



APPENDIX A

COMMUNIST ACTIVITIES IN LATIN
AMERICAN COUNTRIES

1. Bolivia

The major labor party is composed of an "internationalist" Communist faction and a "nationalistic" faction. In addition there is a third Trotskyite party, which supports the present government and has infiltrated the most important labor confederation. While numerically small, these groups exert influence on the left wing of the government in favor of confiscation of foreign holdings, radical agrarian reform, and a militant anti-United States policy. Internal dissension within the MNR, coupled with constant machinations by the principal opposition party collaborating with disgruntled Army elements, make the political situation highly volatile. In-creased Argentine anti-United States propaganda activities are evident, and Argentine influence can be seen in the formation of the unified labor group, the COB, on the CGT model.

2. Chile

The Communist Party in Chile poses a serious threat to Chilean political stability. Since the September 1952 election of Ibanez, the Party has taken advantage of its newly won semi-legal status and has instituted an intensive political and psychological offensive designed to assist its penetration into key government positions. Renewed Communist activities in the labor field, in which they had previously gained control of strategic unions in the coal, transport, and nitrate industries, present a constant threat to

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the democratic labor movement. There is increased Argentine-Chilean economic cooperation, and extensive political and propaganda activities in Chile by Argentina. Continued, and increased, anti-United States propaganda campaigns by both Peronist and Communist elements will attempt to exploit to the full any potential rift in Chilean-United States relations.

3. Colombia

The Communist Party of Colombia, although numerically small (about 2,500 members), factionally divided, and without position or influence in the present Conservative Government, includes a core of militant Communists who have made their influence felt on the political scene, particularly among dissident Liberals and in labor, student, and intellectual circles. The Argentine-sponsored Peronista movement, while quite new to Colombia, has already made itself felt, mainly through the efforts of the Argentine Labor Attache, and constitutes an additional anti-United States element in that country. The Conservative government of Colombia, although anti-Communist and, in general, anti-Peronista, has taken little coordinated action against these subversive movements. Neither the government nor the people of Colombia appear to be aware of the real danger of these threats to their own and Hemispheric security.

4. Ecuador

The Communist party of Ecuador exerts considerable influence in the political life of the country, largely as a result of an informal alliance with the Socialist Party. Communists and Socialists maintain almost complete



control over the national labor federation, which is affiliated with Communist-dominated regional and international organizations, the national students federation likewise affiliated with the Communist-dominated student international, and the leading cultural organization of the country. A continuing anti-United States propaganda campaign is carried on through the press and publishing outlets available to these groups. President Velasco Ibarra is not nor does he promise to be in the future, strong enough to alter substantially the political power of the Communists and Socialists. Argentina has been attempting to extend its influence in Ecuador, especially among labor groups.

5. Peru

Soon after the present government of Peru came into power, the Communist Party within that country was declared illegal. This was followed by a doctrinal split within the party - a minority favoring the Stalinist version. It is estimated that there are 7,000 Peruvian Communists of both factions. In spite of these handicaps imposed by the status of their party, Peruvian Communists remain active in the fields of labor and student activities. Communist strength in the labor field is concentrated in unions of port workers, miners, and journalists. The Argentine Government is attempting to expand its influence in Peru through the media of propaganda publications and activity in the field of organized labor. Latest reports indicate this activity is increasing.

6. Venezuela

The Communists, divided into two factions in Venezuela, are not

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strong enough numerically or organizationally to control the present government. However, by working with the extreme leftist wing of the opposition party, the Communists pose a real threat to the stability of the country, and seriously jeopardize United States interests, especially in the oilfields, where the Communist influence is strongest among workers. The Communists are also receiving some sympathetic support from doctors, lawyers, intellectuals and students. A pro-Communist daily newspaper has the largest circulation of any paper in Venezuela. The Venezuelan Government, although anti-Communist, tends to underrate the Communist potential, and has not taken any concerted action to nullify Communist influence in the country.

7. Brazil

The Brazilian Communist Party, with approximately 50,000 card-carrying members and a full strength of about 150,000, even though illegal, has continued to operate freely through innumerable front groups, which have been successful to date in keeping Brazil's oil reserves undeveloped. Taking advantage of inflation, drought and the real economic plight of the Brazilian worker, the Communists have continually fomented serious strikes. Because of the Government's apparent inability to do anything about them, there are indications that the economic difficulties of the country may precipitate a political crisis, a crisis which could result in either the forced resignation of VARGAS or the assumption of dictatorial powers by him, with either situation redounding to the benefit of the Communists. The Communists apparently have penetrated extensively all branches of the Government, as well

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as leading newspapers and radio stations.

