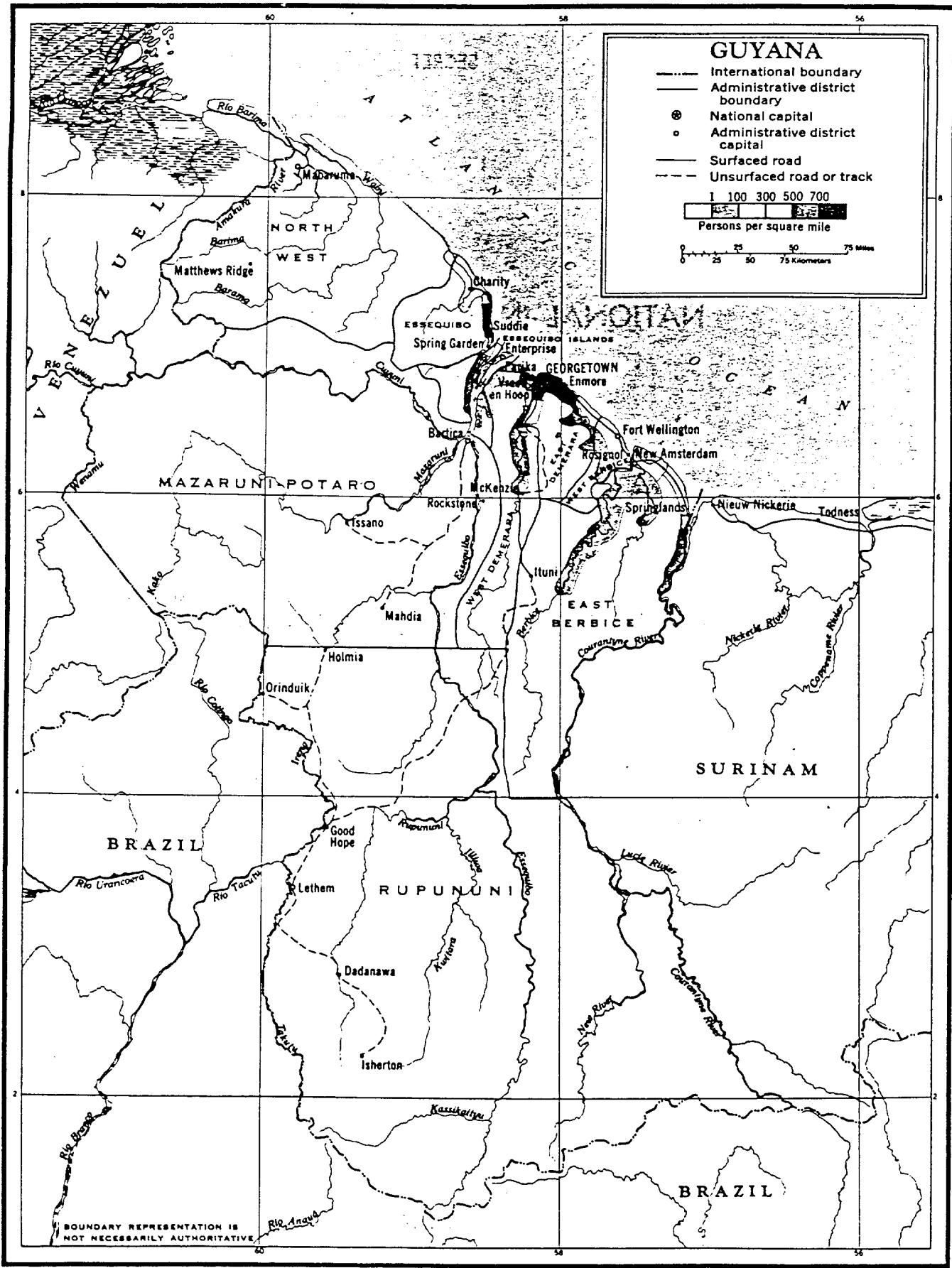
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NATIONAL INTELLIGENCE ESTIMATE

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## GUYANA (BRITISH GUIANA)

### THE PROBLEM

To estimate the prospects for Guyana over the next year or two.