Peronism is beginning to show itself in Brazil. However, a new security law, which probably will be even further strengthened, carries heavy punishment for anti-Brazilian activity. Although in the past the Brazilians have been more friendly to the United States than any other Latin American country - they were the only ones to send troops to Europe in World War II - many leaders have recently expressed a strong dissatisfaction with what they consider to be a United States neglect of Latin America in general and Brazil in particular in the post-war era.

8. Uruguay

The Uruguayan Communist Party (PUC) is at present undergoing grave internal difficulties. Uruguay has had strained relations with its neighbor republic, Argentina, since November, 1952. In the face of Uruguay's refusal to be intimidated into restricting the activities of anti-Peron elements, Argentina has retaliated by restricting travel to Uruguay to the point where it is a mere trickle compared with the former heavy travel of Argentines to Uruguayan beaches and casinos. This restriction has worked a real hardship on the Uruguayan economy, which has depended heavily on tourist trade for its income.

9. Argentina

The Communist Party of Argentina is legal. A splinter group has favored complete cooperation with the Peronist regime, and is increasing its influence both in the government and in the labor movement. The Peron government claims to be opposed to both Soviet imperialism and American imperialism.



However, anti-United States feeling appears to be much more pronounced than any anti-Communist or anti-Soviet attitude. The present government is more hostile towards the United States than any government in Latin America, with the possible exception of Guatemala.

10. Paraguay

The Communist Party of Paraguay is illegal. Unless Communist penetration within the present pro-United States Government is stronger than presently indicated, it appears that Communism in Paraguay does not at this time endanger seriously the stability of the Paraguayan Government, the country as a whole, or the interests of the United States.

11. Mexico

The strength of the Communist Party has deteriorated during the past year with the growing awareness of the Mexican public of the dangers of Communist activities in Mexico. The Communists are still most powerful in the petroleum and mining industries and in the secondary schools. The leading student group of Mexico, at the college level is now anti-Communist but Argentina is expending large amounts of money in vigorous endeavors to gain control of the Mexican university students.

12. Guatemala

The Communist Party in Guatemala, while not large (only about 500 members) has gained control over a large segment of the labor unions. The degree of power exercised by the party in the government of Guatemala is very high, due to the fact that many key positions in the various government offices are held by Communists. Also many of the legislative leaders in the

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national congress are either Communists or Communist sympathizers. Anti-Communist activity has been watched very closely by the Guatemalan Government. In some cases violent action has been employed by government forces in suppressing the anti-Communist forces. Argentina has attempted to influence local labor forces but without success.

13. Honduras

Opposition to the present administration is exceedingly slight with about 20 individual hard core Communists and a small following of approximately 200 laborers and rural workers.

14. El Salvador

The Communist Party of El Salvador is illegal and underground. The people of El Salvador are, in general, pro-United States and anti-Communist.

15. Nicaragua

The strength of the Communist Party in Nicaragua is at a low point. As far as can be determined, there are no known Communists, or Communist-sympathizers holding public office. However, payments are still being made to pro-Argentine labor leaders who are attempting to join and ultimately gain influence and control of Nicaragua's large labor federation.

16. Costa Rica

The Communist Party is officially outlawed in Costa Rica. Because of the disorganized labor situation among the unions the Communists, from time to time, have attempted exploitation of the unions. However, due to lack of funds and organized leadership the efforts have been unsuccessful, to date.

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17. Panama

The strength of the Communist Party in Panama has deteriorated during the past year as a result of the growing awareness of the Panamanian public of the dangers of Communism and Communist activities. Although some Communists have been removed from the faculty of the national university, others remain in the secondary schools. The two leading labor confederations in Panama controlled by Communist and Peronista forces, have been used as media for conveying pro-Communist and pro-Peronista propaganda, including parallel attacks against the United States.

18. Cuba

Cuba until recently was the major center for Communist activity in the Western Hemisphere. Argentine anti-U.S. and pro-Hispanidad propaganda efforts, though small in comparison, are steadily increasing in the labor and economic fields.

19. British Guiana

The near-Communist People's Progressive Party (PPP) won a landslide victory on 30 April 1953 in British Guiana's first election under a new constitution. The PPP is headed by an East Indian dentist, Dr. Cheddi Jagan, who returned from an extended visit in the Orbit and carried back specific instructions from the Communist Party of England to play up the local nationalistic groups not only in British Guiana but throughout the Caribbean area. His current success in British Guiana may well lead for further extension of his prestige and activities throughout the entire British West Indies.

20. French West Indies and French Guiana

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The French Departments of Martinique, Guadeloupe and its dependencies, and French Guiana offer at once the most dangerous situation and the one about which something can be done now. The Communists, with 64,600 votes out of 110,000 in Martinique and Guadeloupe alone, far outweigh Communist Party strength percentage-wise in any single Latin American country. The Communists for the present prefer to leave the nominal control of the islands in French hands and to systematically wreck the economy and bleed the French treasury through demands for unreasonable social benefits. French Guiana, relatively free of Communism, until recently, is also apparently enjoying a high priority since the discovery of strategic minerals in commercial quantities. Agents are beginning to travel to this out-of-the-way spot and the standard Communist line in labor and race is beginning to be heard.

21. Haiti

Communism no longer constitutes a major problem in Haiti today.

22. Dominican Republic

Communism in the Dominican Republic is practically non-existent because of the very active suppression by the Trujillo Government.

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APPENDIX B

BACKGROUND INFORMATION ON INDO-CHINA

Time is running out on us in Indo-China. From a certain point of view, the French ought not to have come thus far, or else they should be willing now to complete the job rapidly. For the Indo-Chinese, having glimpsed what they thought they wanted, are henceforth confirmed in their worst doubts by each new postponement of the final arrangement. The recent defection of the Hoa Hao, the intransigence of King Norodom, the spreading disillusionment with Bao Dai are straws in a rising wind. In this context, continued maintenance of the status quo must be considered on the side of loss rather than on the side of gain.

To aim seriously for a rapid end to a situation so complex may be outside reality. For some observers, solution in Indo-China comes only in terms of evolution. But if the area continues to be considered as "key", then even the evolution should be pushed along as much as possible, in order to reduce the potential of the region for U.S.S.R. exploitation and to strengthen the region's chances for self-determination in the right direction.

Thus far, U.S. attitudes toward the French on the Indo-China question have wavered considerably and not always controllably. Under interpretation of the situation by the O.S.S. just after the war, U.S. opposition to the French position was strong, and resulted ultimately in a considerable strengthening of Ho Chi Minh. Later, as this development seemed definitely the wrong one, we adopted a hands-off policy, during which the idea was

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to furnish the tools and encourage the French to do the job in their own way. This left no possibility for American control or influence, and as time passed without the attainment of announced goals, the feeling grew that American assistance should be accorded with less abandon. The trend since then has been toward strong criticism often too little based on full knowledge, and therefore conducive more to friction than to solution.

Through all of this, the U.S. game has been played loosely on two boards, one in Saigon, the other in Paris. At neither spot have the scores been tellingly favorable to us. For in measure as we dealt with the problem in Saigon, Paris considered that we were playing a devious game, by working clandestinely with the Indo-Chinese before the French could accomplish things in their own way, and that we were thus only complicating the French task; and in measure as we dealt with the problem in Paris, the Indo-Chinese felt that we were really backing the French in maintaining colonialism, possibly with the idea of somehow taking our own cut in Indo-China at the opportune time. A full study carried out in either place would probably have done more to clear the situation and to permit easier negotiations later.

We of Alternative C believe that the U.S. in its efforts to solve the Indo-Chinese problem has tended to over-simplify that problem. Among the factors which have been too little considered thus far are the following:

1. The role of the conservative, unyielding French nationals in Indo-China. They refuse really to subscribe to any future except business as of 1938. They are willing to see local administration only as of the same vintage. They will therefore continue to exert all efforts to halt the

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political trend since 1950, in which they see progressively less opportunity for commercial activity and influence. In a less concentrated atmosphere less remote from Paris, their weight would be relatively insignificant, for their thinking is far behind that of Metropolitan France. But under the current situation, they complicate, and sometimes even render impossible, the task of every Frenchman sent out from France to push the transfer of authority. And they are constantly assisted by such old-time colonial administrators as are permitted to remain in Indo-China under the excuse that there must be some kept who knew the old regime (examples: the Governor General of Viet Nam, the Commissioners of Cambodia and Laos); one or two peevish characters of this ill-starred lot can (and do) retard by months or even years the effective transfer of operations in any given service.

2. The concentration of the problem in a very small area relatively cut off from the outside world. Even within this concentrated area, the influence of the reforming French can hardly be made except through the larger population centers. Oriental propensity for gossip and rumor being what it is, superficial matters take on an exaggerated importance, the presence of white men is proof of their desire to exploit rather than their desire to assist, and every symbol of the old regime is cited as confirmation of French determination never to get out until absolutely forced out. In this context, Ho Chi Minh continues to be the popular hero, and preoccupations with Communism remain subordinate to preoccupations with expulsion of the white man (American as well as French, if it should ever come to that).