### CONCLUSIONS

A. British Guiana will probably make a relatively smooth transition to independence, but racial suspicions between East Indians and Negroes will continue to dominate Guyanese politics.

B. When (or whether) these tensions break out again into violence will depend in large measure on the conduct of Prime Minister Forbes Burnham, leader of the Negro party (the PNC), and of Cheddi Jagan, leader of the East Indian party (the PPP). For over a year, Burnham has governed with considerable restraint and Jagan has refrained from violent opposition. But new elections are due by late 1968, and between now and then tensions will rise and may at some point get out of hand.

C. Even after British troops depart in October 1966, Guyanese security forces can probably cope with sporadic violence. If violence got out of control, Burnham would probably call for a return of British troops. If US consent were forthcoming and British troops were available, we believe that London would comply.

D. The governing coalition of Burnham, a professed but pragmatic socialist, and the conservative United Force leader, Peter D'Aguiar, will continue to be a tenuous one. Friction between the partners over patronage and fiscal issues will probably be intensified after independence, but chances are that a common fear of Jagan will hold the coalition together.

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E. Guyana's economy will need substantial foreign capital, much of it from the US. The need for aid will keep Burnham on tolerable terms with the US, UK, and Canada, though his administration will incline toward a neutralist posture in foreign affairs. If Jagan came to power, he could, because of his Marxist sympathies and his connections in Communist countries, count on some help from these countries. However, they probably would furnish only token quantities of aid.

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## DISCUSSION

### I. THE SITUATION

#### Background

1. After years of political and racial strife, British Guiana will become independent on 26 May 1966. Although the UK had long desired to be rid of this underdeveloped, unprofitable, and often troublesome colony, it wanted to leave a reasonably stable government behind. The coalition which took office in December 1964 persuaded the British that it gave promise of such stability, and in November 1965 terms for independence were agreed to. The new country will be called Guyana; it will be a member of the Commonwealth; it will have a governor-general, at least until early 1969; thereafter the new National Assembly may vote to change the country to a republic. The constitution specifies that new national elections must be held by December 1968.

2. Isolated from its mainland neighbors by roadless expanses of forest and grassland, Guyana is in many ways like an island. Over 90 percent of its 650,000 inhabitants are concentrated in the intensively cultivated coastal region. This constitutes less than 10 percent of the total area and in it the major agricultural commodities, rice and sugar, are grown. Bauxite deposits, which provide Guyana's most reliable source of foreign exchange, are located in the interior. The economy suffers from ills that plague other underdeveloped countries—heavy dependence on a few exports, a high rate of unemployment, limited investment, inadequate transportation facilities, and a shortage of technically trained personnel.

3. The two predominant ethnic groups are the East Indians (who comprise about 50 percent of the population) and the Negroes and mixed strains (about 44 percent). The remainder consists of Amerindians, whites, and Chinese. The East Indians have a high birth rate and are the fastest growing part of the population. With the exception of an increasing number of business and professional men in Georgetown and other towns, they live in the country, working on their own small rice fields or on large British-owned sugar plantations. Most of them have remained Hindu or Moslem. The Negroes are generally Christian; they tend to live in the towns and to work in the sugar factories and bauxite mines. They hold most of the positions in the civil service and the police.

#### The Politics of Race

4. Guyanese political life is dominated by considerations of race. The People's National Congress (PNC)—the party of Prime Minister Forbes Burnham—is largely based on the Negro population, while the People's Progressive Party (PPP), led by former Premier Cheddi Jagan, depends on East Indian support. A small third party, the United Force (UF), cuts across racial lines to appeal

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to conservative businessmen as well as to most voting Amerindians. It is the political vehicle of Peter D'Aguiar, the present Finance Minister and Burnham's partner in the coalition.

5. The dominant political figures continue to be Cheddi Jagan and Forbes Burnham, once political allies in the PPP, but since 1955 bitter rivals. Jagan's appeal to the East Indians, combined with the organizational talent of his US-born wife, paved the way to PPP victories in the elections of 1953, 1957, and 1961. When first in power, Jagan's general demeanor and ties with international Communist organizations antagonized the British, who removed him from office. He regained their respect by his moderate behavior, but after his 1961 victory, his policies frightened the businessmen, and his open espousal of East Indian interests exacerbated racial tension. Burnham broke with the PPP in 1955, and by 1957 had succeeded in organizing the PNC. In 1962, political opposition to Jagan's programs was transformed into interracial violence. That year, as well as in 1963 and 1964, this violence became so serious that Jagan had to appeal to the UK for troops.

6. Under these conditions of turbulence, the parties were never able to agree on a political system for an independent Guyana. Finally in October 1963, D'Aguiar, Burnham, and Jagan signed a joint statement agreeing to accept whatever political solution the British Colonial Secretary might devise. The latter, to Jagan's dismay, issued a decree changing the electoral system from plurality elections in each constituency to country-wide proportional representation. In the December 1964 election, the PPP received 45.8 percent of the vote and 24 seats,<sup>1</sup> the PNC 40.5 percent and 22 seats, and the UF 12.4 percent and 7 seats. By joining in a coalition, the UF and the PNC were able to form a government which commanded a majority of the legislature.

#### The Present Coalition

7. After the turmoil of the Jagan years, the coalition government has provided greater stability than many observers had dared hope for. Burnham has exercised considerable restraint in the political field and has taken a number of steps to mollify the fears of the East Indians. The confidence of the business community has been largely restored, and economic growth, which had declined sharply with the 1963 disorders, seems now to have started up again.<sup>2</sup> While the Jagan government's policies discouraged private investment, Burnham has actively sought it to help underwrite his recently drafted seven year development plan. Though Burnham's hopes are over-optimistic, his plan envisages around \$300 million in private investment, chiefly foreign. It also calls for foreign aid to help finance public sector expenditures of approximately \$195 million.

<sup>1</sup> Though three of these PPP members now list themselves as independents, they continue to vote on many occasions with their former party.

<sup>2</sup> Gross domestic product declined from about \$178 million in 1962 to less than \$161 million in 1963; it rose to \$175 million in 1964 and to nearly \$190 million in 1965.

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8. Within the coalition itself there are strains. Significant personal and political differences separate Burnham, a professed but pragmatic socialist, from D'Aguiar, his conservative, business-oriented Finance Minister. Their coalition is largely held together by a common fear of Jagan's return to power. D'Aguiar's devotion to a balanced budget has clashed with Burnham's schemes involving deficit spending as well as his continuance of subsidies to the East Indian rice growers. D'Aguiar fears that Burnham will be harder to deal with after the British leave.

9. At present, public order is maintained by a police force of about 1,650 men, with a 400-man reserve. They are supported by a battalion of British troops which is scheduled to leave on 31 October 1966, after which a few officers and other ranks will stay on to train the new Guyana Defense Force (GDF). The GDF will eventually consist of a battalion of about 530 men, which the British hope will be fully trained by 31 October 1966, and a reserve battalion of around 730. These units are to be racially balanced and eventually under indigenous officers, but at present no Guyanese are sufficiently trained to serve as senior officers in the GDF. Until they are trained, the British will supply the necessary officers, including the commander.

10. The strength of the police force is scheduled to increase to about 1,800 by the end of this year, and to 2,200 in five years. It has traditionally been about 80 percent Negro. Although it has generally been impartial, the East Indians have tended to look upon it as a Negro-dominated body which cannot be trusted to protect them in emergencies. To rectify this racial imbalance the current enlistment program (adopted on the recommendation of the International Commission of Jurists) aims at enrolling three East Indians out of every four recruits. Burnham presumably hopes to insure the loyalty of both forces by political control over their commands.