3. An economic structure so complicated as to make it unprofitable,

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paradoxically, for France to extricate herself from a losing proposition. In other words, the economic tentacles centered in Indo-China, though hard to trace, reach far enough into the public economy (either through Frenchmen actually trading with Indo-China or through Metropolitan French investors in Indo-Chinese projects) so that severing them would cause serious convulsions in an already nervous system, even though the sufferance of these tentacles results in a net national (and international) loss. Out of this economic paradox there develop three undesirable trends:

a. The enrichment of a relatively small number of individuals (French, Chinese, and indigenous) who profit by special privilege and loose administration;

b. The impoverishment of France, just enough involved not to be able to let go and little enough in control to profit from taxes on income out of Indo-China; (and out of this impoverishment comes, of course, part of the French demands for continued and increasing "foreign" aid).

c. The stifling of local economic expansion because of the repatriation of earnings into France and hoarding of wealth in Indo-China; nothing -- or, at least, not enough -- goes back into capital investment in Indo-China.

4. Certain psychological attitudes, on the part of the local populations, which complicate immeasurably an already complicated task. These attitudes could be grouped under three headings, as follows:

a. Hatred of the French, often ill-founded and maintained by Viet Minh propaganda and ever-present rumor concerning French intentions; but it

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is strong enough and prevalent enough to destroy much of the credence that might otherwise be accorded French announcements of eventual independence.

b. By extension, basic distrust of all whites; Americans are a means to an end, and when and if that end is reached, we need expect to fare no better at their hands than have the French; gratitude of any depth, and loyalty to the "West" should not be included in our current list of realistic hopes for Southeast Asia, for consciously or unconsciously its people are for the foreseeable future oriented in other directions than ours.

c. General distrust among local peoples, between nations (e.g., between Viet Nam and Cambodia, and between Thailand and all three Associated States), between groups within a nation, and between individuals in any given group. This attitude makes real cooperation among even the members of the same nationality difficult, if not impossible; it leads to actions and reactions based entirely on expediency rather than on principle; it is at the base of genuine French fears of the ultimate, real objectives of the indigenous peoples if too much authority is turned over too soon to them -- and these fears take on particular significance, of course, in the problem of when and how to transfer military authority to indigenous officers (as we ourselves realize after the experience in South Korea).

The study of basic problems concerning present-day Indo-China should be undertaken in Paris rather than in Saigon or elsewhere in Southeast Asia for the following reasons:

- (1) The problem had its origin in French colonial policy and

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has continued under reluctant modification of this policy; Indo-China has grown in American thinking until it has come to be considered as on a par with France, which is an obviously false evaluation of foreign relations problems.

(2) Settlement of the Indo-Chinese question in Paris would relieve French suspicion that we are dealing on the side with the Viet Nameese, before the latter have full authority to deal with us; the climate of the conference would therefore be more open and relaxed.

(3) Presence of the conference in Paris would bring the full weight of French public opinion to bear on the problem; this is important since the French public at large is more nearly aware of what France has done in Indo-China than of what France has failed yet to do.

(4) Execution of any commitments made at the conference held in Paris would become more fully the responsibility of the French Government as a whole, rather than responsibility of the Ministry of Associated States (or whatever Ministry is to be charged with Indo-Chinese problems) in Indo-China.

(5) Reiteration of French intentions -- an almost certain result of such a conference, since anything less would be too patently retrogressive -- could be brought more easily to the attention of world opinion from Paris than from Saigon; and world opinion may turn out to be our most powerful lever in obtaining action on the part of the French.

(6) Decisions reached in Paris would minimize recriminations on the part of French colonials in Indo-China and bring them more forcefully

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under control as/if they try to retard progress in Indo- China.

(7) A maximum role on the part of Paris would simplify the regulation of such financial, commercial, and diplomatic modifications as would be considered necessary to a realization of agreed objectives in Indo- China.

(8) A settlement in Paris would help to maintain Free World solidarity in the eyes of the Indo-Chinese; this is deemed to be a very important consideration in terms of long-range policy, and need lose us no friends in Southeast Asia where people are easily depressed by apparent division or weakness among us; besides, since any modification in the policy for Indo-China could be only favorable to the Indo-Chinese, the objection against our appearing to back up the French by meeting with them on their own ground is considerably weakened.

(9) Settling the problem in Paris rather than in Saigon would make it possible to underpin such strength as the French Government can still muster; whereas transporting the conference to Saigon would risk weakening a French Government already weaker in world opinion than it actually is -- and we shall need for other purposes whatever French strength can be demonstrated.

(10) To the argument that the Indo-China situation could best be decided in the presence of the problem (i.e., in Indo-China) there is the stronger argument that Indo-China has by now become a major element in considerations of NATO, of the EDC, and of European complexities in general, and "presence of the problem" is really in Europe rather than in Saigon.

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None of the above is intended, of course, to minimize the importance of the Indo-Chinese in Far Eastern problems. But actions in Indo-China itself should be taken after a firm reiteration of French position and French intentions, after a re-definition of the American role in an operation to which the U.S. has already allocated such large amounts of aid, and after forces working against a realistic program in Indo-China have been properly isolated and evaluated.

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