### The Opposition

11. Since losing the general election in 1964, the PPP has been in a state of considerable disarray and the country has enjoyed a period of relative tranquility. This is in part due to Burnham's detention of the more extreme PPP leaders, and in part to his moderate policies toward the East Indian population. But beyond this, Jagan's party has been beset by the troubles that often accompany a fall from power. It has been torn by disaffection and dissension and split over tactics and strategy. Some important party figures have resigned, others have been suspended or fired, and still others have been replaced.

12. Nevertheless, despite serious dissension and continuing criticism within the PPP and Jagan's inability to disburse patronage as he could when in power, there is no substantial evidence that the loyalty of the vast majority of the East Indians has been diminished or that Jagan's control of the party organization has been significantly loosened. Jagan continues to be an outspoken Marxist leader and maintains connections with Castro's regime in Cuba and with other Communist governments. But inside Guyana this posture has little to do with

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his political standing; there his appeal is that of a strong racial leader. Jagan still commands the support of most of the East Indians because they continue to fear and distrust Burnham and the Negroes, because they prefer to be governed by one of their own race, and because they still find Jagan more attractive than any other Indian leader.

13. PPP policy has also been shifting and inconsistent. Up to now, Jagan has eschewed major violence; such violence as has occurred has been directed far more at property than at individuals. Jagan presumably recalls the effectiveness of the Negroes in the disorders of previous years, and he fears that Burnham needs scant excuse to bear down ruthlessly on the PPP. The PPP members of Parliament, having originally refused to take their seats, have long since returned to the legislature. The evidence to date leaves us uncertain whether Jagan has decided to carry on the opposition by "parliamentary" or by "revolutionary" means, or by a combination of the two.

## II. THE OUTLOOK

### Political Prospects

14. Burnham's performance to date, combined with Jagan's current indecisiveness, has improved the prospects for a relatively smooth transition to independence. But the formidable array of social, political, and economic ills that have plagued the country in the past will persist. With the departure of British troops at the end of October 1966, the likelihood of an outbreak of violence will be increased.

15. Independence will also probably bring the suspicions and hostility between the coalition partners into clearer focus. These might lead D'Aguiar to resign from the cabinet or Burnham to dismiss him. But even in this event, the fear that Jagan could again come to power would probably keep the other UF members from leaving the coalition. D'Aguiar's departure would be a blow to business confidence, but so long as the coalition holds together we do not think that there would be a serious effect on the economy.

16. Although Jagan has not adopted a policy of violence, we do not believe that he has completely ruled out the possibility of doing so eventually. In reaching a decision he will be influenced by his estimate of several factors: the support he could muster among the East Indians for a resort to violence; the probable effectiveness of the Guyanese security forces (possibly reinforced by the British); his chances of coming to power peacefully; and the aid he could hope to receive from Communist regimes. He may adopt a more moderate course for a limited time, perhaps ending the PPP's sporadic sabotage and taking a more constructive attitude in the legislature. He may repeat his offer to enter into a coalition with Burnham, an offer that Burnham would regard with suspicion and would almost certainly spurn. At any rate, Jagan will probably continue quiescent until he can spot some exploitable vulnerability in the Burnham government. Flare-ups could be sparked by a few independent extremists, but without Jagan's

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backing these would amount to little. A more systematic effort, if Jagan attempts one, would probably take the traditional form of widespread disorder and terror rather than an organized guerrilla movement.

17. Even after the British troops depart on 31 October, the local security forces will probably be competent to deal with violence on the limited scale experienced since the 1964 elections. However, it is unlikely that they could control a situation of near anarchy like that in the worst days of 1963 or 1964. If violence did get out of hand, Burnham would probably call for a return of British troops. If US consent were forthcoming and British forces were available, we believe that London would comply.

18. The foregoing suggests that Burnham's control of the situation is not likely to be seriously challenged for some months. But in the longer term, he confronts the fact that the East Indians are becoming a majority of the population and that he must cope with the implications of this development in the 1968 elections. This is a very tricky problem, and how Burnham will seek to deal with it is by no means clear. He will certainly keep a wary eye on the Jagans and be alert for an opportunity to detain or exile them, in the hope that other East Indian leaders would lack their wide appeal. At the same time, Burnham will continue his efforts to mollify East Indian fears. He will probably continue to subsidize rice crops, but this will be impeded by considerations of cost. He may also make it somewhat easier for East Indians to get government jobs.

19. Since Burnham will find it difficult to win substantial and reliable East Indian support, he may turn to measures designed to overbalance them in the electorate. He has already suggested encouraging the immigration of Negroes from the West Indies, or joining in a federation with some of the predominantly Negro islands. If he became convinced that these schemes were inadequate to offset the growth in the East Indian voting population, he would probably seek to postpone, or to rig, the 1968 elections. Any such attempt to perpetuate himself in power would alarm the East Indians and increase the chance of outbreaks. All things considered, the pre-election period is likely to be a turbulent one in Guyana.

#### Economic Outlook

20. Economic growth will depend to a large degree on Burnham's success in obtaining private and public capital for his government's seven year development plan. He will press ahead with efforts to get it from the US, Canada, and the UK. While the climate for foreign investment will probably remain favorable under Burnham and capital flight is not expected to be serious, financial demands on the government, both for current and developmental expenditures, will probably grow faster than revenues. Hence, Guyanese requests for foreign assistance are likely to exceed even the sizable ones already planned.

21. In the short run, the rice industry poses a major problem to the Burnham government. A way of life to the majority of East Indians, rice is inefficiently produced on small family farms and is generally of inferior quality. To insure

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the loyalty of his East Indian followers, Jagan encouraged the increased production of rice. He found a new major outlet for it in Castro's Cuba, which was willing to pay cash at prices above the world market. These terms have been denied to Burnham, who has accordingly had to sell rice where he could at world prices. Yet he has felt compelled to continue the high payments to the rice growers in order to avoid serious disaffection, as well as the possible disorders that could result. This subsidization places a strain on the budget—and on the relations between Burnham and D'Aguiar.<sup>3</sup> To diversify agricultural production is an obvious solution, but it is an expensive and long-term one, on which little progress has been made.

22. The long-term future of Guyana's economy will continue to be clouded by the problem of employment. Unemployment is estimated at 21 percent of the labor force. Underemployment is difficult to quantify, but it is extensive, especially in the rural areas. Planned expansion of investment in bauxite and other extractive industries will improve the government's revenues and foreign exchange position but will not provide a large number of additional jobs. The same is true of investment to mechanize agriculture.

#### Foreign Affairs

23. Burnham will seek to maintain a neutral posture on the international scene. He may trade with and accept aid from Communist regimes, but he will continue to recognize his country's ultimate dependence on the US, UK, and Canada. Jagan received a considerable amount of help from Cuba in years gone by, but even were he to return to power he would probably now find Castro less able and Castro's foreign sponsors less willing to provide much assistance, though token aid would probably be forthcoming.

24. Guyana inherits border disputes with Surinam and with Venezuela. The former involves little territory and can almost certainly be amicably resolved. The latter is more troublesome; it involves over half of Guyana's area and is an emotional political issue in Caracas, which claims that the settlement made 70 years ago was fraudulent and is hence invalid. In February 1966, the parties agreed to refer the case to a joint commission which has four years to reach agreement, failing which the parties are pledged to seek a solution through the UN. We think the matter will be dormant for the next couple of years, though it could be revived during the 1968 Venezuelan presidential campaign.

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<sup>3</sup>In 1965, the Rice Marketing Board, the government's purchasing and marketing agency, incurred a loss of nearly \$2.5 million.

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